



MALTA CITIZENSHIP BY DIRECT INVESTMENT



Frank Salt Real Estate, can help with the finishing and furnishing of the property through our after-sales division as well as management of the property, turning the entire undertaking and day-to-day running into a simple job.

One other aspect to keep in mind when considering a rental investment is that a loan repayment is likely to remain constant over time, inflation and the cost of living are likely to keep increasing and demand for property from people relocating to Malta will keep creating demand for rental properties.

LETTING YOUR PROPERTY

It is possible for foreign nationals owning property in Malta to rent their property out to third parties, both for long/short let. The only exception is if the property was purchased with an AIP. A short-let licence is always required from the Ministry of Tourism.

A long-let licence is not always required, but is dependent on the tenant renting the property. If a tenant is: studying, working in Malta, a Maltese citizen or applying for citizenship via the Malta Individual Investor Programme (MIIP) or has resided in Malta for over twelve months, then a long-let licence is not required.

INCOME TAX IMPLICATIONS ON LONG AND SHORT LETS

Landlords have two options of what tax procedure to follow:



Pay a flat rate of 15% as final tax on the gross rental income;



Pay at the progressive tax rates, less the deductions provided for by Maltese tax legislation, which include any ground rent paid on the property, licence fees and interest on loan and a further deduction equal to 20% of the net rental income.

Owners of more than one property must tax all the properties at the same option.

VALUE ADDED TAX (VAT) IMPLICATIONS

Landlords in Malta are not required to charge VAT. Exceptions to this rule include:



Letting for the purposes of holiday or short let accommodation, in which case the chargeable rate is 7%;



Letting of property by a limited liability company to another tax-registered person to carry out an economic activity. VAT chargeable on such transaction will be 18%.

