

International Succession Laws - Malta Chapter

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Maltese Law of Succession

The Law of Succession is principally contained in the Civil Code of Malta which was enacted in the latter part of the 19th century on the pattern of the Napoleonic Code and the Italian Civil Codes. The Knights Hospitallers of St. John (also known as the Knights of Malta) who were the rulers of Malta for over two centuries had enacted in 1783 a Codice Municipale which is also one of the sources of the Maltese law of Succession.

Testamentary and Intestate Succession

An inheritance devolves either by the disposition of man (i.e. testamentary succession) or by operation of law. A person is free to dispose by will of all his property, (both movable and immovable) but he must abide by the rules of legitim, which bind him to leave a portion of his property to close members of his family, as explained hereunder. A will may be made by any person who is at least 18 years of age. However, a person who is 14 may make a will containing only remuneratory dispositions, but the Court may reduce the amount bequeathed, if it considers it to be excessive.

There are important rules regulating the capacity of persons to receive under a will.

The main rules are:



- (i) As a rule, those who at the time of the testator's death or the fulfillment of a suspensive condition on which the disposition depended, were not yet conceived are incapable of receiving under a will. But, in addition to the cases in which persons may be called to the enjoyment of a Foundation, there is an important exception. It is possible to make testamentary bequests in favour of the immediate children of a person who is alive at the time of the testator's death.
- (ii) When a testator leaves legitimate issue, his freedom to benefit illegitimate children used to be extremely limited. He was not allowed to bequeath to them more than the portion reserved to them by law. This rule was held to be null and void by a 1997 judgment as being in breach of the European Convention of Human Rights.
- (iii) When a testator leaves legitimate issue he or she may not bequeath in ownership to his or her spouse more than ¼ of his or her estate. In addition to this ¼ in ownership any assets may be bequeathed in usufruct or life enjoyment.
- (iv) A further ground for incapacity applies in regard to the spouse or a child of a second or subsequent marriage when the testator has legitimate issue of an earlier marriage. In such a case such spouse or child may not receive more than the least favoured child of an earlier marriage.
- (v) Another incapacity applies to an adopted child who may not be left by his or her parent more than the least favoured legitimate child.

The word "heir" applies to the person in whose favour a testator has disposed by universal title, by leaving to him the entirety or a percentage of his estate. All other beneficiaries who receive property by singular title are designated as legatees.

Forms of Wills and Registration thereof

There is a very good system of registration of wills whereby it is possible to obtain an official certificate declaring if a person had left a will or not. The normal way of making a will is by a notarial deed, which is made in the records of a Notary Public in the presence of the Notary and two witnesses. Periodically the Notary



passes to Government Notarial Archives bound volumes of wills, retaining a copy thereof in his records. The testator is entitled to obtain copies from the Government Notarial Archives or from the Notary himself. After the testator's demise, the will becomes a public document and any person may obtain a copy.

As a rule joint wills are not permitted, with a very important exception whereby a husband and wife may make a joint will, known as the "unica charta" will. It is very commonly used and is said to be Germanic origin; in fact it is currently used principally in Germany and Malta. The system is somewhat complex but may be briefly explained as follows. The making of a joint will is an option which spouses may adopt and it may contain not only dispositions which they jointly make but also individual dispositions which each spouse makes separately. It may contain not only reciprocal dispositions but also other dispositions. Through the making of a joint will the parties do not lose their liberty of making new wills. In fact, each spouse may make a new will even without the knowledge of the other spouse. However, in this context, there is a very important and dangerous limitation. In the eventuality that the spouses in their joint will had left to each other the whole or the major part of their respective property in ownership or in life enjoyment (i.e. in usufruct), the spouse who revokes or varies the joint will forfeits the bequests that the other spouse had left him or her.

While the principle of the freedom of testation is thereby respected, circumstances in life may and often do change and spouses who are affected by the said forfeiture complain that they had not realised the extent of the restriction and the gravity of the consequences. In order to avoid the said forfeiture, it is possible for the spouses to exempt each other from the forfeiture by inserting a clause to that effect in the same will or in another will.



