



MALTA YACHT STRUCTURES

TAX ON SHIPPING ACTIVITIES

Exempt

TAX ON OTHER TRADING ACTIVITIES

Possible 5% effective tax rate

DOUBLE TAX TREATY

Extensive double tax treaty
network

MARTIME FLAG

Largest in Europe, 6th in the world

EU

Member of the EU and Eurozone

NO WITHHOLDING TAX

On outbound dividends





MALTA

The island nation of Malta has, since time immemorial, been wedded to the maritime sector. The geographic position of Malta in the centre of the Mediterranean Sea, at the borderline between North Africa and Europe and halfway between the straits of Gibraltar and Suez has aided in making the country a natural interconnector and a hub for maritime activities. Yet, Malta offers more than a strategic location!

Malta enjoys a stable political climate and is considered as one of the best performing Eurozone economies - with a steady economic growth and a low unemployment. This, amongst others, has helped establish Malta as a lead option within the corporate and commercial law sphere. Malta has been a member of the EU since 2004 and of the Schengen Area since 2007. Easy access to the archipelago together with English being an official language render Malta the ideal jurisdiction for trade and commerce.

In the context of ownership set-ups, asset protection and trading, Malta provides for a number of structures that are created to protect and manage funds or assets, in particular, yachts or ships.

Additionally in 2018, the European Union approved Malta's Tonnage Tax Regime, providing for significant fiscal incentives.

LEGAL BASIS

The Maltese legal system provides for various entities/vehicles that may be used for the purpose of asset holding or trading. The vehicles available include trusts, foundations, partnerships and limited liability companies, the most popular being the latter.

Malta limited liability companies are incorporated and regulated in terms of the Maltese Companies Act, which is the principal piece of corporate law in Malta. The Act is predominantly based on common law principles and in line with European Union (EU) directives. Due to the simple registration process, and benefits in fiscal planning, Maltese companies offer an ideal environment for structuring, asset protection and/or commerce within the maritime sphere.

In the context of maritime trading and commerce, Maltese law provides for the setting up of shipping organisations which, whilst being generally limited liability companies, benefit from a number of incentives due to the application of tonnage tax law. The Malta Tonnage Tax regime is governed by the Merchant Shipping Act (Chapter 234 of the Laws of Malta). The regime has been approved by the European Commission.



BENEFITS



Shipping Organisations:
Exemption from Income
Tax



Holding Entities:
Asset Protection/Risk
Segregation



Costs:
Relatively Low Establishment
& Operating Fees



Reputation of an EU
Jurisdiction



Timeframes:
3-5 Days Company
Incorporation



YACHT/ASSET PROTECTION VEHICLES

Maltese law provides for the possibility of constituting different vehicles for asset protection including trusts, foundations, limited liability companies or partnerships.

Each of these have different characteristics and may provide scaling levels of protection of assets. Undoubtedly, the most commonly used vehicle for asset segregation and protection is the limited liability company, generally classified as a holding company in that the company is set up for the purposes of owning assets rather than undertaking a trade. Essentially, holding companies are onshore flexible and tax efficient entities set up to ring-fence assets from other trading or commercial risk and to provide ownership participation and enhanced asset control.

MARITIME COMMERCIAL AND TRADING VEHICLES

Again for the purposes of undertaking trading activities through the commercial operation of yachts or for the provision of ancillary services thereto, various types of entities may be utilized under Maltese law. Here again, the most popular vehicles are companies set up for trading purposes.

Malta Trading Companies

Companies registered in Malta are deemed to be resident and domiciled in Malta and are therefore subject to tax on their worldwide income less permitted deductions at the corporate income tax rate which currently stands at 35%.

Shareholders of a Malta company in receipt of a dividend may elect to claim a refund of all or part of the Malta tax paid at the level of the company on such income. The amount of refund which may be claimed depends on the type and source of income received by the company.

In the context of maritime trading activities, when dividends are paid to the shareholders, these shareholders become entitled to claim a refund of 6/7ths of the Malta tax paid by the company. This results in an effective rate of Malta tax of 5% in the hands of the shareholders.

Shipping Organisations

An entity which undertakes shipping activities as stated in the Merchant Shipping Act are considered as shipping organisations. Shipping activities mainly refer to the international carriage of goods and passengers, in accordance with the EU Maritime State Aid Guidelines. Ancillary activities, which constitute less than half of the revenue generated from the main shipping activities also are considered as such.

