



MALTA LIFESTYLE  
C O M

# malta YOUR ISLAND HOME

Situated right in the middle of the Mediterranean, the Maltese islands are some of the most diverse in the region – promising culture, a dynamic history, welcoming people and wide-ranging attractions. Consisting of three main islands – Malta, Gozo and Comino and a number of surrounding islets – the Maltese archipelago occupies an area of just 316km<sup>2</sup>, making it one of the smallest countries in the world.

Malta's coastline features natural harbours, sandy beaches and flat rock coves. The island has no mountains – a series of terraced fields on hilly slopes characterises it. Throughout Malta's long and chequered history, the islands' people came into contact with the many nations that dominated the Mediterranean. These relationships with people of so many different cultures made the Maltese among the most cosmopolitan in the world. The Maltese have developed and maintained characteristics that distinguish them as a peace-loving nation with a

strong sense of hospitality. Another characteristic is their joviality which springs mainly from the agreeable, warm and sunny climate that prevails throughout the year.

With its relatively small size, Malta has one of the largest historical and cultural displays in the world. In fact, its 7,000 years of history dates back to 5200BC and starts with the arrival of man. Its strategic location in the narrow channel joining the eastern and the western basins of the Mediterranean, as well as acting as a bridge between Southern Europe and North Africa, has placed the Maltese Islands right in the middle of some of history's most important events: the wars between Rome and Carthage, the rise of Islam and the Ottomans, the Order of the Knights of St John and the wars between Christians and Muslims, the rise and fall of Napoleon, the rise and fall of the British Empire, the fight for democracy against Nazism, and the rise of a United Europe.

The national language is Maltese, however, both Maltese and English are official languages. English is consequently spoken and understood by most, while Italian, German and French are also commonly known. Among the islands' key moments in recent history, it's worth noting Malta's independence from Britain in 1964, achievement of 'Republic' status in 1974 and membership of the European Union in 2004.

**There is so much to love about the islands. Malta's natural scenic wealth, its colourful culture and heritage, high standards of health, most agreeable climate, political stability and the friendliness of its people have turned it into a year-round holiday destination. The tourist market is one of the most important sectors for the Maltese economy with around 2.5 million tourists visiting the islands every year.**



# ORDINARY RESIDENCE IN MALTA

Malta is an ideal place to take up residence. Besides its pleasant climate, safe environment and hospitable English-speaking population, it offers a range of benefits to individuals seeking to acquire residence on the island given its advantageous tax regime and competitive cost of living. Various residence programmes are available for both EU and non-EU foreign nationals.

A key attraction for non-EU countries is Malta being part of the Schengen Zone. This means that non-EU citizens, upon becoming Malta residents, will obtain a Uniform Residence Permit, for at least three months, enabling them to travel throughout the Schengen Zone without the requirement of a visa. In order to apply for the Uniform Residence Permit the applicant must have a place of residence in Malta.

**Ordinary residence permits allow resident permit holders to take up residence in Malta and physically live in Malta with the possibility of taking up employment and doing business in Malta.**

The concept of ordinary residence in Malta makes reference to various factors that link the applicant to the Maltese Islands including the duration of one's stay in the country, the frequency, regularity and nature of visits to the country, as well as business and family ties.

The qualifying criteria can be easily complied with, thus making the acquisition of Maltese ordinary residence even more attractive. Some of these criteria vary according to whether the individual seeking to obtain ordinary residence in Malta is an EU/EEA national or a third country national.

Holders of ordinary residence permits are allowed to convert to other available residence schemes.

The transfer of one's residence from a high-tax jurisdiction to a lower tax overseas country is available to both EU/EEA and non-EU/EEA nationals.

## ELIGIBILITY FOR ORDINARY RESIDENCE IN MALTA FOR EU/EEA NATIONALS

- **Financial independence** without the need to undergo complex means eligibility testing. Individuals need to show that they are economically self-sufficient and that they can provide for themselves and for their accompanying dependants without the need of any financial support from the Maltese government.
- **Evidence of a physical address** by purchasing or renting a property in Malta. This needs to be available at the time of filing the application. There is no minimum value property requirement<sup>1</sup>.
- **Duration of stay:** an applicant must have physically lived in Malta for at least 3 months and is obliged to apply for an e-Residence card with the Department for Citizenship and Expatriate Affairs.