Another ordinary, though less common, form of will is the so-called “Secret Will”. It must be premised that all wills are secret, in the sense that they are accessible only to testators. However, even in this regard, Secret Wills have a special characteristic. Secret Wills are holograph wills signed by the testator without the need of any witnesses. The testator then either presents it in a sealed envelope to a Notary Public in the presence of two witnesses or directly to the II Hall of the Civil Court. In the former case, the Notary must deliver within 4 days to the II Hall of the Civil Court the sealed envelope containing the will. The fact that there is this secret will in the records of the II Hall of the Civil Court is not divulged before a Death Certificate of the testator is produced to the Court Registrar. On the other hand when a will is made by Notarial deed, the fact that a will has been made is registered in the Public Registry and that fact (though not the will’s contents) becomes public property.

An “unica charta” will must be made by notarial deed, it cannot take the form of a secret will, because when one of the spouses dies, all the dispositions are published and the secrecy of the survivor’s dispositions would be lost.

Apart from these two ordinary forms there are some so-called ‘privileged wills’ the formalities of which are curtailed in view of special attending circumstances:

- (a) In places with which communications have been interrupted by order of the public authority – a will may be received in writing in the presence of two witnesses by a judge, magistrate or notary or by the parish priest or other ecclesiastic in holy orders. The will shall in all cases be signed by the person receiving it and, when practicable, also by the testator and by the witnesses. The will must be deposited in Court by the person receiving it and shall have effect for the period of 2 months from the day communications with the place in which the testator are re-established. An



example of such a case is when there is some public calamity like an outbreak of an infectious disease owing to which the public authorities order that the area be completely isolated.

- (b) A will made at sea, on board of any ship registered in Malta, may be received in writing by the master or the person acting in his stead. Such a will shall be received in duplicate in the presence of two male witnesses and must be signed by the person receiving it and, unless they are unable to write, by the testator and the witnesses. The receipt of such a will must be recorded in the ship's log-book and muster-roll. Upon returning to Malta, the person in possession of the will must present it to the Court. If the ship touches a port outside Malta, the person in possession of the will shall deposit one of the duplicates with a diplomatic or consular representative of Malta or, in the absence of such persons, with a trustworthy citizen of Malta or other Commonwealth country and shall dispatch the other duplicate to the Director of Ports at Malta who shall then present it to the Court. This will shall have effect only if the testator dies at sea or within 2 months after he shall have landed in a place where he could have made another will in the ordinary form.

The possibility of wills made on ships registered in Malta has in recent times become a practical reality, in view of the fact that there are numerous vessels flying the Maltese flag.

The Law of Legitim

The law grants close members of the family the right to receive a portion of property which is referred to as the Legitim or reserved portion. As a rule the Legitim is due in full ownership and it shall not be lawful for the testator to encumber it with any burden or condition.

It applies to the following persons:

- (i) Legitimate Descendants



- (ii) Illegitimate Descendants
- (iii) Ascendants – if there are no descendants
- (iv) The surviving spouse

For the purpose of the calculation of the Legitim the estate shall first be fictitiously computed as including not only the assets possessed by the deceased at time of death but also all assets disposed of by the deceased all through his lifetime by gratuitous title in favour of any person. The person claiming the legitim shall impute to it any donations he may have received from the deceased. In this manner, the deceased cannot diminish the legitim by making donations.

- (i) The legitim due to legitimate children, or children legitimated by subsequent marriage or adoptive children shall be a third part (1/3) of the property of the deceased, as computed on the whole estate, if such children are not more than 4 in number or one-half (1/2) of such property if they are 5 or more in number.
- (ii) If the testator leaves such descendants as are indicated in (i) above, illegitimate children who are acknowledged and or legitimated by Court Order are entitled to receive 1/3 of the legitim they would have received, had they been legitimate; otherwise, the portion of the illegitimate children shall be 1/2 of the said legitim. In all cases, the heirs on whom the estate has devolved may pay the illegitimate children either in cash or in assets pertaining to the estate, on a valuation.
- (iii) Illegitimate children whose filiation is declared by a judgement of a competent Court shall receive what is stated in (ii) above in regard to the mother's estate but with regard to the father's estate, their portion shall not exceed such amount as may be necessary for their maintenance during their lifetime. Once the amount of the maintenance allowance has been fixed, it



shall not be subject to any alteration, notwithstanding any change of circumstances.

