

As per 1 January 2020

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EXPATRIATE AND EMPLOYER TAX COMPLIANCE AND ADVISORY

Personal Income Tax Rates – Employment Income	
Tax rate	The applicable rates are progressive rates ranging from 0 -35%. For single individuals, a tax free bracket of € 9,100 is in place. For individuals who opts for married rates, the tax free bracket is € 12,700 (per couple) and for Parents who qualify for the Parent rates, the aforementioned tax free bracket is €10,500. Any income in excess of € 60,000 will be subject to the rate of 35%.
Tax period	1 January – 31 December – calender year.
Tax residency / Domicile according to domestic law	<p>The concept of “Residency”, when applied to an individual, 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 (if applicable).
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	<p>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.</p> <p>A flat tax rate of 15% applies on such income provided a number of conditions are met (such as minimum income has to be €86,385 (for basis year 2020) – this is revised annually).</p>
Income of board members	Directors’ fees paid by a company which is resigtered in Malta, is taxable in Malta. Tax is deducted through the The Final Settlement System. 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. This is usually extended in the case of individuals opting for electronic filing.

Tax payments

Employment income is usually paid through the Final Settlement System. Any tax payments over and above those deducted through the Final Settlement System should be paid by the original tax return date (which is June of the year following that in which the income arises).

Tax on real estate property**TAX TREATIES****Employment income / income from board members**

Art 15/16 Model OECD Tax treaties

INTERNATIONAL SOCIAL SECURITY**Cross border employments**

EU Regulation No 883/2004 and EU regulation No. 1408 / 71.

Exception under Art 16 of Reg. 883/2004

Generally applicable.

and Art 17 of Reg. 1408/71**Social Security Cost as % from gross salary and absolute amounts**

For employed persons, the social security contributions are shared 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 € 179.34 and € 365.72 ; otherwise the weekly rate is capped at € 36.57.

For Persons born from 1st January 1962 onwards, the rate is 10% of the income, if the weekly income is between € 179.34 and € 480.49; otherwise the weekly rate is capped at €48.05.

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 € 10,667 and € 19,017 , the rate is 15%.
Otherwise, the rate is capped at € 54.85 per week.

For Persons born from 1st January 1962 onwards, if the annual income is between € 10,667 and € 24,986, the rate is 15%. Otherwise, the rate is capped at € 72.08 per week.

An expat can continue to pay Social Security usual residence or eventual residence provided he has the A1 Form in hand.

IMMIGRATION**Work permit****Visa****Residency permits / registration certificate****Driving license****STOCK OPTION PLAN**

In terms of typical share option schemes, employees of a company would be given the option to buy or subscribe to shares in the company, or in an associated company, at a given price. The option would be valid for a certain period, and an employee may therefore exercise that option at a time when the value of the shares may have increased.

The grant of an option to acquire shares is not, in itself, a taxable benefit. The company will, however, be treated as providing a taxable fringe benefit if and every time that the employee exercises the option and acquires shares in the company.

Similarly, the company is treated as providing a benefit whenever it transfers shares to its employees under a share award scheme.

ARTICLE 15 OF THE OECD MODEL**183 days**

Generally applicable in most of Malta's tax treaties. If the the recipient is present in the state of Source for more than 183 days (amongst other conditions) the State of Source will generally be granted taxation rights.

Notion of employer

If the remuneration is paid by or on behalf of an employer who is resident in the state of Source, the latter will generally be granted taxation rights.

Existence of a permanent establishment

If the remuneration is borne by a PE which the employer has in the State of source, then the state of source will generally have taxation rights on such remuneration.



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