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## Malta

### Citizenship by Investment Program

The Maltese archipelago lies virtually at the center of the Mediterranean and consists of three islands: Malta, Gozo and Comino, with a total population of over 400,000 inhabitants occupying an area of 316 km<sup>2</sup>. Malta is the largest island and the cultural, commercial and administrative center. Gozo is the second largest island and is more rural, characterized by fishing, tourism, crafts, and agriculture. The national language is Maltese but the official languages of the country are both Maltese and English. Malta has an excellent climate, friendly people, a very low crime rate and is neutral, stable and safe. In 1964, after more than 160 years of British rule, Malta gained independence. In 1974 Malta became a republic with a parliamentary democracy system and a constitution. Malta has been an EU member since 2004 and a member of the Schengen area since 2007.

## Requirements

The MIIP requires a person to make an economic contribution to the country. In exchange, and subject to a very thorough application procedure including detailed due diligence and background verification checks, the applicants and their families are granted full citizenship. To qualify for citizenship, the main applicant must be over 18 years of age, meet all of the application conditions, make a non-refundable contribution to the National Development and Social Fund, and meet certain other requirements. The contribution requirements are as follows:

- For main applicants, a contribution of EUR 650,000
- An additional contribution of EUR 25,000 is required for a spouse and for each child under the age of 18
- The application may include children between the ages of 18 and 26 years if they are financially dependent on the main applicant and are not married; in such cases, the additional contribution is set at EUR 50,000 for each dependent
- Parents over the age of 55 may also be included in the application as dependents, if they are living with and are fully supported by the main applicant. In such cases, an additional contribution of EUR 50,000 per person is required

Additionally, the following requirements and obligations must be met:

Property —  
either the purchase of a residential property in Malta with a minimum value of at least EUR 350,000 which must be held for five years, or the lease of a residential property with a rental value of at least EUR 16,000 per annum, also held for five years. Please note that the property cannot be let during this five-year period

- Participation in approved financial instruments — EUR 150,000 in a prescribed financial instrument, the details of which are published by the Identity Malta Agency, which must be held for five years
- Insurance — the holding of a valid global health insurance policy with medical expense cover

amounting to at least EUR 50,000 per family member

- Residence — the applicant must have been a legal resident of Malta for one year prior to the Certificate of Naturalization being issued
- Oath — all applicants aged 18 years and over must visit Malta in person to undertake the Oath of Allegiance

The applicant must have a completely clean personal background and no criminal record.

The regulations further stipulate that a person who has been denied a visa to a country with which Malta has visa-free travel arrangements, and has not subsequently obtained a visa to that country, shall not be entitled to apply under the program.

A person who is deemed a potential national security risk, a reputational risk or is subject to criminal investigation will also be denied citizenship. Malta has developed a four-tier due diligence system which is considered the most thorough in the world for this kind of program.

The names of successful applicants will be published annually, along with all other naturalizations granted by the government.

There is a cap of 1,800 successful main applicants, after which the program will close, making this the most exclusive program available.

## **Procedures and Time Frame**

Applications must be made on the prescribed forms and be accompanied by the appropriate fees and specific documents which, in addition to the usual personal documentation such as passport copies, birth certificates etc., include a medical certificate confirming that the main applicant and any dependents are not suffering from any contagious disease and that they are otherwise in good health; and a police certificate confirming that the applicants have no criminal record. Highly detailed due diligence checks are carried out and an application will be declined if it turns out that it contains false information or omissions.

The regulations stipulate that the process to achieve the issuance of a Certificate of Naturalization under the MIIP shall be a minimum of six months and a maximum of two years from the date of submission of the application.

This includes the time taken to fulfill the property requirements and other obligations, as well as the one-year residence requirement.

Before the submission of an application to government, all relevant information provided and the background of the applicant and any dependents are verified by one or several due diligence agents. All required due diligence fees, passport fees and bank charge fees as well as a non-refundable deposit of EUR 10,000 against the government contribution must have been received, the source of all funds must have been verified, and a risk weighting procedure carried out.

Once the application is approved in principle, the applicant is required to:

- Remit the contribution (less the deposit already paid)
- Demonstrate compliance with the property requirement
- Show proof of residence for one year
- Remit payment into the prescribed financial instrument
- Be in possession of a valid health insurance policy for the entire family with the requisite level of cover
- Undertake the Oath of Allegiance in person in Malta, together with all dependents aged 18 years and older

Having satisfied all the above requirements, a Certificate of Naturalization will be issued, enabling the passport to be issued immediately thereafter.

### Dual Citizenship

There are no restrictions on dual citizenship in Malta. The Maltese Citizenship Act specifically provides that dual citizenship is allowed.

### Taxation

Individuals who are resident and domiciled in Malta pay income tax on their worldwide income. Personal income is taxed at progressive rates up to 35%. However, individuals who are resident but not domiciled in Malta pay tax on (a) income arising in Malta and (b) on income (excluding capital gains) remitted to Malta that arises outside the island (i.e. 'remittance basis'). The tax rate varies in accordance with the individual's tax status.

The acquisition of Maltese citizenship under the MIIP does

not, in itself, trigger tax residence, but even if one decides to move and take up permanent residence in Malta, one would normally still retain the status of a non-domiciled person.

Malta does not impose estate or gift tax but does levy a capital gains tax (CGT) on various assets (mainly immovable property and shares). CGT is not levied on the transfer of immovable property if the person transferring the property has owned it and occupied it

as their main residence for a period of three consecutive years immediately preceding the date of transfer and if the property is transferred within 12 months from vacating the premises. Otherwise, tax may be levied at up to 35% on the gain if the property is sold within the first 12 years of ownership or 12% on the sales consideration if the transfer is made after 12 years of ownership.

The 12% final tax, however, does not apply if the individual property owner is not a resident in Malta.

The standard VAT rate is 18%. The corporate tax rate is 35%; special tax concessions, however, apply for nonresident/non-domiciled owners.

Malta has concluded double taxation treaties with around 60 countries. A number of other agreements have been signed, but are not yet in force.

#### Key Advantages

- Citizenship of a well-respected and stable EU country
- Reasonable contribution and efficient application process
- World's strictest due diligence standards and vetting of applicants, thus ensuring only the most suitable applicants will be admitted
- Visa-free travel to over 173 countries
- EU citizenship gives right of establishment in all 28 EU countries and Switzerland
- Malta is an attractive place to live or to own a second home and is strategically located with excellent air links