

Investigating critical factors that tourists go through to become residents

Albert Picco



Author(s) Albert Picco	
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<p>Abstract</p> <p>Tourism in Malta is an important sector of the country's economy, contributing to about 15% of the Nation's Gross Domestic Product. Malta is situated in the middle of the Mediterranean Sea, half way between Gibraltar and Alexandria and Sicily and North Africa.</p> <p>Malta has always attracted foreigners as a holiday destination. The Maltese are renowned for their hospitality, friendliness and generosity. Following 162 years of the British Empire in Malta, English has become Malta's second language taking away a language barrier for most tourist. Malta offers a unique possibility of visiting a large number of fascinating sites that testify to Malta's rich and turbulent history, within a relatively small area distances are short in Malta and there isn't another place in Europe that offers such a high concentration of places of interest, beaches, holiday resorts and places of entertainment like Malta.</p> <p>Some tourists move a step forward and decide to settle in Malta and make this little Island their home. Returned Maltese migrants, who pop over to Malta for a holiday, get very nostalgic and decide to return to their true 'Home'. Malta has recently become very comfortable to a niche sector in the on-line Gaming apart from being a Tax Haven. Other tourists who decide to settle are attracted by our heritage. Malta offers world-class heritage. Divers are other tourists who fall in love for Malta and Gozo and decide to settle. These are people who live to dive so the move is for pure quality of diving life. People who love quality-of-life and can enjoy the Islands climate and its peacefulness are another group.</p>	
<p>Keywords Tourists, Residence, Legislation, Law-settlement, Malta</p>	

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1 Introduction

1.1 Aim of the Thesis

The topic chosen above will illustrate the most critical and important factors that a tourist will go through if he/she decides to reside in Malta. Malta as a tourist destination offers a wide spectrum of history, natural landscapes, and of course local inherent friendliness. Referring to Malta as an 'Island nation' is also something of an oversight. It's an Archipelago situated in the middle of the Mediterranean with temples as that of 'Hagar Qim' being built as early as 3600BC and the magnificent Valletta which was erected by the Grandmaster Jean de Valette Parisot during the Hospitaller period gives Malta a unique environment which is sought by tourists all over the world.

Tourist who visit Malta for the first time are so impressed by the diversity of the Country and the hospitality of the local people that generally they come repeatedly, in some cases they decide to settle here permanently.

1.2 Method used for the Thesis

My thesis will mainly adopt a qualitative method of research, selecting niche interviewees from different nationalities to relate their personal experience on the subject being treated in this dissertation. On completion of some interviews a thematic analysis information will be gathered to come up with a studied report of findings. This work will give real life experience to the dissertation, apart from the factual information which will be provided summarizing detailed research from various sources and legislation on the subject.

1.3 Scope for this Thesis

Since the Institute of Tourism Studies is undergoing a major re-structuring not only in the development of the new campus but in restructuring the whole tourism programmes, the subject of Real Estate Tourism should be introduced to the institute's curriculum. The study of Real Estate Tourism will create new opportunities for Stake holders, lecturers and prospective students alike.

2 Literature Review

With a booming economy and an annual contribution of 15% of the nation's gross domestic product coming from tourism – the Island is attracting a good number of tourists each year who settle and become permanent residents – This is a statement which was enlisted, particularly this statement struck my mind due that it combines very well with my thesis title which states: Investigating Critical Factors that Tourists go through to become Residents. To conduct a thesis on this subject one needs to read articles, books and journals and relay on reliable sources. Enlisted below please find some of my intended sources which I will use as a source of reference for the final product of my thesis.

List of Peer - References:

History relating to foreign people who have conquered Malta and inhabited the island

- Professor Bonanno - Roman Malta the Archaeological Heritage of the Maltese Islands

Professor Anthony Bonanno is a Lecturer of Archaeology at the University of Malta who has authored various publications on Roman arts and Maltese archaeology. The Roman Era in Malta marks a very important milestone in Maltese history particularly legal history. The Romans who have settled in Malta also left significant influences in Malta, particularly in the legal aspect laying down the legal framework which is to date still the base on which all our legal system is structured. Professor Bonanno has extracted from archaeological findings and Roman art, the history related to the Roman Era.

- Debono Dr.Paolo LL.D, Storia Della Legislazione in Malta

This is a book written by a prominent Maltese historian judge and jurist in which recounts the history of Maltese legislation. Malta has a wide and vast history of foreign rulers ruling the Island which rulers also established the residence in Malta.

- Professor Mallia Milanese Victor - Hospitaller Malta 1530-1798, Studies on Early Modern Malta and the Order of St. John of Jerusalem

Professor Mallia Milanese is a History professor at the University of Malta and is the author of numerous books and publications on the history of Malta. This book studies the Hospitaller period in Malta and how the Knights of St John have settled in Malta and what they have accomplished. Amongst all the foreign rulers who have settled in and ruled Malta, the Order of St John is the one to whom we owe most appreciation for the infrastructure they have created particularly in our cities, such as the workable road formation, sanitary basics and last but not least the magnificent Auberges, Cathedrals and bastions which fortify our

cities and harbours and which to date are the culmination of the grandeur of our historical sites in the Maltese cities.

- Professor Wettinger Godfrey - The Arabs in Malta

Professor Wettinger is one of the most leading historians on the Island. The Islamic era in the history of Malta is very important in Maltese historiography, creating an attitude of unconscious fear and hate in Malta and other parts of the Mediterranean littoral. This is a case where settlement of foreigners (Arabs) in Malta left a lot of influences in Malta, amongst which the Semitic aspect of our language and the names of our streets.

Who May acquire property in Malta and what permits are required

- **Immovable Property (Acquisition by Non-Residents) Act:**

This is the main piece of legislation regulating acquisition of property by non-residents. The thesis concentrates on non-residents who decides to settle in Malta. If these foreigners decide to purchase immovable property in Malta, there is a whole legal frame work regulating such purchase and the law regulating this frame work is Chapter 246 of the Laws of Malta namely "Immovable Property (Acquisition by Non-Residents) Act". The Law discusses if and when such non-residents require a permit from the Minister responsible for finance to purchase such property. This Piece of legislation also distinguishes between E.U and Non-E.U residents and sets different rules for foreigners purchasing property for residential purposes and those purchasing property as a holiday home. The law treats E.U Citizens who have resided in Malta for over five years at a par with Maltese Nationals. The law gives the main treatment to foreigners who are married to Maltese residents or to residents of the E.U who have resided in Malta for over five years. The law lists exclusive property as "Special Designated Areas" and declares that no permit is required for whoever purchases such property. It also regulates foreigners opening a business venture in Malta. In view of the above this piece of legislation is of ultimate importance to the scope of this thesis since it's completely lays down and regulates the legal frame work relating to any purchase of property by foreigners.

- Maltese Citizenship Act (Chapter 188 of the Laws of Malta):

This Law regulates how a foreigner can become a citizen of Malta under the "Malta Individual Investor Programme". This is a programme by which a Foreigner may acquire Maltese Citizenship by investment. The Law gives all the details about applying for such citizenship and that it may be acquired by himself and his dependants. The Law gives a detailed explanation of what type of Investment is required to be eligible for Maltese Citizenship. The

Law explains that one is either purchase property of a certain value or make a rental investment as explained in the act. The Maltese Citizenship act is an important piece of literature for this thesis because it specifically regulates how a foreigner may become a citizen of Malta by Investment.

Taxes and Incentives when acquiring property in Malta

- Duty on Documents and Transfers Act Chapter 364 of the Laws of Malta:

This is another Act which is relevant to this thesis since it regulates the calculation of tax payable by foreigners who acquire property in Malta. This Law lays down the percentage of Tax payable when one acquires property in Malta which is set at 5% as a general rule but the law also lays down certain exemptions and incentives.

- Income Tax Act Chapter 123 of the Laws of Malta:

This is another piece of legislation analysed for this thesis, since it is the law which regulates the tax payable when foreigners and Maltese alike sell property in Malta. The tax payable in this situation is called final withholding tax and is calculated at the rate of 5%, 8% or 10% depending on whether the seller is a normal person or an investor and depending on how long the property had been owned by the seller. Maltese citizens and foreigners alike are exempt from the payment of this tax when transferring their residence, which has been owned and occupied by them for over.

Surveys and Studies

- Dirk Brounen, Piet Eichholtz - Demographics and the International Office Market Consequences for Property Portfolios:

This study offers an insight of the market demographics how it reacts accurately to changes in demand, therefore it shows that there is a synergy in between the factors moving the economy and the supply. If there is a huge gap in between these demographic shifts an inadequate situation will arise such as structurally high vacancies, decreasing rents and falling values.

- National Statistics Office or as better known as the NSO:

This Highly Independent and reputable authority is divided into four sections which are the Economic Statistics, Business Statistics, Social Statistics and Support Services. They gather information, document methodologies and translate it into statistics to accomplish their mission statement which is *Produce high-quality statistics and analysis for better de-*

cision making in Malta. For my thesis, the NSO is a very reliable source of information especially when it comes to number of questions such as tourists who visit the island, residents who stay permanently and dwellings being build.

