

What Are The Advantages Available to Companies Established in Malta?

Malta offers a fully developed open market economy, and has a hardworking and multilingual population (88% of Maltese people speak English). It also offers a low rate of corporate tax.

By **Jonathan Vassallo**, 14th May 2025

Background

Malta has the geographical advantage of being situated in the middle of the Mediterranean Sea, at a crossroads between Europe, North Africa and the Middle East. This island offers a fully developed open market economy, and has a hardworking and multilingual population (English is an official language of Malta). It also offers a corporate tax regime that in certain cases is extremely beneficial for shareholders.

Malta is one of a few 'lucky' countries where the weather is temperate all year round. The summer begins in May and conventionally ends in October, but even the "winter" weather is very comfortable, and the air temperature rarely drops below +12 ° C.

International Status of Malta

Factors contributing to and enhancing the international status of this jurisdiction include:

- Malta is a member of the EU and therefore has access to European Union Directives.
- Malta is a full Schengen Member state and has access to all the benefits that this brings.

- It is a Sovereign Independent State, enjoying political, economic and social stability.
- Malta has friendly relations with the majority of countries across the world through its policy of non-alignment.
- Companies operating in Malta are subject to a corporate tax rate of 35%. However, non-resident shareholders enjoy low effective rates, as Malta's full imputation system of taxation allows generous unilateral relief and tax refunds.

Malta's Full Imputation Method of Taxation

The unilateral relief and refund system provides a low effective Maltese tax rate of 5% for active income and 10% for passive income:

- Active income – in most instances non-resident shareholders can apply for a tax refund of 6/7ths of the tax paid by the company on the active profits used to pay a dividend. This results in an effective Maltese tax rate of 5% on active income.
- Passive income – in the case of passive interest and royalties, non-resident shareholders can apply for a tax refund of 5/7ths of the tax paid by the company on the passive income used to pay a dividend. This results in an effective Maltese tax rate of 10% on passive income.

We have discussed, in a recent article, the Two-Tier structure and the concept of fiscal unity, which would offer simplified tax management, enhanced efficiency and significantly improved cash flow.

What Other Tax Advantages are Available to Maltese Companies?

Other tax advantages are also available to companies established in Malta:

- *No withholding tax on dividends*, even if they payment is made to a non-European jurisdiction.

- Qualifying dividends and capital gains derived from a “*participating holding*” are, at the option of the taxpayer, exempt from Malta tax.
- *Notional Interest Deduction (NID)*. NID is an innovative way in which Maltese companies can, in the correct circumstances, reduce their tax liabilities. This option is of greatest interest to companies with large equity balances. NID allows companies to deduct a notional interest amount based on the ‘risk’ capital of a company. Such companies will be able to claim a deduction against chargeable income, for NID deemed to be incurred on their equity capital. Previously in Malta, debt interest had been tax deductible, whilst dividends were not. Please see the following Article for additional information: [Unlocking the Notional Interest Rate Deduction in Malta: Everything You Need to Know for Optimal Tax Planning](#)
- Malta has approximately 70 *Double Taxation Treaties* in place. If there is no relevant double taxation treaty, then unilateral tax relief is available.

Other Attractive Factors for Maltese Companies

There are additional advantages available to companies established in Malta, depending on the specifics of the particular company and its employees.

- Start-up funding is available for setting up operations in Malta. There is additional booster funding available if the company operates in the technology space.
- The regulator is approachable, and, on the basis of a solid business proposal, is happy to discuss setting up ‘sandbox environments’, to test new technologies
- Fast-track employment permits are available for third country nationals under the [Key Employee Initiative](#). The Malta Key Employee Initiative is available to managerial and/or highly technical professionals with relevant qualifications or adequate experience relating to a specific job. Successful applicants receive a fast-track work/residence permit within five working days from the date of application, valid for one year. This can be renewed for a maximum period of three years.

- A special tax rate of 15% can be enjoyed by certain individuals employed in; Research & Development/Financial Services/Aviation/Online Gaming, under the Highly Skilled Programme.

Dixcart Corporate Services in Malta: Registration and Maintenance of Companies

Services available from the Dixcart office in Malta include:

- Company registration: preparation and submission of all necessary documents, obtaining permits, certificates and licenses.
- Opening bank accounts and interaction with banks on any matters.
- Corporate secretarial: documentation and reporting, and compliance with all legal requirements.
- Office services: rental of a workspace or an office, internet access, telephone and fax, office equipment, and assistance with correspondence, if required.
- Other services: bank account management, accounting services, assistance in employing foreign employees by the Maltese company.
- Change of jurisdiction: domiciliation of the company to Malta, and the use of Maltese companies in combination with other jurisdictions.

Additional Information

For further information about establishing a company in Malta, please contact Jonathan Vassallo or Clive Azzopardi, at the Dixcart office in Malta: advice.malta@dixcart.com. Alternatively, please speak to your usual Dixcart contact.