

# MALTA CITIZENSHIP BY INVESTMENT

Malta Individual Investor Programme



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## MALTA

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 is 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 Maltese bonds and property.





## BENEFITS OF MALTESE CITIZENSHIP

The Malta Individual Investor Programme grants applicants and their families the possibility to become citizens of Malta and enjoy a number of benefits including a quick and efficient application process, freedom of mobility to travel, study and live in any EU member state and Visa free travel to 182 countries including the USA and Canada.

By contributing to the economic and social development of the country, the Malta citizenship Programme grants successful candidates and their families a certificate of naturalisation which opens the door to increased freedom of mobility.

### A Quick and Efficient Process

Upon submission of the citizenship application to Identity Malta Agency, a residency card will be issued within 3 weeks. The residency card immediately grants free mobility within the Schengen area for a period of 18 months. The citizenship application is approved after 4 months after which Identity Malta issues an approval in principle letter. The Maltese passport is issued 12 months from the date of initial residency.



### Family Included

The benefits of the Malta Citizenship by Investment Programme are extended to your family, descendants and future generations. Indeed, the advantages of obtaining a Maltese passport can be extended to your spouse, minor children, unmarried dependent adult children aged less than 27 years old and parents of the main applicant and spouse who are out the age of 55 years. Descendants are automatically entitled to Maltese citizenship thereafter.



### Freedom to live and travel the EU

Since 2007, Malta has been a member of the Schengen Zone. Implemented in 1995, the Schengen agreement allows the free movement of people between member countries by effectively removing border controls. Becoming a Maltese citizen by investing in the country will, therefore, allow you to live, work, study and travel in all the 28 European countries along with Iceland, Norway, Switzerland and Liechtenstein.



### Visa Free Travel

Successful candidates will enjoy VISA free travel to more than 182 countries including USA and Canada. Once a Maltese passport has been obtained, the candidate and his family can enjoy freedom of mobility for life.





## ELIGIBILITY FOR MALTESE CITIZENSHIP BY INVESTMENT

The Main Applicant must be at least 18 years of age. The main applicant may add his/her spouse, children, parents and grandparents to the application.

### 'Fit and Proper' Test

Applicants must undergo a 'fit and proper' test, meaning they must be of good standing and repute. The Government of Malta is committed to the highest standard of due diligence to ensure only deserving and reputable applicants are granted Maltese citizenship.

A four-tier due diligence process is carried out directly by Identity Malta Agency which is responsible for the approval and assessment of applicants at all 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 conduct certificate from the police prior to approval.



### Good Health

Applicants must be in good health and show no signs of a contagious disease or a health condition.



### Property Purchase or Rental

Applicants are required to make an investment in property of at least €350,000 or enter into a property rental contract for at least €16,000 p.a. both on five-year contracts. Applicants are free to sell the property or stop renting after 5 years.



### Contribution to the National Development & Social Fund

The main applicant is required to contribute €650,000 to the Government of Malta. 70 per cent of the contribution will go towards the National Development and Social fund which finances projects linked to education, health, innovation, job creation and social projects. If a spouse and/or children are included in the application an additional contribution of €25,000 per applicant is to be made. Unmarried children between 18 and 27 years of age, and dependent parents over 55 years of age must contribute €50,000 each.



### Investment in Bonds or Shares

Applicants are required to invest at least €150,000 in bonds or shares approved by the Maltese Government which are to be kept for at least five years.