Apart from these references other material from journals and books are being constantly referred too. The information gathered along this study will clearly be of great help to structure my thesis and better understand the process of Investigating Critical Factors that Tourists go through to become residents.

2.1 Tourist being attracted to Malta

Malta has always attracted foreigners as a holiday destination. The Maltese are renowned for their hospitality, friendliness and generosity. Following 162 years of the British Empire in Malta, English has become Malta's second language taking away a language barrier for most tourist. Malta offers a unique possibility of visiting a large number of fascinating sites that testify to Malta's rich and turbulent history, within a relatively small area distances are short in Malta and there isn't another place in Europe that offers such a high concentration of places of interest, beaches, holiday resorts and places of entertainment like Malta.

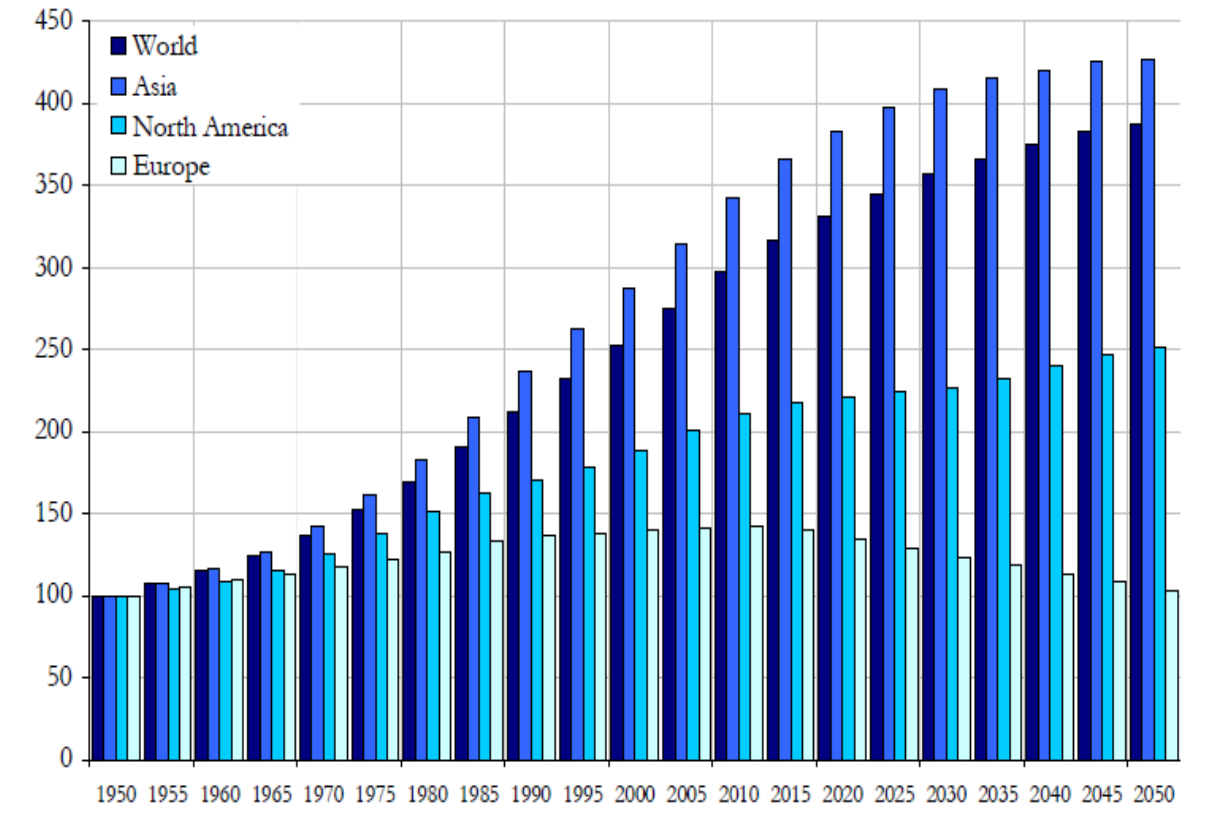
Some tourists move a step forward and decide to settle in Malta and make this little Island their home. Returned Maltese migrants, who pop over to Malta for a holiday, get very nostalgic and decide to return to their true 'Home'. Malta has recently become very comfortable to a niche sector in the on-line Gaming apart from being a Tax Haven. Other tourists who decide to settle are attracted by our heritage. Malta offers world-class heritage. Divers are other tourists who fall in love for Malta and Gozo and decide to settle. These are people who live to dive so the move is for pure quality of diving life. People who love quality-of-life and can enjoy the Islands climate and its peacefulness are another group.

Employees in the catering and hotel industry are another growing specimen of foreigner's who establish residence in Malta. The Labour force is expected to grow from 65 million souls to 260 million between 2000 to 2050, until 2015 expected growth is 30 million worldwide (Eichholtz, 2004) thus will affect Malta, refugees from war thorn countries such as Libya are another source of influx of people who establish residence in Malta. These foreigners reside in rented dwellings mostly. Most of them choose a location close to their place of work, with a concentration in the Gzira, Swieqi and Sliema area for people in Gaming and catering/hotel Industry. Others decide to dig deeper and acquire a property in Malta, with Non – EU citizen's availing themselves of the AIP (Acquisition of Immovable Property Permit) and the IIP scheme (Individual Investor Programme).

Table 1: Labour force statistics obtained from consequences for property portfolios

Figure 1: International Labor Force Statistics and Projections (Age group 18-65).

The numbers have been indexed with 1950 as base year. In 1950 the global labor force equaled 1.379 billion persons of which Europe housed 332 million, North America housed 104 million and Asia housed 744 million persons.



2.1.1 Pull Factors which attract the Tourists to Malta:

Location

Being strategically positioned in the middle of the Mediterranean, Malta is much near than one may think, especially with all the high volume of direct flights from most European Countries and North Africa. Not to mention the connection being possible by a fleet of high speed Catamaran which operates three times a week, connecting the Island with Sicily, thus making visiting Malta a favourable destination for family and friends in few hours' time.

Weather

A healthy quota of Vitamin D is distributed annually across the Island, with over 3,000 hours of sunshine reach over the beautiful Island. With warm weather, all year round, blue skies, seas and pristine beaches, an average year-round temperature of 20°C it's no surprise that tourists who visit the island want to settle as permanent residents.

Health Care and Safety

Dating back to the Hospitaller era Malta was always considered the nurse of the Mediterranean. Private and Public hospitals offer a very high standard of health care on the Island. Also, the Mediterranean diet offers a healthy way of living where olive oil, pasta and fresh fish are just few ingredients one can opt for. Since Malta is warmer than most of the European Countries it offers more outdoor opportunities such as country side walks in winter and spring seasons thus given the chance to stunning country views, enhancing mental and physical well-being. Malta is not only unique for its history and its baroque architecture, it's also a safe-haven with practically inexistent crime and peace of mind when it comes to health care due to its state of the art brand new hospital and health clinics spread all over the Island.

Language

Romans, Arabs, French and English people all settled in Malta for quite a long time all leaving behind different languages which are still currently spoken in today's era. English is very widely spoken on the Island and it's of a great advantage when integrating with the locals. Also, due that Maltese people are very fond of eating pasta and watching Serie A Italian Football – Italian is very widely spoken too.

Currency and Stable Economy

Since Malta joined the European Union on 1st May 2004, the currency had to be the same as every Member State, this happened on the 1st January 2008 when Malta joined the Eurozone. Malta is classified as an advanced economy according to the IMF (International Monetary Fund). Malta has an open market economy thus it has an open-minded business culture and this can be seen in the various booming sectors such as IT, Gaming and Financial Sectors situated mainly in the Sliema and Gzira area. At 5.9% Malta has the sixth lowest unemployment rate in the EU. Malta is renowned for having a sound and booming economy. Foreigners seeking employment in the financial and gaming sector, catering and hotel industry are another growing specimen of foreigners who establish residence in Malta.

Land and Sea

Malta's geography is unique due that it's an archipelago of coralline limestone with landscapes characterised by high hills with terraced fields. The Coastline is well indented with harbours, bays, creeks, sandy beaches and rocky caves. Malta has been voted 2nd best diving destination in 2014 following Egypt and beating the Maldives, Indonesia and Thailand. Not to mention the abundant historical rich towns and villages to explore on the main land.

2.1.2 Malta's History from the Sicilians to the Byzantine Empire

Malta came from part of the Roman Empire from the time of the Punic war of 218B.C. Before the Romans took over Malta, the island had been possessed by the Carthaginians. In 218 B.C., in the wake of their successful military operations against Malta, the Carthaginians surrendered Malta after managing to hold a tight grip over the island during the first Punic War (c.225 B.C) when a Roman fleet had attacked the Island. In 218 B.C., the Romans sent their Consul Tiberius Sempronius Longus from Libernis to occupy the Island.

Since the Carthaginians ceded Malta to the Romans and came to form part of the territory of the Roman Empire, doing so without resistance or struggle, Malta became legally a Roman province of the Empire subject to the same Praetor (i.e. Governor) as for Sicily due to the geographical proximity between Malta and Sicily.

