

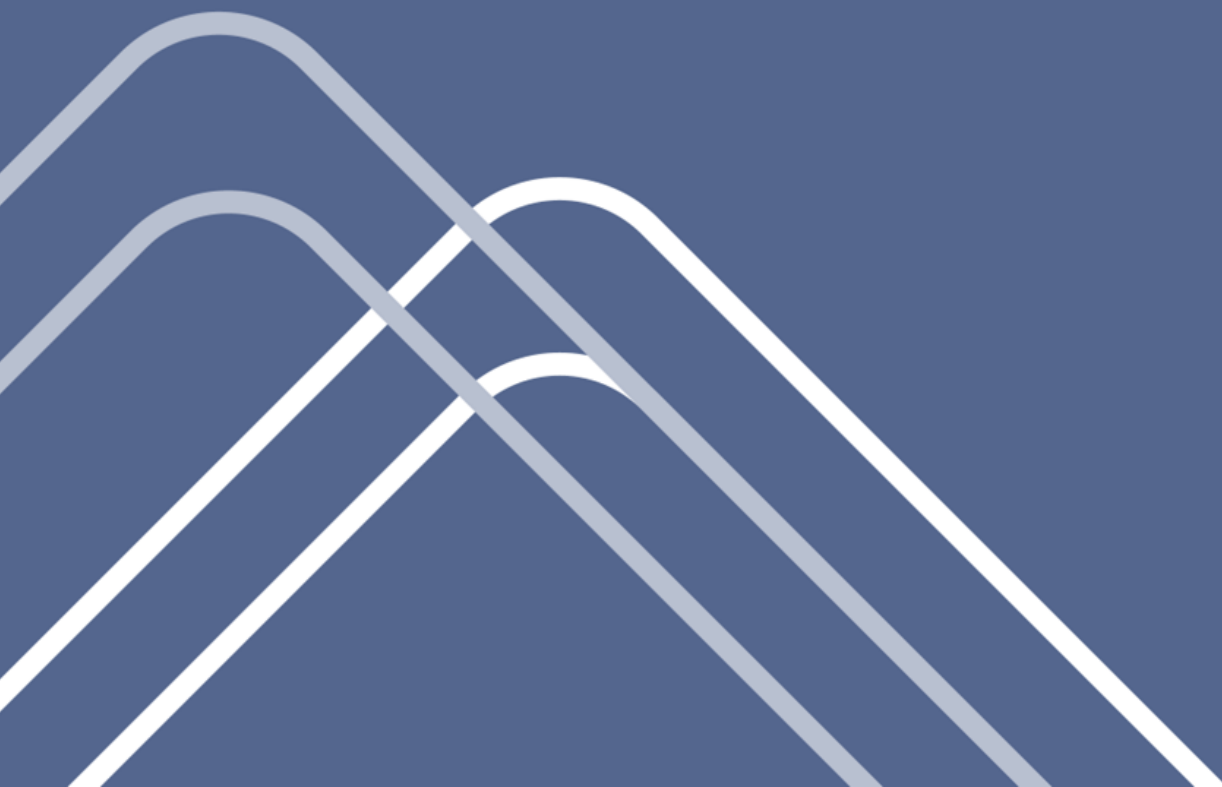


# DOING BUSINESS IN MALTA



# Contents

Introduction	1
Business Environment	2
Foreign Investment	5
Setting up a business	10
Taxation	17
Accounting and reporting	24
UHY in Malta	33



# INTRODUCTION

UHY is an international organisation providing accountancy, business management and consultancy services through financial business centres in nearly 100 countries throughout the world.

Business partners work together through the network to conduct transnational operations for clients as well as offering specialist knowledge and experience within their own national borders. Global specialists in various industry and market sectors are also available for consultation.

This detailed report providing key issues and information for investors considering business operations in MALTA has been provided by the office of UHY representatives:

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Information in the following pages has been updated so that they are effective at the date shown, but inevitably they are both general and subject to change and should be used for guidance only. For specific matters, investors are strongly advised to obtain further information and take professional advice before making any decisions. This publication is current in April 2026.

We look forward to helping you do business in Malta.

# BUSINESS ENVIRONMENT

## Malta at a Glance: Geographic and Demographic Overview

The Republic of Malta is a Southern European Island nation located in the heart of the Mediterranean Sea. Its archipelago consists of three inhabited islands: Malta, Gozo, and Comino.

- **Capital:** Valletta
- **Population:** Approximately 574,250 (2024 est.)
- **Official Languages:** Maltese and English. Italian is also widely spoken.
- **Currency:** Euro (€)
- **Time Zone:** Central European Time (CET), UTC+1. Central European Summer Time (CEST), UTC+2.
- **Climate:** Mediterranean climate characterised by hot, dry summers and mild, wet winters. Average annual temperature is 23°C during the day.
- **EU Membership:** Member since 2004; Member of the Eurozone since 2008; Member of the Schengen Area since 2007.

This small but densely populated nation boasts one of the highest internet penetration rates in Europe and a digitally literate population, making it ideal for knowledge-based industries.

## Political and Legal Framework

Malta is a stable parliamentary republic based on the Westminster model of government.

- **Head of State:** The President of Malta, appointed by a resolution of the House of Representatives.
- **Head of Government:** The Prime Minister, who leads the Cabinet (executive power).
- **Legislature:** The unicameral House of Representatives.
- **Legal System:** A hybrid or mixed system. Public law, company law, and commercial law are largely based on Continental Civil Law, heavily influenced by Italian and French traditions. Private law, including contract and tort law, is based on English Common Law. This blend offers a familiar framework for a wide array of international investors.

The independence of the judiciary is guaranteed by the Constitution. Malta's accession to the EU means that EU law forms a supreme part of the national legal order.

## Economic Performance and Key Sectors

Malta has consistently been one of the fastest-growing economies in the EU, with a strong record of economic expansion, low unemployment, and a rising GDP per capita. The economy is service-based and highly diversified.

### Key Economic Sectors:

- **iGaming:** Malta is a globally recognised leader in the regulation and hosting of online gaming companies, often called the "iGaming Capital of the World." The Malta Gaming Authority (MGA) provides a robust regulatory framework.
- **Financial Services:** A well-respected jurisdiction for banking, insurance, investment funds, pensions, and fintech, regulated by the Malta Financial Services Authority (MFSA).
- **Aviation & Maritime:** The Maltese aircraft registry (9H) and ship registry are among the largest in Europe, supported by a comprehensive ecosystem of legal, corporate, and technical service providers.
- **Technology & Innovation:** Malta has positioned itself as a "Blockchain Island" with the pioneering Virtual Financial Assets Act (VFAA). The Malta Digital Innovation Authority (MDIA) certifies innovative technology arrangements, providing legal certainty for tech firms. The recent INSPIRE (National Strategic Policy for Research and Innovation) fund further incentivises R&D.
- **Tourism:** A perennial pillar of the economy, offering high-quality medical, cultural, linguistic, and recreational tourism. The Malta Tourism Authority (MTA) actively promotes the islands.
- **Manufacturing & Pharmaceuticals:** A niche but high-value sector focusing on precision engineering, electronics, and pharmaceutical production.

### Critical Infrastructure: Digital, Transport, and Utilities

- **Digital Infrastructure:** Malta has a fully digitalised and liberalised telecommunications sector. Widespread fibre-optic coverage provides high-speed internet connectivity crucial for digital businesses. The country is also investing in 5G infrastructure and cybersecurity initiatives.
- **Transport:**
  - **Air:** Malta International Airport (MLA) is the main hub, with regular connections to all major European cities and beyond.
  - **Sea:** The Grand Harbour in Valletta is a major transshipment container port. There are also regular ferry connections to Sicily (Italy) and high-speed catamaran services.
- **Utilities:** A reliable supply of electricity and water. Significant investment is being made in renewable energy sources and the transition to a greener economy.