- (iv) Where a deceased spouse is survived by such descendants as are indicated in (i) above, the surviving spouse shall be entitled to receive the usufruct over one-half (1/2) of the estate of the predeceased spouse. On failure of such descendants, the surviving spouse shall be entitled to one-fourth (1/4) part of the estate in full ownership. In addition, the surviving spouse shall also be entitled to the right of habitation over the tenement occupied as the principal residence of the deceased at the time of death; such rights are subject to certain restrictions, the details of which need not be gone into.
- (v) As stated above, in the absence of children or descendants, the deceased's ascendants are entitled to a legitim consisting of one-third part (1/3) of the estate, to be shared as specified in the law.

The person legally entitled to a legitim may forfeit that right either by operation of law, if he becomes unworthy to inherit owing to very serious acts he may have committed against the deceased or by a disherison declared by the deceased in his will for reasons therein specified. In either case, the law indicates the type of reason that can give rise to such forfeitures.

Another case in which the person entitled to legitim may forfeit such right is when he is interdicted on the ground of prodigality or is so burdened with debts that the legitim or at least the greater part of it would be absorbed by such debts. This forfeiture is not automatically imposed by the law but is left to the discretion of the testator who may expressly make such an order and bequeath the legitim in lieu to the children or descendants of such a person.

The action for demanding the legitim or the reserved portion of property described above lapses on the expiration of 10 years from the day of the opening of the succession i.e. from the date of death. However, if the claimant happens to be a minor or an interdicted person, such period shall not lapse except on the expiration



of one year from the date on which the claimant shall have attained majority or the interdiction shall have ceased, as the case may be.

For the protection of such rights, in case of need, testamentary dispositions shall be abated, as well as any donations that the deceased may have made during his lifetime. The abatement shall be applied firstly to all testamentary dispositions “pro rata” and, subsidiarily, to donations in chronological order.

It is relevant to note that for the purpose of the calculation of such rights and for the purpose of determining the abatement, the movable property donated shall be reckoned at its value at the time of the donation, while the value of the immovable property donated shall be reckoned according to its condition at the time of the donation and its value (in such condition) at the time of the donor’s death. In this way, erosion of the rights granted by law to close family members is not allowed, but at the same time any improvements made by donees are also protected in the donees’ interest.

Conditions that can be attached to bequests

There are a number of rules regulating the types of condition which a testator is allowed to attach to testamentary dispositions. Mention may be made of the following instances:

(a) A condition prohibiting a first or a subsequent marriage shall be considered “pro non scripta” i.e. as if it had not been attached.

However, there are a few exceptions to this rule e.g.

- (i) it is permissible for a spouse to attach to a disposition in favour of the other spouse a condition in restraint of re- marriage.
- (ii) it is permitted for a testator to bequeath a right of usufruct or use or a pension or other periodical



payment to a person while he or she is a bachelor or spinster or widower or widow, as the case may be.

- (b) Where a condition is impossible or contrary to law or morals, it shall vitiate the disposition to which it is attached.
- (c) There are certain legal rules, which although not classified as a condition, produce similar effects. Where the surviving spouse enters into a second or subsequent marriage, there are still legitimate or adoptive children or descendants of the predeceased spouse, the surviving spouse shall forfeit the ownership of all things which he or she may have received from the predeceased spouse by gratuitous title, “inter vivos” or “causa mortis” and shall retain only the life enjoyment (usufruct) thereof. The relative bare ownership shall vest in the said children or descendants of the predeceased spouse.

Executors

The testator may appoint testamentary executors for the execution of the will and administrators of the estate until partition. Their position is radically different from that of executors under English Law. They do not have any title in regard to the property pertaining to the estate and they do not possess the authority which they have under the English system. They are no more than ordinary mandataries nominated for the execution of certain functions principally connected with the will. They have to be confirmed by the Court and are subject to the authority of the Court which periodically examines their accounts and enquires into any complaints that may be raised against them and take such appropriate measures as it may deem fit.



The appointment of Executors is not mandatory and in many wills no executors are appointed. In such cases, the execution of the testamentary dispositions is the heir's obligations.

The Opening of Succession

A procedure which does not have its counterpart in many legal systems is that of the Opening of Succession, leading to a Decree of the Court of Voluntary Jurisdiction declaring on whom the estate has devolved. In the Maltese system there are no Probate or Letters of Administration. When there is a will, the terms of the will will indicate who the beneficiaries of the estate are. In case of intestacy, it is necessary to have some Court ruling as to the persons upon whom the estate has devolved. That is the main function of the Opening of Succession. The Court publicises the demise of the deceased and fixes a time-limit during which any person interested in the estate should put in his claim. When the Court is satisfied that the devolution of the Estate has been established, it issues a Decree declaring on whom the estate has devolved and in what proportion. If on the other hand, it is not satisfied or there are legal issues which have to be decided upon by the Court of contentious jurisdiction, it will not issue such a Decree and will remit the interested parties to go to the Court of contentious jurisdiction. The Decree issued by the Court of Voluntary Jurisdiction is not a judgement and is not binding. It only establishes a "prima facie" case and vests possession of the Estate on the persons whom it declares to be the heirs.

