Exploring Malta's Family Office Solutions: A Strategic Guide for Multigenerational Wealth Management

Family offices are useful instruments for wealthy families seeking flexibility and privacy with their own investments.

By **Andrea Nurchi**, 13th May 2024

Family offices are useful instruments for wealthy families seeking flexibility and privacy with their own investments. Their use has gained importance over the years, especially with families entering the third or fourth generation. Particularly, Maltese family offices offer unmatched benefits, providing strategic advantages in terms of legal frameworks, tax efficiency, and a supportive environment for investment diversification.

The evolution of family offices

Families are increasingly more complex now, than they were years ago. Decisions concerning the needs of families must take into consideration many factors, such as location, culture, traditions and expectations, that weren't considerations years ago. In addition, families are now more eager to manage their wealth directly and sometimes this may pose some additional questions, also from a regulatory perspective.

The evolution of families and the involvement of more family members, has significantly increased the features that a jurisdiction needs to have to be selected to establish family offices. One needs to keep in mind that, while the tax component maintains its importance, it might not be the primary driver in selecting a jurisdiction. Other features include, political stability, constant economic growth, quality of life, climate, health and education systems, language, and connectivity, among others.

Malta has historically been a desirable jurisdiction for the setting up of family offices, because of these reasons that made, and still make, the country particularly attractive.

Legal framework that provides flexibility and clarity to families

Because of the country's history, the Maltese legal system is based on civil law (Roman law) but also has a strong component of common law, typical of the Anglo-Saxon legal tradition. This allows a great degree of flexibility that spans from traditional structures based on civil law, such as foundations, to more innovative concepts such as trusts. Malta is, in fact, the only European jurisdiction in which both foundations and trusts can be established.

The flexibility in structuring opportunities is accompanied by clarity and certainty in terms of tax legislation, another element which is sought after by families willing to protect their wealth in an efficient, yet lawful manner. Laws are also available in English, one of the official languages of Malta, which allows a direct understanding of the regulation by families. This clarity is complemented by an extensive network of Double Taxation Agreements that Malta has in place with over 80 countries.

Innovative systems to address the needs of third and fourth generations

The increase in popularity of family office structures clearly represents an opportunity for a country like Malta, and this has been acknowledged by both the local industry and by the government. Family offices were included among the opportunity areas in the strategy for financial services launched in March 2023.

While the mass of wealth owned maintains its importance and needs to be taken into consideration, each family has its own views in terms of wealth distribution, application, and succession. The different, and unique problems that a family office now faces in its third or fourth generation require new, innovative systems that help families address them in the best possible way. Malta is gearing up to create all the conditions that usually drive decisions by family offices to establish operations in a jurisdiction and enhance them based on how family offices have evolved in recent years.

Malta is heading towards a regulation that provides a robust, yet understanding framework that acknowledges the presence of such structures, offers some protective features (especially for the most vulnerable), and enables the regulator to intervene when needed, without, at the same time, imposing many layers of supervision.

How Can Dixcart Malta Assist?

The Dixcart office in Malta can assist families with the efficient establishment and management of a trust, a private foundation, and other structures to meet the agreed objects. Dixcart Malta can provide trust & foundation services through its wholly owned group company Elise Trustees Limited, licensed to act as a trustee by the Malta Financial Services Authority.

By teaming up with the client, the Dixcart team can define values, structures and processes to reach a shared objective in both a transparent and efficient manner.

Additional Information

For further information about Maltese foundations and the benefits that they offer, please speak to Jonathan Vassallo: advice.malta@dixcart.com at the Dixcart office in Malta. Alternatively, please speak to your usual Dixcart contact.