## Key Regulatory and Promotional Bodies

Understanding the relevant authorities is crucial for a successful market entry.

- **Malta Financial Services Authority (MFSA):** The single regulator for financial services, credit and financial institutions, securities, insurance, pensions, and the Registry of Companies. It is the primary point of contact for licensing most financial and corporate entities. [[www.mfsa.mt](http://www.mfsa.mt)]
- **Malta Enterprise:** The national economic development agency. It is the first point of contact for foreign investors, offering support, guidance, and administration of various business incentives and grants. [[www.maltaenterprise.com](http://www.maltaenterprise.com)]
- **Malta Digital Innovation Authority (MDIA):** Established to promote and regulate innovative technology, particularly DLT/Blockchain, AI, and IoT. It provides certification for Technology Arrangements and Service Providers. [[www.mdia.gov.mt](http://www.mdia.gov.mt)]
- **Malta Gaming Authority (MGA):** The independent regulator for all gaming activities, ensuring a fair, transparent, and responsible gaming environment. [[www.mga.org.mt](http://www.mga.org.mt)]
- **Commerce Malta:** A public-private partnership focused on promoting Malta as a trade and investment hub and supporting the internationalisation of Maltese businesses. [[www.commercemalta.mt](http://www.commercemalta.mt)]
- **Malta Tax and Customs Administration (MTCA):** The national body responsible for direct and indirect taxation, including income tax, VAT, and duty. [Formerly known as the Commissioner for Revenue (CFR)]. [[www.mtca.gov.mt](http://www.mtca.gov.mt)]

# FOREIGN INVESTMENT

## Malta's Approach to Foreign Direct Investment (FDI)

Malta maintains an open-arms policy towards foreign investment, actively encouraging and facilitating it through a stable political climate, a transparent legal system, and a range of financial and non-financial incentives. The government's approach is characterised by:

- **Non-Discrimination:** Foreign investors are generally subject to the same rules and enjoy the same opportunities as local investors. There are very few sector-specific restrictions on foreign ownership.
- **Pro-Business Stance:** A legislative and administrative framework designed to be efficient and responsive to business needs. Programs like the Business First unit act as a single point of contact for investors, streamlining bureaucratic processes.
- **Focus on Value-Added Sectors:** While most sectors are open, government support is particularly focused on attracting high-value, knowledge-intensive industries that create quality employment and drive innovation. This targeted approach ensures sustainable economic growth.

## Strategic Sectors for Investment

The Maltese government has identified key sectors where it offers enhanced support and incentives. These align with the country's economic strengths and development goals:

- **Financial Technology (FinTech):** Including blockchain, distributed ledger technology (DLT), and digital finance, supported by the VFSA and MDIA frameworks. Malta's proactive regulation aims to provide legal certainty for innovative business models.
- **Artificial Intelligence (AI) and Internet of Things (IoT):** Falling under the remit of the MDIA and supported by the INSPIRE fund for research and innovation. Malta is developing a niche in ethical AI and IoT applications for smart cities and logistics.
- **Advanced Manufacturing:** Especially in areas like pharmaceuticals, microelectronics, and additive manufacturing (3D printing). Incentives are available for upgrading machinery and implementing green technologies.
- **BioTech and Life Sciences:** Leveraging a strong healthcare system and research capabilities. This includes medical research, pharmaceutical manufacturing, and specialised healthcare services.
- **Sustainable Energy and Green Economy:** Including renewable energy projects, energy efficiency services, waste management, and green finance. Malta's national policy strongly supports the EU's green transition goals.

- **Aerospace:** Support services for the growing aviation registry and related maintenance, repair, and overhaul (MRO) activities. The focus is on high-skill engineering and logistics.
- **Education and Human Capital Development:** International schools, vocational training centres, and specialised tertiary education institutions are encouraged to support the upskilling of the local and expatriate workforce.

## Government Incentives and Support Schemes

Malta Enterprise is the primary agency administering a suite of incentives designed to make investment attractive and sustainable. These can be combined subject to certain rules and de minimis regulations.

### Financial Incentives:

- **Soft Loans:** Financing at below-market interest rates for capital investment projects, covering up to a certain percentage of total costs. These are typically offered for projects that enhance competitiveness, improve energy efficiency, or involve research and development.
- **Interest Rate Subsidies:** Grants that cover part of the interest payable on commercial loans taken out for qualifying projects. This reduces the effective cost of borrowing for SMEs and larger enterprises.
- **Micro Guarantee Scheme:** Provides a guarantee of up to 80% on bank loans (up to €250,000) taken out by micro-enterprises to finance business enhancement, growth, and development.
- **Cash Grants:** Direct non-repayable grants for specific purposes such as:
  - o **Job Creation:** A grant per new full-time job created, often tied to the level of investment and the quality of the jobs.
  - o **Training Assistance:** Support for the cost of training and upskilling employees, ensuring the workforce meets industry needs.
  - o **Environmental Projects:** Grants for investing in energy-efficient equipment, waste reduction systems, or circular economy initiatives.

### Tax-Based Incentives:

- **MicroInvest Scheme:** A tax credit applicable to micro-enterprises and self-employed individuals, calculated as a percentage (typically 45% for SMEs) of eligible expenditure incurred in connection with the expansion and development of their business, including upgrading of equipment, website development, and the rental of new premises.
- **Research & Development (R&D) Tax Incentives (2024-2026):** Malta provides a framework of local and EU-level incentives supporting qualifying R&D and innovation activities carried out by small,

medium-sized and large undertakings. R&D incentives are not limited to laboratory-based activities and may apply to projects forming part of an undertaking's ordinary operations, provided such activities aim to achieve scientific or technological advancement and involve the resolution of technological uncertainty. Support may be granted in the form of tax credits or cash grants, with maximum aid intensities generally ranging between 45% and 70% for small undertakings, 35% and 60% for medium-sized undertakings, and 25% and 50% for large undertakings. Malta also participates in the EU-wide Horizon Europe program.

#### Operational Support:

- **Provision of Industrial Property:** Access to subsidised factory space, office parks, or business incubators through sites managed by Malta Enterprise.
- **Support for Internationalisation:** Assistance with participation in international trade fairs and missions, often with financial support for related costs.

#### Double Taxation Treaty Network

Malta's extensive network of over 75 double taxation treaties (DTTs) is a cornerstone of its attractiveness for international business and holding company structures. These treaties, largely based on the OECD Model Convention, provide:

- **Elimination of Double Taxation:** Preventing the same income from being taxed in both Malta and the treaty partner country. This is achieved through either the exemption method or the credit method.
- **Reduced Withholding Tax Rates:** Lower rates on dividends, interest, and royalties paid cross-border. Many treaties reduce withholding tax on dividends to 5% or 0% for substantial shareholdings.
- **Certainty and Stability:** Clear rules on which state has the right to tax specific types of income (e.g., business profits, capital gains), providing predictability for business planning and structuring.
- **Dispute Resolution Mechanisms:** Procedures like the Mutual Agreement Procedure (MAP) to resolve tax disputes between jurisdictions, preventing costly and lengthy litigation.

An updated list of treaty partners is maintained on the websites of the MFSA and the MTCA. It is crucial to consult the specific treaty provisions when structuring cross-border investments.

