

Structuring European Activities Through Malta: A Maltese Holding and Trading Structure in Practice

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By **Abigail Aquilina**, 7th July 2026

As its European customer base continued to expand, a US-based distributor of industrial equipment found that its existing business model was no longer suited to its long-term growth ambitions.

This case study builds on our overview of [Understanding Malta's Corporate Tax Regime](#), which explains the key features of Malta's corporate tax framework, including shareholder refunds, participation exemptions and double-tier structures.

For several years, the company had supplied customers across Europe directly from its North American headquarters. While this approach had supported initial market entry, increasing demand and a growing presence across multiple jurisdictions signalled the need for a more robust European operating structure.

Recognising that what had once been a straightforward export business was evolving into a substantial European operation, the management team recognised the need for a structure that could support ongoing commercial activities, facilitate future investment, and provide greater flexibility as the business continued to grow.

To support this next phase of growth, the company engaged Dixcart Malta to assess how a [Maltese corporate structure](#) could strengthen its European presence and create an efficient framework for managing profits generated throughout the region.

Establishing a Strategic European Presence

Whilst establishing a European trading company would have addressed the immediate operational requirements of the business, management recognised the value of implementing a structure capable of supporting future growth.

The company anticipated that profits generated by its European operations would be reinvested and could also be used to pursue further expansion into the North African

market, leveraging on the strategic location of Malta.

As a result, Dixcart Malta recommended the implementation of a Maltese Double-Tier Structure consisting of:

- A Maltese Holding Company and
- A Maltese Trading Company

Under this arrangement, the Trading Company would undertake the group's European distribution activities, while the Holding Company would own the operating company and provide a platform for managing investments, acquisitions and intellectual property.

This structure delivered both operational substance and long-term flexibility, enabling the group to expand without requiring significant restructuring as its European footprint develops.

Malta's Tax Refund Mechanism: How It Works

A key feature of Malta's corporate tax system is its full imputation system and shareholder [tax refund mechanism](#).

Maltese companies are generally taxed at a corporate rate of 35% on their profits. When those profits are distributed as dividends, qualifying shareholders may be entitled to claim a refund of part of the Maltese tax paid by the company.

For trading income, non-resident shareholders are typically entitled to claim a refund of 6/7ths of the Malta tax paid. This reduces the overall Malta tax burden and results in an effective rate of 5% on the original profits.

Many international groups see this as highly competitive, whilst also remaining fully compliant with EU and OECD principles.

Retaining Profits Within the Structure

In this example, dividends distributed by the Trading Company to the Maltese Holding Company enabled the Holding Company to claim the applicable Maltese tax refund.

Importantly, the refund was received by the Maltese Holding Company rather than immediately by the ultimate shareholders. This allowed profits to remain within the corporate structure, providing management with additional flexibility to:

- Expand warehousing and logistics infrastructure
- Invest in new business lines
- Finance European growth initiatives

The ability to reallocate profits efficiently within the group maximised tax efficiency and supported long-term strategic planning.

Advantages for Non-Resident Shareholders

Whilst this example focuses on a trading group expanding its European operations, Malta's holding company regime can also provide significant advantages for private investors. Our article [How a Malta Holding Company Benefits International Investors: A Case Study](#) demonstrates how Malta's participation exemption regime can be used to centralise and manage international investments efficiently.

Malta's shareholder refund system is particularly attractive for international investors and non-resident shareholders.

Subject to the relevant conditions being satisfied:

- No Malta withholding tax generally applies on dividend distributions to non-resident shareholders
- Qualifying shareholders may claim the applicable tax refund
- Malta's extensive double tax treaty network can assist with international tax planning
- Profits can be accumulated within the holding structure before being distributed to ultimate shareholders, enabling the shareholder to decide when to receive profits and therefore when to be taxed in his country of residence

This makes Malta a popular jurisdiction for multinational groups seeking a tax-efficient European holding and trading platform.

Considering Fiscal Unity

Whilst the standard Malta tax refund system is highly effective, there can be a timing difference between:

1. The payment of corporate tax by the company at 35% and
2. The subsequent receipt of the shareholder tax refund.

For profitable businesses generating significant cash flow, this temporary funding requirement can be crucial.

Under Malta's Fiscal Unity regime, qualifying groups may elect to be treated as a single taxpayer. This can produce a significant cash-flow advantage because the group effectively settles tax at the reduced effective rate from the outset. Additionally, unlike the standard tax refund mechanism, there is no requirement to distribute a dividend.

How Dixcart Malta Assisted

[Dixcart Malta](#) worked closely with the company's management team throughout the process, assisting with:

- Corporate structuring advice
- Incorporation of the Maltese Holding and Trading Companies
- Tax and regulatory analysis from a Malta perspective
- Assessment of shareholder refund eligibility
- Fiscal Unity eligibility analysis

- Ongoing accounting, administrative and compliance services to the incorporated companies

By coordinating these services through Dixcart Malta, the implementation process was streamlined and aligned with the company's commercial objectives.

The Result

The company currently operates its European activities via a Maltese structure that is designed to support current operations and future growth.

The Maltese Trading Company acts as the group's European distribution vehicle, while the Maltese Holding Company provides a framework for managing profits, investments, acquisitions, and future expansion opportunities.

By combining Malta's corporate tax refund mechanism, the benefits available to qualifying non-resident shareholders, and the potential advantages of Fiscal Unity, the group has implemented a structure that supports commercial growth, tax efficiency and preserves cash flow.

Ready to Explore a Malta Structure for your Business?

As the case study demonstrate, the right corporate structure can do more than support day-to-day operations. It can create a platform for international growth, improve cash flow efficiency, facilitate future investment, and enhance long-term shareholder value.

Whether you are expanding into Europe, establishing a regional distribution hub, managing international investments, or reviewing the efficiency of your existing structure, Malta offers a compelling and internationally compliant solution.

Dixcart Malta has years of experience helping businesses and entrepreneurs establish and manage effective international structures. Our team can provide tailored advice based on your commercial objectives, growth plans and cross-border requirements.

Get in touch to discuss and discover how a Maltese holding and trading structure could support your next phase of growth.

Contact [our team](#) at advice.malta@dixcart.com for a confidential discussion.