

# Business Malta

## be in the know and act better



### Message from the Managing Director of FACT Group

Welcome to the first issue of FACT Group's quarterly newsletter which has the main objective of providing you with the latest information and developments taking place in Malta's financial services industry. Today, Malta is rapidly gaining international recognition as a brand denoting excellence in financial services. It offers an attractive cost and tax-efficient base for foreign residents to establish their corporate structure in an EU-compliant domicile.

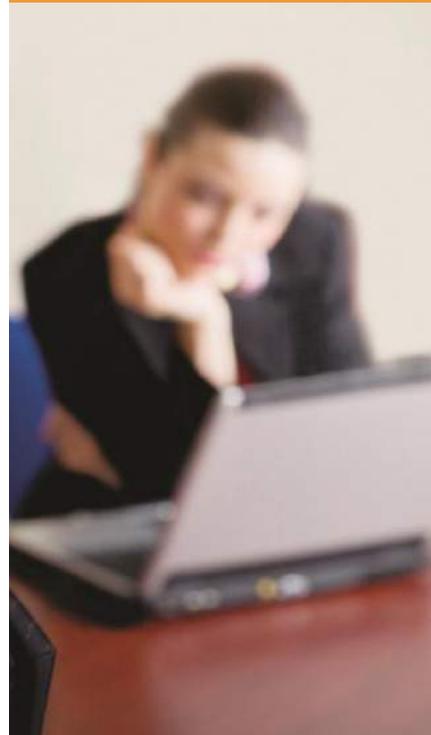
Malta offers a very well-trained, motivated workforce; a comprehensive legal and regulatory framework, and a competitive fiscal regime backed up by over fifty double taxation agreements. To these, I would also add a sophisticated ICT infrastructure, English as an official language, an enviable climate and its unique strategic location. Above all, Malta offers a single, supervisory body, the Malta Financial Services Authority, which ensures full compliance with EU regulations but, at the same time, is able to act with speed, flexibility and the minimum of bureaucracy.

Malta has also established itself at the forefront of Remote Gaming regulation. In fact Malta was one of the pioneers amongst the European Union Member States which regulated remote gaming. Maltese law provides for the establishment and operation of companies engaged in remote / online gaming activities (such as online casinos, casino-style games, betting exchanges and lotteries) which benefit from very attractive fiscal incentives. The remote gaming sector is dynamic and has rapidly grown in Malta.

Whilst I hope you may delve in this newsletter for more information, I wish to welcome you to consider visiting us in Malta to discuss how your clients can benefit from our legal structures and why not, also discover and enjoy the beauty of our islands.



Jesmond Pace  
Managing Director



### Contents

#### Special Interest Articles

A word from the Managing Director	1
Tax planning using Malta	2
Malta Remote Gaming Industry	3
Business Bits	3
About Malta	5
About FACT Group	6

## Tax Planning using Malta

### Some FACTS about Malta's International Tax Provisions

- Following is a brief list of attractive tax provisions for international business and legitimate tax planning:
- Tax provisions forming an excellent platform for European and global business to both holding and trading activity entities
- Fiscal regime allows four types of tax relief: unilateral relief, relief for underlying tax, flat rate foreign tax credit (FRFTC) and commonwealth relief
- A full imputation system is applicable, allowing shareholders to claim credit for tax paid by the Maltese company upon a dividend distribution which entitles them to a 6/7ths, 5/7ths, 2/3rds or 100% refund of the tax
- Straightforward anti-abuse provisions
- Access to EU Parent-Subsidiary & Interest-Royalties Directives
- Low exit costs (no withholding tax on dividends or liquidation or net tax on disposal of shares)
- Any company, irrespective of the country in which it is registered, can be used as a parent company in Malta or as a subsidiary without adverse tax consequences
- Advance revenue opinions on international tax issues
- No thin capitalization or controlled foreign company (CFC) rules
- No transfer pricing rules



## Remote Gaming

Malta has reacted to the phenomenon of remote gaming in a prudent yet pragmatic manner: it provided a legal framework for gaming operators, whilst at the same time never foregoing high levels of player protection. This has produced a foremost gaming jurisdiction associated with professionalism, regulation and trust.

