

WHY MALTA

MALTA - YOUR IDEAL PLATFORM FOR INTERNATIONAL BUSINESS

If you are considering Malta as the ideal destination to invest in, you are not alone in your decision. With millennia of history, the country has always played a pivotal role internationally due to its location right at the heart of the Mediterranean. The more recent past, since independence in 1964, has seen the country develop its economy in an impressive way. Leveraging its well-educated labour force, good governance standards and strategic geographic position, the country has been very successful in recent years in diversifying its production and export structure towards higher value-added sectors and creating a strong knowledge based economy.

Page | 1

So Why Malta?

- A strong national commitment to attracting foreign investment
- Over 40 years' experience in foreign direct investment
- High levels of quality productivity and profitability of investment
- Highly skilled, flexible and multilingual workforce
- Availability of industrial premises at competitive costs
- Fiscal and financial incentive packages
- A modern and efficient infrastructure
- Excellent educational facilities
- English and Italian are widely spoken with a good understanding of French, German, Arabic and other languages
- High professionalism in business support services
- Economic, political and social stability
- Valued close economic and cultural ties with neighbouring countries north and south of the island
- A healthy and safe environment

TOP REASONS TO INVEST IN MALTA

STRATEGIC LOCATION

Malta is very strategically located at the heart of the Mediterranean with very close ties to mainland Europe, North Africa and the Middle East. The islands is considered the best choice for investments in knowledge based sectors and high end manufacturing. Malta is also considered an ideal logistical hub due to its excellent port infrastructure. This, together with EU membership, makes the country a perfect gateway to the Euro-Mediterranean region and further.

NIMBLE ECONOMY

Malta has undergone an incredible transformation in the few decades since independence was gained in 1964. Four decades later, with a fully functioning open market economy, joining the EU in 2004 was seen as a natural step towards securing the economic future of the country. The adoption of the Euro in 2008 ensured that the economy would not be vulnerable to currency fluctuations and would allow the nation to be more competitive.

Progress and flexibility are key factors in the success of Malta's ability to react quickly to international trends and the global market place. Our pro-business government continually seeks to strengthen Malta's attractiveness as an open market economy. The exogenous shocks of the global recession inevitably had an impact on the local economy. However, it should be noted that Malta was one of the last countries within the European Union to enter the recession and it was also one of the first countries to rebound from the economic downturn. In essence Malta showed great resilience and emerged in a strong position.

LANGUAGE FLUENCY

The country's national language is Maltese but both the latter and English are official languages in Malta. This certainly adds to the destination's appeal for visitors, traders and investors. Practically all Maltese are bilingual and many are also conversant in Italian. Some may also have at least a working knowledge of French or German. Foreign language fluency as a percentage of the population is as follows: English 88%, Italian 66%, French 17% and German 6%.

WORKFORCE

The success of a business is not achieved by financing or technology but is ultimately determined by people power. The labour force in Malta is a very productive one, highly educated and extremely flexible with an excellent work ethic. Our people are our greatest natural resource and the country has good availability of professional, managerial and technical staff as well as a ready supply of top graduates most of whom are technology-experienced. The link between education and industry is vital for our competitiveness. Education and HR-related strengths top the criteria for choosing Malta as an investment destination.

INTERNATIONAL FINANCE CENTRE

Malta is now an internationally recognised financial services hub. However, due to the sector's traditional and conservative approach it never experienced a real financial crisis. Indeed, the strength of the financial services sector was a critical contributing factor to the speedy emergence of Malta's economy from the recession. In fact, the reputation of the Maltese financial services sector improved considerably due to the resilience and stability it showed during the financial crisis. This did not go unobserved in the global scenario and the impeccable reputation of the local financial services is expected to fuel further growth in this sector.

EXCELLENT ICT INFRASTRUCTURE

It has always been considered strategically important to the country's human and economic advancement to be well connected with the rest of the world. As such there has been a great deal of investment and consolidation in order to create and ensure a reliable Information Communication Technology (ICT) infrastructure.

