The Attractive Malta 'Highly Qualified Persons Scheme (HQPS)' - Enjoys an Extension

The Highly Qualified Persons Scheme is targeted at professional individuals, earning more than €86,938 in 2021, and seeking to work in Malta.

By **Jonathan Vassallo**, 14th July 2021

Highly Qualified Persons Scheme – A Need for Additional Highly Qualified Individuals in Certain Sectors

Since joining the EU in 2004, Malta has been modernising its economy. It is becoming recognized as a high functioning, low cost, and well-regulated jurisdiction with an underlying theme being the availability of trained staff thanks to Malta's high investment in education and training. The expansion of the financial, aviation and gaming sectors, since Malta joined the EU, and the associated increase in demand for technical skills has in recent years however, highlighted the need for additional highly qualified workers. There is a need to attract individuals with sufficient existing knowledge to Malta, particularly in these sectors of; financial services, gaming, aviation and the associated support services. The Highly Qualified Persons scheme was introduced to attract these individuals.

The objective of the Highly Qualified Persons Rules (SL 123.126), was the creation of a route to attract highly qualified persons to occupy 'eligible office', with companies licensed and/or recognized by the Competent Authority regulating the specific sector.

Benefits of the Highly Qualified Persons Scheme

This option is targeted at professional individuals, earning more than €86,938 in 2021, and seeking to work in Malta.

- The qualifying individual’s tax is set at a highly competitive flat rate of 15%, with any income earned over and above €5,000,000 being tax exempt.

The standard alternative in Malta, would be to pay income tax on a sliding scale, with a current maximum rate of 35%.

2021 Update of the HQPS in Malta

Changes were recently introduced in 2021 and were made retrospective as from 31 December 2020.

These changes consist of:

- The HQPS has been extended for five years.

No changes to the scheme will now be made until 31 December 2025. Some variations to the scheme might potentially be made to HQPS, for relevant employment in Malta that commences between 31 December 2026 and 31 December 2030.

- Individuals enjoying HQPS now have two different extension options, depending on their nationality: five years for EEA and Swiss nationals, and four years for third-countries nationals.

Definition of an ‘Eligible Office’

‘Eligible office’ in the financial, gaming, aviation and associated supporting services sectors, including any organisation holding an air operator’s certificate, is defined as employment in one of the following positions:

▪ Actuarial Professional

▪ Aviation Continuing Airworthiness Manager

▪ Aviation Flight Operations Manager

▪ Aviation Ground Operations Manager

▪ Aviation Training Manager

▪ Chief Executive Officer

▪ Chief Financial Officer

▪ Chief Commercial Officer

▪ Chief Insurance Technical Officer

▪ Chief Investment Officer

▪ Chief Operations Officer; (including Aviation Accountable Manager)

▪ Chief Risk Officer; (including Fraud and Investigations Officer)

▪ Chief Technology Officer

▪ Chief Underwriting Officer

▪ Head of Investor Relations

▪ Head of Marketing; (including Head of Distribution Channels)

▪ Head of Research and Development; (including Search Engine Optimisation and Systems Architecture)

▪ Odds Compiler Specialist

▪ Portfolio Manager

▪ Senior Analyst; (including Structuring Professional)

▪ Senior Trader/Trader

Other Applicable Criteria

In addition to individuals having a qualifying position, as detailed above, individuals must also meet the following criteria:

- The applicant's income must be derived from an 'eligible office', and must be subject to income tax in Malta.
- The applicant's employment contract must be subject to Maltese Law and is for the purpose of genuine and effective work in Malta. This must be demonstrated to the satisfaction of the Maltese Authorities.
- The applicant needs to provide proof to the authorities that he/she has appropriate professional qualifications, and has at least five years' professional experience.
- The applicant must not have benefitted from any other deductions available to 'Investment Service Expatriates', as detailed in the terms of Article 6 of the Income Tax Act.
- All salary payments and expenses must be fully disclosed to the authorities.
- The applicant must prove to the authorities that:
- He/she is in receipt of sufficient resources to maintain himself/herself and members of his/her family, without recourse to public funds.
- He/she resides in accommodation regarded as normal for a comparable family in Malta, which meets the general health and safety standards in force in Malta.
- He/she is in possession of a valid travel document.

- He/she possesses sufficient health insurance for himself/herself and members of his/her family.

- He/she is not domiciled in Malta.

Summary

In the right circumstances, the Highly Qualified Persons Scheme provides taxation advantages for professional high net worth individuals who want to move to Malta and work on a contractual basis there.

Additional Information

If you would like further information regarding the Highly Qualified Persons Scheme and opportunities available through Malta, please speak to Jonathan Vassallo: advice.malta@dixcart.com, at the Dixcart office in Malta or your usual Dixcart contact.

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