

Relocation and Immigration

Malta Retirement Programme



Malta Retirement Programme

Through the Malta Retirement Programme rules of 2012, Retiring and taking up residence in Malta offers attractive tax opportunities for individual pensioners. The Malta Retirement Programme satisfies the requirements of many EU, EEA and Swiss nationals who are looking to retire in Malta, whose main sources of income is from retirement schemes, pensions and annuities.

Under this scheme, there is no Maltese tax on worldwide income for foreigners retiring here in Malta, and you would only be taxed on income arising in Malta and on foreign income remitted to Malta.

In Malta there is no property or wealth tax, and there is no capital gain on the sale of your home in Malta once you owned and occupied this home for three years or more. There is a move towards simplified taxation through a final withholding tax on other property transfers and a final withholding tax on income derived from renting of Maltese immovable property.

Reduced rate of foreign tax or exempt from foreign tax income

Certain foreign income remitted to Malta would qualify for a reduced rate of foreign withholding tax; such as dividend, interest and royalty income; or would be exempt from tax abroad; such as private pension income.

Residence Registration Certificate and the Malta Retirement Programme

For EU, EEA and Swiss nationals, the first step is to obtain a Residence Registration Certificate. Following this an application for the Malta Retirement Programme can be made, as a special tax status. The pension income would be declared and received in full in Malta, and this would need to meet the minimum threshold requirement, that is that this pension income is 75% or more of the total taxable income in Malta. Therefore any other income, such as from non executive posts as director, would not exceed 25% of the total taxable income in Malta.

The applicable tax rate under this scheme is a flat rate of 15% on foreign source income (subject to a minimum Malta tax of Eur7,500 per year, with an additional Eur500 per dependent), with Malta source income being taxed at 35%.

Relief from double taxation

There is Relief from double taxation through a number of double tax agreements Malta has with other counties, or through unilateral provisions.

Residence Requirements

To remain eligible for this scheme, one must be residing in Malta for at least 90 days per year (over a 5 year average), and should not be residing in any other individual country for more than 183 days each calendar year whilst benefitting from this scheme.

Persons excluded from applying for this scheme

Malta nationals and nationals of third countries (that is not EU, EEA and Swiss nationals) cannot apply for this scheme, although for third country nationals there is the possibility of another scheme, that is the citizenship by investment scheme. Additionally applicants should not be benefitting from any other Malta special tax status.

In terms of domicile for the purpose of this scheme, one must not be domiciled in Malta, and should not plan to establish domicile in Malta for 5 years from the application date.

To apply for this scheme one cannot be working and employed in Malta, although one may hold a non-executive post as director of a Malta resident company and may be involved in activities of a public character, that is philanthropic; educational, research and development in Malta.

Documents required

To apply one needs to prepare (colour) passport size photos for each applicant, birth and marriage certificate, passport certified true copies, police conduct certificates (translated to English), a declaration (on oath) that no criminal or civil proceedings are still ongoing, a statement from the pension provider showing the full details of the pension, adequate health insurance cover (covering all risks across the EU) including cover for all dependents (private or through EU health rights).

The application fee is of Eur2,500, which is not refundable.

Eligible Immovable Property

An eligible property in Malta is required, either leased (> 12 months agreement, minimum lease amount of Eur9,600 per year) or purchased (< Eur275,000). There are lower minimum threshold values for both rental amount and purchase amount when the property is situated in the south of Malta or in Gozo. The property must be occupied only by the applicant, family members and carers. Therefore a certified copy of the lease agreement, or of the purchase contract, is necessary at application stage.

Moving your personal belongings to Malta

On relocating to Malta, EU citizens can transfer their personal belongings and household items into Malta without paying any VAT or import duties.

Registering your car in Malta

EU citizens, within the first 12 months of taking up residence in Malta, can register their car in Malta without paying any registration tax, as long as they proof that they have transferred their residence to Malta and that they have owned the car for at least 24 months before transferring it to Malta.

Authorised Registered Mandatory

One can apply for the Malta Retirement Programme through our firm, as Authorised Registered Mandatory, being duly registered with the International Tax Unit of the Malta Inland Revenue Department to process applications for this programme.