



Reduced rate of tax applicable to “Qualifying Expatriates” employed in Malta extended to the Aviation sector

The Qualifying Employment in Aviation (Personal Tax) Rules, 2016 (‘The Rules’) include specific eligible offices of undertakings in the aviation industry. The Competent Authority means the Transport Authority (herein referred to as the ‘Authority’).

The relevant eligible offices specified in the Rules relates to an eligible office defined as key for the operations of the company and which include the following:

- Chief Executive Officer, Chief Operations Officer, Chief Financial Officer, Chief Risk Officer, Chief Technology Officer, Chief Commercial Officer; and Chief Investment Officer, Chief Insurance Officer;
- Accountable Manager, Deputy Accountable Manager, General Manager, Flights Operations Manager, Nominated Person Flight Operations, Training Manager, Nominated Person Training, Ground Operations, Nominated Person Ground Operations, Continuing Airworthiness Manager, Nominated Person Continuing Airworthiness, Compliance Manager, Quality Systems Manager, Safety Manager, Flight Dispatch Manager, Instructor Manager; and
- Head of Marketing, Head of Public Relations, Actuarial Professional, Underwriting Manager, Risk Management Officer, Key Account Manager, Product Coordinator, Material Coordinator, Engineering Reporter, Aeronautical Engineer, Head of Maintenance Operations, Aviation Systems Developer, Key Aviation Specialist.

In terms of the Rules, expatriates satisfying the definition of a qualifying beneficiary and holding an employment under a qualifying contract of employment in an eligible office in Malta may opt to be subject to tax on such income at a flat rate of tax of 15%, subject to a valid application having been filed with the Authority.

Qualifying contract of employment

A qualifying contract of employment consists of employment falling under the definition of eligible office, where employment income derived by a beneficiary is of a minimum value of €45,000 per annum (excluding fringe benefits). Moreover, it has to be confirmed to the Authorities that the employer or any related person to the employer has not benefitted from any business incentive laws or any arrangement in terms of the business incentive laws and is not paid by a person who is related to the employer and who has received a benefit or benefits under business incentive laws or arrangements.

The beneficiary

A beneficiary in terms of this scheme is an individual who is not domiciled in Malta, is protected as an employee in terms of Maltese law, and who meets these conditions:

- a. Derives emoluments payable under a qualifying contract of employment, and received in respect of work or duties carried out in Malta or outside of Malta in connection with such work or duties;
- b. Has proved to the satisfaction of the Authority that he/she performs activities of an eligible office and that he/she is in possession of professional qualifications as required by the scheme;
- c. Declares the emoluments received from the qualifying contract of employment and all income received from a person related to his/her employer, for income tax purposes in Malta; and
- d. Proves to the satisfaction of the Authority that he/she is in receipt of stable and regular resources sufficient to maintain himself/herself and his/her family and is in possession of sickness insurance in respect of all risks covering himself/herself and his/her family in Malta. Moreover, the individual is required to reside in suitable accommodation in Malta and to be in possession of a valid travel document.

There are also specific rules to be satisfied for third country nationals (excluding EEA and Swiss nationals).

Malta tax treatment

Income derived from a qualifying contract of employment in terms of this scheme will be deemed to constitute the first part of the individual's total income and is subject to tax at a flat rate of 15%.

This reduced rate of 15% applicable on emoluments of €45,000 or more. Prior to this programme, and as from basis year 2012, qualifying emoluments for the aviation sector were defined as being in excess of €75,000 and with a less broad range of eligible offices.

Duration

In the case of EEA and Swiss nationals the scheme applies for a consecutive period of five years, whereas for third country nationals the scheme applies for a consecutive period of up to four years from when the individual is first liable to tax in Malta, after the expiry of which the employment income would be chargeable to tax at standard rates of tax applicable to the individual.

Tax factsheet

Deloitte
Deloitte Place
Mriehel Bypass
Mriehel BKR 3000
Malta

Chris Curmi

ccurmi@deloitte.com.mt
+356 2343 2708

Michael Mercieca

mmercieca@deloitte.com.mt
+356 2343 2842

Other Deloitte contacts:

Marc Alden

malden@deloitte.com.mt
+356 2343 2712

Malcolm Booker

mbooker@deloitte.com.mt
+356 2343 2000

Nick Captur

ncaptur@deloitte.com.mt
+356 2343 2714

Conrad Cassar Torregiani

ctorregiani@deloitte.com.mt
+356 2343 2716

Craig Schembri

craigschembri@deloitte.com.mt
+356 2343 2751

James Bonavia

jbonavia@deloitte.com.mt
+356 2343 2754

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please see www.deloitte.com/about to learn more about our global network of member firms.

Deloitte Malta refers to a civil partnership, constituted between limited liability companies, and its affiliated operating entities: Deloitte Services Limited, Deloitte Technology Solutions Limited, Deloitte Digital & Technology Limited, Alert Communications Limited, Deloitte Technology Limited, and Deloitte Audit Limited. The latter is authorised to provide audit services in Malta in terms of the Accountancy Profession Act. A list of the corporate partners, as well as the principals authorised to sign reports on behalf of the firm, is available at www.deloitte.com/mt/about.

Cassar Torregiani & Associates is a firm of advocates warranted to practise law in Malta and is exclusively authorised to provide legal services in Malta under the Deloitte Legal sub-brand.

Deloitte provides audit, consulting, financial advisory, risk advisory, tax and related services to public and private clients spanning multiple industries. Deloitte serves four out of five Fortune Global 500® companies through a globally connected network of member firms in more than 150 countries and territories bringing world-class capabilities, insights, and high-quality service to address clients' most complex business challenges. To learn more about how Deloitte's approximately 245,000 professionals make an impact that matters, please connect with us on Facebook, LinkedIn, or Twitter.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the "Deloitte Network") is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. No entity in the Deloitte Network shall be responsible for any loss whatsoever sustained by any person who relies on this communication.

© 2017. For information, contact Deloitte Malta.

LTU170223 LDU170307 FS007