## EU Membership Benefits and Obligations

As a member of the European Union, Malta offers investors unparalleled advantages:

- **Access to the Single Market:** Free movement of goods, services, capital, and people within a market of over 450 million consumers. This allows Maltese-based companies to trade freely with other member states without customs duties or quantitative restrictions.
- **EU Passporting Rights:** For regulated entities in financial services, payment institutions, and e-money institutions, a licence obtained in Malta (via the MFSA) allows a firm to operate throughout the EEA without needing further licences in each member state. This is a key driver for the financial services and iGaming sectors.
- **EU Funding and Programs:** Maltese companies are eligible to apply for various EU grants, subsidies, and research funds (e.g., Horizon Europe, the Recovery and Resilience Facility).
- **Legal and Regulatory Harmonisation:** Adherence to EU standards (e.g., GDPR for data protection, MiFID II for financial instruments) ensures a high level of legal protection and regulatory alignment with other member states, reducing compliance complexity for multinational groups.
- **Political and Economic Stability:** Membership anchors Malta within a stable economic and political union, enhancing its credibility and reducing country-specific risk for investors.
- **EU Minimum Tax Directive (Pillar Two):** Malta has transposed the EU Minimum Tax Directive (Directive (EU) 2022/2523) into domestic law and has exercised the transitional option provided under the Directive to defer the application of the Income Inclusion Rule (IIR) and the Undertaxed Profits Rule (UTPR) until 31 December 2029.

In return, Malta must adhere to EU laws and directives. Key obligations relevant to investors include:

- **State Aid Rules:** All incentives offered by Malta Enterprise must comply with EU State Aid rules, ensuring they do not distort competition within the Single Market. This means incentives are often capped and targeted.
- **Anti-Tax Avoidation Directives (ATAD I & II):** Malta has transposed these directives into domestic law, introducing rules on controlled foreign companies (CFCs), interest limitation, exit taxation, and a general anti-abuse rule (GAAR).
- **Anti-Money Laundering (AML) Directives:** Malta's AML framework is aligned with the EU's stringent directives, requiring robust customer due diligence and reporting from obliged entities.
- **Directive on Administrative Cooperation (DAC):** Malta automatically exchanges financial account information and tax rulings with other EU member states, promoting transparency.
- **DAC6 / Mandatory Disclosure Rules:** Certain cross-border arrangements may be subject to mandatory disclosure and reporting obligations in line with the EU Directive on Administrative Cooperation (DAC6), aimed at enhancing tax transparency and preventing aggressive tax planning.

- **DAC8:** Malta has aligned with the EU's extended administrative cooperation framework covering crypto-assets, introducing enhanced reporting and information exchange obligations aimed at strengthening tax transparency in the digital economy.

This EU framework ensures that Malta operates to high international standards, providing investors with a secure and reputable business environment.



# SETTING UP A BUSINESS

## Choosing the Right Business Vehicle

Selecting the appropriate legal structure is a critical first step, as it impacts liability, taxation, regulatory obligations, and administrative burden. The most common structures for foreign investors are:

- **Private Limited Liability Company (Ltd):** This is by far the most popular vehicle for foreign investment. It is a separate legal entity distinct from its shareholders.
  - o **Advantages:** Shareholders' liability is limited to their unpaid share capital. It offers credibility, perpetual succession, and is well-understood by international partners and banks.
  - o **Disadvantages:** Higher set-up and administrative costs compared to a sole trader; requires formalities like annual filings and audits (if not exempt).
- **Branch of a Foreign Company:** An extension of a parent company registered overseas. It is not a separate legal entity from its parent.
  - o **Advantages:** Quicker to establish as it does not require a separate constitution; can trade under the parent company's name.
  - o **Disadvantages:** The parent company bears full liability for the branch's obligations. May be perceived as having less permanence than a subsidiary.
- **Partnerships:**
  - o **Partnership en nom collectif (General Partnership):** All partners are jointly and severally liable for the debts of the firm without any limitation.
  - o **Partnership en commandite (Limited Partnership):** Comprises general partners (with unlimited liability) and limited partners (whose liability is limited to their contribution). This form is often used for investment funds or family businesses.
    - o **Advantages:** Relatively simple and inexpensive to set up.
    - o **Disadvantages:** Unlimited liability for general partners (in both forms), making it a less common choice for risky business ventures.
- **Sole Trader:** An individual who operates a business in their own name.
  - o **Advantages:** Complete control, simple to establish, and minimal regulatory costs.
  - o **Disadvantages:** The individual has unlimited personal liability for all business debts. This structure is unsuitable for any business with significant risk or investment.

## Step-by-Step Company Incorporation Process

Incorporating a private limited liability company in Malta is a streamlined process, typically completed within 5-10 working days. The process is managed by the Malta Business Registry (MBR), which operates under the auspices of the Malta Financial Services Authority (MFSA).

1. **Reservation of Company Name:** Proposed names must be submitted to the MBR for approval. The name must be unique and not deemed offensive or too similar to an existing name. A name can be reserved for three months.
2. **Preparation of Constitutional Documents:**
  - o **Memorandum of Association:** States the company's essential details (name, registered office, share capital, objects).
  - o **Articles of Association:** Governs the company's internal management and procedures.
3. **Identification and Due Diligence:** The MBR requires certified copies of passports and proof of address (e.g., a utility bill) for all ultimate beneficial owners (UBOs), directors, and company secretary. Beneficial owners are individuals who ultimately own or control more than 25% of the shares or voting rights.
4. **Declaration of Compliance:** A declaration signed by the company's proposed first director and company secretary confirming that all legal requirements of incorporation have been met.
5. **Deposit of Share Capital:** The minimum issued share capital (€1,165 for private companies) must be deposited into a bank account opened in the company's name. At least 20% of this must be paid up. The bank provides a confirmation letter for the MBR.
6. **Submission and Registration:** All documents, along with the registration fee, are submitted to the MBR. Upon approval, the MBR issues a:
  - o **Certificate of Incorporation:** Conclusive evidence that the company has been duly incorporated.
  - o **Registration Number:** A unique company number.
7. **Post-Incorporation Registrations:** After incorporation, the company must register for taxes:
  - o **Malta Tax and Customs Administration (MTCA):** For income tax and, if applicable, VAT and FSS.
  - o **JobsPlus:** For social security contributions if employing staff.

## Branch Registration vs. Subsidiary

The choice between a branch and a subsidiary (limited company) is significant.

Feature	Branch Office	Subsidiary (Limited Company)
Legal Status	Not a separate legal entity. Extension of the foreign parent.	Separate legal entity distinct from its parent company.
Liability	Parent company has unlimited liability for the branch's debts.	Liability of shareholders is limited to their share capital.
Establishment	Register with MBR by submitting parent company's constitutional documents.	Full incorporation process required (see 3.2).
Regulatory Burden	Must file parent company's accounts with MBR annually.	Must prepare and file its own statutory accounts.
Perception	May be seen as less permanent.	Often viewed as more established and credible.
Tax Treatment	Taxed on profits attributable to the Malta branch.	Taxed on its worldwide profits under Malta's full imputation system.

### Company Re-domiciliation to Malta

Malta allows companies incorporated in recognized jurisdictions (primarily EU/EEA and OECD member states) to re-domicile without the need for liquidation in the home country or re-incorporation in Malta. This process allows the corporate entity to continue its existence in Malta while retaining its legal identity and history.

- **Process:**
  1. The foreign company applies to the MBR for a provisional certificate of continuance, submitting documents including its certificate of incorporation, memorandum & articles, and a certificate of good standing.
  2. The MBR issues a provisional certificate, effectively registering the company in Malta.
  3. Within six months, the company must provide evidence that it has been de-registered in its original jurisdiction.
  4. Upon receipt of this evidence, the MBR issues a final certificate of continuance.
- **Benefits:** Preserves contracts, brand, and corporate history; can be more efficient than a cross-border merger.

