



GLOBAL RESIDENCE PROGRAMME RULES, 2013 (“GRP Rules”)

A person who is not a resident of Malta is taxable in Malta only on Malta source chargeable income and capital gains, and on foreign source income which is received in Malta (foreign source capital gains are not chargeable to Maltese tax even if received in Malta) – the remittance basis of taxation.

A “third-country national” who is not a “long-term resident” of Malta, who satisfies the conditions set out in the Rules, and applies for them, may be subject to a more beneficial tax treatment in addition to the above-mentioned remittance basis of taxation.

Individuals who qualify under the GRP Rules are taxable at the rate of 15% on foreign source income remitted to Malta and also have the possibility of claiming double tax relief on such income.

The GRP Rules were introduced by virtue of Legal Notice 167 of 2013 and these rules come into force with effect from 1st July 2013. It has been announced that further rules may be issued to provide similar arrangements for EU, EEA and Swiss nationals.

Who is eligible to apply?

To apply under the GRP Rules, an individual must primarily be a “third-country national” being a person who is not an EU, EEA or Swiss national. Such person must also not be a “long-term resident” of Malta i.e. such person would not be eligible under the GRP Rules if he applies for long-term resident status in terms of the Status of Long-term Residents (Third Country Nationals) Regulations or if he resided legally and continuously in Malta for five years

Furthermore, the particular individual must also satisfy certain criteria i.e.:

- (i) The applicant must have a “Qualifying Property Holding” being EITHER
 - a. A ‘Qualifying Owned Property’ of not less than €275,000 in Malta or of not less than €220,000 if in Gozo or in the “south of Malta” OR.
 - b. A ‘Qualifying Rented Property’ in Malta for €9,600 per annum or for

€8,750 per annum if the property is situated in Gozo or “in the south of Malta”

- (ii) The applicant must not be benefitting from the *Residence Scheme Regulations*, the *High Net Worth Individual Rules*, the *Malta Retirement Programme Rules*, the *Qualifying Employment in Innovation and Creativity (Personal Tax) Rules* and the *Highly Qualified Persons Rules*;
- (iii) The applicant must be in receipt of stable and regular resources that are sufficient to maintain himself and his dependants;
- (iv) The applicant must be in possession of a valid travel document;
- (v) The applicant must be in possession of health insurance which covers himself and his dependants in respect of all risks across the EU as are normally covered for Maltese nationals;
- (vi) The applicant must be fluent in either Maltese or English;
- (vii) The applicant must be a fit and proper person (an international due diligence exercise is carried out by the Inland Revenue Department prior to granting the special tax status);
- (viii) A non-refundable one-off registration fee of €6,000 (€5,500 in the case of applications involving a qualifying property holding in the south of Malta) must be paid upon application.

Tax Treatment

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

- Foreign source income, which is received in Malta is taxable at the rate of 15% with the possibility of claiming double tax relief but subject to the minimum annual tax liability referred to below;
- The individual must pay a minimum tax liability of €15,000 per annum;
- Other income that is not covered by these Rules is charged separately at the rate of 35%.

- The minimum tax of €15,000 is payable by not later than the 30th April of the year in which the income is received in Malta and such payment must be accompanied by a return made to the Commissioner that provides proof that all the requirements continue to be satisfied.

An individual who has been granted the special tax status must satisfy the following obligations on an ongoing basis:

- The individual must not become a Maltese, EEA or Swiss national;
- The individual must not become a long-term resident;
- The individual must retain the Qualifying Property Holding;
- The individual must retain the health insurance and continue to have stable resources;
- The individual must not stay in any other jurisdiction for more than 183 days in a calendar year;
- Special reporting obligations (the filing of an annual tax return) and notifications must be complied with.

Authorised Registered Mandatory

An application for the special tax status must be made through the services of a person that qualifies as an 'Authorised Mandatory' and is registered as such with the Inland Revenue Department. PwC Malta is able to offer this service as it is registered as an Authorised Mandatory.

Localities for the purposes of the definition of "south of Malta"

- Birżebbuġia	- Qrendi
- Cospicua	- Safi
- Fgura	- Santa Luċija
- Għaxaq	- Senglea
- Gudja	- Siġġiewi
- Kalkara	- Tarxien
- Kirkop	- Vittoriosa
- Luqa	- Xgħajra
- Marsascalea	- Żabbar
- Marsaxlokk	- Żejtun
- Mqabba	- Żurrieq
- Paola	

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