The Maltese legislative historian Judge Paolo Debono states that Malta became a 'Civitas' under Roman Law, that is, a country where its citizens enjoyed the status of 'socii' within the territory of the Roman empire (Debono Dr.P, 1897)

The status of Malta and its laws under the Roman Empire was determined by the Carthaginians' surrender or cession of the island to the Romans. Once Roman law developed into a law of nations, a 'jus gentium', with the expansion of the Roman Empire after the 218 B.C. Punic War, both the public and the private (and the civil) facets of the same Roman Law were rendered applicable to all foreign territorial additions to the Empire. In 212 A.D., the Roman Emperor Antoninus Caracalla (Lee, 1956) (211-217 A.D) issued a "Constitution" by virtue of which he extended citizenship, subject to some uncertain limitations, to the whole Roman Empire. This meant that entire Roman law came to apply to all inhabitants in Malta. The development of Roman law in the period of the Empire (27 B.C.to 565 A.D.) could therefore be said to have been the development of the law in Malta in the same period.

In 533 A.D., Belisarius, the Byzantine General of Emperor Justinian, 'touched at' Malta on his way from Sicily to Africa (Bonanno, 1992) Within the decade following his conquest of Sicily in 535 A.D., Malta was part of the Byzantine Empire. (Brown, 1975)

2.1.3 The Arabs and their Successors

In 869/870 AD., the Aglabites of Tunis successfully attacked Malta at the end of a long series of raids (Wettinger, 1986). They severed the Island's tie with the Byzantine Empire and heralded a new era in the history of Malta. They brought to an end Malta's association with the Roman Empire spanning over 1,000 years beginning in the West and ending in the East. Malta was cut off from its Roman- Byzantine institutions, including law (Harding, 1994)

In 869/870 A.D., Malta entered the so called 'Muslim Period' of its history. Indeed, there was a break with the past religious (and thus legal) terms. But again, Malta's terms of reference to Sicily, the nearest land in the South of the Continent, continued for religious and legal purposes since the Muslims had also conquered Sicily. Throughout the tenth century, the greater part of the Muslim period, Malta was an uninhabited island (Brincat M, 1991). It was visited occasionally by shipbuilders, fisherman and those who collected honey (Dalli.C, 2002). The first half of the eleventh century, then, was a sequel of the previous century. In 1048/1049 A.D., Muslims of the Fatimid (Shiite) denomination came to Malta from Sicily. They came together with non- Muslim slaves who outnumbered them but were under their control. The Factimids again followed the Islamic law but they followed their law as a law in Sicily that had been imbued by the Roman law principles, especially where it came to property law and law of contracts. Thus, we have always had people who voluntarily or non-voluntarily established residence in Malta.

In the immediate first part of the eleventh century, Malta was also the target of the Byzantines who first made attempts to re-capture the island and to re-establish their influence on the island. By this time Roman institutions in the Byzantine Empire had been more transformed. Terms like 'Kera' (lease) and Qbiela (agricultural lease) were in use, showing that these people were dwelling and working in Malta, thus they were living here as residents. Following a re-attempt by the Byzantines to re-capture Malta, the Normans came down from the North of Europe to occupy the south of Europe, including the Mediterranean Sea, with its littorals and archipelagos then under Muslim and Arab occupation. In 1091 A.D., 'Count Roger I de Hauteville', conquered Sicily. He descended towards Malta and landed on the Island, leaving the Arab Emir, as Governor of the Island provided the latter paid a yearly tribute. In 1127 A.D., Count Roger I's son, Count Roger II, returned to Malta to establish direct rule over the inhabitants (Wettinger G. , 1975) He formally set the beginning of Norman rule in Malta by a complete 'conquest' of the island. He did not expel the Muslims who remained in Malta practising Islam (Wettinger G. , 1995)

2.1.4 The Hospitaller Period – The Order of St John

In 1530, the order of St. John was granted Malta by the Emperor of Spain Charles V. By the time the order of St. John came to Malta in 1530 the Maltese Islands counted a population somewhat exceeding 20,000. Various sources point towards this figure. This artificial increase in the population brought a shortage of houses, a demand exceeding supply.

The need for the regulation of the lease and sale of houses, which had never arisen before because of the stagnant state of affairs in the island and because of the frequent raids by pirates in search of slaves and booty, was now a necessity. (Milanes, 1993)

The Order was originally hesitant whether to stay in Malta or not. It had been granted the island so long as it did not settle down in another country. The Order was based in Birgu, it being an important strategic and historical maritime city. L'Isle Adam enacted the Ordinations' as a result of the shortage of houses in context of an increase in the population of the island, particularly in the Grand Harbour Area. This increase in population indicates an influx on Non-Maltese who decided to inhabit Malta as residents.

The reign of Grandmaster Jean de Valette Parisot lasted from 1557 to 1568 (Debono Dr.P, 1897) Despite its initial hesitation about whether it ought to keep Malta as its permanent home following the attack on Gozo, the Order resolved to fortify its immediate surroundings to render the local environment more habitable in security.

The Turks and the Ottoman Empire that had triumphantly ousted the Order from Rhodes, had never lost sight of the Hospitaller s activities in Malta. In the wake of the attack on Gozo, it necessarily followed that the Maltese Islands were more than ever at risk. The culmination of the Christian- Turkish conflict was in a siege against Malta in 1565 – “the Great Siege”. The outcome of this “life- or-death” armed conflict meant the Order would stay in Malta in the event that they defeated the Turkish armada. The Order vanquished and once settled permanently in Malta, a milestone of major relevance resulted, which was the demographic development and the urbanization pattern of Malta. (Fiorini, 1530-1798)

The Order's decision to stay spurred the necessity of new legislation. The order was made to realize that as a chivalric and military organization it had to armour itself by way of strengthening the fortifications and defence of Malta. The reign of this Grandmaster saw a major development, in his Order's view towards Malta, namely the decision to stay, leading it to start investing in property. In fact, a year after the Siege, land was purchased and within three years building sites were offered to the public. By the 1571 the Order was ready to move permanently to the new city. Thus, we see the Hospitaller who were always hesitant as to whether they wanted to stay in Malta or not – deciding to settle permanently here.

Massive legislation was required to cater for the Order's new residence in Malta. The introduction of such legislation was left in the hands of the Order's *Concillium Ordinarium* or the *Venerandi Sexdecim*, the 'Sixteen'. Thus, in the Sixth Chapter General, held in Malta under the Presidency of Grand Master Jean De Valette Parisot, the 'Sixteen' granted the Grand

Master and his council the right to make new laws for the regulation of houses. However, on the 23rd August 1562 Grand Master De Valette appointed Notaries Giovanni Vassallo and Francesco Mego so that together with the Commissioners they would examine and correct the Ordinances previously enacted by Grand Master L'Isle Adam "*de novo compo-sites super domibus*"

De Valette had the merit of updating the Officio originally created by L'Isle Adam thirty years earlier. His merit assumed greater significance, given that winds of change blowing stronger than forecast by the Turkish-Cristian Wars in which the Order was involved, leading into the building of a new city. Malta changed hands from the Order of St John to the French Republic in June 1798.

2.1.5 The British

After the brief period of French occupation and the successful insurrection against the French forces by the Maltese people, the island was placed under the protection of the British Crown on the request of the Maltese people. The Maltese had been aided and abetted by the British and they were ready to accept them as their new rulers. Indeed, the British did not initially express their intentions to remain on the island. Despite a declaration by the Maltese that they would accept British sovereignty, this reified in 1813 nonetheless as previous rulers, they did remain on the island and established their residence here for 200years.

2.2 Acquiring Property in Malta

For a tourist to become permanent resident one need to comply with different procedures and due diligence mandatory programmes issued by the Government of Malta and the European Union. Such as the AIP, EU Citizenship or the IIP Programmes.

2.2.1 AIP (Acquisition of Immovable Property Permit)

Non- residents who desire to establish residence in Malta need a special permit to acquire immovable property in Malta. This permit is granted by the Minister responsible for finance and the law governing the granting of such permit is called "Immovable Property (Acquisition by non – residents) Act and is found in chapter 246 of the laws of Malta.