### Ongoing Compliance and Corporate Secretarial Duties

Once incorporated, a company must adhere to ongoing legal and administrative obligations, typically managed by a qualified company secretary.

- **Registered Office:** Must maintain a physical registered office address in Malta.

- **Company Secretary:** Must appoint an individual as company secretary. The sole director cannot also be the secretary unless another director is appointed, except for private exempt companies.
- **Register of Beneficial Owners:** Must obtain and hold adequate, accurate, and current information on its beneficial owners, and file this information with the MBR's beneficial ownership register.
- **Statutory Records:** Must maintain up-to-date statutory records, including registers of members, directors, and secretaries.
- **Annual Return:** Must file an annual return (Form C) with the MBR within 42 days of its anniversary date. This is a declaration of company details, not financial statements.
- **Annual Fee:** An annual registration fee, based on authorized share capital, must be paid to the MBR (ranging from €100 to €1,400).
- **Meetings:** Must hold an Annual General Meeting (AGM) of shareholders within 15 months of the previous one.

### Understanding Ultimate Beneficial Ownership (UBO) Regulations

In line with EU Anti-Money Laundering Directives, Malta maintains a strict regime for identifying and reporting beneficial ownership. A UBO is defined as any individual who ultimately owns or controls more than 25% of the shares or voting rights of a company, or who exercises control via other means.

- **Corporate Obligation:** The company itself is obligated to take reasonable steps to identify its UBOs and hold this information in a private internal register.
- **Filing with MBR:** The company must file details of its UBOs (name, nationality, date of birth, country of residence, nature and extent of beneficial interest) with the Malta Business Registry's central online platform.
- **Access:** This central register is not publicly accessible. Access is restricted to competent authorities, subject persons (e.g., banks, lawyers), and any person or organisation that can demonstrate a legitimate interest.
- **Penalties:** Failure to comply with UBO reporting obligations can result in significant administrative fines.

## The Maltese Labour Market: Talent and Skills

Malta boasts a dynamic, flexible, and highly educated labour market, which is a key attraction for foreign investors. Understanding its characteristics is vital for effective recruitment and HR planning.

- **Multilingual Workforce:** English and Maltese are official languages. A significant portion of the workforce is also fluent in Italian, and many speak other European languages, making Malta ideal for multilingual customer support, iGaming, and financial services operations.
- **High Educational Attainment:** Malta has a strong education system and a high rate of tertiary education participation. The University of Malta and MCAST (Malta College of Arts, Science and Technology) produce a steady stream of graduates in fields such as IT, finance, engineering, and languages.
- **International Talent Pool:** Malta's thriving economy and favourable lifestyle attract skilled professionals from across the EU and beyond. The country has a streamlined process for employing third-country (non-EU) nationals, helping businesses access a global talent pool.
- **Low Unemployment:** Malta consistently experiences one of the lowest unemployment rates in the EU, leading to a competitive job market for employers, particularly for highly specialised roles.
- **Key Sectors:** The talent pool is deepest in iGaming, financial services, ICT, accounting, and legal services. There is a growing focus on developing niche skills in blockchain, AI, and cybersecurity.

## Employment Law Framework

The primary source of employment law is the Employment and Industrial Relations Act (EIRA) (Chapter 452 of the Laws of Malta), which sets out the minimum rights and obligations of employers and employees.

- **Employment Contracts:** A written contract of service must be provided to every employee within eight working days of commencement. It must include key terms such as job title, remuneration, hours of work, leave entitlements, and notice periods.
- **Types of Contracts:**
  - o **Indefinite Contract:** The standard form of employment with no predefined end date.
  - o **Definite (Fixed-Term) Contract:** For temporary or project-based work. The cumulative duration of fixed-term contracts cannot exceed four years. After this, the contract is deemed to be for an indefinite duration.
- **Probation Period:** A probationary period is standard and can be a maximum of six months for employees in technical, administrative, executive, or managerial roles, and one month for all other

employees. During probation, either party may terminate employment with only one week of notice, without needing to state a reason.

- **National Standard Order (NSO):** These are sector-specific regulations, established by the government, that set out minimum conditions of work (like wages) for specific categories of employees within particular industries.

### Hiring: Contracts, Probation, and Terms

- **Recruitment:** The hiring process is flexible. Employers can use agencies or recruit directly. JobsPlus, the national employment service, can also assist in sourcing candidates.
- **Key Contractual Terms:**
  - o **Wages:** Must be paid at least monthly. There is a national minimum wage, but many sectors pay significantly higher due to competition for talent.
  - o **Normal Working Hours:** The standard legal workweek is 40 hours, typically spread over five days. The EIRA regulates overtime and night work, which generally require higher rates of pay.
  - o **Leave Entitlements:**
    - **Annual Leave:** Full-time employees are entitled to a minimum of 192 hours (24 days) of paid annual leave per year, which increases to 208 hours (26 days) after a few years of service. Many companies offer more.
    - **Public Holidays:** There are 14 paid public holidays per year. If work is performed on a public holiday, employees are generally entitled to double pay and a day off in lieu.
    - **Sick Leave:** Employees are entitled to paid sick leave in accordance with applicable legislation or Wage Regulation Orders. As a general rule, where no sector-specific rules apply, employees are entitled to two working weeks of paid sick leave per year, borne by the employer. Recent legislative reforms have strengthened employee protection by ensuring entitlement to sick leave from the first day of employment.
    - **Parental Leave:** Entitlements include maternity leave (18 weeks at par with the national minimum wage), paternity leave, and parental leave, in line with EU directives.
- **Data Protection:** Employee data must be processed in accordance with the General Data Protection Regulation (GDPR).

### Termination of Employment and Redundancy

Termination of an indefinite contract is a regulated process. The EIRA establishes the grounds for fair termination.

- **Fair Termination Grounds:** An employer may terminate a contract for:
  - o "Good and sufficient cause" (e.g., serious misconduct, gross negligence).

- o Redundancy (as defined below).
- o The employee reaching retirement age (which is not fixed by law but is typically between 61-65).
- **Notice Periods:** Mandatory notice periods are stipulated by law and vary by length of service, ranging from one to twelve weeks. Contracts can specify longer notice periods but not shorter ones.
- **Unfair Dismissal:** If an employee believes they were dismissed unfairly (i.e., not for a fair reason or without a fair procedure), they can file a claim with the Industrial Tribunal within four months. Remedies can include reinstatement or compensation.
- **Redundancy:** Defined as the termination of employment due to the closure of the business, reduction of the workforce, or cessation of the particular work the employee was engaged for.
  - o **Procedure:** The principle of "last in, first out" (LIFO) within a class of employment must generally be followed, meaning the most recently hired employee in that role should be the first made redundant.
  - o **Consultation:** While not always a strict legal requirement, consultation with employees/representatives is considered best practice.
  - o **Severance:** Employees made redundant are legally entitled to a redundancy payment of two weeks' wages for every year of service, a significant financial consideration for employers.

### Remuneration, Bonuses, and Employee Benefits

To attract and retain talent in a competitive market, employers often offer packages that exceed the statutory minimums.

- **Cost of Living Adjustment (COLA):** An annual mandatory wage increase, announced in the government budget, is granted to all employees to offset inflation. The COLA is a fixed weekly amount added to wages.
- **Bonuses:** Many companies pay an annual bonus, often equivalent to one or two months' salary. While not a universal legal requirement, it can be mandated by an applicable National Standard Order or become a binding custom and practice within a company.
- **Group Insurance & Health Schemes:** Private health insurance and life assurance schemes are common benefits offered by employers to enhance their compensation packages.
- **Training and Development:** Investing in employee upskilling is common and can be supported by grants from Malta Enterprise.
- **Flexible Working:** Remote working and flexible working arrangements are now well-established practices in many sectors, a trend initially accelerated by the COVID-19 pandemic.

