



Alter Domus

MALTA NEWSLETTER

July 2018



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MALTA NEWSLETTER

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Disclaimer: Please note that this Update is not intended as a complete study on all applicable legislation nor has it been written with a view to providing legal advice on any matter. Edited July 2018

As anticipated the first half of the year was characterised with assisting our clients with the implementation of new rules and regulations such as the register of the ultimate beneficial ownership and the general data protection regulations.

Our global teams were also busy on the integration of our various newly acquired businesses across the world but mainly in the United States of America.

We also had the opportunity to recognise the high performance of our people which resulted in a number of promotions to our leadership team.

Below we have summarised the main developments in our industry and within Alter Domus.

We hope you enjoy reading our latest newsletter and please do not hesitate to give us your feedback.



Chris Casapinta
Country Executive Malta

ALTER DOMUS UPDATE

MALTA SUGGESTED AS THE IDEAL JURISDICTION TO HOST EU OUTPOSTS FOR UK BUSINESSES

Lord Michael Ashcroft, an entrepreneur Conservative and Brexit supporter recommended Malta as the ideal jurisdiction to setup a base for British businesses so that they can easily trade with the European Union (EU) to overcome the period of uncertainty that Brexit will generate. This recommendation came through an article Lord Ashcroft himself wrote on the Conservative Home platform entitled: **“Special Report – Malta make a strong case to host the EU outposts of British companies after Brexit”**.

In his article, Lord Ashcroft states that: **“As a hard-nosed, self-made businessman, I believe that Malta represents the best destination for ambitious UK firms that must have a post-Brexit presence in the European Union.”** Lord Ashcroft goes on to mention that Malta has all it takes to rival well-established Financial Centers in the EU like Paris, Frankfurt and other large European cities. He backs his statement by pointing out that Malta is currently holds a very strong economic position with a healthy 6.6% growth in GDP in 2017. This goes hand in hand with the incredibly low unemployment rate on the island which is at just 3.5% and with ample job vacancies available. To complement these figure inflation was recorded at just 1.6% and Malta has also recorded its first trade surplus in more than the last 3 decades.

A second point mentioned by Lord Ashcroft is that a lot of foreign firms are attracted to Malta by the advantageous tax system, both for companies but also for employees, together with the fact that Malta is still considered to be cheaper to live and operate in when compared to the other major European cities.

An extremely important aspect in favor of Malta according to Lord Ashcroft is: **“the key to the country’s economic prosperity is the solution-solving attitude and solid work ethic of its business leaders and workforce.”**

In his special report, Lord Ashcroft has interviewed ten political, business, financial and legal high-flyers, and some other advantages offered by Malta extracted from these interviews include the fact the English is one of the country’s two official languages. This practically means that legislative,

judicial and company documents are available in English and, in a court of law, it is the English version that prevails.

Another point that is emphasized is the fact that Malta offers a wonderful quality of life with its rich history and Mediterranean climate that guarantees over 300 days of sunshine, together with the fact that Malta has established and strong Education and Health Systems. Although not being connected to mainland Europe, as Malta is an island, it is very well connected to mainland Europe through various daily flights to the main European airports. Malta’s location makes it also a strategic gateway to new markets in North Africa, particularly those in Egypt, Morocco, Tunisia and Libya.

Chris Casapinta, Country Executive of Alter Domus Malta stated: “Lord Ashcroft’s recommendations highlights some of the key advantages that our island offers to UK businesses, making Malta an ideal jurisdiction to establish another base in order to create a win-win solution for those businesses that may encounter some challenges and problems due to their current business location.”

“To add on further to what was already highlighted by Lord Ashcroft, businesses co-locating to Malta can also rely on a highly skilled and highly educated workforce with relatively stable labour costs. Malta also enjoys a comprehensive tax treaty network which provides relief of double taxation with over 70 countries. Through various government schemes, businesses in Malta can also avail themselves to various business incentives whilst operating within a similar time zone of the UK.”

“At Alter Domus Malta, we have the necessary experience and expertise to guide any business who are currently considering such a business move. Feel free to get in touch with your person of trust at Alter Domus to discuss in more detail.”

MALTA UPDATE

PAYROLL SERVICES IN MALTA – ALL YOU NEED TO KNOW

With clients focusing more on the requirements of having more substance in their corporate and investment structures, we have developed a service line with a professional team focusing on helping our clients to have the appropriate levels of substance. Apart from offering office solutions, corporate governance and other related matters we also assist our clients to be compliant with local employment regulations.

