



## ISLAND INSURANCE MANAGEMENT SERVICES LIMITED

Info-Sheet - APRIL 2011

# 15% TAX RATE FOR FINANCIAL SERVICES EXPATRIATES

### HIGHLY QUALIFIED PERSONS RULES, 2011

Legal Notice 106 of 2011 entitled the *Highly Qualified Persons Rules, 2011*, whereby certain individuals may be taxed at a flat rate of 15% on qualifying employment income has been published. This benefit is targeted at highly qualified expatriates who work in the financial services industry.

The salient features of this expatriate regime include:

#### Companies licensed or recognised by the MFSA

With effect from year of assessment 2011 (calendar year 2010), the 15% flat rate of tax may be availed of by individuals employed in the financial services sector by a company licensed and / or recognised by the Malta Financial Services Authority (MFSA)

Companies licensed or recognised by the MFSA include inter alia INSURANCE COMPANIES, PCCs, INSURANCE INTERMEDIARIES (INCLUDING BROKERS, AGENTS, MANAGERS).

#### Eligible Office

Individuals employed in the industry must hold an *eligible office*.

An eligible office includes an employment in one of the following posts:

Chief Executive Officer, Chief Risk Officer, Chief Financial Officer, Chief Operations Officer, Chief Technology Officer, Actuarial Professionals, Chief Underwriting Officer, Chief Insurance Technical Officer, Head of Marketing, Head of Investor Relations.

#### Qualifying Income

The minimum annual amount which may be taxable at 15% is €75,000 which amount is subject to an annual adjustment in line with the Retail Price Index. Furthermore any qualifying income above €5,000,000 is not subject to tax in Malta.

The 15% rate of tax is a final tax and cannot be reduced by means of relief for double taxation, credit or set-off of any kind.

#### Conditions

An expatriate must satisfy the following conditions in order to be eligible to the option to have his qualifying income taxed at 15%:

1. Minimum employment income of €75,000 (excluding the value of fringe benefits) in respect of the holding of an *eligible office*.
2. is protected as an employee under Maltese law,
3. has the required adequate and specific competence and professional qualifications and has proven this to the satisfaction of the MFSA.

Furthermore, MFSA must be satisfied that the individual:

- ✓ Is in receipt of stable and regular resources which are sufficient to maintain himself and the members of his family without recourse to the social assistance system in Malta;
- ✓ Resides in accommodation regarded as normal for a comparable family in Malta;
- ✓ Is in possession of a valid travel document;
- ✓ Is in possession of sickness insurance;
- ✓ Is not domiciled or ordinarily resident in Malta.

#### Period of application

The option to have such income charged to tax at the reduced rate of 15% may be availed of as from year of assessment 2011 (year of income 2010). This option is available for a period of 5 consecutive years for EEA and Swiss nationals and for a period of 4 consecutive years for third-party nationals. This period commences in the year in which the recipient is first liable to tax in Malta.

More details may be found on our website  
<http://www.islandins.com>



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