



Malta Individual Investor Programme

MALTA CITIZENSHIP BY INVESTMENT FACTSHEET

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ADVOCATES



Licence
IIP 001



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Maltese Citizenship Rights

The Republic of Malta enjoys a stable political climate and a bi-partisan political scene that is largely convergent on issues of national and economic importance. Malta has weathered the financial crises well and shared the limelight with Germany as the only two states maintaining economic growth in the Euro Zone. Malta's banks have been ranked amongst the top 5 soundest banks in the world.

Malta has been a member of the European Union since 2004 and is part of Schengen since 2007. Citizenship obtained under this programme grants the rights of full citizenship for life and can be passed on to future generations by descent. Maltese citizenship grants access to all investment opportunities in Malta and throughout the European Union open to Maltese and European Union citizens.

Legal Basis for Maltese Citizenship by Investment

Maltese Citizenship by Investment may be granted under an amendment passed in November 2013 to the *Maltese Citizenship Act*, Chapter 188 of the Laws of Malta. These amendments provided the framework for the enactment of LN 47 of 2014. The "**Malta Individual Investor Programme (MIIP)**" rules provide for affluent persons of impeccable standing and repute to be naturalised and to receive Maltese citizenship on the basis of a contribution to and investment in Malta.

Benefits of Malta Citizenship

- Schengen Residence status for 1 yr prior to issue of passport, issued on application.
- European Union member state.
- 168 Visa-free destinations inc. US, UK.
- Passport issued within 1 year.
- Clear, objective rules for eligibility.



Eligibility for Maltese Citizenship by Investment

To qualify under the regulations, a **Main Applicant** for citizenship must be at least **18 years** of age and must meet the requirements outlined in this factsheet.

The main applicant may also add dependents to a citizenship application his/her spouse, children and parents or grandparents, under certain conditions, to benefit under the Malta Citizenship by Investment Programme.

Beneficiaries under the Global Residence Programme may also additionally apply for citizenship under this Programme.

'Fit and proper' Test

Applicants must show they are in good standing and repute and will undergo a 'fit and proper' test. The Government of Malta is committed to the highest standard of due diligence to ensure only deserving and reputable applicants are allowed to proceed for the grant of Maltese citizenship.

A four-tier due diligence process is carried out directly by the Government that will assess applicants and will process and approve applications at various stages.

Applicants must demonstrate a clean criminal record, with checks being conducted with the International Criminal Court, INTERPOL and various other authorities and sources. Applicants must provide a police certificate which may be submitted subsequently to the submission of the application but at all times prior to approval.

Good Health

Applicants must show they do not suffer from a contagious disease or a health condition that could become a significant burden on the Maltese health system.

Contribution to the National Development & Social Fund

To qualify for Maltese citizenship by investment, the main applicant is required to contribute at least €650,000 to Malta. Of this contribution, 70 per cent will go into the Fund set up by the Government of Malta and run by a board of trustees. The rest goes to the consolidated fund.

The Fund will finance projects linked to education, public health, innovation, job creation and social projects. The fund is on the same level as the Central Bank.

Spouses and children are required to contribute €25,000; unmarried children between 18 and 25 and dependent parents must contribute €50,000 each.

Property Purchase or Rental

Applicants are required to make an investment in property of at least €350,000 or enter a property rental contract for at least €16,000 p.a. both on five-year contracts.

Investment in Bonds/Shares

Applicants are required to invest at least €150,000 in bonds or shares from time to time approved by the Maltese Government to be kept for at least five years. This investment will need to be made in stocks sanctioned by the government as beneficial to the Island.

Benefits of Malta Citizenship

- Fit & Proper - clean criminal conduct, in good health
- Non-refundable contribution of €650,000 to Government Fund
- Investment in Government Bonds €150,000 for 5 years
- Investment in Property min. €350,000 for 5 years OR Rental of Property min. €16,000 for 5 years
- Genuine Link with Malta for 1 Year
- Eligible Dependents inc. unmarried children up to 26 yrs, parents over 55 yrs

Residence Status

Malta is the only Citizenship by Investment Programme that enjoys **EU approval**. The basis for obtaining this endorsement by the European Commission was the introduction of a '**genuine link**' requirement, or the one year residence requirement. This period starts running from the first visit of the applicant who is issued a one year residence permit within an impressively short timeframe.

It is understood that HNWIs lead very international lives and would find it difficult spend a full year in any one country. Styled on the experience of the European Court of Justice, the genuine link test ensures that main and dependent applicants are able to demonstrate a genuine connection with the jurisdiction in their personal, social, philanthropic and commercial activities.

