

MALTA

As per 1 January 2018

EXPATRIATE AND EMPLOYER TAX COMPLIANCE AND ADVISORY

Tax rate	0-35% Income below € 9,100 will not be taxed. This amount increased to € 10,500 in the case of persons using the parents rates and € 12,700 in the case of persons opting for the married rates.
Tax period	Calender Year
Tax residency / Domicile according to domestic law	<p>When applied to an individual "Residency" is defined as an individual who resides in Malta except for such temporary absences as to the Commissioner may seem reasonable and not inconsistent with the claim of such individual to be resident in Malta. From a practical perspective, a person who spends more than 183 days in Malta will be considered as residing herein in view of the fact that the term "temporary residents" is defined as Persons who are in Malta only for temporary purpose and without any intent to establish residence in Malta and who would have not resided in Malta for more than 6 months.</p> <p>The concept of domicile is not defined within our tax laws. The concept of domicile is based on UK Law. It is residence in a country with the intention of residing permanently in that country. Three types of Domicile are said to exist:</p> <ul style="list-style-type: none">• Domicile of Origin (where an individual is born or the domicile of the father [mother in case of illegitimate children])• Domicile of Choice (if an individual proves that he has a stronger connection with a country other than that of his domicile of origin)• Domicile by Operation of the law (this becomes natural by way of law...for example the wife gets the domicile of the husband)
Tax registration	Yes, one would be required to complete the Expatriate Registration Form, stating one's date of arrival in Malta and date of commencement of employment.
Employment income definition	Gains or profits from any employment or office including the value of any benefit provided by reason of any employment or office.
Examples of tax exemption	Certain fringe benefits are tax exempt: Expenses incurred in the interest of the employer, Business travel, Relocation costs, Travelling between shifts, Training courses, Subscriptions, Insurance for business purposes, Organised transport, certain Gifts, certain Insurance policies and health related costs, Telephones and computers, Recreational or child minding facilities, Uniforms and safety clothing, Long service awards subject to some cappings and Suggestion scheme awards subject to certain conditions.
Specific expatriate concession	In Malta there are number of Special Tax Regimes, with the aim of attracting Highly Qualified individuals working within the following industries: financial services, gaming services, aviation services and very recently, Assisted Reproductive Technology sector. A flat tax rate of 15% applies on such income provided a number of conditions are met (such as minimum income has to be €84,016).
Income of board members	Directors' fees paid by a company which is registered in Malta, is taxable in Malta. Tax is deducted through the The Final Settlement System (a tax deduction methodology designed to produce accurate tax deductions from emoluments). This methodology ensures that the correct amount of tax is deducted from gross emoluments as they are received thus reducing the incidence of large refunds and tax bills arising from end of year tax assessments.

Tax returns	Annually, to be submitted by not later than 30 June of the year following that in which the income is arising.
Tax payments	Employment income is usually paid through the Final Settlement System.

TAX TREATIES

Employment income / income from board members	Art 15/16 Model OECD Tax treaties
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INTERNATIONAL SOCIAL SECURITY

Cross border employments	EU Regulation No 883/2004 and EU regulation No. 1408 / 71.
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Exception under Art 16 of Reg. 883/2004 and Art 17 of Reg. 1408/71	Generally applicable.
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Social Security Cost as % from gross salary and absolute amounts	<p>For employed persons, the social security contributions are shares by the employer and the employee. Persons born up to 31st December 1961, the contributions are as follows 10% of the income – if the weekly income is between € 172.52 and € 349.36 ; otherwise the weekly rate is capped at € 34.94.</p> <p>For Persons born from 1st January 1962 onwards, the rate is 10% of the income, if the weekly income is between € 172.52 and € 455.78; otherwise the weekly rate is capped at €45.58.</p> <p>The above mentioned rates are to be payable by both the employer and the employee. If the case of self-employed individuals, the rates are as follows. For Persons born up to 31st December 1961, if the annual income is between € 10,195 and € 18,167 , the rate is 15%. Otherwise, the rate is capped at € 52.40 per week.</p> <p>For Persons born from 1st January 1962 onwards, if the annual income is between € 10,195 and € 23,701, the rate is 15%. Otherwise, the rate is capped at € 68.37 per week.</p> <p>An expat can continue to pay Social Security usual residence or eventual residence provided he has the A1 Form in hand.</p>
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IMMIGRATION

Work permit	
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Visa	
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Residency permits / registration certificate	
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Driving license	
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STOCK OPTION PLAN	<p>An employer will be treated as providing a taxable fringe benefit if and every time that the employee exercises the option and acquires shares in the company. The value of the benefit is the excess, if any, of the market value of the shares at the time when the shares are transferred over the price paid for those shares by the employee. The rate of tax on this value is charged at the flat rate of 15%.</p> <p>The employee may subsequently transfer the shares at a profit. For the purpose of determining the taxable profit in such an event the cost of the shares is not be the price actually paid by the employee but the market value (if higher) established for the purpose of determining the fringe benefit.</p>
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ARTICLE 15 OF THE OECD MODEL

Most of Malta's double taxation agreements are based on the OECD Model Convention in that employment should be taxable in the state of source, however, the taxing rights are reverted back to the state of residency if the following conditions are satisfied.

183 days

The employee does spend more than 183 days in the state of Source.

Notion of employer

The remuneration is paid by an employer who is not resident in that of Source.

Existence of a permanent establishment

The employer does not have a PE in the state of source.

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