## ELIGIBILITY FOR ORDINARY RESIDENCE IN MALTA FOR THIRD COUNTRY NATIONALS

- Financial independence and evidence of a physical address (same criteria as for EU/EEA nationals)
- Employment, self-employment or holding a company in Malta:
  - **In case of employment** an employment licence is required in order for non-EU/EEA nationals to work in Malta.
  - **In case of self-employment**, a third country national must meet one or more of the following requirements:
    - An investment in Malta with a capital expenditure of at least €500,000. Capital expenditure shall solely consist of fixed assets (such as immovable property, plant and machinery) used for the business purposes as reflected in the business plan submitted with the application. Rental contracts do not qualify.
    - Be a highly skilled innovator with a sound business plan which includes a commitment to recruit at least three EEA/Swiss/Maltese nationals within eighteen months of establishment.
    - Be the sole representative of an overseas company (with a sound reputation and established for at least three years abroad)
- wishing to open a branch in Malta.
- Be a person leading a project that has been formally approved by Malta Enterprise.
- **Shareholders** or ultimate beneficial owners of a Malta registered company.
- **Resident Company.** Third country nationals may become ordinary residents in Malta if they are shareholders of a Malta company, provided that
  - A fully paid up share capital of at least €500,000 which may not be redeemed, reduced or transferred to a third party for the first two years.
  - An investment in Malta with a capital expenditure of at least €500,000. Capital expenditure shall solely consist of fixed assets (such as immovable property, plant equipment and machinery) used for the business purposes as reflected in the business plan submitted with the application. Rental contracts do not qualify.
  - The company is a sole representative of an overseas company (with a sound reputation and established for at least three years abroad) wishing to open a branch in Malta.
  - The company is leading a project that has been formally approved by Malta Enterprise.

<sup>1</sup> Unless there is the need for an Acquisition of Immovable Property (AIP) permit, which applies in very specific circumstances.

# MALTA PERMANENT RESIDENCE PROGRAMME

The Malta Permanent Residence Programme is a residency-by-investment program that entitles a beneficiary to the right to settle, stay and reside in Malta permanently. It is by far one of the most attractive residence programmes available to individuals looking at obtaining permanent residence in an EU country that also forms part of the Schengen Zone.

## MAIN BENEFITS

- The right to reside indefinitely in Malta
- Visa-free travel within the Schengen Area
- Ability to work in Malta (subject to obtaining a work permit)
- No minimum physical presence is required to maintain immigration status
- Eligibility for spouse, children, parents and grandparents
- World-renowned healthcare and educational facilities open to all who reside in Malta

The Malta Permanent Residence Programme carries no minimum stay requirements and no personal tax implications unless the applicant spends more than 183 days in Malta in which case the applicant will be considered as tax resident in Malta.

## MALTA DIGITAL NOMAD RESIDENCE

Malta is offering digital nomads the possibility to take up residence in Malta for a period of 6-12 months.

## INVESTMENT REQUIREMENTS

Applicants under the Malta Permanent Residence Programme must fulfil all of the following three requirements:

- **PROPERTY INVESTMENT**  
Applicants must either purchase or rent a property in Malta. If opting to buy a property, the minimum value is €350,000 if situated in the north of Malta, or €300,000 if located in the south of Malta or in Gozo. The property has to be retained for at least 5 years. If opting to rent, the property rented needs to be at least €12,000 yearly, or €10,000 yearly if located in the south of Malta or in Gozo.
- **GOVERNMENT CONTRIBUTION**  
A contribution of €68,000 is payable for investors who buy a qualifying property or of €98,000 if the investor leases a property rather than buying a property. Such a contribution is paid directly to the Maltese government.
- **NGO CONTRIBUTION**  
Applicants must also pay a €2,000 contribution to a Malta registered philanthropic, cultural, sport, scientific, animal welfare or artistic NGO.

## CAPITAL REQUIREMENTS

To qualify for the MPRP, applicants must be in possession of at least €500,000 worth of capital of which €150,000 are to be financial assets.

## FAMILY ENROLMENT AND OTHER ELIGIBILITY CRITERIA

Applications under the Malta Permanent Residence Programme are open to non-EU, non-EEA and non-Swiss nationals. An application can include the main applicant, the spouse, financially dependent parents, and grandparents as well as children of the main applicant and the spouse. In order for children to be included in the same application the children must be unmarried and economically dependent on the main applicant.

An additional fee of €7,500 applies for each additional applicant in case of parents, grandparents or spouses, whilst the fee for each child over 18 years of age is €5,000.

