

CORPORATE BUSINESS STRUCTURES



EU compliant yet flexible

INTERNATIONAL BUSINESS

Malta is an attractive choice for companies. With business costs in Malta still around half to two thirds of those in the EU, a unique strategic location, an advantageous tax regime and a well-stocked pool of highly skilled employees, the island has set its sights on attracting major corporations and multinationals to establish corporate headquarters on the island. Boasting such credentials, Malta feels confident of its competitiveness in this area and has already attracted prestigious companies who have located their European operations, to Malta. Situated on the southern-most confines of the European Union, with a three hour connection to major EU capitals, Malta offers a stable, competitive EU platform from which to conduct business in Europe and Internationally.

Competitive operating costs. Although Malta is an EU location with a sophisticated professional and business infrastructure, the island remains highly cost effective, with operational costs in Malta comparatively lower to those in the EU. This applies to salaries as well as general business costs such as office space, service and utilities. Salary costs in Malta are half those in Ireland, the UK, France, Belgium, the Netherlands and Luxembourg.

International recognition. Most FDI business is being attracted on the strength of Malta's abilities, both institutional and services oriented. This is complimented with a human resource pool which is well prepared and competitive lending it significant potential. The island in its vast majority is English speaking with a British work attitude. Coupled with a tax regime which is classified 5th on the Tax misery scale and comprehending a vast treaty of double taxation treaties, Malta is gaining increased importance as one of the most efficient places to do business from on an International level. A modern, EU compliant, financial services regulatory framework with sustained economic stability and an advanced legal system, Maltese financial services are well integrated in the global financial system

Europe's Emerging Financial Centre. EU membership provided Malta with the impetus it needed to obtain a place on the world map, as possibly the fastest growing finance centre. Malta started laying its regulatory framework foundations in the early 90's when Government made the conscious decisions to move away from offshore in compliance with initial but persistent drift by the OECD for reputable jurisdictions to move onshore.

In preparation for EU accession, Malta began to harmonise its legislation enacting and improving best practices. The impact of joining the EU has been very positive and the financial centre enjoys greater credibility, Compliant legislation and passporting rights to the entire European Market.

The financial services sector already employs over 7000 people, a figure which is projected to increase as the sector aims to represent 25% of GDP in the next few years.

Malta's message to the financial world is simple and straightforward: the regulatory system is world class, costs are low and there is ongoing commitment to put Malta on the foremost ranks of financial services providers.

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Malta's proposition to overseas investors is enhanced by its supportive, sophisticated legal structure, its strong institutional framework and the tax efficiency of different types of corporate vehicle. The island also excels in the speed and efficiency with which investors can set up a company: once the Registrar of Companies has all necessary documentation and information in hand, the process may take as little as 24 hours. For Financial Services firms the approval of and licensing by, the Financial Services Authority (MFSA) is required before commencement of operations; this process can typically be concluded within 3 weeks.

Limited Liability Company (private & public)

A Limited Liability Company (a company) is formed by means of subscription to capital divided into shares. The liability of the shareholders is limited to the amount, if any, unpaid on the shares held. The minimum share capital required to set up a private company is €1200 with 20% paid up and subscribed to by at least two persons except in the case of single member companies, with restricted objects. In the case of a public company the minimum share capital requirements is €46,600, with 25 per cent paid up and subscribed for by at least two persons.

SICAV

Under Maltese law, Collective Investment Schemes may be set up as SICAVs (Societe d'Investissement A Capital Variable) which is a type of open-ended investment vehicle. The amount of capital in a SICAV varies according to the number of investors. Each individual shareholder is entitled to voting rights and has the right to attend the annual general meetings. A SICAV is formed under the Companies Act (1995), but as a partnership limited by shares (Societe en Commandite Limitee par Actions), and is used by mutual funds. Alternatively Collective Investment Schemes may take the form of a limited liability company with fixed share capital, limited liability partnership or investment trust. Such Schemes may also be set up by private contract. Malta-domiciled funds are, as a general rule, exempt from Maltese income and capital gains tax. Capital gains made by non-Maltese investors when redeeming or transferring their units in a Collective Investment Scheme are not subject to any withholding tax and are automatically exempt from tax. Schemes are not subject to any duty on the issue of shares. Similarly, share transfers are not subject to any duty.

Branch of an overseas company

All bodies corporate constituted or incorporated outside Malta may establish a place of business in Malta. Overseas companies establishing a place of business in Malta should, within one month of the establishment of the place of business, deliver to the Registrar a number of documents. The documents to be submitted to the Registrar include an authentic copy of the charter of the company, a list of the officers of the company, and the names and addresses of one or more individuals resident in Malta authorised to represent the overseas company in Malta. Branches carrying out operations in or from Malta are subject to tax in the same manner as a limited liability company.

Trusts

The principal Maltese law on trusts is the Trusts and Trustees Act which opened the Trust concept to residents and non-residents. The Trusts and Trustees Act and the Civil Code (as recently amended) recognises Constructive Trusts, Discretionary Trusts, Fixed Interests Trusts and Purpose Trusts. In normal circumstances, trusts are considered transparent for tax purposes. Income attributable to a trust is not charged to tax in the hands of the trustee if it is distributed to a beneficiary. In addition, if all the beneficiaries of a trust are non resident in Malta and when all income attributable to a trust does not arise in Malta, there is no tax impact under Maltese tax law. Other laws and regulations may have an impact on the taxation treatment of trusts and trustees. Malta is a signatory to a number of Double Tax Treaties that may apply in some circumstances.

Protected Cell Companies

Malta's company framework also allows for the formation of protected cell companies (PCCs). Maltese law introduced regulations which allow the PCC model to be adopted by regular Insurance Companies, Insurance Brokers and Insurance Managers alike. In terms of the PCC regulations a 'Cell Company' is a company constituted or converted into a cell company having within itself one or more 'cells' for the purposes of segregating and protecting the cellular assets of the company

Characterised by the presence of some of the most important names in the business world, Malta's key players include operators such as STMicroelectronics, De La Rue, Trelleborg Sealing Solutions, Activis, Baxter, Cardinal Health, Methode Electronics, Lufthansa Technik, Brandstatter, HSBC, Aon, Marsh, Munich Re, SR Technik all of which have a substantial presence in Malta.

The World Economic Forum's Competitive Index for 2010–2011 has ranked Malta 11th for financial market development, with a banking system ranked 10th soundest in the world, while the Global financial Services Index published by the City of London in March 2008, ranks Malta in 4th place as the centre most likely to increase in importance in the next few years, and in 5th place as the centre where most organisations are likely to begin new operations in the coming two to three years.



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