### Residence Status

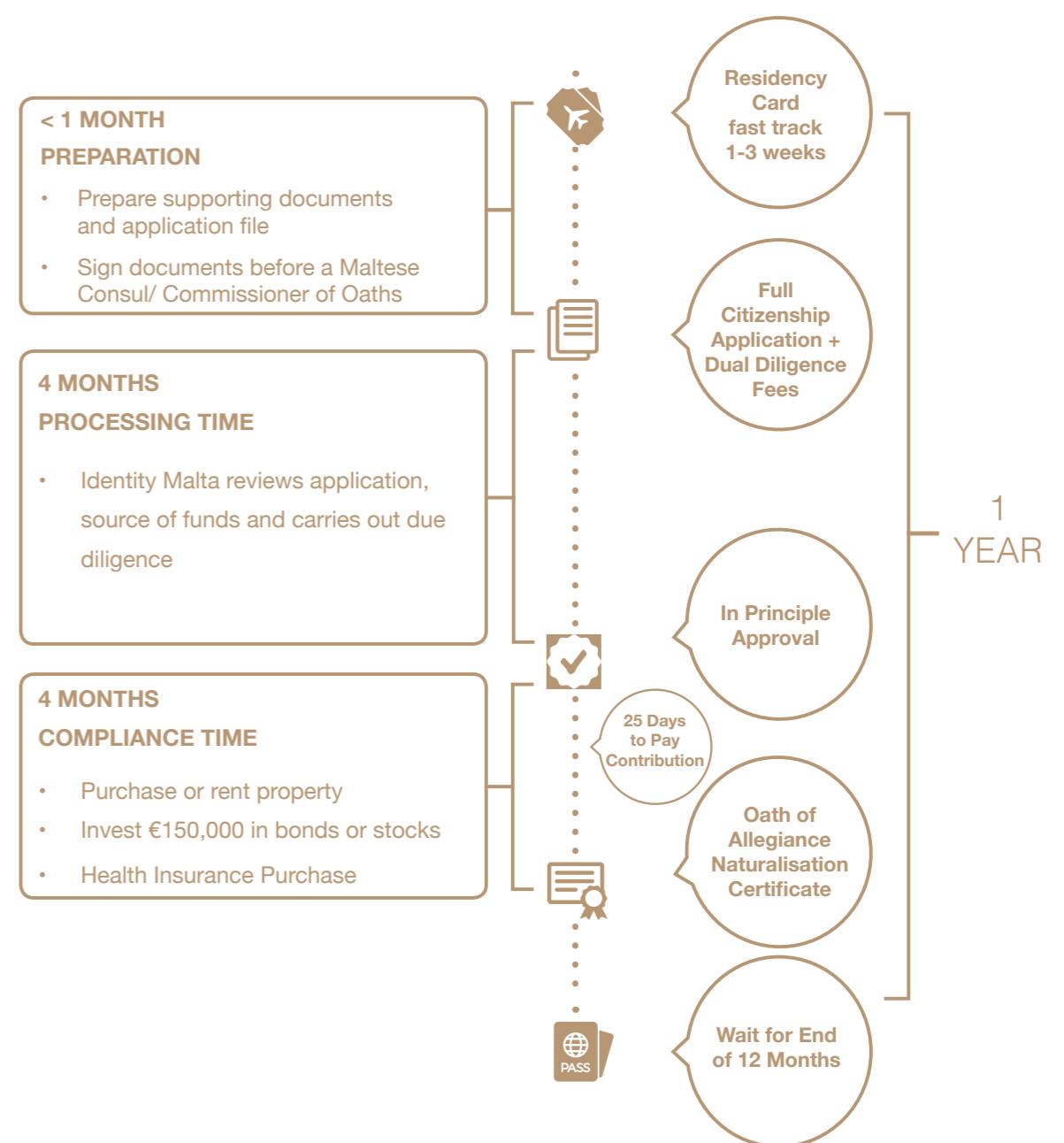
The Malta's Citizenship by Investment Programme has been endorsed by the European Union. The basis for obtaining this endorsement by the European Commission was the introduction of a 'genuine link' requirement, or the one year residence requirement. The one year residency period starts from the date the applicant acquires the Maltese residency permit, which is usually issued within 3 weeks from the submission of the citizenship application. Persons who hold more than one year residency in Malta prior to approval, already satisfy the residency status requirements.





## THE PROCESS

1. Apply for residency: Applicants who are not already residing in Malta are advised to start the process of residency to begin their 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. Within 3 weeks the applicant will receive his e-residence card.
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 the 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 in bonds.
8. Issue of Certificate of Naturalisation: + passport. Subject to: Oath of Allegiance, 1 Year residence.





## GROUNDS FOR REFUSAL OF MALTESE CITIZENSHIP

- 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 will provide a reasoned justification as to why an applicant is to be considered for approval and subsequently refer the case at a ministerial level for final approval.