# TAXATION

## Overview of the Maltese Tax System

Malta operates a full imputation tax system that is designed to avoid the economic double taxation of company profits. This means that the tax paid by a company is imputed to the shareholder upon a distribution of dividends. The system is transparent and efficient, particularly for international investors, and is supported by an extensive network of double taxation treaties.

### Key Features:

- **Residency-Based Taxation:** Companies are considered tax resident in Malta if they are incorporated in Malta or if their management and control are exercised in Malta. Resident companies are taxed on their worldwide income. Non-resident companies are taxed only on Malta-source income.
- **Flat Corporate Tax Rate:** The standard corporate tax rate on chargeable income is 35%.
- **Tax Refunds:** A unique feature of the system is the ability for shareholders to claim a refund of a portion of the underlying Maltese tax paid by the company upon a distribution of profits.
- **Extensive Double Tax Treaty Network:** Over 75 treaties prevent double taxation and provide certainty for cross-border trade and investment.
- **No Withholding Taxes:** There are no withholding taxes on dividends, interest, and royalties paid to non-residents, enhancing Malta's attractiveness as a holding company location.

## Corporate Taxation and the Refundable Tax Credit System

The cornerstone of Malta's attractiveness is its refundable tax credit mechanism, which can lead to a very low effective tax rate for shareholders.

- **The Imputation System:** When a Maltese company pays tax on its profits, it generates a "tax account" for its shareholders. When it pays a dividend, it must distribute it along with a tax credit representing the Maltese tax paid on those profits.
- **The Refund Mechanism:** Non-resident shareholders (and certain qualifying resident shareholders) who receive this dividend can apply to the Maltese tax authorities for a refund of part of the tax credit. The refund rates are:

- o **6/7ths Refund:** The most common refund. Results in an effective Maltese tax rate of 5% on the original profits. Available on profits that qualify for the Participation Exemption (see 5.3) and most active trading income.
- o **5/7ths Refund:** Results in an effective tax rate of 10%. Typically applies to passive interest and royalty income.
- o **2/3rds Refund:** Results in an effective tax rate of ~10.0% (if 35% was paid). Applies to income that has been subject to foreign tax and for which double taxation relief has been claimed.
- **Process:** The refund is typically paid to the shareholder within 14 days of the company settling its tax liability and the shareholder submitting a valid application. The company itself must be tax compliant.

Illustration of the 6/7ths Refund (Effective 5% Tax):

Description	Amount (€)	Calculation
Company's Pre-Tax Profit	100,000	
Maltese Corporate Tax @ 35%	-35,000	100,000 35%
Profit After Tax	65,000	100,000 - 35,000
Dividend Distribution	65,000	
Tax Credit Attached	35,000	
Gross Dividend Received by Shareholder	100,000	65,000 + 35,000
Refund Application (6/7 of tax paid)	30,000	35,000 6/7
Net Cash Received by Shareholder	95,000	65,000 + 30,000
Total Tax Paid (Company Tax - Refund)	5,000	35,000 - 30,000
Effective Tax Rate	5%	5,000 / 100,000

### Participation Exemption and Holding Company Regime

Malta offers a highly attractive participation exemption regime, making it an ideal jurisdiction for holding companies and group financing activities.

A dividend received from a participating holding and any capital gains derived from the disposal of such a holding are exempt from tax in Malta if certain conditions are met.

A "participating holding" is defined as a holding of at least 5% of the equity shares in a company that confers rights to at least 5% of any two of: votes, profits, or assets upon liquidation.

The exemption applies if at least one of the following conditions is satisfied:

1. The subsidiary is resident or incorporated in the EU; or
2. The subsidiary is not resident in the EU but is subject to foreign tax at a rate of at least 15%; or
3. The subsidiary's income is not more than 50% derived from passive interest or royalties; or

4. The holding is a "portfolio investment" and the shares are held as a long-term investment of at least 183 days; or
5. The holding is not held as trading stock for the purpose of a trade.

If a company chooses not to apply the exemption, the dividend income is taxed at 35% and the shareholder can then claim a full 100% refund of the Maltese tax upon distribution, achieving the same effective 0% tax outcome.

## Transfer Pricing and Anti-Abuse Provisions

Malta's tax system is modern and compliant with EU and OECD standards.

- **Transfer Pricing:** As of January 2024, Malta has introduced specific transfer pricing legislation aligned with the OECD Transfer Pricing Guidelines. These rules require that cross-border transactions between associated enterprises be conducted on an arm's length basis. The legislation applies primarily to qualifying cross-border arrangements and includes specific de minimis thresholds, whereby transactions fall outside scope where annual turnover does not exceed €6 million or where the value of capital assets does not exceed €20 million. It includes detailed documentation requirements (Master File, Local File) and introduces Country-by-Country (CbC) Reporting obligations for large MNEs. The Malta Tax and Customs Administration (MTCA) has the power to make adjustments where transactions are not executed in accordance with the arm's length principle.
- **Anti-Abuse Rules:** Malta has fully transposed the EU Anti-Tax Avoidance Directives (ATAD I and II):
  - **General Anti-Abuse Rule (GAAR):** Allows the Commissioner to ignore arrangements or a series of arrangements that are not genuine and are put in place to obtain a tax advantage.
  - **Controlled Foreign Company (CFC) Rules:** Income of a low-taxed foreign subsidiary can be attributed and taxed in the hands of the Maltese parent company if certain control and income criteria are met.
  - **Interest Limitation Rule:** Deductible borrowing costs are limited to 30% of EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization), with a safe harbour of €3,000,000.
  - **Exit Taxation:** Rules that deem a disposal for tax purposes when a company transfers assets or its tax residence out of Malta.
- **Hybrid Mismatch Rules:** Rules to neutralize tax advantages arising from differences in the tax treatment of financial instruments or entities between different jurisdictions (ATAD II).

## Personal Taxation for Residents and Non-Residents

- **Tax Residence:** An individual is considered tax resident in Malta if they spend more than 183 days in Malta in a calendar year, or if their principal place of residence is in Malta.

- **Basis of Taxation:**
  - o **Ordinary Residents:** Taxed on their worldwide income and capital gains (subject to remittance basis rules, see below).
  - o **Non-Residents:** Taxed only on income arising in Malta.
- **Remittance Basis:** Individuals who are resident but not domiciled in Malta are subject to tax on:
  - o Worldwide income that is remitted to Malta.
  - o Malta-source income and capital gains, whether remitted or not.
  - o Foreign capital gains are not taxed, even if remitted to Malta.

A minimum tax of €5,000 per year may apply to those electing for this basis, unless their foreign income is less than €35,000.

- **Progressive Tax Rates:** Income is taxed at progressive rates from 0% to 35%. Different tax brackets apply for single, married, and parent taxpayers.

## 2026 Tax Rates:

### Single Rates

Chargeable Income (€)	Tax Rate	Tax Due
0 - 12,000	0%	0
12,001 - 16,000	15%	15% on amount over 12,000
16,001 - 60,000	25%	600 + 25% on amount over 16,000
Over 60,000	35%	11,600 + 35% on amount over 60,000

### Married Rates

Chargeable Income (€)	Tax Rate	Tax Due
0 - 15,000	0%	0
15,001 - 23,000	15%	15% on amount over 15,000
23,001 - 60,000	25%	1200 + 25% on amount over 23,000
Over 60,000	35%	10,450 + 35% on amount over 60,000

### Parent Rates

Chargeable Income (€)	Tax Rate	Tax Due
0 - 13,000	0%	0
13,001 - 17,500	15%	15% on amount over 13,000
17,501 - 60,000	25%	675 + 25% on amount over 17,500
Over 60,000	35%	11,300 + 35% on amount over 60,000

## Special Tax Programs for Expatriates and Retirees

Malta offers attractive personal tax schemes to attract wealthy individuals, highly qualified professionals, and retirees.