The main applicant must:

- Be at least 18 years of age.
- Be a non-EU/EEA/SWISS national.
- Be in possession of valid travel documents for both dependents.
- Be in possession of adequate health insurance covering the EU territory.
- Be deemed a fit and proper person.

All applications go through the usual due diligence checks such as verifying that they are of good standing and part of this will be a police clearance and conduct check. Additionally, all applicants need to have valid passports and have bona fide proof that they are living in an actual residential property in Malta.

### Renting a property

Digital nomads who take up the residence permit can choose to rent any property they deem best fit, with no minimum monthly restrictions. This is where Frank Salt Real Estate can help, having one of the largest teams of letting professionals on the island and an extensive list of rental properties to choose from. Our letting consultants will be able to accompany you to view a selection of properties. From studio apartments to luxury villas, we assure all our clients that property hunting will no longer be a waste of time.

### Taxation

Malta has a very interesting tax regime for digital nomads, where foreign income is not taxed if it's not remitted to the country itself. They will only be taxed locally on income earned for work done for Maltese companies, if any.

### Health Insurance

Applicants will be expected to take out additional medical insurance to enable them to access any healthcare services in Malta.

# MALTA CITIZENSHIP BY DIRECT INVESTMENT

More commonly referred to as the Maltese Exceptional Investor Naturalisation (MEIN) programme, or the Malta Citizenship by Direct Investment regulations, the new rules allow individuals, along with their family dependents to obtain citizenship by making a direct investment in the country. This will also grant applicants a Maltese and EU Passport.

The programme aims to ensure that reputable applicants not only acquire an EU passport but also create a lasting bond with an EU Member State that is stable, neutral and highly respected, whilst significantly contributing to the economic development of the island.



## FINANCIAL CONTRIBUTION

The direct investments that are required under the Malta Citizenship by Direct Investment procedures include:

- A contribution to government
- A property investment
- A donation to a non-governmental organisation

Applicants may opt for one of two routes when applying for Maltese citizenship:

- One may opt for the standard route, which requires 36 months before applying for citizenship, for which a contribution of €600,000 for the main applicant and an additional €50,000 for each dependent is to be paid to the government
- One may opt for an expedited procedure, which requires 12 months before applying for citizenship, against a contribution of €750,000 for the main applicant and €50,000 for each additional dependent to be paid to the government.

## ELIGIBILITY

Only highly respectable clients and law-abiding citizens will be allowed to acquire Maltese Citizenship. Apart from the financial contribution, to acquire Malta Citizenship by Direct Investment, applicants need to undergo a background check as part of a rigorous due diligence process.

To be eligible one must:

- Take an Oath of Allegiance to the Republic of Malta and accept to promote the fundamental and democratic values of the island.
- Undertake to declare that the applicant and his dependents are fit and proper persons to hold Maltese citizenship.
- Provide all the necessary documentation as requested during the due diligence process, including police certificate of conduct and adequate proof of the source of funds and wealth of the principal applicant. Supporting documentation – like passport copies and birth certificates – must be legalised and counter-legalised.

The individual's dependents can also benefit from the naturalisation process for a fee of € 50,000 per dependent. 'Dependents' are family members of the main applicant and include:

- the applicant's monogamous spouse.
- the child (including adopted) of the applicant or of his spouse who is below 18 years of age.
- the child (including adopted) of the applicant or of his spouse who is a qualified person with a disability as per Equal Opportunities Act.
- the unmarried child (including adopted) of the applicant who is above 18 but below 29 years of age and who is proven to be financially dependent by the applicant.
- the parent or grandparent of the applicant or of his spouse who is at least 55 years of age and who is proven to be financially dependent.

## PROPERTY CONTRIBUTION

The value of the property purchased to satisfy the property investment criteria must be of at least € 700,000. Alternatively, the applicant may opt to rent a property for a minimum annual rent of €16,000. The qualifying property must be held for a minimum of five years from the date of the certificate of Citizenship and during this period the applicant must show strong links to the island.

## NGO DONATION

The applicant must provide an undertaking to donate at least €10,000 to a registered philanthropic, cultural, sport, scientific, animal welfare or artistic NGO.



## PROCESSING FEES

Aside from the above qualifying investment criteria, acquiring Malta Citizenship by Direct Investment requires the payment of the following residence and due diligence fees:

### RESIDENCE APPLICATION FEES

- €5,000 for the main applicant
- €1,000 per each dependent

### ELIGIBILITY APPLICATION FEES

- Due Diligence Fees:
- €15,000 for the main applicant
- €10,000 for adult dependents who are over 18 years old

During the application for residency and the eventual citizenship, the applicant will also have to pay administrative fees to the Community Malta Agency including a €10,000 non-refundable deposit with the main investment and €15,000 of due diligence fees.

