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Setting up a company in Malta

Setting up a company is a very straightforward procedure and it usually takes two working days to be set up. The law that regulates limited liability companies and other commercial partnerships in Malta is The Companies Act of 1995. This law provides for the setting up of both private limited liability companies as well as public limited liability companies.

A private company is one that, in its constitutive document, restricts the rights to transfer shares, limits the number of its members to fifty and prohibits any invitation to the public to subscribe for any shares or debentures of the company. A private company can further be established as a private exempt company or a single member private exempt company. By exclusion, a public company is defined as a company that is not a private company.

Statutory requirements for the formation of a Maltese limited liability company in Malta are as follows:

➤ Share capital

The minimum share capital is of €1,165. Shares can be 20% paid up i.e. approximately €250 (\$300). The share capital can be denominated in any currency.

➤ Directors

The minimum number of directors is one and there are no restrictions on the nationality and residence of the directors. We strongly recommend that for tax reasons, the majority of the directors on the board are persons who are residents of Malta, and who take effective decisions in Malta. Both Maltese and foreign companies can be appointed directors of a Maltese limited liability company.

➤ Company secretary

Every company must have at least one company secretary. There are no restrictions on the nationality and residence of the company secretary. A company secretary must be a physical person, thus a body corporate cannot act as a company secretary of a private company.

➤ Shareholders

The minimum number of shareholders is two, although it is also possible to register single member companies where one shareholder owns all the shares in the company, provided certain conditions are satisfied. Body private individuals, companies and other entities having a separate distinct personality can hold shares in a Maltese company. There are no restrictions on the nationality and residence of the shareholders.

➤ Registered address

Every company must have a registered office in Malta. ACT can provide its own address as the company's registered address. From a purely Maltese tax and legal perspective, no physical presence in Malta is required however this may be required from an international tax perspective. Please contact us for advice.

➤ Exchange control

No exchange control rules and regulations exist in Malta since they have been abolished in view of Malta's EU membership. Thus funds can be transferred in and out of Malta without any restrictions. Banks may require supporting evidence for payments and receipts. Business can be conducted in any currency.

➤ Confidentiality

All company documents are public. However confidentiality can be maintained through the services of a fiduciary in which the name of the shareholders will not be disclosed in the public registry. In this case, details of the ultimate beneficial owner are not required to be submitted to the Maltese Registry of Companies. Please speak to us for further information.

➤ Meetings

At least one Annual General Meeting is required in which the directors and shareholders are required to meet to approve the annual accounts. Meetings need not be held in Malta, but from an international tax perspective it is highly recommended that they are held in Malta.

➤ Accounts

All limited liability companies in Malta must have their annual financial statements audited by a Certified Public Accountant who has a practicing certificate to audit financial statements of Maltese companies. Audited financial statements must be submitted on an annual basis to the Maltese Registry of Companies.

➤ Annual returns

All companies must submit, a yearly basis, an annual return which includes details of the shareholders, directors and company secretary and any changes that might have been effected during the year.

➤ Taxation of Maltese companies

All companies in Malta are subject to tax at the rate of 35% on their world wide income and capital gains. Maltese companies can benefit from Malta's comprehensive double taxation treaty network and other unilateral provisions for the avoidance of double taxation found in the Maltese Income Tax Act.

➤ **Taxation of shareholders of Maltese companies**

No tax is withheld upon the distribution of profits to the shareholders of Maltese companies, irrespective of the residence and nationality of the shareholders. In view of the imputation system applicable in Malta, no further tax is due in Malta by the shareholder on receipt of a dividend from a Maltese company. Refunds of tax are due to the shareholders upon receipt of a dividend. For further details, please read our Fact Sheet on the Taxation of Maltese companies or contact us on info@act.com.mt.

➤ **Records to be kept**

All companies must keep records of all personal details of all shareholders, directors and company secretary together with dates of resignations, appointments and share transfers. All companies must present a share certificate to each shareholder and provide such shareholders with a dividend warrant on payment of a dividend. Maltese income tax legislation provides for the details and information that such a dividend warrant must include.

➤ **Employees**

A Maltese company may operate an office in Malta and employ both skilled and professional expatriates in Malta. All employees working in Malta are subject to the payment of Maltese tax and national insurance contributions. The highest rate of tax on employment income is 35%, however there are sectors in which certain highly qualified expatriates pay a reduced rate of tax of 15%, provided certain conditions are satisfied. Currently, the sectors included are Gaming, Aviation and Financial Services. EU nationals do not require a working permit to work in Malta, while this is required for third country nationals. Please contact us for tax advice and for assistance with regards to applications for work permits in Malta.

➤ **Bank accounts**

Maltese companies may hold bank accounts in Malta or anywhere in the world. We can assist you to set up both a corporate as well as a private bank account with one of the main banks in Malta. Such banks offer different services including cheque books, debit/credit cards, internet, telephone and phone banking, bank accounts in a wide choice of currencies and other traditional banking services. Such banks also offer international commercial and trading finance services.

➤ **Documentation required for company formation**

Please contact us on info@act.com.mt for a full list of documents required and details of fees and costs.

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