DIXCART

FITWI: A Strategic Development in Malta’s Corporate Tax Landscape

With the introduction of the Final Income Tax Without Imputation (FITWI) Regulations through Legal Notice 188 of 2025, Maltese companies can elect to apply a 15% final tax rate on chargeable income, instead of operating under the full imputation system.

By **Abigail Aquilina**, 16th February 2026

With the introduction of the Final Income Tax Without Imputation (FITWI) Regulations through Legal Notice 188 of 2025, Maltese companies can elect to apply a 15% final tax rate on chargeable income, instead of operating under the full imputation system.

This regime is optional and companies can elect to apply it from the year of assessment 2025 onward. Once chosen, the election is binding for a minimum of five years. The tax paid is final and it is not subject to shareholder tax credits, refunds, or any form of imputation mechanism.

FITWI introduces a viable alternative to Malta’s traditional refund-based approach, offering a simplified and definitive tax outcome.

Reframing Corporate Taxation: Why FITWI Matters Now

The flat, final 15% tax provides:

- immediate clarity on tax outcomes
- improved cash‑flow predictability
- reduced dependency on refund mechanisms
- simplified compliance processes

A Third Pillar in Malta’s Corporate Tax Offering

International tax systems are undergoing significant change. As multinationals navigate the implications of the Base Erosion Profit Shifting 2.0 (BEPS 2.0), jurisdictions are trying to maintain their competitiveness by creating a business friendly, yet compliant tax framework for international structures.

Malta’s corporate tax system has long been recognised for its flexibility, primarily built around two core features: the **full imputation system**, which provides for shareholder refunds, and the **participation exemption**, which ensures tax-efficient structuring.

It is important to underline that FITWI does not replace these established mechanisms. Instead, it offers a **third, complementary pillar**, expanding the range of compliant choices available to taxpayers.

Companies now have a choice of three compliant pathways:

1. They may continue to apply the standard 35% corporate tax rate and utilise shareholder refunds
2. Full participation exemption
3. FITWI's 15% final tax

For boards and CFOs operating across multiple jurisdictions, greater certainty and administrative efficiency are increasingly important. This breadth of choice enhances Malta's role as a jurisdiction capable of accommodating a wide range of corporate profiles and shareholder expectations.

The Legal Notice introducing FITWI also provides for some safeguard measures: to protect fiscal integrity, the framework includes a **"higher?of" rule**, ensuring FITWI does not produce a tax outcome lower than what would have arisen under the traditional system. In addition, the obligation to maintain FITWI for at least five years underscores that this regime is intended as a medium- to long-term strategic choice rather than a short-term measure. These measures reinforce Malta's international credibility while allowing businesses to benefit from a simpler structure.

Who Is FITWI Designed For? Early Indicators and Strategic Use Cases

Although broadly available, FITWI may be particularly relevant for:

- Groups with diverse or international shareholders where refund mechanics are less practical
- Companies seeking greater cash flow stability
- Businesses prioritising operational simplicity, such as digital service providers
- Rapid-growth structures where administrative efficiency matters

Malta's Competitive Future

As a European Union member state with access to the single market, Malta continues to offer a regulated and internationally aligned corporate environment, compliant with OECD standards and further supported by an extensive double tax treaty network.

By offering a choice of compliant tax pathways, whether refund-based, exemption-based, or final-tax based, Malta strengthens its competitiveness by enabling businesses to align tax outcomes with commercial objectives.

FITWI marks more than a technical adjustment to Malta's long-standing corporate tax framework. It reflects a strategic response to the global shift toward simpler and more transparent corporate taxation.

Guidance for Decision?Makers

Adopting FITWI should be a considered strategic step. Boards and tax leaders should evaluate:

- Long‑term business plans
- Shareholder structure and expectations
- Projected profit trends
- Cross‑border structuring implications
- Internal administrative capacity

Get in Touch

Making the right business decisions depends on having clear insight into the options available and their implications. **Dixcart Malta** provides expert guidance in corporate structuring and taxation, supported by a hands-on approach throughout the entire process. For further information or tailored advice, please contact the team: **advice.malta@dixcart.com**