# THE GLOBAL RESIDENCE PROGRAMME FOR NON-EU NATIONALS

The Global Residence Programme is available to non-EU nationals who are interested in taking up residence in Malta whilst enjoying a favourable tax rate. Applicants are also able to work or set up a business in Malta subject to applying for and obtaining the necessary permits. Beneficiaries of the Global Residence Programme have no minimum stay requirements, however they may not spend more than 183 days in a calendar year in any one particular foreign jurisdiction.

## TAX BENEFIT

Through the Global Residence Programme, a flat rate of 15% tax is applicable on foreign income remitted to Malta, with a minimum tax of €15,000 per year. The minimum tax threshold covers both the main applicant and dependents included on the same application. Any other income (such as local source income) is subject to a flat rate of 35% tax. The beneficiary would also be able to benefit from double taxation relief.



A standard application processing fee of €6,000 is applicable if a property is purchased in Malta and €5,500 if the property is bought or rented in Gozo or the south of Malta.

One must apply through an Authorised Registered Mandatory.

The Malta Residence Programme is a similar programme available for EU nationals and EU passport holders.

## ELIGIBILITY CRITERIA

- Applicant must not be a Maltese/ EEA/ Swiss national
- Applicant must also hold a qualifying property which the individual occupies as his principal place of residence worldwide, either by purchasing or renting:
  - In the case of purchasing a property, the minimum value must be of at least €220,000 for properties situated in Gozo and the south of Malta, or a minimum of €275,000 for properties situated in the rest of Malta.
  - If the applicant opts to rent a property this must be of a minimum value of €8,750 per annum for properties situated in Gozo or the south of Malta or a minimum of €9,600 per annum for properties situated in the rest of Malta.
- Applicants need to prove that they are in receipt of stable and regular resources that are sufficient to maintain themselves and their dependents without recourse to the social assistance system in Malta.
- Applicants need to be in possession of health insurance which covers themselves and their dependents in respect of all risks across the whole of the EU. The health insurance cover must be procured by a company licensed in Malta or by an international reputable health insurance company.
- Applicants must be in possession of valid travel documents, for themselves as well as any dependents.
- Applicant must also be able to communicate adequately in Maltese or English and must be a fit and proper person.





# TYPICAL MALTA PROPERTY

## VILLAS AND BUNGALOWS

Detached or semi-detached residences with surrounding gardens which may also have a private or communal pool. While a bungalow has all of its main accommodation on one level, a villa is normally spread over two levels.

## TOWNHOUSES, HOUSES OF CHARACTER AND FARMHOUSES

May be bought in a converted or unconverted state, within a village, town or out in the countryside. They make lovely homes with stone arches, wooden beams, sunny central courtyards, gardens with swimming pools, and much more. These properties can be several centuries old.

## APARTMENTS, PENTHOUSES AND MAISONNETTES

Most common type of residences on the islands. You could buy into a small independent block or in one of the larger developments with facilities such as communal pools, marinas and communal gardens. Maisonnettes are an apartment variation, also forming part of a block, but with their own independent front door entrance. The ground floor unit typically has its own back yard or garden and the top floor unit - the penthouse - has its own roof terrace.

## SPECIAL DESIGNATED AREAS (SDA's)

Malta and Gozo boast of a good selection of luxury property developments that have been earmarked as Special Designated Areas where there are absolutely no restrictions on foreigner acquisitions. Spread across the two islands, these areas represent recently-constructed developments intended to provide top-end residential clusters of properties built with a common theme on an extensive piece of land, and usually enhanced by their location, amenities and finishes. These include among others, Portomaso, Mercury Towers and Pendergardens in St Julian's, Tigné Point and Fort Cambridge in Sliema, Fort Chambray and the Kempinsky Residences in Gozo, Tas-Sellum and Southridge in Mellieha, St Angelo Mansions at the Vittoriosa Marina and The Shoreline in Xghajra.



# BUYING PROPERTY IN MALTA

Buying a property in Malta is very safe and simple. Once a property has been decided upon and price and conditions have been agreed upon, a preliminary agreement (also referred to as a Promise of Sale or konvenju) is signed between the vendor and purchaser. This agreement binds both parties to purchase/sell the immovable property under the terms and conditions agreed upon.

