



## Non domiciled persons: Scope of taxation in Malta

### Scope of taxation in Malta: Residence, ordinary residence and domicile

The scope of taxation in Malta largely depends on the person's residence and domicile.

- The term 'person' in the Income Tax Act includes:
  - a. An individual; and,
  - b. A body of persons (which refers to anybody corporate, including a company, and any fellowship, society or other association of persons, whether corporate or unincorporated, and whether vested with legal personality).
- The term 'resident' in Malta':
  - a. When applied to an individual refers to an individual who resides in Malta except for such temporary absences as the Office of the Inland Revenue may deem reasonable and not inconsistent with the claim of such individual to be resident in Malta<sup>1</sup>; and
  - b. When applied to a body of persons refers to anybody of persons the control and management of whose business are exercised in Malta provided that a company incorporated in Malta shall be resident in Malta irrespective of the location of control and management of the company.
- The term 'domicile' is not defined in the Income Tax Acts but the Office of Inland Revenue considers an individual's domicile to be the territorial unit that regulates such things as his/her marriage, succession and legal capacity in general. In the case of a body of persons, the domicile is considered to be place of incorporation or principal seat of registration of the body.

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<sup>1</sup> This would include individuals who may be physically absent from Malta in a particular year but are deemed to be ordinarily resident in Malta, due to the fact that they retain sufficient links with Malta to signify that their absence from Malta during a particular period of time is occasional.  
In general, individuals who spend more than 183 days in Malta in a calendar year are considered to be resident in Malta.

## Tax factsheet

- A person who is both 'ordinarily resident' and 'domiciled' in Malta is taxable on his/her worldwide income, irrespective of whether such income is received in (i.e. remitted to) Malta or not.
- A person who is 'resident' but not 'domiciled' in Malta is taxable on all chargeable income arising outside Malta to the extent that such income is received in Malta (i.e. on a remittance basis) and on all chargeable income earned or derived in Malta (i.e. source income).
- All capital gains arising outside of Malta are not taxable in Malta irrespective of whether or not these gains are remitted to Malta. A person who is neither 'ordinarily resident' nor 'domiciled' in Malta is taxable only on income arising in Malta (i.e. source income).

## Tax factsheet

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