

Increased Cash Rebates Film Production in Malta

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By **Jonathan Vassallo**, 26th February 2019

Background

The Maltese Government is committed to promoting the film production sector and cash rebates can be claimed, as a financial incentive, to the growing Audio-visual Industry in Malta.

What Rebates are Available?

- Starting from January 2019, qualifying companies can receive a maximum 40% cash rebate for film production in Malta.

The cash rebates are rebates on the expenses in Malta, and are available at three different levels: 30%, 35% and 40%.

The level of rebate is dependent on the cultural test which includes consideration of such factors as how much of the production is filmed outside in Malta and how recognisable Malta is as the location.

Eligibility Criteria

To be eligible for this scheme the following criteria must be met:

- The production must be carried out by a 'Qualifying Company', responsible for all of the activities involved in making a 'Qualifying Production' and having access to full financial information in relation to the total production worldwide. There can only be one Qualifying Company with respect to each Qualifying Production.

- A Qualifying Production means an audio-visual work that must be partially or wholly carried out in Malta and processed to commercial release standards, for international distribution for cinema and international telecast (including VOD/SVOD platforms) and is categorised as follows:
 1. Feature film;
 2. Television production (including a film, a series or mini-series including pilots);
 3. Creative documentary;
 4. Reality programmes (scripted/unscripted);
 5. Game shows.

- The minimum spend in Malta must be €100,000 and the total budget must exceed €200,000.

- The Qualifying Company must take a cultural test. This is to ensure that the audio-visual work is considered to be a cultural product and that it makes a valid contribution in terms of creative expression and culture through the development of production capability skills in the audio-visual sector in Malta.

- Companies need to use a registered Production Service Company for coordination of the production.

Additional Tax Benefits

Qualifying companies can also qualify for tax credits.

This is in addition to the Maltese corporate tax imputation system which, for non-Maltese resident shareholders, results in an effective Maltese tax rate of 5% on active profit, used to pay dividends, and 10% on passive income.

This makes Malta a very attractive destination for the audio-visual industry.

Additional Information

Dixcart can assist with advice on this matter and other related corporate and residency issues in Malta. For further assistance please contact us on advice.malta@dixcart.com or speak to your usual Dixcart contact.