This procedure, although intended principally for cases of intestacy, can also be used when there is a will, so that a Court Decree will be obtained confirming on whom the estate has devolved in accordance with the terms of the last will.



Intestate Succession

Where there is no valid will, or where the testator has not disposed of the whole of his estate or where the appointed heirs do not accept the inheritance (and the rules of substitution or ascertainment do not apply), intestate succession takes place by operation of law.

Intestate succession is granted in the following order:

- (i) the descendants (including adopted children)
- (ii) the ascendants, together with the brothers and sisters of the deceased (or their descendants)
- (iii) other collateral relations up to the 12th degree of consanguinity
- (iv) the spouse will participate in varying degrees with the aforementioned persons and in the absence of those indicated above will take the whole estate
- (v) the Government of Malta

Some of the rules applicable may be singled out:

- (a) Where the deceased is survived by one or both of his parents and by his sibling/s (or their descendants), the estate will devolve on his parent/s and sibling/s in equal shares. Descendants of predeceased siblings will receive the share that their own parent would have been entitled to.
- (b) Where the deceased leaves no issue nor parents, siblings or the descendants of the latter but only ascendants in the paternal and maternal lines standing in an equal degree, the inheritance shall devolve as to one moiety upon the ascendant/s in the paternal line and as to the other moiety upon the ascendant/s in the maternal line. When the ascendants stand in a different degree, the inheritance devolves upon the nearest ascendant, without any distinction of line.
- (c) Ascendants shall also have the right to take back any donations which they may have given to their descendants, if such descendants die without issue



and without having disposed of such things, provided that such things still exist in kind in the inheritance. In such a case the ascendants shall be bound to contribute to the payment of debts of the inheritance in proportion to the value of the property which they shall have obtained under this rule.

- (d) If the deceased leaves neither issue nor ascendants, his legitimate siblings, whether of the half or full blood and the descendants of predeceased siblings, shall be entitled to receive the whole estate. The siblings shall succeed “per capita” and the descendants of predeceased siblings shall succeed by right representation “per stirpes.” On failure of these collaterals, the estate shall devolve upon uncles and aunts and then upon the nearest collateral relative/s, in whatever line such collateral relative/s may be. Succession between collaterals shall not extend beyond the 12th degree. Such degrees are counted by looking at the family tree and counting from the deceased up to the common ancestor and then from the common ancestor down to the beneficiary. The common ancestor shall not be counted in this counting exercise.
- (e) An illegitimate child has no right to the succession of his parent/s, unless he has been legitimated by Decree of Court, or acknowledged by the parent/s or his filiation has been declared by a judgement of the competent court. In competition with other members of the family, an illegitimate child will receive only the share this is reserved to him by law; if there are no other members of the family called to the succession, the illegitimate child will receive the whole inheritance.
- (f) In the absence of such members of the family, including the deceased’s illegitimate issue, the inheritance shall devolve in favour of the Government.



Acceptance and renunciation of an inheritance

No person is bound to accept an inheritance devolving upon him. He may accept it unconditionally or renounce to it or he may accept it with the benefit of inventory, which means that he will not be personally responsible for any debts which exceed the value of the inheritance. Also he would not prejudice the option that he may have of claiming a legitim or a reserved portion granted to him by operation of law.

Acceptance may be either express (if it is formally declared in writing) or implied, if the heir performs any act which necessarily implies his intention to accept the inheritance and which he would not be entitled to perform except in his capacity as heir. There is also another case of implied acceptance in a situation in which the heir is in actual possession of the property of the inheritance for more than 3 months from the day on which he knew that the inheritance has devolved upon him and does not within the time-limit of those three months at least commence the inventory which is required for the purpose of accepting the inheritance with the benefit of inventory.

