

# INPATRIATES

## Malta

### Tax facts for international assignees



#### INCOME TAX: WHO IS LIABLE/RESIDENCY

Persons ordinarily resident and domiciled in Malta are subject to income tax in Malta on their worldwide income and chargeable gains.

Persons who are residents are taxable in Malta on a source and remittance basis, that is, on income and chargeable gains arising in Malta and on income arising outside Malta and received in Malta (i.e. such persons are not taxable on income arising outside Malta and not received in Malta and capital gains arising outside Malta, regardless of whether received in Malta).

The extent of a person's tax liability will depend on his/her domicile and his/her residence status in Malta, and a factual determination must be made whether the person is ordinarily resident and domiciled in Malta, or resident or domiciled but not ordinarily resident and domiciled in Malta, etc.

An individual is resident in Malta if he/she resides in Malta, except for such temporary absences as may seem to the Commissioner for Revenue to be reasonable and not inconsistent with the claim of residence.

Taxable income includes gains or profits derived, inter alia, from a trade or business; profession or vocation; employment or office; dividends, interest or discounts; pensions, annuities or annual payments; rents, royalties, premiums and any other profits arising from property; and certain chargeable capital gains.

Individuals are subject to tax on income arising in a calendar year (i.e. the basis year), which is assessed to tax in the year following the year in which it arises (i.e. the year of assessment).

#### REGISTRATION/FORMALITIES

Every person who has passed his sixteenth birthday, but not yet reached his retirement, needs to register for a social security number either as an employed person, or as a self-employed/occupied person if he/she is in an insurable employment.

Employment in Malta will not expose individuals to the payment of social security contributions in Malta, if evidence is submitted to the local authorities that social security contribution payments are being done in another EU state. To this effect a form known as the E101 would need to be produced to the local authorities. Other formalities include the submission of the relative Employment and Training Corporation forms and the registration of the individual for taxation purposes.

The EU Legislation allows posted workers (employed or self-employed) to continue - for up to two years - to pay social security contribution in the "home" EU Member State by asking for the issuance of the so-called A1 certificate (previously known as E101). This certificate has to be submitted to the authority of the host EU Member State in order for the posted worker to be able to avail of the social security benefits in the host EU Member State without directly contributing to the social welfare system of the State.

It is also important to note that, regardless of the A1 certificate, some countries have obligatory employers' liability insurance which the employer must undertake to.

Natural persons are liable to register with the Inland Revenue Department and obtain a Taxpayer Number.

## INCOME TAX RATES AND SOCIAL SECURITY CONTRIBUTIONS

### Income tax rates - residents

| From                 | To       | Rate | Subtract (€) |
|----------------------|----------|------|--------------|
| <b>Single rates</b>  |          |      |              |
| 0                    | 9,100    | 0%   | 0            |
| 9,101                | 14,500   | 15%  | 1,365        |
| 14,501               | 19,500   | 25%  | 2,815        |
| 19,501               | 60,000   | 25%  | 2,725        |
| 60,001               | And over | 35%  | 8,725        |
| <b>Married rates</b> |          |      |              |
| 0                    | 12,700   | 0%   | 0            |
| 12,701               | 21,200   | 15%  | 1,905        |
| 21,201               | 28,700   | 25%  | 4,025        |
| 28,701               | 60,000   | 25%  | 3,905        |
| 60,001               | And over | 35%  | 9,905        |
| <b>Parent rates</b>  |          |      |              |
| 0                    | 10,500   | 0%   | 0            |
| 10,501               | 15,800   | 15%  | 1,575        |
| 15,801               | 21,200   | 25%  | 3,155        |
| 21,201               | 60,000   | 25%  | 3,050        |
| 60,001               | And over | 35%  | 9,050        |

### Income tax rates - non-residents

| From  | To       | Rate | Subtract (€) |
|-------|----------|------|--------------|
| 0     | 700      | 0%   | 0            |
| 701   | 3,100    | 20%  | 140          |
| 3,101 | 7,800    | 30%  | 450          |
| 7,801 | And over | 35%  | 2,725        |

There are special tax rates for overseas employment when Maltese tax resident individuals are taking up employment overseas with a Maltese person - they are subject to a standard tax rate of 15% on such employment income. Employees may qualify for the standard rate only if:

- The income is deemed to be employment income.
- The contract of employment requires that the performance of work or duties are mainly outside Malta, but excludes any service on a Maltese ship or aircraft or with the Government of Malta.

- The emoluments are received in respect of work or duties carried out outside Malta or for a period spent in Malta but which is connected with such work or duties outside Malta.

Maltese individuals who are no longer tax resident in Malta will no longer be subject to any income tax in Malta on any income arising outside Malta since they will not be subject to tax on a worldwide basis but only on any income remitted to Malta or income arising in Malta.

For further information and to register for future updates contact [expat@bdo.global](mailto:expat@bdo.global)

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