

Purchasing Property in Malta

Main Advantages

- Funds plus profits may be repatriated using both country and currency of choice.
- Local mortgage facilities are available for up to 90% of the purchase price.
- Deeds and documents are read and published in English.
- Special concessions on the importation of personal effects and pets.
- Special concessions on the importation of personal effects and pets for EU citizens.
- Properties with swimming pools or in Special Designated Areas may be rented out.
- No rates or local council taxes.
- Multiple property purchase permitted in Special Designated Areas.

Once a property has been decided upon and price and conditions have been agreed, a convenium/preliminary agreement is signed between the vendor and purchaser. This agreement binds both parties to purchase/sell the immovable property under the terms and conditions agreed upon. The signing of the final deed is, however, always subject to good title being proved and the issue of any relative permits to purchase. The agreements and contracts are written in English.

On signing the preliminary agreement, a sum equivalent to 10% of the price is lodged with the agent or notary public as stake-holder. This deposit will be forfeited in favour of the vendor should the purchaser fail to complete the final deed of transfer for no valid reason at law.

The agreement is usually valid for three months (term prescribed by law) or as mutually agreed by the parties. During the period between the signing of the preliminary agreement and the signing of the final deed of sale, a Notary Public engaged by the purchaser will carry out the necessary researches into the property to confirm good title, as well as submit the application to purchase to the Ministry of Finance if necessary.

Once the relative permit has been issued and researches have proved clear title to the property, the final contract of sale may be entered into - the deed of sale being drawn by purchaser's Notary. The balance of the purchase price and Stamp Duty, plus legal expenses are paid on the signing of the contract when vacant possession to the property is handed to the purchaser. (1% of the stamp duty due is payable on the signing of the preliminary agreement.)

Expenses connected with the acquisition of property:

- Duty on documents 5%
- Notarial fees 1% (approx.)
- Searches & Registration €465.87 (approx.)
- Ministry of Finance fee € 232.94

N.B. The above expenses are the liability of the purchaser, while brokerage fees due to the estate agency are borne by the vendor

Stamp Duty as per table below:

Local First Time Buyers	5% less Euro 1,747 (this is equivalent to 3.5% on first Euro 116,468 And 5% on remainder)
EU citizen taking up residence in Malta, having sold overseas properties and having Malta Property as sole residence	5%
Local second time buyer who has sold first residence and is buying as primary residence.	5%
All other cases	5%
Causa Mortis	5%

Conditions for non-Maltese citizens

Individuals who are NOT citizens of a European Member State may acquire immovable property after they obtain the relative permit in terms of Chapter 246 of the Laws of Malta from the Ministry of Finance.

Citizens of all European Union member states, including Maltese citizens, who have not resided continuously in Malta for a minimum period of five years, require a permit under chapter 246 of the laws of Malta to acquire immovable property for secondary residence purposes i.e. holiday homes.

The relative permit will be issued usually within 6 weeks, under the following terms and conditions:

- a) The value of the property purchased must be above Lm42,519 (€ 99,042) in case of Apartments/Maisonettes and Lm70,845 (€ 165,024) in case of houses. These values are index linked and thus may be subject to revision.
- b) The property has to be used solely as a residence by the applicant and his family. This condition will be waived once the applicant obtains the relative permit to rent the property.
- c) The immovable property purchased may not be sold or otherwise converted into more than one dwelling house

The above-mentioned individuals may only own one property in Malta and Gozo (except in special designated areas where one may purchase more than one property). Once these applicants have purchased a property in Malta and wish to acquire another one after having sold the first one, they may do so after obtaining permission from the Ministry of Finance. Applications for permission to acquire another property are normally favourably considered. Permission will be granted subject to the first property being sold.

Citizens of all European Union member states, who have resided in Malta continuously for a minimum period of five years at any time preceding the date of acquisition, may freely acquire more than one immovable property without the necessity of obtaining a permit.

EU citizens, who have NOT resided in Malta for at least five years, but have the intention of purchasing their primary residence i.e. take up residence in Malta, do not require a permit, under chapter 246. Nor do they require such a permit to purchase immovable property required for their business activities or supply of services.

Foreign purchasers might or might not need permission from the Ministry of Finance (AIP Permit). See table below:

<u>AIP</u>	<u>Required or Not</u>	<u>Number of properties allowed</u>
EU citizen buying a holiday home	AIP Required	1
EU citizen buying home as full time residence in Malta and registering for NI, tax etc in Malta.	NO AIP Required	1
EU citizen having lived in Malta for a period of over five years and registered for NI, tax etc., in Malta.	NO AIP Required	unlimited
Non-EU citizen buying property in Malta for whatever reason.	AIP Required	1
Maltese citizen or passport holder having lived here for a period of five consecutive years.	NO AIP Required	unlimited
Maltese citizen or passport holder having lived for less than five years.	AIP Required	1
After five years living in Malta	NO AIP Required	unlimited
Special Designated Areas		
Maltese or EU citizens irrespective of number of years in Malta, whether living permanently or not.	NO AIP Required	unlimited
Non-EU citizens	NO AIP Required	unlimited

Acquisition by Bodies of Persons

- A body of persons, other than a commercial partnership, established in and operating from a European Union member state may freely acquire immovable property that is required for the purpose for which it has been set up as long as it is directly controlled by citizens of a European Union member state who have resided in Malta continuously for five years.
- A commercial partnership established in and operating from a European Union member state (therefore including Malta) may freely acquire immovable property that is required for the purpose for which it has been set up as long as such partnership is controlled by and at least 75% of its share capital is held by a person (or persons) who is a European Union member state citizen and who has resided in Malta continuously for five years.
- Any other body of persons will require a permit, which is only granted if the property is required for an industrial or tourist project or as a contributor to the development of the economy of Malta. Permission may be refused for the purchasing of a property, which is considered to be of historical interest.