

The Residence Programme Rules

The Residence Programme Rules (TRP) are designed to attract High Net Worth Individuals and their families who are nationals of the European Union, European Economic Area or Switzerland to take up residence in Malta.

Benefits

TRP grants the applicant and his family:

- A flat rate of 15% on all income, which arises outside of Malta and is remitted to Malta and
- No tax is charged in Malta on income arising outside Malta but not remitted to Malta.

Eligibility Criteria and Requirements

- The main applicant must be over 18 years of age, must satisfy a 'fit and proper' test and be able to communicate in Maltese or English;
- The main applicant must not be (i) a third country national (ii) A permanent resident or had applied for permanent resident status in Malta (iii) a beneficiary under any other programme granting special tax status in Malta;
- The rental of immovable property in Malta at an annual rate of €9,600 for a property situated in Malta or €8,750 for a property situated in Gozo or in the South of Malta OR the acquisition of immovable property at a value of €275,000 for a property; situated in Malta or €220,000 for a property situated in Gozo or in the South of Malta;
- The main applicant must be in receipt of stable and regular resources which are sufficient to maintain himself and his family;
- The main applicant must be in possession of health insurance for himself and his family;
- The main applicant must file an annual tax return every year and pay a minimum tax of €15,000 on a yearly basis and
- The main applicant cannot live in another country for more than 183 days in a calendar year.

Family Members

The main applicant's family members and household staff as defined hereunder may also be included TRP application:

- His/her spouse or the person with whom the main applicant is in a stable and durable relationship;
- Minor children including adopted children and children who are in the care and custody of the main applicant and/or his/her spouse or the person with whom the main applicant is in a stable and durable relationship;
- Dependents under the age of 25 years of the main applicant and/or his/her spouse or the person with whom the main applicant is in a stable and durable relationship, provided they are not currently working or seeking employment or available for work.
- Children who are not minors but because of circumstances of illness or disability are unable to maintain themselves;
- Dependent brothers, sisters and direct relatives in the ascending line of the main applicant and/or his/her spouse or the person with whom the beneficiary is in a stable relationship;
- An individual who has been providing services to the main applicant in a systematic manner for at least 2 years prior to the application.

The Application Process

1. Submission of Application

The application is submitted to the International Tax Unit where a non-refundable administrative fee of €6,000 or €5,500 where the qualifying owned property is situated in the South of Malta, needs to be paid by means of a bank draft payable to the Director General (Inland Revenue).

2. Acknowledgement Letter

After the application is checked for completeness an acknowledgment letter is sent to the authorised registered mandatory indicating the progress of the application. At this stage the applicant need not be the owner or lessee of a qualifying property unless the applicant intends to avail of the reduced administrative fee in the case of an owned immovable property situated in the South of Malta, in which case the final deed of purchase must be submitted at application stage.

3. Face to Face Meeting and Letter of Intent

Once the due diligence process has been finalised the authorised registered mandatory will be notified of the outcome of the application process. Following a positive outcome, a face-to-face meeting with the applicant and the authorized registered mandatory is scheduled so that the application can continue to be processed. A letter of

intent is then issued and sent to the authorised registered mandatory accompanied by a notice of primary residence which would need to be completed and signed by both the applicant and the authorised registered mandatory.

4. Confirmation Letter

The letter of intent is valid for a period of 12 months within which the certified lease agreement or final deed will need to be submitted and minimum tax paid, in order for the confirmation letter to be issued.

5. Application for Residence

On the basis of the obtainment of the special tax status the applicant can then proceed to apply for residence in Malta on this basis as economic self-sufficient.

Time Frame

The time frame for the processing of TRP application is estimated at around 2-3 months.

Tax Treatment

Once special tax status has been granted, the individual is deemed to be a resident for tax purposes in Malta and is chargeable to tax on his/her income as follows:

- Foreign source income, which is remitted to Malta, is taxable at the rate of 15% with the possibility of claiming double tax relief. This rate of tax will apply from the year of confirmation of the special tax status up to the year of cessation of the status both years included;
- Income not remitted to Malta is not taxable in Malta
- The individual must pay a minimum tax of €15,000 annually and
- Other income that is not covered by these rules is charged separately at the rate of 35%.