

MALTA BUDGET HIGHLIGHTS 2018



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1. Income Tax

- Tax Refunds for individuals earning less than €60,000. Individuals whose yearly income is less than €60,000 whether working on full-time or part-time basis will benefit from tax reduction.
- The tax refund will be in the form of cheque varying from €40 to €68, the highest repayment granted to the lowest income earning employees.
- No tax implications on pension income which does not exceed €13,200 yearly.

2. Value Added Tax

- Extension of the VAT refund scheme for another year on bicycles and Pedelec Bicycles. This scheme shall also be applicable to companies offering hiring services of bicycles.
- Reduction of the VAT standard rate from 18% to 7% on hiring of bicycles.
- Increase in the services registration threshold of small undertakings from €14,000 to €20,000.
- Separate legal persons with a fixed establishment in Malta, closely connected to another by financial, economic and organisational links shall be registered as one taxable person. Hence, intragroup suppliers will fall outside the scope of VAT.
- VAT refund for those vehicles registered in 2007.

3. Duty on Documents and Transfer

- The First Time Buyer tax scheme extended to another year.
- Refund up to €3,000 on the duty paid upon the acquisition of the second home. For one to be entitled for such refund, the second time buyers would have sold their residential home and acquired another one. This refund is increased to €5,000 in the case whereby the individual is a disabled or the acquisition is made by the parents of the disabled who is residing therewith.
- The reduction of duty on documents to 2.5% on the acquisition of immovable property situated in an Urban Conservation Area has been extended to another year. The same reduction rate of 2.5% is also applicable to immovable property acquired in Gozo.

4. Others

- Changes in the MicroInvest and Business Start Schemes whereby enterprises may claim up to €50,000 in assistance if the business is based in Malta whilst up to €70,000 if based in Gozo or predominantly owned by women. In addition, enterprises employing less than 50 full-timers will also be entitled to avail of the said scheme.
- People may not be liable to pay vehicle licence tax for the first five years when investing in green cars. Commercial companies will only be entitled to benefit up to €200,000.

- Online submission of VAT returns and social security forms will be extended to companies and enterprises employing 10 people or more.
- Private entities in Gozo will benefit from 30% refund of the average wage of an employee up to €6,000 for each employee who is offered a contract of at least 3 years.
- Families with one bread winner will benefit from a maximum benefit of €450 for each child.
- Non-payment of income tax for up to two years following the finalisation of post-graduate courses (i.e. a Master or Ph.D. respectively) for individuals below the age of 40. As a result, individuals obtaining a Masters degree will not pay tax on their income up to €60,000 for a year whereas those obtaining a Ph.D. will not pay tax on their income up to €60,000 for two years. In both instances, the individuals need to continue working in Malta for a period of three years post finalisation of course. This scheme is not applicable to individuals who are already benefiting from other study schemes.
- Setting up of a Task force to evaluate and see through the implementation of a national Blockchain strategy. The Government is also setting up a Blockchain Hub to assist and provide the necessary support to start-ups using this technology.

Malta, an island anchored in the clear waters of the Mediterranean Sea. The country allows its people to experience the charm of its landscapes, the vibrancy of its multi-cultural and multilingual young and energetic social life. But mostly, **Malta is your ideal corporate location.**

Doing business in and from Malta is easy as it is **home to a major international financial services sector**. Malta has one of the most **developed business infrastructures** in the world, making it an ideal base for region-wide corporate coordination, central management functions, sales, marketing, and customer service. Providing an **efficient tax structure**, complemented by a network of double-taxation treaties, **Malta facilitates international businesses and ensures a smooth trading environment.**

The Maltese financial sector registers a significant annual growth in its GDP. The EU commission and the International Monetary Fund (IMF) classify the **Maltese financial sector as a stable one**. Despite the unfavourable economic conditions following the economic crisis, the island's banks did not require any government assistance; on the contrary, their strong capital resources and liquidity ratios continue to serve them well to this very day.

Investors praise local employees for their productivity, profitability and dependability. The Maltese **workforce is described as flexible, highly trained, well educated, qualified and multilingual**. This workforce is the country's most valuable asset.

Malta prides itself for ranking as one of the **leading finance centres in Europe**. The financial sector has become one of the country's most significant economic generators registering impressive growth rates. The logic behind Malta's flexibility is brought by the growing range of activities offered by Malta's International Financial Centre (IFC) involving corporate and banking services, insurance, investment funds, and wealth management.

Malta's development strategy has become more innovative and competitive. The numerous investors who have located their operations in Malta have praised the **modern business infrastructure, excellent telecommunications, competitive labour costs and high standard of living**. Basically, the island offers a **secure and reliable ICT infrastructure** with several plug-and-play **offices which are ready to move into**. Malta targets companies, which help fulfil the country's economic aspirations and strengthen its position as a centre of financial services, manufacturing and creative industries.

How can we help you?

Forming part of a group of companies, Accounting Services Ltd and Fairwinds Management Limited can assist you in all your business needs. As establish professional firms, both companies are made up of a highly qualified expert team stemming out of legal, commercial, accountancy, and taxation backgrounds. Our numerous successful local and international clients act as a testimonial for our success and having a qualified, professional, diverse and specialised team will enable us to provide you with the best solutions for your business.

Some of our services include:

- Company incorporation
- Opening of bank accounts
- Virtual office services
- Administration services
- Bookkeeping
- VAT compliance
- Business consultancy
- Tax advisory
- Work and residence permits
- Payroll services

If you are interested in relocating your business to Malta and you are after an impeccable service, look no further and contact us today.

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