As has been stated, a beneficiary is not bound to accept an inheritance and has the option of renouncing it. However, in such a case, the creditors of the person renouncing may apply to the court to authorise them to accept such inheritance in the place of their debtor. The effect of such authorisation is limited to the amount due to the creditors. Any balance that may remain will go to the benefit of the heirs who accepted the inheritance.

Pre-emption in the case of the assignment of an inheritance or a percentage thereof.

Where any of the co-heirs assigns under an onerous title his rights over the inheritance to any person, not being a co-heir, the other co-heirs or any of them may exclude him from the partition by reimbursing him any expenses he may have incurred plus interest. The said right competent to the co-heirs shall lapse at the



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expiration of one month from the day on which notice of the assignment shall have been given to the co-heirs by means of a judicial act (i.e. an intimation filed in and served through the Court Registry), unless within that time they shall have declared their intention to exercise such right.



Maltese Tax Issues

Introduction

Under Maltese law, persons who are domiciled and ordinarily resident in Malta are chargeable to income tax on a world-wide basis. On the other hand, those persons who are either not ordinarily resident or not domiciled in Malta are subject to Maltese tax only on a remittance basis and on any income arising in Malta.

The Income Tax Act contains a non-exhaustive list of headings of income which are chargeable to tax, including profits from employment or business, dividends, interest, pensions, rents, royalties, and premiums. Individuals who are domiciled and resident in Malta are subject to a progressive rate of tax varying between 15% – 35%.

Whereas there is no general system of capital gains taxation in Malta, capital gains arising on the transfer of certain assets are taxable, and the tax payable is the same as that paid on any income received by the taxpayer. The tax on these capital gains applies to gains arising on or after the 25th November, 1992, and the law provides for apportionment rules in the case where assets acquired before that date are sold after such date. Capital gains arising outside Malta to persons who are not domiciled or ordinarily residents in Malta are exempt from tax thereon.

Malta has substituted “stamp duty” with a duty which is payable on certain transfers of assets or on certain documents. Most of the duties are in respect of transfers of assets with the only dutiable documents being insurance policies and endorsements thereof.



There are no capital, wealth or inheritance taxes, probate duties or similar taxes. Estate duties and gift taxes were abolished in 1993 by the Duty on Documents and Transfers Act which repealed the previous Death and Donation Duty Act. Reference should nonetheless be made to the Duty on Documents and Transfers Act which provides for the payment of duty on certain donations during the lifetime of a person or on the devolution of certain property upon his death.

Citizenship, domicile and residence

Domicile under Maltese law is a question of intention and fact, and the Maltese courts have very often applied principles of English private international law when examining the legal nature of domicile.

Under the Income Tax Act, an individual is a resident for tax purposes if he resides in Malta except for those temporary absences that are considered to be reasonable and which are not inconsistent with the residence of the said individual in Malta. The same law also refers to the concept of a person being “ordinarily resident in Malta” – in order to be considered as such, the person must be residing in Malta in the normal course of his life.

Both domicile and residence are relevant in order to determine whether an individual is liable to tax on a world-wide basis or whether he is liable to be taxed only on income arising in, or remitted to, Malta.

Citizenship is not relevant for tax purposes.

Tax on Lifetime Gifts

There are two taxes which can affect lifetime gifts, namely capital gains tax and duty on documents and transfers, and the incidence thereof arises both in the case of immovable and movable assets.



Capital Gains Tax

The capital gains which trigger off a tax liability under Maltese law include those arising from transfers of :

- immovable property;
- securities which participate in the profits of a company and which do not have a fixed rate of return e.g. ordinary participating shares;
- intellectual property rights (patents, trademarks, tradenames etc.) other than transfers of non-Maltese trade-names where the transferor and the transferee are neither ordinarily resident nor domiciled in Malta.

“Transfers” are deemed to include for the purpose of this charging section any donations or assignments.

Certain transfers of the above assets (e.g. donations to children, spouses, philanthropic institutions and transfers by persons of their own residential property which they have lived in for at least 3 years) are exempt from tax.

Any capital gains made by non-Maltese residents when transferring any shares held in a Maltese company whose assets are not wholly or principally immovable property in Malta are exempt from capital gains tax. Capital gains arising outside Malta to a person who is not ordinarily resident or domiciled in Malta are not taxable.

Capital gains arising from the transfer of Malta Government bonds as well as the transfer of any securities listed on the Malta Stock Exchange are also tax exempt.

