

## Residence in Malta for Third Country Nationals

Third country nationals may take up residence in Malta in terms of the Global Residence Programme Rules (GRP) Rules. Such individuals will be granted a special tax status by the Maltese tax authorities and will be subject to tax in Malta at a flat rate of 15% as described hereunder.

### Conditions / criteria to be satisfied by the applicant

An individual may apply for residence in Malta if he / she satisfies the following conditions:

(i) The applicant must hold a 'Qualifying Property' (minimum value €275,000 in Malta/ €220,000 in Gozo or South of Malta or €9,600 rental per annum in Malta or €8,750 in Gozo or South of Malta).

(ii) The Qualifying Owned Property must not be shared with other individuals, apart from the applicant's family members (the beneficiary's ascendants, descendants, brothers, sisters and spouses with whom the beneficiary is in a stable and durable relationship) and special carer.

(iii) The applicant must be in possession of health insurance which covers him/herself and his/her dependents in respect of all risks that are normally covered for Maltese nationals. A special carer is a person who has been providing services to the beneficiary in a systematic manner for at least two years prior to an application for special tax status in terms of the GRP rules.

(iv) The applicant must not be benefitting from the Residence Scheme Regulations, the High Net Worth Individual Rules, the Malta Retirement Programme Rules, the Qualifying Employment in Innovation and Creativity (Personal Tax) Rules and the Highly Qualified Persons Rules.

(v) The applicant must be a fit and proper person (an international due diligence exercise is carried out by the Inland Revenue Department prior to granting the special tax status).

(vi) The applicant must be in receipt of stable and regular resources that are sufficient to maintain himself and his dependents.

(vii) The applicant can adequately communicate in either Maltese or English.

### Taxation

Once the special tax status has been acquired, the person is taxable in Malta on income and certain capital gains arising in Malta and foreign income remitted to or received in Malta as follows:

(i) Foreign source income which is received in Malta is taxable at the rate of 15% with the possibility of claiming double tax relief but subject to the minimum annual tax liability.

(ii) The individual must pay a minimum tax liability of €15,000 per annum.

(iii) Other income that is not covered by these Rules is charged separately at the rate of 35%.

(iv) The minimum tax of €15,000 is payable by not later than the 30th April of the year in which the income is received in Malta and such payment must be accompanied by a return made to the Commissioner that provides proof that all the requirements continue to be satisfied.

(v) An individual who has or applies for a long-term residence status in terms of the Status of Long-Term Residents (Third Country Nationals) Regulations will be taxable in Malta on their world-wide income at the normal resident tax rates.

### **Preparing an application in terms of the GRP rules**

A non-refundable one-off registration fee must be paid upon submission of the application amounting to €6,000 or €5,500 (if property situated in the south of Malta). Apart from the application form, an individual applying for GRP status requires other documentation. In addition to the application form, the GRP also requires applicants to fill in a questionnaire.

In order for the applicant to retain GRP status s/he must not stay in another jurisdiction for more than 183 days in a calendar year and needs to ensure that all conditions set out in the Rules are satisfied at all times.

Applications under the GRP must be made through the services of a person that qualifies as an ARM and is registered as such with the IRD. ACT is an Authorized Registered Mandatory (ARM).

For further information and on how ACT may assist you and your family in taking up residence in Malta, please contact the firm's tax partners, Stephen Balzan on [sbalzan@act.com.mt](mailto:sbalzan@act.com.mt) or Elaine Camilleri on [ecamilleri@act.com.mt](mailto:ecamilleri@act.com.mt). You may also read our brochure on taking up residence in Malta by clicking on the following link:

<http://www.act.com.mt/media/images/active/factsheetsmalta/Taking%20Up%20Residence%20in%20Malta.pdf>

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