The said Act regulates the granting by the Minister responsible for finance of permits to acquire immovable property by non-residents. The term "non-residents" is vague in itself but Article 2 of Chapter 246 of the laws of Malta, in its interpretation section clearly defines

the term, leaving no room for the scope of Chapter 246 above mentioned “non-resident” means:

- A) *Any individual who is not a citizen of Malta or of another Member State; or*
- B) *A citizen of Malta or of another Member State, even in either case, if in possession of a valid residence permit, who has not been resident in Malta for a minimum continuous period of five years at any time preceding the date of acquisition; or*
- C) *Anybody or other association of persons, and any authority, institution, organisation, fund, firm and any other entity whatsoever, whether corporate or not, if:*
 - 1. *It is constituted, formed, established, incorporated or registered in , or under the laws of, a state other than Malta or another member State : or*
 - 2. *It has registered address, principal place of residence or of business in a state other than Malta or another member State; or*
 - 3. *Twenty-five per cent or more of its shares or other capital is owned by a non-resident person or is registered in the name of a trustee for the benefit of a non-resident person; or*
 - 4. *It is in any manner and whether directly or indirectly controlled by one or more residential persons;*
- D) *Any trustee in terms of a trust who is:*
 - 1. *A non-resident person unless all the beneficiaries of the trust are determined are residents of Malta and in case of a discretionary trust where the power of appointment or any discretion may exercise in favour of residents of Malta.*
 - 2. *A resident of Malta where any of the beneficiaries are non- resident’s persons and in case of a discretionary trust, where the power of appointment or any discretion may be exercised in favour of any non-resident person (Gov-Malta, Chapter 246 Immovable Property (Aquisition by non- residents) act., 1974).*

We can see that Chapter 246 caters for both individual persons and corporate persons when it comes to define who is a: “non- resident”. When it comes to AIP, first and foremost one needs to identify who needs such permit to acquire immovable property and who does not need such a permit and article 3 of the act discussed clearly states:

- a) *A resident of Malta may acquire by an act inter-vivos immovable property in Malta by or under any title without the necessity of obtaining a permit under this Act;*
- b) *A citizen of Malta and a citizen of a Member State who either case is not a resident of Malta may not, without the necessity of obtaining a permit under this Act, acquire immovable property for secondary residence purposes by an act inter-vivos in Malta.*

- c) *A person other than Physical or non-resident person, may acquire by an act inter-vivos immovable property in Malta without the necessity of obtaining a permit under this Act where such immovable property is required for the purpose of carrying out the activity for which is has been setu (Gov-Malta, Chapter 246 Immovable Property (Acquisition by non- residents) act., 1974)*

Non- residents may not require property in Malta without an AIP permit and any deed purporting an acquisition by a non-resident is considered null and void, however there are several exceptions to this general rule namely:

- If a non-resident person inherits immovable property from a beneficiary who acquired it in the correct manner.
- If a non-resident person acquires immovable property in what is termed as “a special designated area” “Special Designated Area” means a zone described in the first schedule of Chapter 246 and such other zones as the Minister above mentioned may from time to time add to such schedule.
- If a non-resident acquires a further share in immovable property previously, lawfully acquired.
- Transfer of immovable property between co-heirs.
- Partition of immovable property between co-owners.
- Acquisition of immovable property by a company or commercial partnership, from one or more of its members holding over 50% interest or of its share capital.
- Donation to a spouse, descendant or ascendant in the direct line and their relative spouse and in the absence of descendants to brothers and sisters.

The Minister may grant a permit in writing to a non- resident person to acquire an immovable property specifically indicated in the permit if in the opinion of the Minister it is in the public interest or it is otherwise appropriate to grant such permit. The Minister shall not withhold his permit if he is satisfied that;

- a) *The immovable property is required for an industrial or touristic project approved by the government or for other project or purpose similarly approved in view of its contribution to the development of the economy of Malta; and*
- b) *In the case of an individual who is not a resident of Malta, the immovable property is a building the value of which is not less than eighteen thousand and five hundred euro (18,500) (which sum shall be adjusted in line with an immovable property price index that shall be published annually in the Gazette by the National Statistics Office) and which is intended to be used by the non-resident person as a residence for*

himself and his family and such non-resident person does not own immovable property in Malta other than immovable property the acquisition of which is exempted under article 4(2) or 5;

c) The immovable property is either;

- A garage situated within five hundred meters from the applicants previously acquired residence; or*
- An adjoining parcel of land or building intended to serve as an extension to and be integrated with, the applicants previously acquired residence:*

Provided further that the Minister may withhold the granting of a permit for the acquisition of any immovable property which he considers to be historical importance, or as being situated in a historical locality (Gov-Malta, Chapter 246 Immovable Property (Acquisition by non- residents) act., 1974)

The AIP permit is always granted for a specific reason and it shall not be lawful for any person, without the consent in writing of the Minister, to make use, of the property acquired by AIP in any manner or for any purpose other than that indicated in the application for such permit.

2.2.2 EU Citizens, primary and secondary residences

Chapter 246 of the Laws of Malta distinguishes between EU citizens and non-EU citizen when it comes to defining “non-resident”. In terms of this Act a citizen of a Member State who has resided in Malta for a continuous period of five years at any time, is considered at “a par” with a Maltese citizen and such citizen would not require an AIP permit when acquiring Immovable Property in Malta. In this regards citizen of another Member State are given preferential treatment when compared to Non-EU citizens.

The Law gives a new meaning to resident of Malta, in that for the term of this Act:

“Resident of Malta” means an individual who is;

- a) A citizen of Malta or another Member State who has been resident in Malta for a minimum continuous period of five years at any time preceding the date of acquisition.*
- b) The spouse, of whatever nationality and wherever resident, of citizen of Malta or another Member State where such spouses are acquiring together on the same deed (Gov-Malta, Chapter 246 Immovable Property (Acquisition by non- residents) act., 1974)*

In view of the above and for the scope of the Act in discussion, residents of Malta as defined in the Act may acquire both primary and secondary residences in Malta without the necessity of an AIP permit. Non- residents who are citizens of another Member State may acquire

a primary residence without an AIP permit, but require the granting of an AIP permit by the Minister responsible for Finance if they want to acquire a Secondary Residence.

Primary Residence means

The dwelling house in which an individual habitually resides in, or intends to habitually reside in, as his principal place abode, whether in Malta or elsewhere (Gov-Malta, Chapter 246 Immovable Property (Acquisition by non- residents) act., 1974)

Secondary Residence Purposes means

Purposes other than for Primary Residence or other than for the scope of carrying out business activities or supply of service by person, or for carrying out activity of which a corporate person has been set up (Gov-Malta, Chapter 246 Immovable Property (Acquisition by non- residents) act., 1974)

Non-residents who are not citizens of another Member State require AIP permit in either case, that is, whether they want to acquire immovable property for Primary or Secondary Residence Purposes.

2.2.3 Non- EU Citizens

Non-EU citizens who are not residents of another Member State require an AIP Permit to acquire both primary and secondary residences in Malta. However non-EU citizens do not require such a permit if they are married to a Maltese citizen or to a citizen of another Member State who has resided in Malta for over five years or if they are acquiring property in a Special Designated Area.

2.2.4 IIP (Individual Investors Programme)

Maltese citizenship by Investment may be granted under an amendment passed in November 2013 to the Maltese Citizenship Act, Chapter 188 of the Laws of Malta. These amendments provided the framework for the enactment of LN47 of 2014. The “Malta Individual Investors programme” (MIIP) rules provide for affluent persons of impeccable standing and repute to be naturalised and to receive Maltese citizenship on the basis of a contribution to investment in Malta.

Eligibility for Maltese Citizenship by Investment

To qualify under the regulations, a Main Applicant for citizenship must be at least 18 years of age and must meet the requirements outlined in the Maltese Citizenship Act. Chapter 188 of the Laws of Malta clearly defines the term “Applicant” which means the person who

applies or on whose behalf it is being applied for his naturalisation as a citizen of Malta under the individual investor programme either as a main applicant or as a dependent. The main applicant may also add dependents to a citizenship application.

We have thus to define these legal terms namely “Main Applicant”, “Dependant” and “Application”.

- a) **“Main Applicant”** means the person who, either as a single applicant or as the head of a family, undertakes to make a contribution for the purposes of these regulations and signs the relevant agreements and undertakings on behalf of his dependants.
- b) **“Dependant”** means:
 1. The spouse of the main applicant in a monogamous marriage or in another relationship having the same or a similar status to marriage, unless the Minister authorises otherwise on a case by case basis;
 2. A child, including an adopted child, of the man applicant or of his spouse who is less than eighteen years of age;
 3. A child of the main applicant or of his spouse who is between the age of eighteen and twenty-six years and who is not married and who proves, to the satisfaction of the Minister, that he is wholly maintained by the main applicant;
 4. A parent or a grandparent of the main applicant or of his spouse above the age of fifty-five years who prove to the satisfaction of the Minister that they are wholly maintained or supported by the main applicant and form part of the household of the main applicant; or
 5. A child of the main applicant or of the spouse of the main applicant who is at least eighteen years of age, is physically or mentally challenged, and who is living with and is fully supported by the main applicant;
Provided that such person has the capacity to take an oath of allegiance.
- c) **“Application”** means an application made under these regulations: regulations being chapter 188 of the Laws of Malta. (Gov-Malta, Chapter 188 Maltese Citizenship act, 2013)

Fit and Proper Test

Applicants must show that they are in good standing and repute and will undergo a “fit and proper” test. The Government of Malta is committed to the highest standard of due diligence to ensure only deserving and reputable applicants are allowed to proceed for the grant of Maltese citizenship by conducting a four-tier due diligence process that will assess applicants and will process and approve applications at various stages.

Applicants must demonstrate a clean criminal record, with checks being conducted with the International Criminal Court, INTERPOL and various other authorities and sources.

Applicants must provide a police certificate which may be submitted subsequently to the submission of the application but at all times prior approval. Also, a health test is conducted and the applicant must not show they don't suffer from contagious diseases or health condition that could become burden to the Maltese health system.

Contribution towards the Country

A contribution of Euro 650,000 is required from the main applicant prior to qualify for Maltese Citizenship. From this contribution 70% will go directly into a fund set up by the government and run by the board of trustees, the rest will go into a consolidated fund.

Spouses and children also are required to contribute Euro 25,000; unmarried children between 18 and 25 and dependent parents must contribute Euro 50,000 each.