Persons already resident one year prior to IIP approval already satisfy this requirement.

Grounds for Refusal

- Providing false information
- Having a criminal record or being subject of a criminal record
- Potential national security threat
- Likely to cause disrepute to Malta
- Denied a visa to a country

Notwithstanding the above, Identity Malta will regard applicants on a case by case basis and may be satisfied that the applicant is still worthy of being considered for approval due to special circumstances. In the case of approval, Identity Malta must provide reasoned opinion why applicant should still be considered for approval and should refer the case to the Minister who has sole authority to approve.

Grounds for Revocation of Maltese Citizenship by Investment

The revocation ("deprivation") from Maltese citizenship is well regulated and is governed by the Maltese Citizenship Act. Legitimate grounds for deprivation of citizenship would be that:

- citizenship was acquired by means of fraud, false representation or the concealment of any material fact or
- such citizen has shown himself or herself by act or speech to be disloyal or disaffected towards the President or the Government of Malta or
- such citizen had engaged, unlawfully traded or communicated with an enemy or been engaged in or associated with any business that was motivated by willingness to assist an enemy in that war.

Various authorities on constitutional law have expressed their position on this subject, largely to the effect that it would be contrary to fundamental human rights for any government to issue a blanket revocation of citizenship based on its grant under the IIP.

Taxation of New Citizens

The Maltese tax system subjects persons to tax on the basis of domicile and residence – not citizenship. The grant of Maltese citizenship to a non-domiciliary of Malta does not of itself, cause the beneficiary to acquire a new domicile of choice in Malta. Residence for tax purposes is established by demonstrating an intention to reside in Malta indefinitely and definitely on the basis of a day count of 183 days.



Remittance Basis of Taxation

Tax residents of Malta who are not domiciled in Malta are taxable on a remittance basis. Accordingly, non-doms who are resident in Malta are not taxable on foreign source income not received in Malta, nor on any capital gains arising outside Malta whether remitted or not. Tax is due only on a sources basis on income and capital gains arising in Malta. A non-resident citizen of Malta is only taxable in Malta on Malta source income.

Sale of Property

After the lapse of the obligatory 5 year period, property in Malta can be sold **completely exempt from tax** if such property is held for a period of 3 years as the resident's sole and ordinary residence. If sold before the lapse of 3 years, a final property tax of 12% is chargeable on the selling price.

Other Tax Considerations

- No inheritance or death taxes
- No estate duty
- No net worth or wealth taxes
- No rates, municipal / real estate taxes.



Malta Citizenship Application Process

Application Time Line & Payments

1. **Apply for Residence:** applicants who are not already resident in Malta are advised to start the process of residency to set the clock ticking on the 1 year residency requirement. A deposit on account of the €650K contribution is due at this stage: €5,000 for main applicant. €1,000 per dependent.
2. **Day 0: Formal Application by Accredited Person:** An application is formally submitted to Identity Malta with the essential supporting documents. Payments due now include the due diligence fees, passport fees and a deposit of €10,000 on account of the €650K contribution, less any payments made on applying for residency. Evidence of source of funds to be presented.
3. **Day 90:** Identity Malta confirms if documentation submitted is formally in order, subject to a further month of further verifications.
4. **Day 120: In Principle Approval:** This is the approval of the process conditional only to the fulfilment of the obligations undertaken under the IIP.
5. **Day 125: Formal Request for Contribution:** Identity Malta requests payment of remaining balance on contribution & passport fee.
6. **Day 145: Deadline for paying balance on contribution.**
7. **Day 240: Final Compliance:** Provide evidence of Property Purchase / Rental & €150K investment.
8. **Day 183; Issue of Certificate of Naturalisation:** (maximum time to issue: 2 years). Subject to: Oath of Allegiance, 1 Year residence.



Our Citizenship Services

Approved Agent

Applications for Maltese Citizenship by Investment are to be made to and processed wholly by **Identity Malta**. Applicants must be represented by an Accredited Person that is a licensed Maltese Authorised Registered Mandatory (ARM). Dr Jean-Philippe Chetcuti (Chetcuti Cauchi Advisors Ltd) holds **licence no. IIP 001** and has satisfied the additional requirements imposed by the IIP Regulations over and above the requirements for ARMs under other legislation. The programme imposes more responsibilities on ARMs to ensure the highest standards of quality are maintained throughout the application process, for the protection and benefit of applicants and the reputation of the Maltese citizenship by investment programme.