- **Highly Skilled Individuals Rules:** As from 1 January 2026, Malta has introduced the Highly Skilled Individuals Rules, which consolidate and replace a number of existing special tax regimes for highly qualified professionals. The new framework provides for a final flat personal income tax rate of 15% on qualifying employment income, up to an annual cap of €7 million, for tax-resident but non-domiciled individuals occupying eligible senior or specialised roles within key strategic sectors, including financial services, gaming, aviation, maritime, oil and gas, STEM and the medical sector. The regime applies to employment with entities duly licensed or authorised by the relevant competent authorities and is subject to a minimum annual salary of €65,000, which will be periodically increased. The benefit is granted for an initial period of five years, with the possibility of extension, and will in any case cease to apply to income earned after 31 December 2040, with no new applications accepted after 31 December 2036.
- **Residency Programs:** These programs offer a stable and attractive tax environment for non-domiciled individuals taking up residence in Malta.
  - o **Malta Permanent Residence Programme (MPRP):** Grants permanent residency status in return for a significant investment (rental/purchase of property, government contribution, donation). The programme confers residence rights only and does not constitute a special tax regime. Beneficiaries who become tax resident in Malta are generally subject to taxation under Malta's remittance basis of taxation, in accordance with standard Maltese tax rules.
  - o **Global Residence Programme:** Offers a special tax status to non-EU/EEA/Swiss nationals. Income arising outside Malta is taxed at 15% when remitted to Malta, with a minimum tax payment of €15,000. No tax on foreign capital gains.
  - o **Malta Retirement Programme:** For EU/EEA/Swiss nationals. A 15% flat rate on foreign pension income remitted to Malta, with a minimum tax liability of €7,500 (plus €500 for each dependent).

## Value Added Tax (VAT)

Malta's VAT system is fully harmonized with EU VAT directives and is administered by the Malta Tax and Customs Administration (MTCA).

- **Standard Rate:** 18%. This rate applies to all supplies of goods and services unless a specific exemption or reduced rate is stipulated by law.

- **Reduced Rates:**
  - **12%:** Applies to specific supplies, including custody and management of securities, management of credit and credit guarantees, certain boat hiring services and services consisting of the care of the human body.
  - **7%:** Applies to accommodation services provided by hotels and other licensed tourist establishments.
  - **5%:** Applies to a range of essential goods and services, including electricity, medical accessories, printed matter (e.g., books, newspapers), and personal care services.
- **Zero Rate (0%):** Applies to a wide range of essential and international transactions, allowing the supplier to reclaim related input VAT. Key categories include:
  - Foodstuffs for human consumption (e.g., bread, milk, fruit, vegetables, pasta).
  - Pharmaceuticals and medicinal products for human use.
  - Exports of goods to destinations outside the EU.
  - Intra-Community supplies of goods to VAT-registered businesses in other EU Member States.
  - Certain international services and the international transport of goods and passengers.
- **Registration Threshold:** The obligation to register for VAT under Article 10 arises when a taxable person's domestic annual turnover exceeds €35,000 in a calendar year. Where this threshold is exceeded, VAT registration under Article 10.
- **VAT Returns & Payments:** Returns are typically filed on a quarterly basis. However, taxpayers who are consistently in a refund position may be required to file monthly or annually. Payments are due along with the electronic return.
- **Intra-Community Trade:**
  - Supplies of goods to VAT-registered businesses in other EU Member States are zero-rated.
  - Acquisitions of goods from other EU Member States are subject to VAT in Malta, which the acquiring business can generally reclaim as input tax.
- **VAT Grouping:** Companies that are closely bound by financial, economic, and organizational links may apply to be treated as a single taxable person (a VAT group). This can simplify accounting and VAT reporting for eligible corporate groups.

## Duty and Other Indirect Taxes

- **Stamp Duty:** Levied on documents related to certain transactions, most notably on transfers of immovable property (generally at 5% of the higher of the purchase price or market value) and marketable securities (typically 2% or 5%).
- **Environmental Taxes:** Includes a Waste Electrical and Electronic Equipment (WEEE) fee and a battery recovery fee.

# ACCOUNTING AND REPORTING

## Statutory Accounting Requirements

All companies registered in Malta, including branches of foreign companies, are subject to statutory obligations to maintain adequate accounting records and to prepare annual financial statements.

- **Accounting Records:** Companies must keep accounting records that are sufficient to:
  - o Show and explain the company's transactions.
  - o Disclose with reasonable accuracy, at any time, the financial position of the company.
  - o Enable the directors to ensure that any financial statements prepared comply with the requirements of the Companies Act.
    - o These records must be retained for at least ten years from the date of the last entry.
- **Financial Year:** A company's financial year is typically a 12-month period. It can differ from the calendar year. The first financial year cannot exceed 18 months.
- **Directors' Responsibility:** The company's directors are legally responsible for:
  - o The preparation of financial statements which give a true and fair view of the company's affairs.
  - o The maintenance of adequate accounting records.
  - o Safeguarding the assets of the company.

## Applicable Accounting Frameworks (IFRS vs. GAPSME)

The accounting framework a company must use depends on its classification. Malta's financial reporting structure is aligned with EU directives.

- **International Financial Reporting Standards (IFRS):** The following entities are required to prepare their financial statements in accordance with IFRS as adopted by the EU:
  - o Public Interest Entities (PIEs). This includes:
    - Companies listed on a regulated market.
    - Credit institutions (banks).
    - Insurance undertakings.
    - Other entities designated as such by the MFSA due to their size, nature, or number of employees.
  - o Large companies that are not PIEs also have the option to use IFRS.

- **General Accounting Principles for Small and Medium-Sized Entities (GAPSME):** This is the default framework for all companies that do not fall under the IFRS requirement. GAPSME is a simplified, EU-compliant accounting standard. Companies are classified based on the following criteria, exceeding two of the following thresholds for two consecutive years:

Criteria	Small Company	Medium-sized Company
Total Assets	≤ €4,000,000	≤ €20,000,000
Total Revenue	≤ €8,000,000	≤ €40,000,000
Average Number of Employees	≤ 50	≤ 250

- **Micro-Company Regime:** Companies that qualify as "small" and do not exceed two of the following limits may prepare simplified financial statements under GAPSME:
  - o Total Assets: €350,000
  - o Total Revenue: €700,000
  - o Average Number of Employees: 10

### Audit Requirements and Exemptions

The requirement for a statutory audit is based on the company's size and public interest.

- **Audit Requirement:** The following entities are required to have their annual financial statements audited by a Maltese warranted auditor:
  - o Public Interest Entities (PIEs).
  - o Large companies (as defined by the GAPSME criteria).
  - o Public companies.
  - o Companies that are part of a group that is required to prepare consolidated financial statements (unless exempt).
- **Audit Exemption:** Companies may be exempt from the statutory audit requirement through different routes, depending on their circumstances. Newly incorporated companies may benefit from an audit exemption for their initial accounting periods, subject to specific conditions relating to shareholder qualifications, timing of incorporation and turnover thresholds. Other companies may qualify for audit exemption or, alternatively, for a review engagement, where they meet the micro or small company criteria under the Companies Act and are not part of a group required to prepare consolidated financial statements, except where the group qualifies as a small group.