Malta's fully liberalised and developed ICT infrastructure has certainly contributed to the island fast becoming a regional centre of excellence in ICT and financial services.

LOW CORPORATION TAX

A long-standing, full imputation tax system has existed in Malta since 1948. The rate for corporate taxation in Malta stands at 35%; however upon distribution of dividends, shareholders may qualify for a refund generally equivalent to 6/7th of the tax paid, thus resulting in a paid tax rate of 5%.

SAFE AND PLEASANT LIFESTYLE

There are many reasons why investing in Malta makes good business sense but it is not enough for the figures to add up and the stars to be aligned. In this day and age – where time, health, safety and true quality of life are precious commodities – Malta scores highly on all these aspects. Travelling distances are minimal, the healthcare facilities, which rank among the best in Europe, are first-class in both public and private hospitals and the crime rate is very low. However, the biggest selling point of the island nation is undoubtedly the lifestyle that investors and their families enjoy in the country. Indeed, those thinking of investing in Malta are highly recommended to visit the nation to explore and experience for themselves the wealth of history, culture, hospitality, bars and restaurants. That way they can also get a real taste of the flavoursome Maltese and Mediterranean cuisine that the country offers.

BUSINESS SCENARIO

Understanding what makes a country appealing as an investment destination is the first step to making an investment decision. For foreign companies that are already based in Malta, corporate taxation, fiscal incentives and aspects relating to human resources are key investment criteria.

During these past 40 years, the country has notched up an impressive record in attracting foreign investors to Malta, and who continue to re-invest in their production and service facilities on the island. How has Malta achieved this? By successfully moving from labour-based to knowledge based industry and in so doing, attracting Foreign Direct Investment from countries like the UK, Germany, Italy, France, Spain and the United States. Malta's favourable industrial climate and pro-business policies have been the pillars on which foreign companies have built their success.

Direct labour costs also hold up well, at a competitive 30% to 50% of those in the older EU Member States. However, when labour costs, productivity and working hours are factored together, the picture is even better. Malta's workforce then becomes cheaper than all established EU economies. What's more, when social security costs and other employment taxes are added in, Malta's total labour costs are competitive with the new EU Member States and significantly lower than established EU Members.

Financial services, advanced manufacturing, life sciences, ICT, creative industries and aviation related activities are changing Malta's foreign investment climate, further testimony that Malta is one of the most advantageous investment locations in Europe and the Euro-Med region.

Adaptability, innovation, competitiveness and flexibility are key elements of Malta's economic strategy. Throughout the years, these traits have helped the Maltese to adjust to the islands' realities as well as to those of the international business environment. This ability to accommodate necessity has kept investors interested in setting up business on the island. Today, official statistics demonstrate that the package the country offers, ranging from a highly skilled workforce to the availability of fiscal and financial incentives, together with the fact that Malta is an EU and eurozone member state, makes Malta attractive even in difficult times.

The presence of so many renowned names based on the islands, continually investing in and expanding their operations, provides a true testimony to the quality and productivity of the Maltese workforce as well as the infrastructure within which they operate.

INTERNATIONAL RELATIONS

BILATERAL AGREEMENTS

Under the Lisbon Treaty, foreign direct investment has become an EU competence. Individual EU Member States are generally no longer allowed to conclude new agreements concerning foreign direct investment. The Commission will thus progressively, over time, substitute the effective bilateral agreements on protection of investments by EU-wide treaties.

DOUBLE TAXATION AGREEMENTS

Malta has concluded tax treaties with a significant number of countries which enhance the incentives provided by Maltese domestic legislation. Most of these treaties ensure that profits generated in Malta are either exempt from tax in the country of residence of the investor, or that such a country will provide a tax credit for the Malta tax spared as a consequence of the incentives Malta provides.