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The first online betting legislation in Malta was enacted in 2000, established under the Public Lotto Ordinance (L.N. 34 of 2000), to regulate offshore betting offices. Since then, the Lotteries and Gaming Authority (LGA) has been set up as the single regulatory body responsible for the governance of all forms of gaming in Malta. Following a publication in April 2004 of the revamped Remote Gaming Regulations, Malta became the first EU member state to regulate Remote Gaming.



The LGA regulatory regime aims to be both technology neutral and game neutral – encompassing any type of gaming using a means of distance communication (including internet, digital TV, mobile phone technology, telephone and fax). Any remote game which can be securely managed under LGA regulations will be considered for licensing.

For more information about the advantages of setting up remote gaming companies in Malta, visit [www.factgroup.net](http://www.factgroup.net) or send us an email on [info@factgroup.net](mailto:info@factgroup.net)

## Business Bits

For the first time in maritime history Malta has the largest ship register in Europe, surpassing even Greece which had been the biggest maritime nation for many years, Transport Minister Austin Gatt announced in January 2012.

### Maltese maritime law services include:

- flag and ship registration under Maltese flag and overseas and dealings with related formalities;
- bareboat charter registrations;
- ship owning and ship management company incorporation;
- marine mortgages and other form of securities;
- discharging of mortgages;
- ship sales and purchases;



## ERDF & other GRANTS

Several schemes were announced by the Malta Enterprise which fall under the EU's European Regional Development Fund, namely:

- **Innovation Actions Grant Scheme**
- **International Competitiveness Grant Scheme**
- **Small Start-Up Grant Scheme**
- **E-Business Grant Scheme**
- **Innovation Action Grant Scheme (Environment)**
- **Research & Development Grant Scheme**

These schemes could help your business develop and grow through funding grants.

For details and a comprehensive explanation on each of the above schemes, please go to:

<http://www.factgroup.net/fact-sheets/grants>



- ship finance;
- chartering and leasing;
- syndicated bank loans; and
- generally advising financing institutions on security and mortgage enforcement

Owners of all types of vessels, from pleasure yachts to passenger cruise ships, tankers and oil rigs, may register such vessels under the Malta flag and take advantage of the various benefits, particularly fiscal, available under Maltese law. As the Malta flag is a flag of confidence and a flag of choice, Malta's Ship Register is today one of the eight largest ship registers in the world.

For more information about the advantages of registering vessels under the Malta flag visit [www.factargroup.net](http://www.factargroup.net) or send us an email on [info@factargroup.net](mailto:info@factargroup.net)

## High Net Worth Individual Scheme launched

The much awaited scheme, called the "High Net Worth Individuals scheme" (HNWIS) was launched by Finance Minister Tonio Fenech on the 15th September 2011. This scheme replaces the popular 25 year old "permanent residence scheme" which was suspended abruptly at the beginning of the year after it has been found that the system was being abused by certain individuals.

The new scheme aims to attract people to come in Malta not to simply buy property but people who would also contribute to the local economy. A few important highlights of the new launched scheme are the following:

- there will be two sets of rules, one for EU nationals and one for third country nationals;
- EU nationals had to spend a minimum of € 400,000 on the property or € 20,000 a year in rent;
- Individuals buying property under the new scheme had to spend a minimum of 90 days per year living in Malta;
- individuals must pay 15 per cent tax on foreign income and normal tax on any local income;
- such individuals had to have health insurance recognised across Europe;
- There will be an application fee of € 6,000 to pay to cover fees the government will be incurring through a sub-contracted international firm to do the 'fit and proper' test to check whether the applicant is 'desirable';
- a minimum tax payment of € 25,000 will have to be paid;

- an application form has to be submitted and can only be done by Maltese warrant holders registered with the inland revenue department as authorised people

For more information about the advantages of the high net worth individual scheme visit [www.factgroup.net](http://www.factgroup.net) or send us an email on [info@factgroup.net](mailto:info@factgroup.net)