## 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.

## TAXATION OF NEW CITIZENS

The Maltese tax system subjects persons to tax on the basis of domicile and residency and not on citizenship. The grant of Maltese citizenship to a non-domiciliary of Malta does not 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 on the basis of a day count of 183 days living in Malta.

### REMITTANCE BASIS OF TAXATION

Tax residents of Malta who are residents but not domiciled in Malta are taxable on a remittance basis. Accordingly, non-doms who are residents in Malta are not taxable on foreign sourced income not received in Malta, nor on any capital gains arising outside Malta whether remitted or not.

### 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.

### OTHER TAX CONSIDERATIONS

- No inheritance or death taxes
- No estate duty
- No net worth or wealth taxes
- No rates, municipal / real estate taxes.
- To include: No domiciled residents of Malta, from 2018 onwards are to pay a minimum annual tax of €5,000 if such individual earns at least €35,000 yearly.



## MALTA OVERVIEW

### POLITICAL STABILITY

Malta enjoys a stable political climate and a bipartisan political scene that is largely convergent on issues of national and economic importance. Malta is a parliamentary republic fully adherent to a policy of nonalignment, therefore enjoying full political neutrality in international affairs. The country has excellent relations with neighbouring countries, both to the North and the South of the Mediterranean, as well as a well-developed network of bilateral and multi-lateral relations across the globe. Political stability in Malta has served as a foundation for its sound economy and good quality of life, attracting high levels of foreign direct investment (FDI), families and retirees alike.

### MEDITERRANEAN LIFESTYLE

Malta enjoys the political outlook of a European Union Member State, as well as the lifestyle of a Mediterranean country. With almost 300 days of sunshine, Malta offers multiple options for indoor as well as outdoor entertainment, including beach bars, music festivals, outdoor restaurants and the like. The typical Mediterranean climate allows for social gatherings and outdoor dining all year round, whilst trips to the beach and country walks characterise the lifestyle of the Maltese. The restaurants serve typical Mediterranean food using the best of the local produce as well as international cuisine options.