Purchase of Property and Rental

Purchasing of property is required by the main applicant with a minimum sealing of Euro 350,000 or to enter in a property rental contract for at least Euro 16,000 p.a both on five-year contracts.

Investments in Bonds and Shares

An Investment from the main applicant from time to time in bonds or shares approved by the Government is also obligatory – the investment should be at least of Euro 150,000 and it must be sanctioned as stocks by the government and listed as beneficial to the Island.

Refusal of Application

An applicant may be refused if the applicant provides false information, has criminal record or being subject to a criminal record, is a potential national security threat, is likely to cause disrupt to Malta or has been denied a visa to a country but this unless Identity Malta is satisfied that the applicant is still worthy of being considered for approval due to special circumstances to be demonstrated by the applicant. In such case, Identity Malta shall issue a reasoned opinion as to why such applicant should still be considered for approval and shall refer such application to the Minister, who will have the sole authority to grant such approval.

Revocation of the Maltese Citizenship

The revocation is well regulated by the Maltese Citizenship Act, grounds for deprivation would be:

- Citizenship was acquired by fraud.
- Citizen has shown himself or herself by act of speech to be disloyal or disaffected towards the President or the Government of Malta.

- Citizen had engaged, unlawfully traded or communicated with an enemy or been engaged in or associated with any business that was motivated by willingness to assist an enemy in that war.

2.3 The Real Estate Sector

The Real Estate Sector in Malta still obeys some basic economic principles: the principles of demand and supply. The premise is that supply and demand frameworks provide basic analytical tools for conceptualizing the workings of urban real estate markets. With the aid of the government and building associations like the Malta Developers Association, this sector has seen an increase in the demand for new dwellings to accommodate first time buyers and property seekers alike.

Table 2: Development permits for dwellings from 2013 to 2015 – Statistics obtained from the Maltese Environmental & Planning Authority

CENTRAL BANK OF MALTA								
Development permits for dwellings, by type ¹								
Period	Number of permits ²			Number of units ³				
	New dwellings ⁴	Minor works on dwellings	Total	Apartments	Maisonettes	Terraced houses	Others	Total
2003	1,321	517	1,838	4,548	1,085	414	81	6,128
2004	1,378	435	1,813	5,265	966	353	123	6,707
2005	1,852	570	2,422	7,539	1,058	363	121	9,081
2006	2,502	492	2,994	8,961	932	375	141	10,409
2007	2,636	411	3,047	10,252	696	257	138	11,343
2008	1,770	375	2,145	6,184	361	164	127	6,836
2009	1,241	368	1,609	4,616	400	182	100	5,298
2010	1,499	1020	2,519	3,736	375	227	106	4,444
2011	1,159	832	1,991	3,276	401	191	87	3,955
2012	958	700	1,658	2,489	298	202	75	3,064
2013	1,004	808	1,812	2,062	350	209	84	2,705
2014	1,074	971	2,045	2,221	414	204	98	2,937
2015	1,254	1171	2,425	3,019	471	342	115	3,947

Notes:

¹ Changes to the data are mainly due to the Malta Environment & Planning Authority's policy of reassessing permit applications on a continuous basis.

² Total for permits granted is irrespective of the number of units.

³ Data comprise the actual number of units (e.g. a block of apartments may consist of several units).

⁴ Including new dwellings by conversion.

Source: Malta Environment & Planning Authority.

2.3.1 The Property Sector

The property sector in Malta at the moment is on the vibe and this can be seen by the number of cranes and working going on all around the Island, thus making the market booming with people searching for their right property, real estate agents sticking - *For Sale* boards and notaries and advocates rushing for contracts at the local banks. Not to mention the first – time buyers who are the main drive of the economy.

In 2015, over €2 billion worth of property was sold, representing 15,557 contracts. This is an increase of 35 per cent in just two years (Cassolani, 2016).

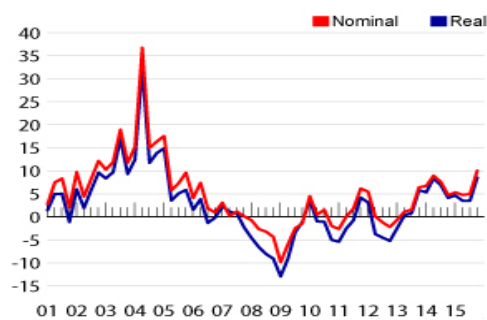
The building contractors are also on the high side and in demand, it's practically impossible to hire their services – one needs to book them for up to two years in advance. Not to mention Architects whom the majority are upgrading their staff and increasing their drafting and plotting survey's capabilities to satisfy the demand.

The prices for dwellings are also on the high side and in some cases due to the demand they are being highly inflated by the building contractor's and owners alike. The property prices in Malta is defined by several factors. Some are common to other countries and others particular to the Maltese Islands.

Table 3: Price variations from 2013 to 2015 - Statistics obtained from the NSO

House price change

% change over a year earlier



	Q1	Q2	Q3	Q4
2015	2.39	-0.01		
2014	1.82	0.50	1.30	1.03
2013	1.55	-1.53	2.56	3.79
2012	-0.10	-3.18	2.03	-0.94
2011	0.61	2.01	3.41	0.04
2010	1.23	-0.71	1.61	-4.06
2009	-4.48	3.24	0.56	-0.59
2008	1.36	-0.99	-3.06	-1.67
2007	2.27	0.94	-2.53	-0.51
2006	0.11	3.83	-3.42	0.51
2005	5.40	0.66	1.89	1.39
2004	4.27	11.87	0.46	-0.75
2003	1.15	-5.74	19.39	-1.82

Property prices index based on advertised prices

(2000=100)



Examples may vary such as:

- Location, e.g. Sea view or corner to the sea front, whether it's in the North, Central or South area.
- Type of dwelling, e.g. apartment, maisonette, terraced house or villa.
- If it's already converted or shell form.
- Age of the property.
- Size of the property e.g. 80 sq., 200sq or 2 tumuli.
- Inclusion of amenities like terraces, pool or large garden.

The Most Popular Localities according to the NSO during the period 2014 – 2015 registered the highest number of transactions – these ten localities accounted for just under 50% of all sales transactions.

1. St Pauls Bay – 9.8%
2. Sliema -7.1%
3. Marsaskala – 5.5%
4. St Julians -5.5 %
5. Mosta -4.3 %
6. Birkirkara – 4.2 %
7. Msida – 3.4 %
8. Naxxar – 3.1 %
9. Swieqi – 3.1 %
10. Mellieha – 2.8 %

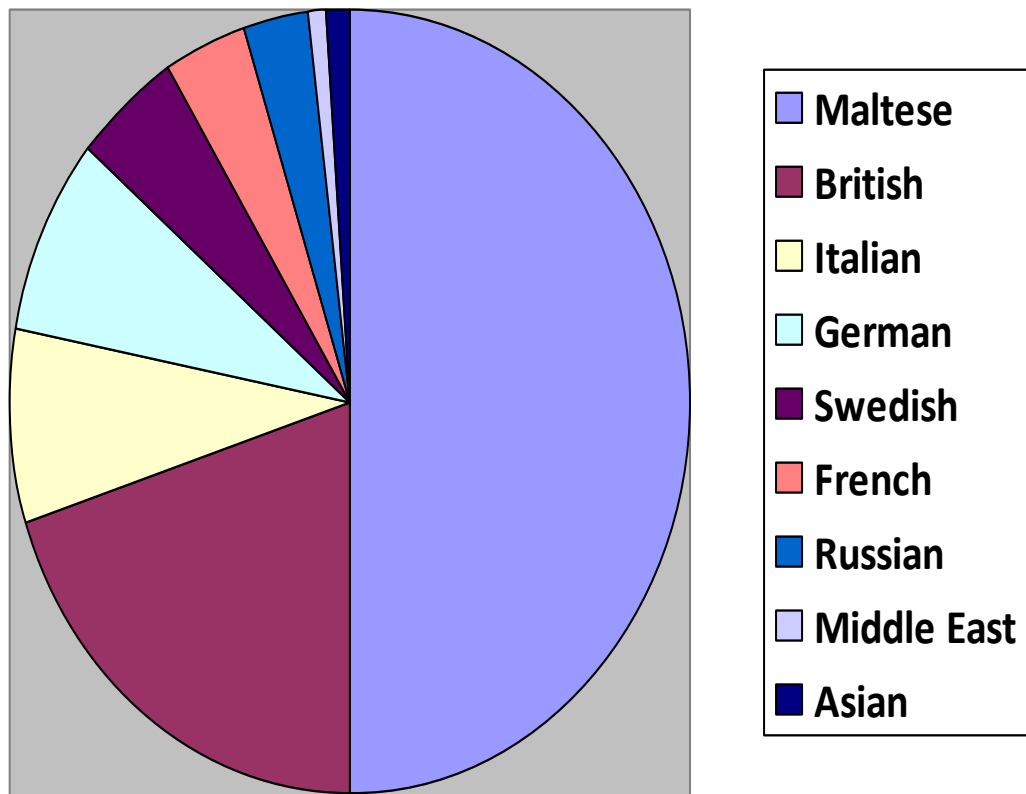
Sales were distributed mainly between Apartment and Maisonettes which are the popular choice for buyers with 73.2% for apartments of the volume of transactions followed by the 23.3 % for maisonettes. The popularity of apartments is due to the fact that they are more affordable with banks' lending up to 90% of the cost and spreading the repayments over 40 years. Not to mention the extension of the stamp duty exemption for the first- time buyers on the first Euro150, 000 of a new property value. Also, there was an increase in apartment sales due that it attracted investment in the buy to let sector.

