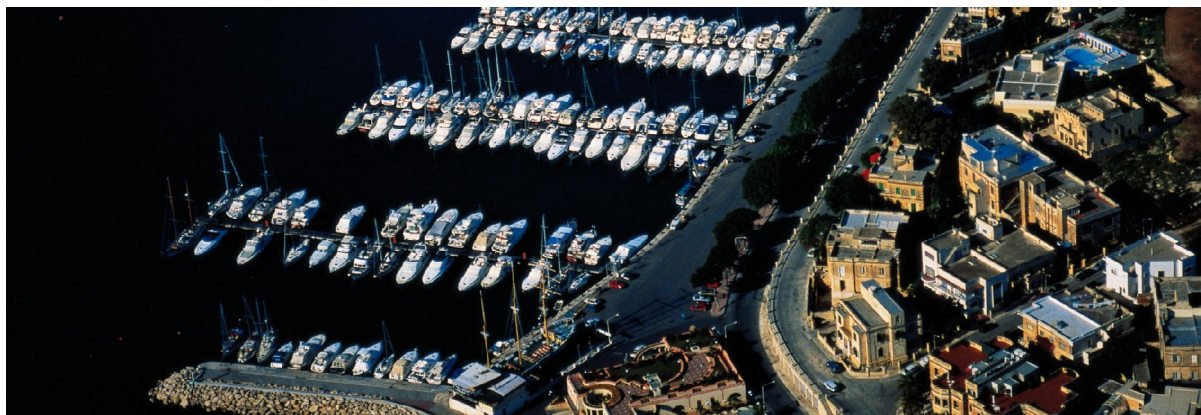


Returned Migrants to Malta Making the complex simple



Malta offers tax benefits to individuals who, having been born in Malta, have, after originally emigrating from Malta, returned to Malta, on a date after the first day of January 1988, with the intention of taking up residence in Malta.

Key terms and conditions

For an individual to be eligible for the Returned Migrant status, the following conditions would have to be satisfied:

- (a) The individual must have been born in Malta;
- (b) The individual has or will return to Malta in order to take up residence herein;
- (c) The individual can prove he has actually resided outside Malta for an aggregate period of 20 years within a period of 25 years preceding the first year in which a tax return is due in Malta by the individual;
- (d) The individual must remit to Malta foreign source income of not less than €14,000, plus an additional €2,400 for each dependant relative including a spouse.

Malta Tax Treatment

An individual who qualifies as a Returned Migrant is entitled to opt for the following tax treatment (the option may be taken at any time after the individual has taken up residence in Malta and once exercised it may be renounced to, however once renounced to the option cannot be re-exercised at a later date).

An individual who has opted in terms of the above mentioned option would be subject to the following tax treatment in Malta:

- (1) Any foreign source income derived from a trade, business, profession or vocation or derived from overseas employment or an office held overseas will be subject to tax in Malta at a flat rate of 15% (with the first €4,200 being exempt, which amount increases to €5,900 in the case of a married individual) of any amount received in Malta (i.e.: on a remittance basis);
- (2) Any other income, whether arising in Malta or outside Malta, including; dividends, interest, premiums, discounts, pensions, annuities, rents and royalties, would likewise be subject to tax in Malta at a flat rate of 15%, (subject to the exempt brackets referred to above). However in the case of the income arising outside Malta only amounts actually received in Malta will be taxed at the said rate (ie: on a remittance basis);

- (3) Any realised capital gain arising in Malta on the transfer of immovable property situated in Malta would be subject to a final withholding tax of 12% on the transfer value, subject to certain exemptions. An individual may opt for the 15% tax rate on the capital gain, subject to the Capital Gains Rules of the Income Tax Act, if the property being transferred was acquired less than 7 years prior to the sale;
- (4) Any realised capital gain arising in Malta on the transfer of a capital asset (other than immovable property situated in Malta) would likewise be subject to tax in Malta at a flat rate of 15% on the chargeable gain, unless subject to any exemptions;
- (5) Any realised capital gain arising outside Malta would be exempt from tax in Malta even if remitted to Malta;
- (6) Any income arising in or derived from **Malta** through the exercise of a trade, business, profession, vocation, employment or office, would be subject to tax in Malta, under Malta's progressive system of taxation, starting at the rate of 15% increasing up to a maximum rate of 35%. The exempt income brackets mentioned above will not apply in respect of such income.
- (7) As a resident of Malta, a permanent resident will have access to [Malta's Double Tax Treaty Network](#)

The above tax treatment is however subject to a statutory limitation which requires that, after the obtaining of any relief from double taxation which the individual may be entitled to in terms of Maltese law, the individual's annual Malta tax liability must be at least €2,325.

Ongoing Compliance Obligations

The individual would be required to pay provisional tax on an annual basis. The Provisional Tax Benchmark is set at €2,325 (equivalent to the minimum tax due by a returned migrant in terms of the scheme in terms of the Income Tax Act), and payable as follows:

- 20% of the P.T. benchmark payable on the 30th April;
- 30% of the P.T. benchmark payable on the 31st August;
- 50% of the P.T. benchmark payable on the 21st December.

Other Benefits

There are no death duties in Malta. Duty on documents and transfers would however become due and payable at the rate of 5% of the fair market value of the property situated in Malta upon the death of the returned migrant. Certain exemptions from such duty may apply.

Subject to satisfaction of certain conditions, exemptions may apply on Customs Duty and VAT on personal property, excluding motor vehicles, intended for the personal use of the permanent resident concerned or for meeting their household needs and includes household effects.

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