Provisional capital gains tax at the rate of 7% is paid at the time of transfer of the asset. The actual amount payable is then calculated in accordance with the



applicable progressive rates of tax (varying between 15% – 35%) when the taxpayer files his tax return for the particular basis year in which the capital gain arose. The provisional tax initially paid is then set off against the amount which is actually payable after the self-assessment.

Stamp Duties

Duty on documents is *inter alia* chargeable on transfers of immovable property and marketable securities, and “transfers” are deemed to include any donations or assignments.

Transfer of Immovable Property

In the case of immovable property in Malta, duty at the rate of 5% is payable on all transfers, whether these are made to residents or non-residents of Malta. The standard rate is reduced to 3.5% on the first Lm20,000 when the property is being acquired for the purpose of establishing a person’s sole ordinary residence.

In all cases, the duty is calculated on the price or the real market value of the immovable property in question, whichever figure is the higher.

Transfer of Marketable Securities

Where marketable securities are transferred, duty is payable at the rate of 2% calculated on the nominal value or the real market value of the securities, whichever is the higher. “Marketable securities” are defined quite widely. And include any shares, stocks, debenture, bond and any interest in a company or corporation and any document representing the same.

No duty is payable where foreign marketable securities are transferred to or by a person in Malta if the transfer is made through a Maltese licensed bank or licensed



investment service provider. Transfers of shares or bonds listed on the Malta Stock Exchange are also exempt from the payment of duty.

Assignment of Rights

The assignment of rights by a person triggers off a liability to pay duty on documents at the rate of 2.6% which is calculated on the higher of (i) the amount or value of the consideration for the transfer and (ii) the real value of the rights. The transfer of intellectual property rights (namely any trade-mark, copyright, design or similar rights) is exempt from this duty, whether or not the particular right is registered under Maltese law.

Tax on Death

Upon the death of an individual, no tax is payable upon the devolution of the assets even if a capital gain would occur when comparing the value of the asset at the time of devolution with its original cost. However, duty at the following rates is payable :

- 5% on the value of any immovable property transmitted to the heirs; or
- 2% on the value of any shares transmitted to the heirs.

If at least 75% of the assets of the company whose shares are transmitted include immovable property or rights thereon, then duty is payable at the rate of 5%.

Furthermore, where immovable property has been acquired upon the death of an individual, no capital gains tax is payable on the subsequent transfer of (a) the ownership or usufruct of the said immovable property or (b) the assignment or cessation of any rights over such immovable property.

Recognition of Foreign Taxes

Malta's legislation allows for the elimination of double taxation through a number of methods which include:

- (i) Bi-lateral double taxation agreements entered into with other countries; and



(ii) Unilateral relief of tax paid outside Malta.

Double Tax Treaties

Malta currently has comprehensive Double Taxation Treaties in force (mostly modelled on the OECD 1977 Model) with the following 34 countries :

United Kingdom, Luxembourg, Netherlands, Belgium, Germany, France, Italy, Austria, Cyprus, Sweden, Denmark, Norway, Finland;
Canada, Australia, Malaysia, India, China, Korea (Republic), Pakistan, South Africa;
Czech Republic, Slovakia, Hungary, Poland, Bulgaria, Romania, Latvia, Croatia, Albania;
Egypt, Lebanon, Syria and Libya.

Agreements have also been entered into with the U.S.A. and Switzerland limitedly in relation to profits derived from the operation of ships or aircraft in international traffic.

Negotiations are presently being held with a view to concluding Treaties with the following countries :

Portugal, Turkey, Russia, Ukraine, Estonia, Lithuania, Morocco, Tunisia, Jordan, Kuwait, Singapore, and Thailand.

In most cases, relief from double taxation is normally granted in Malta under the ordinary credit method according in respect of each source of income.



Unilateral Relief

Unilateral Relief may be obtained in respect of any tax which has been charged on any income arising outside Malta. A credit against the relevant Maltese tax liability would be available.

Who is liable for the tax

Income Tax (including Tax on certain capital gains)

A system of self-assessment has been introduced in 1999 in virtue of which taxpayers must calculate their tax liability when submitting their annual tax return, and must pay any tax which is due together with the submission of the return. As explained above, provisional capital gains tax at the rate of 7% is payable by the transferor at the time of the transfer of immovable property or securities.

Duty on Documents and Transfers

Both the transferor and the transferee are jointly and severally liable for payment of duty on documents and transfers. In practice, the parties normally agree that such duty is borne by the transferee.