Another trend in the property sector now days in Malta is the acquisition of terraced houses to be demolished for the building of maisonettes, apartments and penthouses locally referred as to 3 plus 1.

Foreigners and Real Estate in Malta

The last decade has seen an increase in the number of Foreigners moving to Malta and either purchasing or renting property for habitation. There are various stages to go through. Renting is easier because no legal procedures are required, however when it comes to purchasing more legal implications come into place. Apart from that a purchase of Immovable property is a strong investment and thus locals and foreigners alike keep a number of factors in-mind before entering into a contract of purchase. Prospective buyers establish the location, set a budget and decide on a style of home. Following that when it comes to foreigners they need to start working to obtaining the necessary permits, contacting a Notary and get relative information from a bank if facilities are required and eventually signing a promise of sale which will lead to the final deed of acquisition of the property they are acquiring. A survey conducted by John Taylor Malta in 2015 shows that the property acquired by foreigners and locals in 2015 was as shown in the doughnut chart below:

Table 4: Nationality of buyers according to sources by John Taylor Real Estates



Maltese 50 %	British 20%	Italian 8 %
German 8%	Swedish 5%	French 4 %
Russian 3%	Middle East 1 %	Asian 1%

Designated Building Properties Areas in Malta

These prime residencies areas are scattered around logistically around the Island to offer both Maltese residents and foreigners the top end facilities and amenities such as shopping facilities from top brands shops, high class restaurants and leisure facilities and even spas and marinas all within the same area. Non-Maltese nationals may purchase more than one property in their name, or in the name of a company or trust, in a special designated area (SDA). These properties may also be purchased for letting purposes.

At the moment, Malta boasts thirteen designated areas which are as follows:

- Portomaso Development, St. Julians, Malta;
- Portomaso Extension I, St Julians, Malta;
- Cottonera Development, Cottonera, Malta;
- Tigne Point, Tigne, Malta;
- Tas-Sellum Residence, Mellieha, Malta;
- Madliena Village Complex, Malta;
- SmartCity, Malta;
- Fort Cambridge Zone, Tigné, Malta;
- Ta' Monita Residence, Marsascalea, Malta;
- Pender Place, St. Julians, Malta;
- Metropolis Plaza, Gzira, Malta;
- Fort Chambray, Ghajnsielem, Gozo;
- Kempinski Residences, San Lawrenz, Gozo.
- Metropole Towers - Gzira
- Forum Luxury Apartments – Ibragg
- DB – Towers in St Julians
- Corinthia – Towers in St Julians

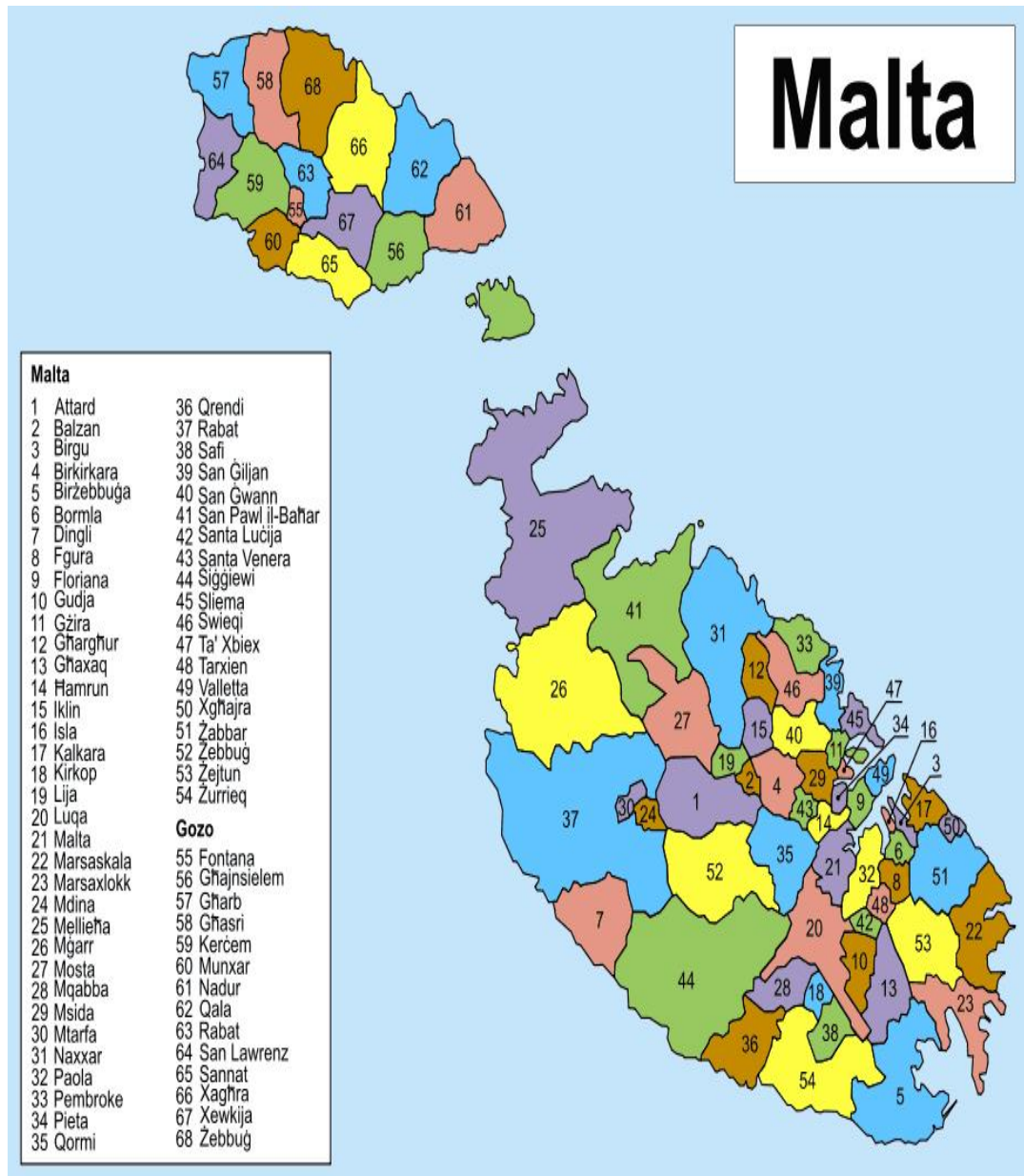


Figure 1. Localities Map of Malta

Real Estate Agencies

At the moment, Malta has seen a huge number of sales in the property market. This is due to the high demand from Maltese and foreigners alike who either would like to upgrade or to get another income by buying a property and renting it out or either to establish their own home on the Island and become permanent residents. If one gets to the point of buying a property in Malta definitely will seek help through the varies Real Estate Agencies which due to the huge sales in property they are sprouting everywhere on the Island. Some of the Real Estate Agencies have been established from the 60 s like Frank Salt and others followed after like Perry Real Estate, Dhalia, Remax, Sara Grech “Engel and Volker’s”, which all were established in the 80s. Today Malta boasts more than thirty agencies and also the

majority are being represented by the Federation of Estate Agents which was established in 2004 to work hand in hand with the government and the various entities related to the real estate industry.

Real Estate Agent's Fee

Generally, all respected and registered real estate agency charge a 5 % service commission to the seller if the buyer was found through the services of the agency and 3.5 % if they had a sole agency agreement (plus 18% VAT).

Also, it is very common in Malta to encounter what they call a Sensar or Broker, they generally work on their own and the local village square is their office – if the buyer finds out the right property using the broker services the fee is 1% for the seller (plus 18%VAT) and 1 % for the buyer (plus 18% VAT). Although not very common sometimes the Estate Agents and the Sensar “Broker” work side by side if the profits are worth to align but generally they are rivals on the field and there is a harsh competition between them.

2.3.2 The Rental Market

The renting market is very strong due to the number of foreigners coming to Malta, be it on work or to retire the demand is very high and there are no restrictions to people who want to rent. Although we have seen a high rise in the rents prices, this was due mainly to tax evasion according to the president of the Malta Developers Association. *When the 15 per cent final withholding tax was introduced in 2015, many landlords started declaring rental income, which explains the higher figures for that year* (Chetcuti Sandro, 2016) Rates will vary depending on the location, type of property, the level of furnishing and duration of tenancy. Rates for water, electricity, internet and TV are not normally included in the rental rate if it is a long-term (normally defined as four months and over). These expenses are borne by the lessee on a consumption basis.

Locations for renting and procedures

Both the Island of Malta and Gozo offer quite a good number of properties to let, suiting all types of budgets and lifestyles requirements. The most popular areas in Malta are the Inner Harbour region which include, St Julians, Sliema, Gzira and Msida – these areas are very popular with foreigners who settle here and they like to be in the core of everything, with easy access to the hectic city life.