Below we are outlining the main requirements and processes mainly relating to taxation and work permits.

Employment Tax in Malta

Malta applies the FSS as a tax methodology to deduct tax. This system ensures that the correct amount of tax is deducted from the gross emoluments as they are received and thus reducing the incidence of large tax refunds or tax bills from end of year tax assessments. The correct tax rates are determined by following the FSS Progressive tax bands, below are the different tax bands available in Malta:

- Single tax band
- Parent tax band
- Married tax band
- Non-resident tax band

It is the employers' obligation to declare all the employees' wages, salaries, fringe benefits, deductions and maternity fund contributions to the Inland Revenue Department on a yearly basis. Any tax, social security contributions and maternity fund contributions are to be reported and paid on a monthly basis.

Highly Qualified Persons – 15% Flat tax rate

The objective of the Highly Qualified Persons Rules is the creation of a scheme to attract highly qualified persons to occupy an "eligible office" with companies licensed and/ or recognized by the Competent Authority regulating the specific sector.

Applying for the scheme will subject to a tax at a flat rate of 15% provided that the income amounts to at least 84,016 for basis year 2018.

"Eligible Office" in the financial services and gaming sector (and undertakings holding an air operators certificate) comprises employment in one of the following positions:

- Actuarial Professional
- Aviation Continuing Airworthiness Manager
- Aviation Flight Operations Manager
- Aviation Ground Operations Manager
- Aviation Training Manager
- Chief Executive Officer
- Chief Financial Officer
- Chief Commercial Officer
- Chief Insurance Technical Officer
- Chief Investment Officer
- Chief Operations Officer (including Aviation Accountable Manager)
- Chief Risk Officer (including Fraud and Investigations Officer)
- Chief Technology Officer
- Chief Underwriting Officer
- Head of Investor Relations
- Head of Marketing (including Head of Distribution Channels)
- Head of Research and Development; (including Search Engine Optimisation and Systems Architecture)
- Portfolio Manager
- Senior Analyst (including Structuring Professional)
- Senior Trader/Trader
- Odds Compiler Specialist

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PAYROLL SERVICES IN MALTA – ALL YOU NEED TO KNOW

Employment Licences (Work Permits)

E-residence permit

Any EU / Swiss/ EEA Nationals are required to obtain an E-residence permit both to reside and work in Malta.

Single Permit

Any Third Country nationals (Non- EU/Swiss/ EEA Nationals) wishing to reside and work in Malta need to apply for a Single Permit. Such applications would also need to be endorsed by the employer.

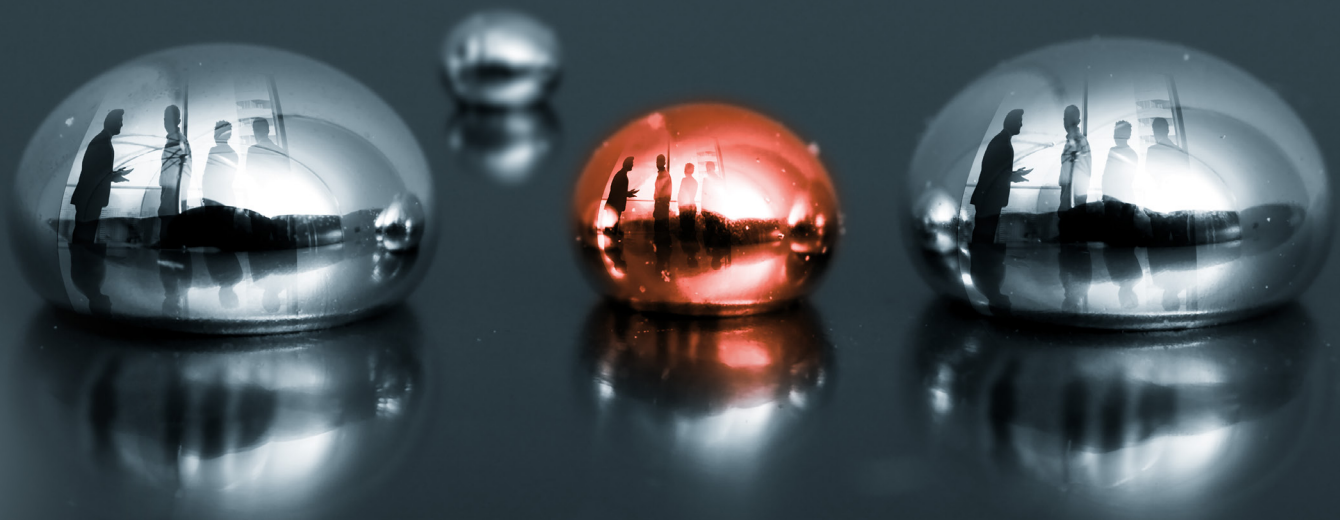
In Malta a total of 12,407 third country nationals were registered at the end of 2017 and another 30,564 persons from within the European Union.