## About Malta

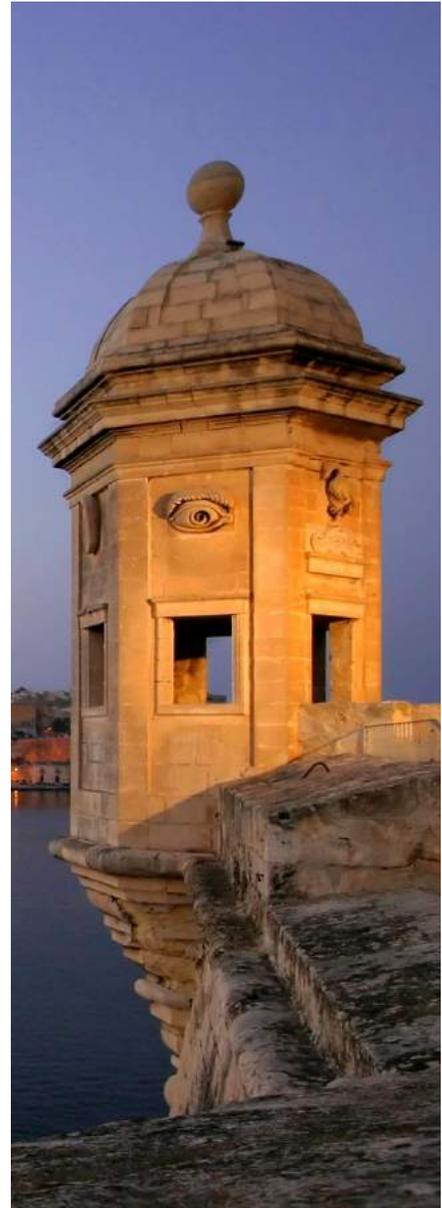
### The Maltese Islands

With 7,000 years of history behind it, Malta is a modern country with an open market economy, excellent economic track record, stable currency, low inflation and enjoys a high standard of living at relatively low cost.

The Maltese islands comprise an archipelago in the Mediterranean, occupying 316 square kilometres approximately 100 kilometres south of the Italian Island of Sicily. Only the three largest islands Malta, Ghawdex (Gozo) and Kemmuna (Comino) are inhabited, although development schemes for Manoel Island are in the pipeline. Malta's picturesque charm and historic appeal, enhanced by its strategic position in the heart of the Mediterranean make the island a remarkable tourist destination offering modern five star hotels, numerous beaches and a typical Mediterranean climate with mild, rainy winters and hot, dry summers.

Malta is an independent republic and a member of the British Commonwealth. Since the mid-eighties Malta has transformed itself into freight transshipment hub and a first class financial centre with reciprocal insurance and investment legislature regulations. Malta boasts an independent Financial Services Authority based on the British system. The islands have a hi-tech manufacturing sector and at present are working on an advanced system of e-government aimed at creating the first e-government state supported by one of the world's first fully digital telecommunications network.

Malta became a member state of the European Union on 1st May, 2004. Malta is well placed to reap the benefits from EU accession and embark on a path of rapid growth. Its human capital and geographical location place it in a favourable position in this regard. At present Malta is working on an advanced system of e-government aimed at creating the first e-government state supported by a fully digital telecommunications network. Corporate law in Malta is in full conformity with European requirements; accounting and auditing standards are based on International Accounting Standards.



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## About FACT Group

FACT Group evolved from a small practice established in 1998 by Jesmond Pace, the Senior Partner and FACT group Managing Director. Services have rapidly evolved for a significant portfolio of clients and expanded to an international client base as well as servicing the local business community.

Its successful growth may be attributable to establishing an ethos within the organisation of efficiency and fairness based upon personnel dedication & commitment to plying their profession at FACT. Over the years, FACT group employed young, experienced and qualified and semi-qualified staff to compliment the respective teams in each service area.

All management and staff at FACT group are cultured and trained to give attention to quality, commitment, diligence and efficiency in the way we work and for each assignment that we do.

We apply a "can-do" and "responsible" attitude in all that we do to exceed the expectations of our clients.