Application Services

- advising you on your chances of success before filing your application;
- providing you with pre-immigration legal and tax advice;
- guiding you with the preparation of supporting documentation;
- vetting and preparing all supporting documentation for submission;
- corresponding and liaising with the government authorities on your behalf during the application process;
- application progress updates;

Other Services

- handling applications for work permits, uniform residence permits, HNWI and GRP residence permits;
- legal and notarial representation on purchase, rental and re-sale of property in Malta including applications for AIP permits (foreigners need AIP permit to purchase property in Malta), reviews of your contract.
- co-ordination of architectural surveys & planning applications, referral to leading interior designers & turnkey providers for property conversions;
- personal and corporate international tax planning;
- dealing with all periodical tax matters including annual returns and tax payments;
- drawing up of wills, international probate;
- administration of estates, foundations, trusts;
- advice on the formation & management of trading & holding companies in Malta;
- yacht registration under the Malta flag & VAT planning.



Why Chetcuti Cauchi

Below is a point form introduction to our credentials in this area and highlights the importance we give to our citizenship and residence practice within the larger, full service environment we work in:



Fully Authorised by Maltese Government

- Dr Jean-Philippe Chetcuti, Managing Partner at CCA, was **the first to be authorised** by Identity Malta Agency (**licence no. 001**) under IIP Regulations.
- Chetcuti Cauchi Advisors Ltd is also a **licensed Authorised Registered Mandatory (ARM)**, a requirement for residence applications under Maltese law.

Law Firm

- Chetcuti Cauchi Advocates is a licensed law firm bound by professional secrecy: **lawyer-client privilege** is fully protected under Maltese law (unlike other non-law firm agents working in this space.)
- Offices within 1 minutes' walk from **Identity Malta** Agency offices in Valletta.

Quality Service

- **Full partner attention** on all matters.
- **Full concierge services** available in a friendly and personalised environment.
- **Full-service multi-disciplinary law firm** specialising in using Malta in international legal and tax planning, company & trust formation & management.



Experience:

- Chetcuti Cauchi enjoys a sterling reputation in the areas of citizenship and residence planning, in the handling of legal and tax matters relevant to the structuring & planning of personal wealth and personal interests & business worldwide.
- Our Citizenship & Residence Planning team is led by partners Jean-Philippe Chetcuti, Priscilla Mifsud Parker & Kenneth Camilleri.
- Over ten years' experience in citizenship and residency applications, specialising in Malta planning in an international context.
- A 100% success rate in residence and citizenship applications, through an honest & professional pre-filing assessment of applicants & a problem solving approach.



Meet the Team

Partners



Dr Jean-Philippe Chetcuti

Tax, Immigration Partner



Dr Maria Chetcuti-Cauch

Art, Cultural Property Partner



Dr Priscilla Mifsud-Parker

Tax, Trusts, Estates Partner



Mr Kenneth Camilleri

Tax, Aviation Partner



Dr Silvana Zammit

Commercial Law, Partner

Client Relationship Executives



Ms Claudia Cilia-Buhagiar

Client Relationship Executive



Ms Roberta Anastasi

Client Relationship Executive

Lawyers and Paralegals



Ms Marouska Farrugia

Sr Private Client Advisor



Mr Antoine Saliba-Haig

Legal Associate



Ms Pauline Gouder

Private Client Advisor



Ms Ekaterina Zammit

Legal Associate



Ms Diane Henwood

Private Client Advisor



Dr Stephanie Bonello

Legal Associate

Key Contacts Profiles



Dr Jean-Philippe Chetcuti
Tax, Immigration Partner
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- Tax & Immigration Lawyer, advisor to HNWIs, their advisors & Family Offices.
- Managing partner, CCA
- Member, AILA American Immigration Lawyers Association (International Chapter)
- Member, IBA International Bar Association (Immigration & Nationality Law Committee)
- Member, Malta Chamber of Advocates, Malta Chamber of Commerce, International Tax Planning Association, International Fiscal Association.
- Chairman, STEP Society of Trust & Estate Practitioners



Dr Maria Chetcuti-Cauch
Art, Cultural Property Partner
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- Regulated Business, IP, Art & Cultural Property Lawyer
- Senior partner, CCA
- Registered trademark & patent attorney in Malta & in the EU
- Approved EPO European Patent Attorney
- Member, Institute of Financial Services Practitioners, Society for Trusts & Estates Practitioners, Chamber of Advocates
- Member, International Trademark Association, Remote Gaming Council
- Government Advisor, Malta Remote Gaming Regulations
- Engaged by Government for the Digitalisation of the Domestic Patent Database for Malta Enterprise
- Advisor, Malta Enterprise on the Roche Bolar Exemption for the Pharma Industry
- Advisor, Malta Council for Science & Technology
- Author & speaker, IPR law matters: ACTA, European Patents Convention & Patent Cooperation Treaty, Roche Bolar Exemption.