The signing of the final deed is always subject to clear title and the issue of any relative permits to purchase if necessary. The agreements and contracts are written in English.

On signing the preliminary agreement, a sum equivalent to 10% of the sales price is normally lodged with the agent or notary public. This deposit will normally be forfeited in favour of the vendor should the purchaser fail to complete the final deed of transfer for no valid reason at law. In addition the equivalent of 1% of the stamp duty is paid at this stage.

The agreement is usually valid for 3 months or as mutually agreed by the parties. During the period between the signing of the preliminary agreement and the signing of the final deed of sale, a notary public engaged by the purchaser will carry out the necessary searches to the property to confirm good title, as well as submit the application for a permit to purchase to the Ministry of Finance - only if such a permit is required.

Once the relative permit has been issued and searches have proved clear title to the property, the final contract of sale may be signed and published. The balance of the purchase price and stamp duty plus legal expenses are paid on the signing of the contract, when vacant possession of the property is handed to the purchaser.

As an indication, expenses connected with the acquisition of property can be summed up as follows:



**5%** stamp duty\*



**€200** searches and registration fees (approx.)



**1% - 3%** legal fees (approx.)



**€233** AIP permit fee (where applicable)



## PURCHASING A PROPERTY AS A HOLIDAY HOME

Non-residents who opt to purchase a property in Malta as a holiday home may freely purchase one property in Malta subject to obtaining an AIP permit. This restriction does not apply to properties in Special Designated Areas and in the case of EU citizens who buy property which is to serve as their primary residence.

On the other hand, EU citizens who have been resident in Malta for at least five continuous years may purchase any number of properties they wish. Where one of the spouses is an EU citizen and the other spouse is a non-EU citizen, both can benefit from the exemption outlined above and acquire property without the necessity to obtain an AIP permit, provided the acquisition is being made to establish therein their primary residence.

An AIP permit is not required if one is purchasing the property for residence purposes, as an investment or to conduct one's business activity. In such a case, a declaration reflecting the purchaser's intention for the acquisition should be inserted in the relative contract of purchase.

Where the purchaser requires an AIP permit, the property must satisfy a certain minimum value which changes periodically. Such thresholds currently stand at around €136,972 in the case of apartments, maisonettes and penthouses, and €236,582 in the case of villas, town houses and any other properties. These values are linked to the property price index and may be subject to minor revisions periodically.

## PURCHASING A PRIMARY RESIDENCE

EU citizens who have NOT resided in Malta for at least 5 years but have the intention of purchasing their primary residence (i.e. take up residence in Malta), do not require a permit.

Citizens of all EU member states who have resided in Malta continuously for a minimum period of 5 years at any time preceding the date of acquisition may freely acquire more than one immovable property without the necessity of obtaining a permit.

## PURCHASING A PROPERTY FOR BUSINESS OR INVESTMENT PURPOSE

No permit is required to purchase immovable property required for their business activities or supply of services, including property purchased as a rental investment.



### SPECIAL DESIGNATED AREAS

Special Designated Areas are prime residence areas where the conditions of acquisition are the same for Maltese and foreign residents. Property in Special Designated Areas is intended to provide top-end facilities and amenities such as restaurants, supermarkets, spas and marinas within the same area. When a foreign national (EU and non-EU) purchases a property in a Special Designation Area, no AIP permits or other restrictions whatsoever apply. What's more, they can purchase any number of units within such developments and once such property is acquired, it may be leased out without any restrictions.

## ACQUISITION BY COMPANIES OR A GROUP OF PERSONS

An entity, body or association of persons established in a European Union member state may freely acquire immovable property that is required for the purpose for which it has been set up as long as it is directly controlled by citizens of a European Union member state. Any other entity, body or association of persons which is owned or controlled by non-EU nationals will require a permit, which is only granted if the property is required for an industrial or touristic project or as part of a project which is seen as contributing to the development of the economy of Malta.



## MERLE WHALE

*Founder of MaltaLifestyle*

Helping South Africans Relocate, Retire & Invest in the Beautiful Island of Malta for over 10 years. She also runs the South Africans in Malta SAFFASMalta activities



“Merle from MaltaLifestyle is the definitive resource for South Africans choosing to relocate to Malta. When we decided to choose this Mediterranean island as the place to move to, I found Merle not only to be helpful but also someone who cares that your move here will be a positive one. Merle provides the expert guidance you are looking for.”

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