MALTA
TRUSTS
TAXATION

Taxation of Malta Trusts

SECTOR REGULATION
Authorised by the Malta Financial Services Authority (MFSA)

DOUBLE TAX TREATIES
Extensive network of 70 double tax treaties

TIME ZONE
Central European Time Zone (UTC+01:00)

CURRENCY
Euro €

APPLICABLE LAWS
Trust & Trustees Act, Income Tax Act, Hague Convention on the law applicable to trusts & their recognition

LANGUAGE
Maltese, English

EUROPEAN UNION
Member of the EU & Eurozone

WORKFORCE
Well qualified, English speaking

ccmalta.com/trusts-law
MALTA

Malta boasts of an attractive trusts regime with efficient taxation rates for both personal as well as business needs. Being a full European Union Member State, Malta offers a regulated environment with flexible legislation and reliable service providers.

Although Malta is traditionally a civil law jurisdiction, it has the rare privilege of being one which has adopted trusts in its legislation and allows for the creation of domestic trusts and recognition of foreign law trusts. Trusts are very flexible and efficient vehicles for asset protection and management but are also equally adaptable to trade and commerce.

LEGAL BASIS FOR MALTA TRUSTS

Today Malta’s trust and estate laws allows for the beneficial yet secure protection of a person’s wealth and property through the use of trusts. The setting up of trusts in Malta is regulated by the Trusts and Trustees Act. The Act also provides for the appointment of the Malta Financial Services Authority (MFSA) as the authority in charge of the authorisation and supervision of trustees. Malta also acknowledges trusts set up under the laws of other jurisdictions and the Act also incorporates the provisions of the Hague Convention on the Law Applicable to Trust and their Recognition.

BENEFITS OF A MALTA TRUST

- Easy Set up in 3 days
- Regulated, authorized trustees
- Recognition of trusts set up under foreign laws
- Certainty & Security; Malta’s own domestic trust law
- Planning for Generations; Efficient distribution of assets
CHECK THE BOX PROVISIONS
Maltese law gives a licensed trustee the option to elect for the trust to be treated as a company which is ordinarily resident and domiciled in Malta for tax purposes. Such election is possible where:

- The trustee is an authorised trustee;
- The trust has been established by an instrument in writing;
- Election is made within 30 days from constitution of trust or appointment of Malta resident trustees; and
- Income attributable to the trust consists only of dividends, interest, royalties, capital gains and income from investments.

Once the election has been made, it is irrevocable and the trust will be treated as a company and taxed at the corporate income tax rate of 35% subject to double taxation relief in respect of income which has been taxed overseas.

THE TRANSPARENCY MODEL
Malta’s tax legislation also contemplates a transparency model whereby, in certain scenarios, income which would otherwise be taxable in the hands of the trustees is actually deemed to be income of the beneficiaries. This happens where:

All income of a trust:

- Arises outside of Malta; or
- Consists of interest, royalties, gains or profits on disposal of shares or securities of a company, the assets of which do not wholly or principally consist of immovable property in Malta.

All the beneficiaries of the trust are:

- Not persons ordinarily resident and domiciled in Malta; or
- Persons whose income is exempt from tax under Maltese law.

KEY REQUIREMENTS - TAX TRANSPARENT TRUSTS

Income arising outside Malta (partially or wholly) + Trust beneficiaries are non-Maltese residents / Trust beneficiaries with tax exempt income under Maltese law = Trusts treated as tax transparent
Trust Formation Timeline

1 WORKING DAY
DUE DILIGENCE PROCESS
- Collecting due diligence documentation

3 WORKING DAYS
PREPARATION TIME
- Trust creation & draft trust deed
- Meeting for signature or signature in counterparts
- Settlement via bank transfer

6 WORKING DAYS

- Initial contact with client
- Engagement
- Signing of Trust Deed & Settlement

WHY WORK WITH US?

Claris Trustees
Problem Solving, Integrity, Honesty

Authorized Trustee by the Malta Financial Services Authority

We're lawyers: Lawyer - client privilege

Malta-Cyprus Trust Lawyers

Malta-Cyprus Lawyers, Tax advisors, Fiduciary staff: 100+

Our Ethos: Big firm expertise, Small firm personal