The Western part of the Island and the Southern part offer a more relaxed lifestyle and more authentic feel of the local villages. While Gozo is in a class of its own when it comes to

letting due that it targets people who would like total peace and beautiful scenarios thus making it ideal for holiday breaks and as a retirement destinations.

It is common practice in Malta to lodge a lump sum equivalent to a month's rent as a deposit against damage to the property or against any outstanding bills. The deposit is refunded to the lessee upon the termination date of the lease, or is offset against any pending bills or damages to the inventory as agreed between the parties. Generally the contract of lease is done by a qualified Notary and a contract of lease is registered.

2.3.3 Acquisition of residences by foreigners

Some foreigners decide to purchase the property to live in rather than rent it. There is a whole procedure a foreigner has to follow in order to purchase the property they want to live in.

If the foreigner is a resident of a Member state who wants to establish his primary residence in Malta, then such foreigner may acquire any property he wishes at any price without requiring any specific permit. The situation is equivalent if a foreigner wishes to acquire a secondary residence or holiday home, no permit is required if the acquirer is a resident of a Member state who have resided in Malta for at least five years during his lifetime. Any other foreigner who wishes to acquire property in Malta needs an Acquisition of Immovable Property by non-residents Permit in order to acquire property in Malta, unless such property is situated in a Special Designated Area as described earlier on in this thesis.

Under Maltese law, the procedure to be followed is described hereunder. The negotiating parties are referred to as the "vendor/s" being the owner/s of the property being sold and the "purchaser/s" being the person acquiring the property. After negotiations have been concluded, that is after the vendor and purchaser have agreed on the price and conditions of sale, they need to move on to the signing of a preliminary agreement at times referred to as "Promise of sale".

The "Promise of Sale" is drafted by a Notary Public or a lawyer and is a legal instrument which crystallizes, in a binding manner, the terms and conditions of sale agreed to between the "vendor/s" and the "purchaser/s". This "Promise of Sale" is witnessed by a Notary Public or lawyer and is binding between the parties. Once the parties have signed the preliminary agreement, they are bound by the conditions therein and cannot in any way alter or disregard such terms or conditions. A deposit (part-payment) is paid on "Promise of Sale" as guarantee that the parties will adhere to the terms and conditions

stated therein. If one of the parties breaks any condition or walks out of the agreement without a reason which is considered valid at law, he will forfeit the deposit in favour of the other party by way of pre-liquidated damages. Maltese law requires a “Promise of Sale” to be registered with the Tax Department, within a maximum of 21 days from date of signing of the said “Promise of Sale”. This registration is mandatory, in that a preliminary agreement would be considered null and void, if it is not registered within 21 days. Following the conclusion of the “Promise of Sale”, the work of a Notary Public kicks in with a high degree of responsibility. The Notary Public is to conduct researches on the property being acquired by the foreigner. Researches are conducted in two registries, being the Public Registry of Malta and the Land Registry. The Notary examines the root of title of the property by examining the searches into the transfers and liabilities of the “vendor/s” and prior owners of the property, confirming that the title to the property is a valid one and there exists no impossibility or defect of title and that there is no hypothec or charge burdening the property.

Once searches have been concluded and found to be in order, the parties may move on to the signing of the Public Deed of transfer. This public deed would give rise to the actual transfer of ownership, that is the immovable property will be transferred onto the name of the “foreigner”. Tax is due on this deed and it needs to be paid prior to registration of the said public deed. The Notary publishing the public deed is duty bound to register the public deed within fifteen working days from date of deed.

Once the public deed is published, signed and registered, the foreigner would be deemed the lawful owner of the property.

2.3.4 Taxes and Incentives

Every deed of transfer of whatever nature is subject to two type of taxes. The tax that is due by the “purchaser” is called “Duty on Documents”, while the tax that is payable by the “vendor” is called “Capital Gains Tax”.

The Duty on Documents is regulated by the “Duty on Documents and Transfers Act”, being Chapter 364 of the Revised Edition of the laws of Malta.

For the purposes of this Act “transfer includes any assignment, conveyance, sale, partition, donation, settlement of dowry, sale by installments, redemption of groundrent, and any acquisition under any other title”. This law explains that duty is charged *ad valorem*, that is tax is paid on value, namely, the price of transfer as declared in the Public deed.

Article 32 of the Duty on Documents and Transfers Act explains that as a general rule, the tax chargeable on transfer of immovable property shall be “ a duty of five Euro (5.00) for every one hundred Euro (100) or part thereof of the amount or value of the consideration of the transfer of such thing or of the value of such thing, whichever is higher.” (Gov-Malta, Chapter 364 - Duty on documents and transfers act, 1992)

However Maltese nationals or “foreigners” who do not require an AIP permit and acquire a residence in Malta and declare on deed that they will be establishing their residence in Malta pay a lesser amount of tax and are charged tax at the rate of 3.5% on the first Eur 150,000 on the value of the immovable, the balance is taxed at 5%. From time to time Government offers other incentives, for example The Government of Malta has just offered a scheme for all first time buyers who have never acquired property in Malta during their lifetime, making them exempt from paying tax on the first Eur 150,000. This was a one-time scheme which gave a big boost to the property market, this scheme was also open to foreigners who did not require an AIP permit, were purchasing a property to establish their residence in, and who have never acquired immovable property neither in Malta nor outside Malta.

“Vendors” are liable to taxes on transfer too, known as “Capital gains tax”, this tax is regulated by Chapter 123 of the Laws of Malta. Tax is now also referred to as Final Withholding tax and is charged at the rate of 5%, 8% or 10 % as a general rule. The different percentage of tax chargeable depends on the date of acquisition of the property and on whether the “vendor” is a trader or not. The 5% tax bracket is due by “vendors” who are not traders and who have acquired the property less than 5 years before the date of sale. The 8% tax bracket applies to vendors who are traders, irrespective of when they acquired the property or to non traders who acquired the property being sold over 5 years before date of sale but less than 10 years from date of sale. The 10% bracket applies to any vendor (trader or otherwise) who transfers property he acquired over 10 years prior to date of sale. A different rate of tax applies in cases of vendors who sell property deriving from inheritance. In such cases the tax due depends on whether the “vendor” inherited the property before November 1992 or after that date. “Vendors” who are selling property they inherited before November 1992, pay tax at the rate of 7% final withholding tax, while “vendors” who sell property they inherited after November 1992 pay tax at the rate of 12% on the difference between price of sale and value declared in Declaration Causa Mortis. The Declaration Causa Mortis is a deed every heir enters into when he inherits property in Malta. This is a deed whereby an heir declares what property he has inherited, values the property and pays tax on the value of the property inherited.

There is an exemption offered to all “vendors” being Maltese or “foreigners” on Capital Gains, that is they do not pay any tax at all if they declare on contract that they have owned and occupied the property being sold, as their residence, for over 3 years.

Taxes are not fixed long term, infact they have varied a lot through the years and continue being changed every year. These measures are implemented annually following the budget speech by the Minister of Finance every year.

3 Research Methodology

This process/Chapter provide informed decisions about the research methodology and the project development process. Which methods and tools were used and implemented.

3.1.1 Choice of research methods and justification

This thesis will mainly adopt a qualitative method of research, therefore there will be an endeavour to conduct an in-depth analysis of the thesis title. Malta has attracted foreigners to settle on the Island since time in memorial. The rich history of the Island of Malta has shown that Malta has been ruled by settlers and rulers who have established their residency in Malta. The Melitensia (the branch at the library of the University of Malta where all books, theses and documentation about the history of Malta are kept) section at the library of the University of Malta, is an important source of information and re-search for the thesis. History is vital to any important piece of work, because it is based on nothing but facts that took place, have been studied and documented. Therefore, history provides both a qualitative and quantitative method of research because the facts lay both the numbers which can be quantified and documented analysis which can be qualified. Foreigners who decide to establish their residence in Malta need to undergo a whole process in order to do this. This process ranges from:

- satisfying mandatory legal obligations;
- to following real estate necessities;
- checking working conditions and requirements; and
- Other issues leading to the finalization of establishing residency.

Thus, research requires a thorough study of all the laws regulating and establishing the legal implications, obligations and rights which are mandatory to acquire residence in Malta.

The laws which will be studied, set the different legal requirements for cases of:

- acquisition of property by foreigners;
- acquisition of citizenship by foreigners; and
- rental requirements for foreigners.

The various Acts to be analysed also explain the different requirements needed by European Union citizens who decide to make the Island their home as opposed to the more complex requirements to be followed by foreigners from outside the European Union.

Therefore, the various pieces of legislation regulating the above are one of the most important tools implemented in the thesis since no foreigner can establish residency in Malta unless the necessary legal process has been adhered to and approved by the State.

Another tool used is a survey to be conducted by myself. There will be a selection of niche interviewees from different nationalities relating their personal experience on the subject being treated in this dissertation. On completion of some interviews a thematic analysis of information will be gathered to come up with a studied report of findings. This work will give real life experience to the dissertation, apart from the factual information which will be provided summarizing detailed research from various sources and legislation on the subject.