However, even if exempt from an audit, the company is not exempt from:

- o The requirement to prepare annual financial statements that give a true and fair view.
- o The requirement to have its financial statements laid before the shareholders in a general meeting.
- o The requirement to file its financial statements with the Malta Business Registry (MBR).
- Voluntary Audit: A small company may still choose to have its financial statements audited voluntarily.

## Filing Obligations with the MBR and Malta Tax and Customs Administration (MTCA)

Timely filing with the relevant authorities is a critical compliance function.

- Malta Business Registry (MBR):
  - o Annual Return (Form C): A declaration of company details (share capital, directors, shareholders, etc.) must be filed within 42 days of the company's anniversary date. A fee between €100 and €1,400 is payable.
  - o Annual Beneficial Ownership (BO) Declaration (Schedule B): Companies must annually confirm the accuracy of their beneficial ownership information filed in the central register. This confirmation is due alongside the Annual Return (Form C) within 42 days of the company's anniversary date.
  - o Beneficial Ownership (BO) Register (Ad Hoc Filings): Any changes to beneficial ownership information must be updated in the company's internal register and filed with the MBR's central BO register within 14 days of the change occurring.
  - o Annual Financial Statements: Approved financial statements, together with the auditor's report (if applicable) and the directors' report, must be filed with the MBR within 10 months of the financial year-end. For example, for a December year-end, the filing deadline is 31 October of the following year.
- Malta Tax and Customs administration (MTCA):
  - o Income Tax Return: Companies must file an annual corporate tax return (Form TA5) with the MTCA. The deadline for electronic filing is 9 months after the end of the accounting period. For a December year-end, the deadline is 30 September of the following year. Tax payments are due in installments (Advance Payments on Account - APA) based on the prior year's liability.
  - o VAT Returns: If registered for VAT, returns are typically filed quarterly (or monthly for larger taxpayers) by the 22nd day of the month following the end of the tax period.
  - o FS3 Forms: Employers must file an annual return (FS3) for each employee, detailing salaries and tax deducted, by the end of February of the following year.
  - o FSS Returns: Monthly employee's income tax, national insurance contributions and maternity fund contributions forms (FS5 forms) must be filed and paid by the end of the following month.

## Management Reporting and Best Practices

Beyond statutory compliance, robust internal management reporting is essential for sound business governance.

- **Management Accounts:** Companies should prepare regular (monthly or quarterly) management accounts, including a profit and loss statement, balance sheet, and cash flow statement. These are for internal use to monitor performance, manage cash flow, and support strategic decision-making. They do not need to be filed with any authority.
- **Best Practices:**
  - o **Timely Reconciliation:** Regular reconciliation of bank accounts, debtors, and creditors.
  - o **Budgeting and Forecasting:** Preparing an annual budget and regularly updated forecasts to measure performance against targets.
  - o **Internal Controls:** Implementing strong internal controls to safeguard assets, prevent fraud, and ensure the accuracy of financial records.
  - o **Professional Advice:** Engaging a qualified accountant or audit firm is highly recommended to ensure compliance with complex and changing Maltese regulations, optimize tax positions, and provide valuable business advisory services.

## Industry-Specific Guides

Malta's economic success is built on targeted, sector-specific strategies that have created world-class ecosystems for key industries. This chapter provides an overview of the regulatory landscape, incentives, and unique advantages for the primary sectors attracting foreign investment.

### Financial Services

Malta has established itself as a reputable and well-regulated EU financial centre, offering a sophisticated framework for a diverse range of services.

- **Banking:** Hosts both major international retail banks and specialised niche banks focusing on corporate services, payment institutions, and electronic money institutions. The MFSA's rigorous yet efficient licensing process ensures high standards of governance and compliance.
- **Insurance & Pensions:** A hub for insurance companies, captives, and protected cell companies (PCCs), as well as pension schemes. The regulatory framework is fully aligned with EU Solvency II and IORP II directives.

- **Investment Services & Funds:** A leading jurisdiction for the establishment and administration of alternative investment funds (AIFs), including Professional Investor Funds (PIFs) and Notified Alternative Investment Funds (NAIFs). Malta attracts fund managers, investment advisors, and brokers seeking EU passporting rights.
- **FinTech & Blockchain:** Supported by the innovative Virtual Financial Assets (VFA) Act, which provides a comprehensive regulatory framework for DLT exchanges, wallet providers, VFA agents, and other service providers in the crypto asset space. The MFSA's FinTech unit offers a streamlined sandbox approach for innovative projects.

**Key Advantages:** EU Passporting rights, a skilled bilingual workforce, a robust legal framework based on English common law, and a competitive operational cost base.

## iGaming

Malta is globally recognised as the "iGaming Capital of the World," hosting hundreds of leading operators and a vast ecosystem of B2B service providers.

- **Regulation:** The Malta Gaming Authority (MGA) is the integrated regulator for all gaming verticals, including online casino, sports betting, poker, fantasy sports, and esports. It offers four distinct licence types, covering B2C operations, B2B critical supply, and software.
- **Licensing:** The MGA licence is highly respected and allows operators to offer their services across the EU single market and beyond. The application process is thorough, focusing on player protection, anti-money laundering procedures, and corporate integrity.
- **Ecosystem:** Malta boasts an unrivalled cluster of expertise, including legal firms, payment processors, specialised IT services, marketing agencies, and recruitment firms dedicated to the industry.

**Key Advantages:** A predictable and mature regulatory environment, a deep pool of experienced talent, favourable tax treatment, and strong government support.

## Technology, AI & Digital Innovation

Malta has proactively positioned itself as a hub for technology and innovation, creating attractive frameworks for cutting-edge businesses.

- **Malta Digital Innovation Authority (MDIA):** The dedicated regulator for innovative technology arrangements (ITAs) and service providers. It offers certification for ITAs (e.g., DLT platforms, smart contracts) to ensure legal certainty, security, and robustness.
- **The INSPIRE Fund:** A national fund offering financial grants and support for research and innovation projects in areas like Artificial Intelligence, IoT, and cybersecurity.

- **Virtual Financial Assets (VFA):** As part of its blockchain strategy, Malta's VFA Act provides a clear regulatory regime for businesses operating with crypto assets and DLT.
- **Gaming & IT Synergy:** The strong iGaming sector drives demand for advanced IT services, software development, data analytics, and cybersecurity solutions.

**Key Advantages:** A forward-thinking regulatory approach (e.g., MDIA certification), government incentives for R&D, and a thriving community of tech entrepreneurs and engineers.

## Aviation & Maritime

Malta's strategically located archipelago has a long seafaring tradition, making it a premier jurisdiction for aviation and maritime registry and services.

- **Aviation:** The Maltese aircraft registry (9H) is one of the fastest-growing in Europe. It offers efficient registration processes, competitive fees, and a compliance-focused approach. Malta is also a centre for aircraft leasing, financing, and MRO (Maintenance, Repair, and Overhaul) operations.
- **Maritime:** The Maltese merchant shipping registry is one of the largest in the world. Malta offers a tonnage tax system and a reputable flag state administration. The Malta Freeport is a major transshipment hub in the Mediterranean. The yachting sector is also significant, with favourable VAT treatments for commercial yachts.

**Key Advantages:** EU flag status, competitive fiscal regimes (tonnage tax), a strong legal framework, and a comprehensive network of maritime service providers.

## Real Estate & Construction

A booming economy and residency programs have fuelled demand in the real estate sector, particularly in high-end residential and commercial projects.

- **Investment:** Strong demand from both local and foreign buyers, driven by Malta's economic growth, favourable tax programs, and limited land supply.
- **Planning & Regulation:** Development is governed by the Planning Authority (PA). Recent focus has been on high-quality, sustainable development and urban regeneration projects.
- **REITs:** Malta offers an attractive framework for Real Estate Investment Trusts (REITs), providing tax transparency and efficiency for property investment vehicles.
- **Citizenship & Residency:** Real estate investment is a key requirement under Malta's citizenship by investment program (now the Endeavour Fund) and various residency schemes, driving a significant portion of the high-end market.

