

How a Malta Holding Company Benefits International Investors: A Case Study

Planning your next business move requires a clear understanding of your options to make informed decisions.

By **Andrea Nurchi**, 29th January 2026

Mr Mario Rossi is an Italian entrepreneur who has invested in several companies across Europe in different sectors. He owns 70% of a German manufacturing company, 60% of a Czech software company, and 80% of a Spanish distribution company. He has also invested €1.5 million in a listed multinational American corporation.

Mr Rossi is now seeking an effective way to centralise his investments and manage his profits more efficiently. He is seeking a tax-efficient solution that would also provide flexibility, in case of dividend distributions to the holding company and a potential future exit. The creation of a holding company would be an ideal solution to achieve these objectives. The next crucial decision will be selecting the jurisdiction in which the holding will be established.

Why Malta?

Following his initial research, Mr Rossi shortlisted a number of potential jurisdictions, including Malta. Malta quickly emerged as a compelling option: it is a member of both the European Union and the OECD, geographically close to Italy, and easily accessible via direct flights. Its economy has demonstrated consistent growth for over two decades and continues to rank among the strongest growth forecasts within the European Union.

This case study builds on our article [Understanding Malta's Corporate Tax Regime](#), which provides an overview of the tax framework, participation exemption regime and other features that make Malta an attractive jurisdiction for international businesses and investors.

Mr Rossi also noted that English is one of Malta's official languages, allowing him to review legislation directly and communicate seamlessly with local professionals. In addition, Malta benefits from an extensive network of Double Tax Agreements, which

can reduce or eliminate withholding taxes on dividends from non-EU subsidiaries and support future expansion or further investment beyond Europe.

The Participation Exemption Regime

After approaching the Dixcart office in Malta, Mr Rossi was provided by our advisers with a comprehensive overview of the [Maltese tax system](#) the compliance requirements for incorporating a company in Malta, and the practical operation of a Maltese holding company.

In particular, Mr Rossi expressed strong interest in the fiscal treatment for participating holdings and Malta's participation exemption regime. Introduced in 2007, this regime allows for tax-free dividends and capital gains derived from qualifying participating holdings in subsidiary companies.

The participation exemption is optional. A company may elect to declare the relevant income or gains and be taxed at the standard corporate rate of 35%, followed by an application for a full tax refund, or to claim the participation exemption. Where the exemption is applied, the relevant income or gains are not declared for tax purposes and are instead allocated to the Untaxed Account.

During his consultation with Dixcart, Mr Rossi learned that, for a Maltese holding company to qualify as a participating holding, certain conditions must be met. Specifically, at least one of the following criteria must be satisfied:

- The company directly holds at least 5% of the equity shares in a company not resident in Malta; **or**
- The company is an equity shareholder in a company not resident in Malta and is entitled, at its option, to call for and acquire the entire balance of the equity shares; **or**
- The company is an equity shareholder in a company not resident in Malta and is entitled to a right of first refusal in the event of a proposed disposal, redemption, or cancellation of all equity shares; **or**
- The company is an equity shareholder in a company not resident in Malta and is entitled to appoint a director to, or sit on the Board of that company; **or**
- The company is an equity shareholder that has invested at least €1,164,000 in a company not resident in Malta, with the investment held for an uninterrupted period of not less than 183 days; **or**
- The company is an equity shareholder in a company not resident in Malta, and the holding is not held as trading stock for the purpose of a trade.

In addition to meeting one of the above conditions, an anti-abuse test must also be satisfied in relation to the non-resident company. This requires at least one of the following applies:

- The non-resident company is resident in, or incorporated in, a Member State of the European Union; **or**
- The non-resident company is subject to foreign tax of a rate of at least 15%; **or**

- No more than 50% of the non-resident company's income is derived from passive interest or royalties.

Mr Rossi's Considerations

Mr Rossi's investments meet the criteria outlined above, confirming that Malta is a highly suitable jurisdiction for his holding structure. His Malta holding company will be effectively tax-neutral, benefiting from the absence of withholding taxes and full eligibility under the participation exemption regime.

He is further reassured that, should he decide to sell any of his investments to a strategic buyer, the resulting capital gains would arise at the level of the Malta holding company and would be fully exempt from tax in Malta. This allows him to reinvest the profits in their entirety, without any tax leakage. The structure also provides flexibility and control over personal taxation, as dividends can be distributed selectively, according to his needs.

Setting up a Holding Company in Malta

Mr Rossi therefore entrusts Dixcart Malta to assist with the incorporation and ongoing management of his Maltese holding company. Dixcart provides a comprehensive end-to-end service including name reservation, company incorporation, drafting of the Memorandum and Articles of Association, directorship services, and day-to-day administration.

This service also covers the filing and submission of all necessary documents to ensure full compliance with local requirements, including maintaining accounting records, filing tax returns, and adhering to anti-money laundering regulations.

Whilst this article focuses on the benefits available to an individual investor, Malta's corporate tax framework also supports international trading groups. Our case study [Structuring European Activities Through Malta: A Maltese Holding and Trading Structure in Practice](#) shows how businesses can use Maltese holding and trading companies to support European expansion.

Get in Touch

Planning your next business move requires a clear understanding of your options to make informed decisions. At Dixcart Malta, our team combines deep expertise in corporate structuring and taxation, with a hands-on, multidisciplinary approach, guiding clients through every step of the process.

For further information, please contact [Jonathan Vassallo](#): advice.malta@dixcart.com.