How can we help you?

Alter Domus has its in-house dedicated and experienced payroll team whose primary responsibility is to assist clients with their payroll requirements. Our strength is our ability to tailor our service offering to our clients' requirements to ensure that the client will be able to focus on their core business whilst we cover all the back office and support as required.

We can assist you with the following services:

- Company registrations for Payroll
- Payroll calculations including overtime/ bonuses
- Drafting of employment contracts
- Engagement / Termination of employees
- FSS / SSC Calculations
- Payroll Direct Credits
- Preparation and submission of monthly and annual tax declarations
- Online employee portal
- Leave / Sick Leave management
- Single Permits
- Assist company employees to apply for Tax and Social Security numbers
- Assist individuals in filing of Income Tax returns
- HR Support/ Administration



MALTA UPDATE

THE IMPLEMENTATION OF BENEFICIAL OWNERSHIP RULES IN THE TRUST INDUSTRY IN MALTA

Background

With the enactment of the new Beneficial Ownership Rules (Legal Notice 374 of 2017), it is unarguable that the 4th AML Directive has created additional requirements not only to all Corporate Services Providers (“CSP”) but also to licenced Trustees.

Obligations

Starting from the 1st of January 2018, CSPs were obliged to hold and maintain a register of the Ultimate Beneficial Owners (“UBO’s”) as well as to provide information on their Beneficial Owners (“BO”) to the Maltese Registrar of Companies.

Who is in scope?

The Trustees of any express trust generating tax consequences here in Malta, are bound to submit a declaration of beneficial ownership and report any connected persons of the Trust.

The connected persons of the Trust, and therefore, those who are to be reported, are namely the following:

- Settlor/s;
- Trustee /s;
- Protector/s;
- any ascertained Beneficiaries or the Class of Beneficiaries and any other person exercising any form of control over the Trust.

The said report needs to be re-validated via an annual declaration confirming there have been no changes, or otherwise.

Access to Information

As noted in a recent circular prepared by the Malta Financial Services Authority, such report is to be submitted to the same Authority and accessibility to the above information will be made available to the following parties:

- National competent authorities with designated responsibilities for combating money laundering and terrorist financing;
- The Financial Intelligence Unit;
- National tax authorities;
- Any other national competent authority within the meaning assigned to it under the Prevention of Money Laundering and the

Funding of Terrorism Regulations, not already covered under any of the above paragraphs; and finally

- Subject persons in terms of the Prevention of Money Laundering and Funding of Terrorism Regulations, for the purpose of carrying out customer due diligence in accordance with the said regulations

The downside

Failing to comply with such regulations, the Authority has ultimate discretion to impose an administrative penalty on any CSP or Trustee who contravenes or fails to comply with any provisions of these regulations.

Moreover, and what perhaps steered a number of concerns, is the fact that the register of beneficial owners shall be interconnected with the central registers of Member States of the European Union.

Conclusion

With a view to further enhance transparency, fight tax evasion, prevent money laundering and the financing of terrorism, and with ongoing parliamentary discussions, one can only begin to imagine that the 5th AML Directive will bring little surprise to all.

How can we help you?

Having a dedicated team of professionals, we at Alter Domus strive to provide our clients with the right assistance and right guidance to ensure that all trusts are set-up with correct methodology that is in line with these new requirements.