**Key Advantages:** A stable and growing market, government incentives for certain developments (e.g., restoration of old properties), and strong rental yields in key areas.

## Tourism & Hospitality

While a traditional pillar of the economy, the tourism sector continues to evolve, offering high-quality medical, cultural, linguistic, and recreational tourism.

- **Performance:** Consistently breaks arrival and revenue records, featuring a year-round appeal beyond the summer sun and sea model.
- **Diversification:** Growth in niche areas like English language learning, medical tourism, diving, and cultural heritage tourism.
- **Incentives:** Support schemes for hotel refurbishment and upgrading, and grants for tourism-oriented businesses through the Malta Tourism Authority (MTA).
- **Luxury & Gastronomy:** A growing market for luxury accommodations, boutique hotels, and high-end gastronomy, catering to a more affluent tourist demographic.

**Key Advantages:** A rich cultural and historical heritage, a favourable climate, a multilingual workforce, and continuous investment in tourism infrastructure.

# Living in Malta

Relocating to a new country involves significant personal and logistical considerations. Malta offers an exceptionally high quality of life, making it an attractive destination for professionals and their families. This chapter covers the practical aspects of moving to and living in Malta.

## Residency Permits and Visa Requirements for Non-EU Nationals

The right to live and work in Malta depends on nationality.

- **EU/EEA/Swiss Citizens:** Have the right to reside in Malta indefinitely. They must apply for a Maltese Registration Certificate (a formal registration of their EU right) after three months of residence.
- **Non-EU/EEA Citizens (Third-Country Nationals):** Require a national visa and a residence permit to live and work in Malta. The process is typically initiated by the prospective employer in Malta, who must

first obtain a work permit from Identity Malta. Once secured, the employee can apply for an Employment Licence and a residence permit.

- **Permanent Residence:** EU and non-EU citizens can apply for permanent residency after residing legally in Malta for five continuous years.
- **Identita:** The government agency, Identita, is the central authority responsible for processing residency applications, work permits, and citizenship matters.

## The Healthcare System

Malta boasts an excellent healthcare system, ranked among the best in the world.

- **Public Healthcare:** The public system, funded by national insurance contributions, provides free healthcare at state hospitals and health centres. Service quality is high, though non-emergency treatments can involve waiting lists.
- **Private Healthcare:** A robust private healthcare sector offers faster access to specialists, modern facilities, and a wider choice of medical services. Most expatriates and employers opt for comprehensive private health insurance schemes to cover these costs.
- **Pharmacies:** Widely available across the islands. Many medicines that require a prescription elsewhere are available over the counter in Malta.

## Education and International Schools

Malta offers a good standard of education, with several options for expatriate children.

- **Public Schools:** Free to all Maltese and EU residents. Teaching is in Maltese and English.
- **Private & Church Schools:** Offer high-quality education, often following British or international curricula. Fees are reasonable compared to other European countries.
- **International Schools:** Essential for a seamless educational transition for expatriate children. The main options include:
  - o **Verdala International School:** Offers the International Baccalaureate (IB) and American curricula.
  - o **QSI International School of Malta:** Follows an American-based curriculum.
  - o **St. Edward's College:** A British independent school offering IGCSEs and A-Levels.
- **Higher Education:**
  - o **The University of Malta:** The national university, offering a wide range of undergraduate and postgraduate degrees in English.

- o **Malta College of Arts, Science and Technology (MCAST):** A public education institution, offering diplomas and degrees in areas such as engineering, ICT, business, hospitality and applied sciences.

## Cost of Living and Lifestyle

Malta offers a favourable cost of living compared to other European financial centres, though prices have risen in recent years due to high demand.

- **Housing:** The largest monthly expense. Rental prices vary significantly, with the highest costs in the Sliema, St. Julian's, and Ta' Xbiex areas. Purchasing property is also an option, with specific rules for non-residents (see Chapter 7.5).
- **Utilities & Connectivity:** Electricity costs can be high due to desalination. Internet and mobile phone services are excellent, reliable, and competitively priced.
- **Groceries & Dining:** A wide range of supermarkets and fresh food markets offer good value. Dining out is a popular national pastime, with options ranging from affordable casual eateries to high-end restaurants.
- **Lifestyle:** Malta offers an unparalleled work-life balance. The Mediterranean climate allows for outdoor activities year-round, including sailing, diving, and hiking. The islands have a rich cultural calendar of festivals, concerts, and historical events. The small size of the islands means minimal commuting times.

## Relocation Services

To ensure a smooth transition, many companies and individuals engage professional relocation services. These services can assist with:

- **Finding Accommodation:** Sourcing short- and long-term rental properties that meet specific needs and budgets.
- **Administrative Formalities:** Assisting with applications for residency, work permits, ID cards, and registering for utilities.
- **School Placement:** Guiding parents through the application process for international and private schools.
- **Settlement Support:** Providing area orientation, helping open bank accounts, and offering general integration support.

# UHY in Malta



## UHY Pace, Galea Musù & Co

Malta

### CONTACT DETAILS

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Year established:	2001
PCAOB registered?	No
Number of partners:	2
Total staff:	10

### BRIEF DESCRIPTION OF FIRM

The firm focuses particularly on small and medium entities which are seeking professional business and financial advice.

The firm also services a range of international clients who have set up operations in Malta in order to benefit from Malta's favourable fiscal legislation. These clients are also attracted by the high reputation that the island has gained as a reputable financial centre.

The company's strength is its flexibility, particularly attributable to the size of the company and to its young and dedicated team. UHY Business Advisory Services Limited has been appointed by HSBC (Malta) plc as recommended business advisors for start-up business. The company has also been appointed as business advisors with APS Bank Limited, a local Maltese bank, with particular emphasis on agriculture and social banking.

UHY Pace, Galea Musù & Co. is the audit arm. The firm has been operative for eighteen years through close collaboration between the two partners and it was officially registered as an audit firm with the Accountancy Board in 2004. UHY Pace, Galea Musù & Co. provides statutory company audits, specialised audits and investigation assignments on private engagement and by government entities such as the VAT Department and the Justice Department.

UHY Business Advisory Services Limited also actively seeks to promote and assist business in the Mediterranean and North Africa.

### PRINCIPAL OPERATING SECTORS

The Maltese financial market is relatively small in size but growing exponentially. As a result we operate in one general sector rather than just one principal operating sector.

## UHY Pace, Galea Musù & Co

### Malta

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#### LANGUAGES

English, Italian, French.

#### CURRENT PRINCIPAL CLIENTS

Confidentiality precludes disclosure of clients in this document.

#### OTHER COUNTRIES IN UHY CURRENTLY WORKING WITH, OR HAVE WORKED WITH IN THE PAST

Canada, Czech Republic, Germany, Hungary, Ireland, Luxembourg, Spain, UK, USA

#### BRIEF HISTORY OF FIRM

The firm goes back 21 years when the current partners left Deloitte & Touche (previously know as Touche Ross) to set up their respective private practices. Both offices were at the same addresses, resources were shared and following a number of years of collaboration, an official partnership was formed in the name of Pace, Galea Musù & Co. The firm joined UHY in 2001 and in 2006 the firm was renamed UHY Pace, Galea Musu` & Co.

The firm continues to embrace the professional diligence and disciplines the partners were trained in at Deloitte. UHY Malta has earned itself a prestigious reputation of quality with local institutions – particularly banks, taxation authorities, law courts and, of course, our clients.

## Let us help you achieve further business success

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