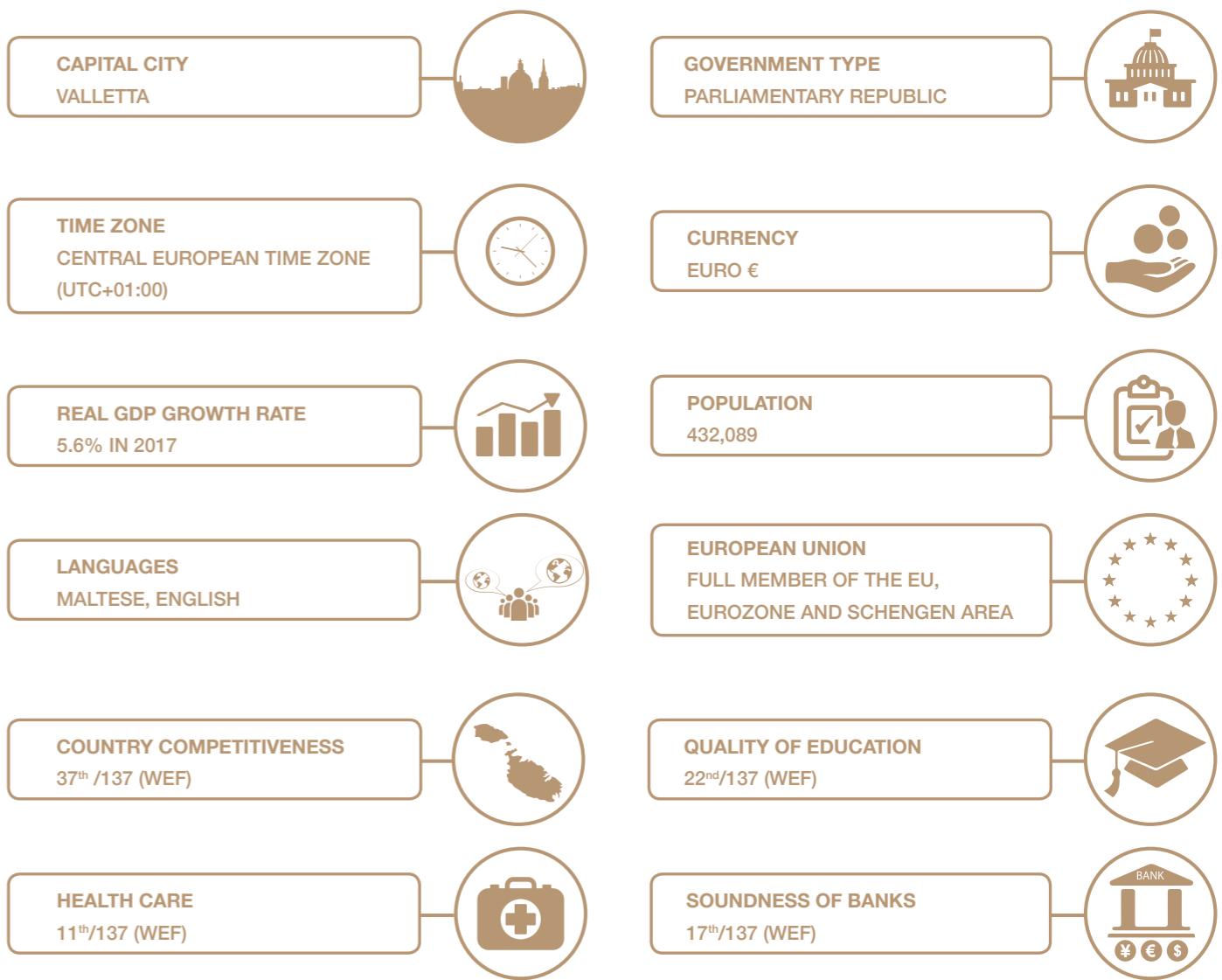
### SOUND ECONOMY

The Maltese economy grew by 5.5% in 2016 and 5.6% in 2017. The GDP growth in 2018 and 2019 is expected to be 4.9% and 4.1% respectively. Over the last decades, Malta has managed to increase its economic diversification and develop new economic pillars, whilst maintaining competitiveness in its traditional sectors like manufacturing and tourism. New economic sectors have emerged such as financial services, iGaming, yachting and aviation, pharmaceutical and ICT.

### FAMILY LIFE

Being ranked amongst the top safest locations in the world, Malta is considered as an ideal location for families. The Maltese archipelago also enjoys an internationally acclaimed education system with both public and private schooling options. Malta is home to various international academic institutions including; Barts, the London School of Medicine and Dentistry, as well as the American University of Malta. The healthcare sector in Malta is highly developed, and offers the highest standards. Malta boasts of a top-of-the-range hospital and comprehensive free healthcare system. The sector is expected to continue evolving as the Maltese Government envisages a hub for further investment in the field of higher education, e-education and health tourism.

### FACTS & FIGURES





### TAXATION IN MALTA

The Malta taxation system and its extensive double taxation treaty network, coupled with proper planning provide for considerable fiscal efficiency. Malta has a corporate income tax rate of 35% and in the case of, all imputation systems, shareholders receive full credit for any tax paid by the company on distributed profits. Malta's pro-business agenda is also reflected in a number of incentives, tax credits and R&D support offered to investors planning to set up businesses in Malta. It is important to note that Malta offers 5% net effective corporate tax rate.

Besides the corporate advantages, Malta is increasingly becoming a jurisdiction of choice for succession planning, providing for tailor made solutions with flexible wealth planning such as trusts, foundations and private trust companies. Malta also offers a very favorable tax regime for yacht and aircraft registration.

The basis for taxation under the Maltese tax system are domicile. Residence for Malta tax purposes is established by demonstrating an intention to reside in Malta indefinitely. It may also be established based on a physical presence in Malta of at least 183 days.

Maltese tax residents who are not domiciled in Malta are taxable on a remittance basis. Non-domiciled residents of Malta are taxable on a remittance basis only on foreign source income. Income and capital gains arising in Malta are always subject to tax in Malta at the applicable personal income tax rates.

