





A door to the EU

Obtaining Maltese citizenship

Overview of the Malta Individual Investor Programme

Malta, which became a member of the European Union (EU) in 2004, has since introduced a citizenship program, entitled the Malta Individual Investor Programme (MIIP). The program grants Maltese citizenship—and hence EU citizenship—by investment and by means of the issue of a certificate of naturalization for the main applicant,

and the eligible dependents thereof, following the satisfactory conclusion of a thorough and rigid due diligence process and the satisfaction by the main applicant of a number of conditions. The said conditions include the payment of a non-refundable financial contribution to the economic development of Malta; investment in, or rental of, immovable property situated in Malta; local investment; and a Malta residency requirement.

The benefits of obtaining Maltese Citizenship would include EU Citizenship entitlements: namely, the free movement of persons (workers and establishment), and the free movement of services, capital and goods. Moreover, discrimination within the EU on grounds of nationality is prohibited, hence the EU citizen and his/her family members residing in Malta benefit from equal treatment with the nationals of Malta and, if residing in another EU Member State, with nationals of the said Member State within the scope of the Treaty of the Functioning of the European Union. Furthermore, visa free entry to over 160 countries and territories will be obtained and the individual would benefit from the absence of border controls when travelling within the EU Schengen area. A Maltese identity card should also be obtained (subject to the satisfaction of certain criteria.)

- Be covered by global health insurance policy.
- Acquire or lease a qualifying property (i.e.: minimum purchase value of €350,000 or minimum annual rental of €16,000.)
- Undertake an investment in Malta Government Stocks of a minimum of €150,000 and have been a resident of Malta for a period of at least 12 months prior to the day of the issuing of the certificate of naturalization.

It is important to note that both the Qualifying Property and the Malta Government Stock have to be held for an uninterrupted period of five years.

The residence requirement referred to above does not mean that the main applicant must be physically in Malta for 365 days before obtaining citizenship. In fact this residence requirement is, in practice, satisfied by the obtainment of a Malta Residence Permit and creating a series of "links with Malta" as well as by visiting Malta at least twice in 12 months and by staying at least 15 days in Malta in total prior to obtaining citizenship. The "links with Malta" include the opening of a bank account in Malta, becoming a member of a social club in Malta, obtaining a Maltese mobile number, appointing a medical practitioner in Malta and registering for income tax in Malta, besides the purchase or rental of a qualifying property in Malta and the investment in Malta Government Stock.

It is important to note that the non-refundable contribution that is required in terms of the MIIP regulations, the investment in Malta Government Stock and the lease/acquisition of immovable property in Malta is not required to be made before Identity Malta issue a Letter of Approval in Principle, confirming that the application has been approved.

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It is important to note that every application is presented and examined by the competent authority—Identity Malta—through an Accredited Person of Identity.

In order to apply for the MIIP the applicant has to be a "fit and proper person" who is at least 18 years old, and is required to:

- Make a non-refundable contribution to the Malta National Development and Social Fund (i.e.: €650,000 for the main applicant plus varying additional amounts for each eligible dependent (see below.)

the main application. The contribution payable to the Malta National Development and Social Fund in respect of eligible dependents is significantly lower than that payable by the main applicant (i.e.: the amount payable ranges between €25,000 and €50,000 depending on the age/relationship to the main applicant of the dependent.) The eligible dependents are not required to own or lease property in their own right or make investments in Malta Government Stocks. Eligible dependents may include the applicant's spouse, children younger than 18 years of age, unmarried children between the ages of 18-27 years who are wholly maintained by the main applicant, the parent or grandparent of the applicant or spouse older than 55 years old and who is wholly maintained by the main applicant and forms part of his household.

Malta tax implications for MIIP applicants

From a Malta tax perspective, it is important to note that obtaining a Maltese passport does not result in an individual becoming a Maltese domicile. An applicant of the MIIP should be taxable in Malta on a "source and remittance basis" or solely on a "Malta source" basis, depending on whether the individual remains a resident of Malta after obtaining their passport or not.

While a resident of Malta, and in view of the non-Malta domicile status of the main applicant, the remittance basis of taxation should apply in respect to foreign source income and as a result of which such foreign-source income is only subject to Malta income tax if received in, or remitted to, Malta. If the said income is not received in or remitted to Malta, the income is outside the scope of Malta income taxation. Furthermore, foreign-source capital is outside the scope of Malta income tax irrespective of whether or not it is remitted to Malta.

Timeline from date of presentation of application (T)	Process
T + 90 days	<ul style="list-style-type: none"> • Application form checked. • Preliminary due diligence process concluded. • Due diligence fees + passport fees + non-refundable payment of €10,000 paid to Identity Malta Agency. • Source of funds verified.
T + 120 days	Review and assessment by Identity Malta and issuance of a Letter of Approval in Principle.
T + 125 – 145 days	Payment of Contribution (less non-refundable payment of €10,000) (Purchase/lease of immovable property and Malta Government Stock required to be made within four months from the issuance of the Letter of Approval in Principle.)
T + 183 days – 2 years	Issuance of certificate of naturalization, subject to applicant having been resident in Malta for 12 months and having taken oath of allegiance.

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Conclusion

The MIIP is a program by which an applicant and eligible dependents may obtain Maltese and hence, EU citizenship. The MIIP has proven to be an attractive EU passport program to non-EU nationals: a total of 900+ applications have already been made to Identity Malta Agency and a total capping of 1,800 "Main Applications" is currently in force. It is worth noting that the MIIP is the only EU citizenship program that has been approved by the EU.

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