Malta - An Attractive Destination for IP Holding Companies

Malta is one of the most attractive destinations for establishing holding companies dedicated to managing intellectual property (IP)

By **Andrea Nurchi**, 4th April 2025

Malta is one of the most attractive destinations for establishing holding companies dedicated to managing intellectual property (IP), thanks to its combination of favourable tax benefits, a strong legal framework, a network of over 70 Double Taxation Agreements (DTAs) and direct access to the European single market. In 2025, setting up a company in Malta to manage IP is a smart choice, as the country's tax system offers significant incentives that allow for tax optimisation, facilitate profit repatriation, and protect intangible assets effectively.

The Maltese Corporate Tax Regime

Malta's full imputation tax regime is a key draw for IP businesses, offering a tax refund mechanism to non-resident shareholders that effectively reduces the corporate tax rate to 5%. This is combined with the absence of any withholding tax on dividends, royalties, or interest paid to non-residents.

Benefits in Malta For IP Holding Companies

These factors make Malta one of the most tax-efficient jurisdictions for holding intellectual property, benefiting both local and international investors. Royalties from active licensing activities, which are initially taxed at 35%, can be reduced to just 5% under this regime in case of multiple royalties' streams. Effective taxation would be 10% in case of only one royalties' stream.

Another significant advantage is Malta's exemption from taxation on royalties derived from patents or copyrights, whether developed in Malta or abroad. Additionally, profits from these royalties can be distributed as tax-free dividends to shareholders, optimising returns on investment.

When the IP is transferred within a group or from an individual to a company, it can be revalued at fair market value (FMV) for tax purposes. This increases the asset's base for amortisation, reducing taxable income. Malta allows companies to amortise the stepped-up value of IP over a minimum period of three years, leading to significant tax deductions. With a properly structured transfer, the capital gain arising from the step-up may qualify for participation exemption (in certain cases) or be taxed at the corporate rate of 35%.

UE Membership

Furthermore, the EU Interest and Royalties Directive allows for tax-free royalty payments between associated companies within the EU, making it even easier to repatriate profits. Malta, as a member of the European Union, is fully aligned with European regulations, allowing it to offer excellent protection for intellectual property under European legal frameworks. Thanks to its EU membership, IP rights such as trademarks, patents, and designs can be registered both through the national system and the European Union Intellectual Property Office (EUIPO). This provides access to a market of over 450 million people and ensures strong protection across the region. On a global scale, Malta is also a signatory of key international treaties such as the Paris Convention, the Berne Convention, and the TRIPS Agreement (Agreement on Trade-Related Aspects of Intellectual Property Rights), ensuring that IP assets are strongly protected worldwide.

Registration

The process of registering and managing IP in Malta is relatively straightforward and affordable compared to other European countries. Registration fees are lower, and the annual administrative costs of maintaining a holding company in Malta are also competitive, enabling businesses to keep their operational costs low and achieve higher profitability. For IP assets, trademarks can be registered through the Malta Trade Department or the EUIPO, while patents are handled through the Malta Intellectual Property Office or the European Patent Office (EPO). These registration processes allow companies to secure ownership and control over their intangible assets, taking advantage of a stable and reliable legal environment.

Additional Information

For additional information, please speak to Jonathan Vassallo at the Dixcart office in Malta: advice.malta@dixcart.com or get in touch with your usual Dixcart contact.

Our team at the Dixcart office in Malta can assist you with the establishment of an IP Holding Company in Malta and manage all the relative accounting, compliance and legal-related sides of the business.