Capital gains arising outside Malta fall outside the scope of Maltese tax whether remitted to Malta or otherwise. Capital and savings remitted to Malta also fall outside the scope of Malta tax.



## INVESTING IN MALTA - GATEWAY TO THE EU

### BENEFITS OF SETTING UP IN MALTA

Beyond the sun and sea, Malta is a sought after business destination for both start-ups and established businesses wishing to set-up branches or HQs in Europe. With a highly pro- business agenda, Malta is home to over 70,000 companies, with 30% being registered in the last 5 years.

Setting-up a company in Malta, is a rather straightforward process. No licenses and permits are required except for businesses operating within the pharma, financial industry, insurance and the medical field. Businesses in Malta may benefit;

- Competitive set-up and operations costs; being 20 to 30% lower than in other European business hubs
- Fast track company formation process - 24 hours
- English speaking, highly professional work-force
- Business incentives by Malta Enterprise including tax credits, soft loans and training grants
- 5% net effective corporate tax rate & extensive double taxation treaty network
- EU Passporting rights for banks and financial services companies





## WHY CHETCUTI CAUCHI

Our team of specialised Citizenship lawyers is dedicated to providing sound residency and citizenship law advice and cross-border relocation assistance to private clients and high net worth individuals worldwide. Our award-winning Citizenship Law team is the oldest specialised immigration law practice in Malta and Cyprus. We have successfully represented individuals and families ranging from expatriate retirees, immigrants seeking employment, entertainment and sports personalities to HNW individuals listed in Fortune lists.



Multidisciplinary team of highly-talented individuals coming from different sectors, with a strong business and entrepreneurial acumen.

Offer a multitude of services, in a holistic manner, under one roof.



Over 15 years experience in advising clients from across the globe.

Pristine reputation, highly respected and well connected in international circles.



Adopt a 'big firm expertise, small firm personal relationship' approach with all our clients.



Success Rate:  
Problem Solving,  
Integrity, Honesty



Fully licensed law firm, subject to professional secrecy, client privilege.



Dedicated global Citizenship & Residency practice:  
Lawyers 20+  
Professional staff 170+

## PARTNERS



**Dr Jean-Philippe Chetcuti**  
Dip. Tax, Dip. ITM, B.A., LL.M. (Warwick),  
LL.D., TEP  
**Global Managing Partner & Founder**  
[jpc@cclex.com](mailto:jpc@cclex.com)

Jean-Philippe is a private client lawyer to HNW individuals, international families and family businesses. He specialises in residency & citizenship law, international tax, trust & estate planning, family office structuring, family business governance and international asset protection.



**Dr Maria Chetcuti Cauchi**  
B.A., LL.M.(Warwick), LL.D., TEP  
**Co-founder and Senior Partner, Global Property Investment**  
[mcc@cclex.com](mailto:mcc@cclex.com)

Co-founding partner, Maria leads the Property & Projects Practice Group of the firm. She focuses on providing bespoke advice to buyers seeking to invest in Malta and Cyprus through the use of structured asset plans, private equity and real estate funds, special purpose vehicles and trusts.



**Dr Priscilla Mifsud Parker**  
B.A., M.A.(Fin.Serv.), LL.D., TEP  
**Senior Partner, Corporate, Trusts & Fintech**  
[pmp@cclex.com](mailto:pmp@cclex.com)

Priscilla is a private client lawyer heading our Families & Wealth practice group. In this capacity, she specialises in trusts and estate planning, wealth and business structuring for high net worth and successful business families. In the structuring field her main specialty is tailor-made solutions for the optimisation and protection of high value assets.



**Dr Silvana Zammit**  
B.A., M.A.(Law), LL.D.  
**Partner, Global Property, Yachts & Aircraft**  
[szammit@cclex.com](mailto:szammit@cclex.com)

Silvana heads our international Gaming Law practice advising on regulatory, tax and commercial aspects of the gaming industry. Silvana is an active member of the Malta Remote Gaming Council and the Chamber of Advocates and has formed part of various committees revising Malta's i-gaming legislation. Silvana's experience also covers maritime, aviation and general transport law, and is renowned for the structuring the ownership of super-yachts and private jets for ultra high net worth individuals.