Once a company is recognised as a shipping organisation, it is exempt from tax based on fluctuating income subject to tonnage tax being paid based on the weight and age of vessels engaged in the shipping activity.

The main fiscal advantages of the tonnage tax system for a shipping organisation covering shipping activities include:

- exemption from corporate tax under the Income Tax Act on shipping activities;
- exemption from tax under the Income Tax Act on any income, profits or gains derived from the sale or other transfer of ship tonnage tax ship which had been acquired or sold whilst under the regime or from the disposal of any rights to acquire a ship which when delivered would qualify as a tonnage tax ship; and
- exemption from tax on the distribution of profits derived from shipping activities to the shareholders.

KEY REQUIREMENTS



Share Capital:
EUR 1,250



Eligibility:
No Limitations on Nationality
of Shareholders



Malta Registered
Office



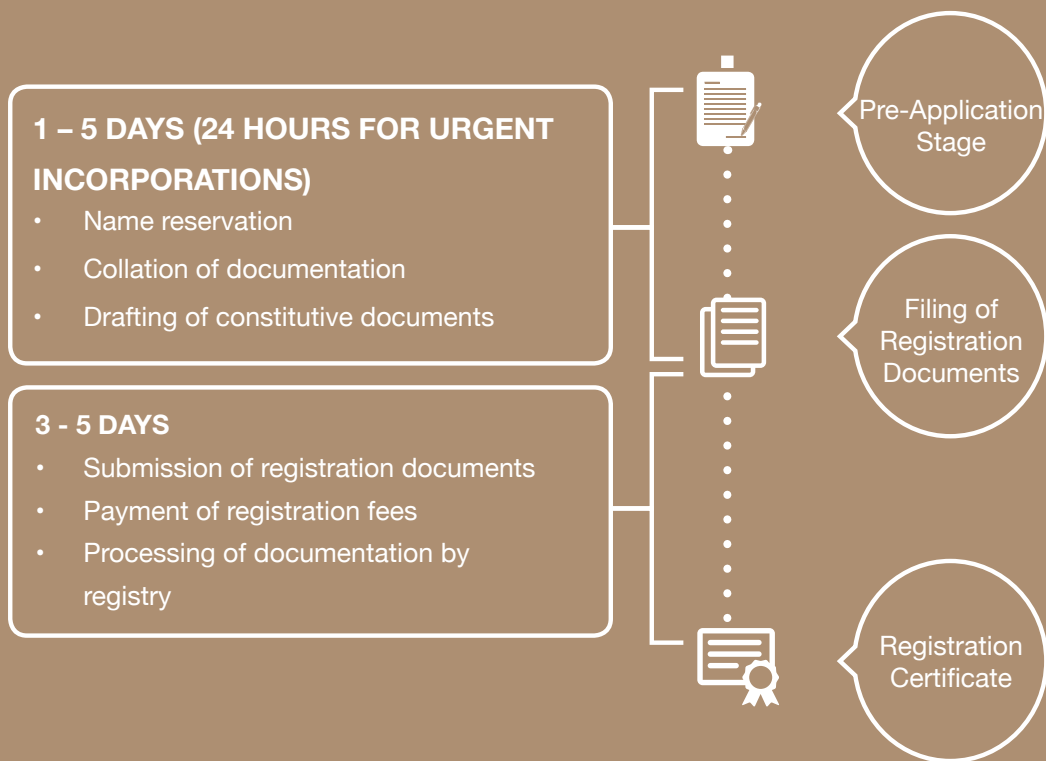
Officers:
At Least One Director
and Company
Secretary



Classification:
Trading or Holding or
Shipping Organisation
Depending on Activity

COMPANY INCORPORATION

Timeline



WHY WORK WITH US?



Success Rate:
Problem Solving,
Integrity, Honesty



We're Lawyers:
Maximum
Confidentiality



MARITIME
LAW
20 Years of
Experience in
Maritime Law



Malta-Cyprus
Lawyers,
Tax Advisors,
Fiduciary Staff: 100+



Our Ethos:
Small Firm personal,
Big Firm Expertise



**CHETCUTI
CAUCHI**
ADVOCATES



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