MALTA UPDATE

CLIENTS AND BUSINESS PARTNERS RECEPTION

On the 7th June, Alter Domus Malta held a reception for Clients and Business Partners at Villa Bighi in Kalkara. Guests could enjoy drinks and canapes on a lovely summer evening whilst enjoying the grand spectacle taking place in the Grand Harbour as part of the Pageant of the Seas event which was organised by the Valletta 2018 Foundation to celebrate Valletta as the 2018 European Capital of Culture. The Management team of Alter Domus Malta were pleased to host and network with so many distinguished guests from Malta's financial services sector.



ALTER DOMUS WAS A PROUD SPONSOR OF THE 2018 ANNUAL FINANCE MALTA CONFERENCE

On the 16th and 17th May, Finance Malta organised their Annual Conference entitled **“Finance without Frontiers”**. Over the years, this conference has grown from strength to strength and it is now one of the largest local conferences to be held annually in Malta. This conference is normally attended by all the local players within the Financial Services Sector together with various foreign delegates who have business or are considering Malta as the ideal jurisdiction in which to invest.

Alter Domus Malta was a proud sponsor of this conference and over the years has always supported such initiatives aimed at promoting and developing Malta as a strong Financial Services Centre.

ALTER DOMUS MALTA PROMOTES TWO TO SENIOR MANAGER ROLE

This June, Alter Domus was pleased to announce that **Edward McArdle** and **Nicky Grima** have been promoted to Senior Managers.

Edward McArdle is a Senior Manager for Funds and Corporate Services at Alter Domus Malta. He joined Alter Domus in October 2017.

Edward has been working within the financial services industry for over 13 years and possesses extensive operational experience within the funds industry. Prior to joining Alter Domus, he was a senior manager in the corporate actions team for Fidelity Investments, Ireland during where he helped to establish a new corporate action team in Dublin by transitioning the work from the US. Edward has also spent 7 years working in State Street International Ltd, Ireland, where his last role was the establishment and managing of the Shared Services team. This included Corporate Actions in India, Fund Expenses and Board Reporting in Poland along with oversight teams in Ireland.

Edward is a qualified financial advisor (QFA Ireland) and an ACCA member.

Nicky Grima is a Finance Senior Manager. She joined Alter Domus in March 2015 as a Financial Controller for the Channel Islands and the UK. Nicky heads the finance team in Malta that handles the Alter Domus Group's Finance matters, particular in the EMEA region. Nicky is also involved in the Alter Domus treasury Function.

Prior to joining Alter Domus, Nicky spent a number of years working for a Fund Administration firm where she formed part of the Finance team responsible for the Accounting and Group reporting of the Maltese office. Prior to this, she worked with KPMG in Malta.

Nicky is a Chartered Accountant by profession.

Carmelo Borg, Eleazer Borg, Jose Mallari, Mark Magro, Morgan Gonzalez and Yasmine Azzopardi were all promoted to Managers. Amanda Delicata, Carol Zahra, Channele Zammit, Diane Curmi, Edric De Leon, Francesca Camilleri, Jean Claude Micallef, Juan Concha, Kane Bugeja, Kurt Vella and Melinda Magyar were promoted from Officer to Senior Officer.

Chris Casapinta Country Executive Malta said: "These promotions reinforce our offering in Malta, reflecting the breadth of expertise and experience of our employees. Our employees are highly-regarded both locally and internationally and these promotions strengthen our 150 strong team based in Malta and set the base for the Alter Domus Malta office to continue on its growth trajectory."

"I would like to congratulate all of our new Senior Managers, Managers and Senior Officers, their promotions are a result of their hard work, dedication and the consistent delivery of high quality client service."

WE ARE WHERE YOU NEED US TO BE



● OFFICES
● DESKS

AMERICAS

- Cayman Islands
- USA:
 - Chicago (IL)
 - New York (NY)
 - Darien (CT)
 - Austin (TX)
 - Indianapolis (IN)
 - Los Angeles (CA)
- Canada
- Latin America

EUROPE

- Belgium
- Cyprus
- France
- Germany
- Guernsey
- Ireland:
 - Dublin & Cork
- Jersey
- Luxembourg
- Malta
- Spain:
 - Barcelona & Madrid
- The Netherlands
- United Kingdom
- Italy
- Nordic
- Poland
- Portugal
- Russia & CIS
- Switzerland

MIDDLE EAST & AFRICA

- Mauritius
- Israel
- Middle East

ASIA-PACIFIC

- Australia
- China:
 - Beijing, Nanjing & Shanghai
- Hong Kong
- Singapore
- India

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