Dr Priscilla Mifsud-Parker
Tax, Trusts, Estates Partner
pmp@cclex.com

- Executive Committee Member, IFSP Institute of Financial Services Practitioners
- Co-founder, Secretary, MAFE Malta Association of Family Enterprises, which he represents at the European Family Business Association.
- Private clients lawyer specialising in immigration law and in trusts and estates.
- Partner, CCA
- Member, Maltese Chamber of Advocates
- Technical, STEP Society of Trust & Estate Practitioners
- Member, IFSP Institute of Financial Services Practitioners



Mr Kenneth Camilleri
Tax, Aviation Partner
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- Tax advisor & CPA
- Partner at CCA
- Member, IFSP Institute of Financial Services Practitioners, Tax Subcommittee.
- Member, MIT Malta Institute of Taxation, MIA Malta Institute of Accountants
- Member, ITPA International Tax Planning Association

Key Contacts Profiles



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Commercial Law, Partner

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- Partner, CCA
- Commercial lawyer specialising in gaming law and transport matters
- Member, Chamber of Advocates
- Member, Malta Association of Family Enterprise (Co-Founder and Secretary)
- Member, Finance Malta Foundation
- Member, International Fiscal Association
- Member, Malta Institute of Taxation
- Member, International Tax Planning Association
- Member, Institute of Financial Services Practitioners
- Member, Society for Trusts & Estate Practitioners (STEP) Malta Branch

Tax Planning Using Malta

Double Taxation Treaties

Malta enjoys over 60 double tax treaties:

Signed and Ratified:

Albania, Australia, Austria, Barbados, Belgium, Bulgaria, Canada, China, Croatia, Cyprus, Czech Republic, Denmark, Egypt, Estonia, Finland, France, Georgia, Germany, Greece, Hungary, Iceland, India, Ireland, Isle of Man, Italy, Jersey, Jordan, Korea, Kuwait, Latvia, Lebanon, Libya, Lithuania, Luxembourg, Malaysia, Madaga, Montenegro, Morocco, Netherlands, Norway, Pakistan, Poland, Portugal, Qatar, Romania, Russia, San Marino, Serbia, Singapore, Slovakia, Slovenia, South Africa, Spain, Sweden, Switzerland, Syria, Tunisia, United Arab Emirates, United Kingdom, United States of America.

Signed but not yet ratified:

Palestine & Israel, Bahrain, Hong Kong, Uruguay, Switzerland

Initialled / Being Negotiated:

Bosnia and Herzegovina, Ukraine, Oman, Thailand, Turkey, Saudi Arabia

Malta Trusts

Maltese trusts lend themselves as favourable vehicles for confidential ownership of shares as well as for the acquisition of property in Malta.

Clarix, our **licensed trust company**, acts as professional trustee to a number of private trusts including trusts holding estates of HNWIs, securities, real estate and immovable property, art, vessels, luxury vehicles and aircraft. Clarix Trustees provides confidential wealth ownership and family office services for local and foreign high net worth individuals.

www.ccmalta.com/legal/trusts-estates-law

Malta Companies

Malta Companies for Business Operations

A Maltese company can trade and provide services/consultancy/intermediation internationally throughout Europe (having a Maltese/EU VA registration) as well as outside the EU, enjoying a net 5% effective tax rate after refunds to shareholders. Maltese companies are not low tax companies (the corporate tax rate is 35%) as the refunds are payable to the shareholders. Also, Malta is a full member of the European Union since 2004 and enjoys reputable onshore status. This enables a shareholder to enjoy tax opportunities without being perceived as a dubious offshore company / investor.

Malta Companies for Holding Activities

A Maltese holding company can act as the group holding company, an asset protection company for business assets of any form (real estate anywhere, fixed assets, investments, securities, bank accounts, intellectual property, etc.) but also personal assets including any luxury items, depending on the shareholders involved. Maltese holding companies are also excellent tax planning tools in that they enjoy low effective tax rate on world-wide profits as follows:

- 0% on dividends received from a participating holding,
 - where the parent holds at least 10% equity in the subsidiary; or
 - holds an investment in the subsidiary of at least € 1.5m held for more than 183 days
- 0% on capital gains made from the disposal of a participating holding.
- 5% on dividends from non-participating holdings.
- 10% on passive interest, royalties.

More info about the advantageous tax refund systems applicable to the taxation of Maltese companies, request more information or visit

www.ccmalta.com/corporate/corporate-services

CONTACT DETAILS

For more information, contact:

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