An interview with a reputable Notarial Firm in Malta will also be conducted to investigate the crucial critical factors that the prospective resident must go through to acquire residence in Malta. This tool will give a better understanding as how to go through the somewhat bureaucratic legal process in the smoothest possible way.

In conclusion, this thesis is an attempt to provide guidance and shed light on all the requirements being legal, fiscal and practical to who is interested in establishing residence on the Island. The method adopted will be mainly an analysis and thorough study and research of existing documentation on the subject, supplemented by a survey providing real life experience of foreigners who have made Malta their home. There will also be a detailed process the foreigner must go through but explained in a simplistic manner and showing how establishing residence in Malta is possible if you learn the legal requirements and get help from the right professional people who can make this process smoother and easier.

3.1.2 Interviews to the Notarial Firm

Interview between Myself and Public Notary. (All correspondence is recorded via e-mail and as an ethical measure my questions were related only as generic and without any pressure what's so ever).

Do you deal with both Maltese and Foreign clients?

Yes, I deal with both of them!

Do Foreigners go through specific procedures in order to acquire property in Malta?

Yes, they do. We must distinguish between Foreigners who are resident citizens of a

Member State of the E.U and those who are not. We also have to split the resident citizens of a Member State in 3, namely - those who have lived in Malta for over 5 years;
- those who have not lived in Malta for over 5 years;
- those who intend establishing their primary residence in Malta.

Those who are resident citizens of a Member State who have lived in Malta for over 5 years and those who intend to establish their primary residence in Malta do not need any special procedure and are treated on a par with Maltese nationals. To these we can add residents of another country who are married to a Maltese national or residents of a Member State; no permit is needed for those who purchase property in a Special Designated Area.

Other Foreigners require an AIP permit.

Who applies for the AIP permit?

The application is completed by the Notary's office. The Ministry responsible for the issuing of such permit is the Ministry of Foreign Affairs. The Ministry issued a particular form. The notary fills in this form by asking the foreign client all the personal details requested in the form. The notary is also to request the source of funds being used to purchase the property and due diligence is conducted in order to ensure that the funds being used are all legal. Once the form is filled in, the notary or representatives from the Notary's office are to present it in duplicate, together with 2 passport sized photos of the applicant and a photocopy of the passport of the applicant to the relevant Government department which is situated in Merchants' Street Valletta. The responsible receiving officer is Mr. Bernard Bonnici but the ultimate decision as to whether the permit should be granted or not is lies with the Minister responsible for Finance.

How long does it usually take to acquire the AIP permit?

In normal circumstances the department gives his reply as to whether the permit is granted or not within 6 weeks. But if a complication arises it takes longer. Lately we have been having delays with applications from Syrians. Part of the procedure requires the Maltese Authorities contacting the Police of the foreign country (being the country from which the applicant derives) to obtain a police conduct. Due to the conflict in Syria communication with the Syrian authorities was proving to be difficult and cumbersome.

From which countries are the Foreigners who purchase property in Malta?

We get people from anywhere in the world but we get a lot of Syrians because they are very much involved in the construction industry in Malta. In fact, we get a lot of Syrians who apply for an AIP permit to acquire property in Malta. As I explained these people

have entered the construction industry in Malta and in several cases, we have had Syrians who do not pay in actual money for the property they purchase but pay with provision of services and Material. That is, they barter their work and provision of material to an immovable property. Recently we have seen an influx of Italian nationals who are purchasing immovable property in Malta. We have seen a lot of Italians in the recent years who have not only acquired residences but also business ventures in Malta, particularly restaurants and gelaterias; we also get people from other countries the world over.

Do Foreigners prefer to buy or rent the property in Malta?

We have a mixture of both. It depends on the individuals and his thoughts. I have noticed that people like Syrians and Italians prefer purchasing to renting. Another thing I have noticed is that people involved in the gaming and betting industry which is a growing sector in Malta employing a lot of Foreigners prefer renting to purchasing. This is a job sector which is known as remunerating in high salaries yet the employees prefer renting the property with a concentration of these rentals being in the Msida, Gzira, Sliema and Swieqi area.

How is the property market at the Moment?

It is very strong. A number of tax incentives has boosted the property market big time and the number of purchases has increased drastically. This has had its pros and cons. While it has boosted the Maltese economy and provided the people involved in the sector like developers, masons, people involved in provision of services and supply of materials, architects, engineers, notaries, lawyers etc. with a lot of work which is definitely a pro. However, this has made the prices of property rise sky high so much so that they seem to have been blown out of proportion now. The rental market is extremely strong to an extent that at times there is a demand bigger than the supply and rental prices are reaching sky-high too.

What are the taxes involved when one acquires property?

Tax to purchase is 5% as a general rule. However, if property is situated in an Urban Conservation area this decreases to 2.5% (this is temporary). People who do not need and AIP permit and need the property for residential purposes pay tax at 3.5% on the first Euro 150,000 and 5% on the rest. First time buyers who purchase property for the first time ever do not pay tax on the first Euro 150,000 and pay 5% tax on the rest (this measure is temporary). A new incentive has been involved in this year's budget in that those who acquire property in Gozo as from January 2017 will pay tax at 2%.

3.1.3 Interview with permanent residents (structured sample)

Interview Questions and Data Research

1. Personal Information about the Resident

This information will give feedback and general knowledge about the residents who are living in Malta on a permanent bases.

1. What is your age?

- 18 to 24
- 25 to 34
- 35 to 44
- 45 to 54
- 55 to 64
- 65 to 74
- 75 or older

2. What is your gender?

- Female
- Male

3. Do you have a passport?

- Yes
- No

4. From which country do you come from ?

- Non EU Member State
- EU Member State
- Another country (please specify)

5. Why did you moved to Malta ?

- As a retirement place
- Business advantageous/ Tax haven
- Refugee status
- Start a new life - Family reason
- Weather and climate
- Safe Heaven
- Study here
- Business venture

6. Which of the following best describes your current relationship status?

- Married
- Widowed
- Divorced
- Separated
- In a domestic partnership or civil union
- Single, but cohabiting with a significant other
- Single, never married

7. Do you have any children under 18?

- Yes
- No

8. Which of the following categories best describes your employment status?

- Employed, working full-time
- Employed, working part-time
- Not employed, looking for work
- Not employed, NOT looking for work
- Retired
- Disabled, not able to work

9. Which of the following best describes your current occupation?

- Management Occupations
- Business and Financial Operations Occupations
- Computer and Mathematical Occupations
- Architecture and Engineering Occupations
- Life, Physical, and Social Science Occupations
- Community and Social Service Occupations
- Legal Occupations
- Education, Training, and Library Occupations
- Arts, Design, Entertainment, Sports, and Media Occupations
- Healthcare Practitioners and Technical Occupations
- Healthcare Support Occupations
- Protective Service Occupations
- Food Preparation and Serving Related Occupations
- Building and Grounds Cleaning and Maintenance Occupations
- Personal Care and Service Occupations
- Sales and Related Occupations
- Office and Administrative Support Occupations
- Farming, Fishing, and Forestry Occupations
- Construction and Extraction Occupations
- Installation, Maintenance, and Repair Occupations
- Production Occupations
- Transportation and Materials Moving Occupations
- Other (please specify)

10. What is your typical yearly household income? (Check all that apply)

- Less than €20,000
- €20,000 to €34,999
- €35,000 to €49,999
- €50,000 to €74,999
- €75,000 to €99,999
- €100,000 to €149,999
- €150,000 to €199,999
- €200,000 or more

Interview Questions and Data Research

2. Property Information

General information about the residents property such as if it is bought or rented , Location , type of dwelling, if it has commercial potential etc.

11. In what type of community do you live?

- City or urban community
- Suburban community
- Rural community

12. In which area do you live ?

- Central
- Gorm
- North
- Sliema and St Julians Surroundings
- South
- Valletta
- Designated Areas like Portomaso, Ise-Sallum, Tigne, Chambray etc.

13. In which type of housing do you live? (Check all that apply)

- Apartment
- Penthouse
- Maisonette
- Townhouse
- Duplex
- Boat House
- House of character
- Villa
- Palazzo
- Bangalow
- Terraced house
- Converted Farmhouse
- Other (please specify)

14. How did you find your property ?

- Property Estate Agent
- Local Sensors
- Website
- Through News paper adverts
- Other (please specify)

15. Have you bought the residence or rented ?

- I own the property
- I rent the property

16. If you rented the property will you consider buying a property in the near future

- Yes
- No
- Maybe

17. If your property was bought how much is its value on the market ?

- Less than €100,000
- €100,000 to € 199,999
- €200,000 to € 599,999
- €600,000 to € 999,000
- €1,000,000 or upper

18. If you purchased the property, did you require an AIP Permit ?

- Yes
- No

19. Was the AIP Permit difficult to obtain ?

- Yes
- No

If the Answer is Yes please explain why

20. Why did you require an AIP Permit ?

- Not a resident of a Member State.
- Although a resident of a member state haven't resided in Malta for at least 5 years.
- Purchasing a secondary residence.

21. If you did not require an AIP Permit what was the reason ?

- A resident of a Member State acquiring a primary residence.
- Resided for over five years in Malta.
- Married to a citizen of a Member State.
- Acquiring Property in a special-designated area.
- Acquiring Property for a commercial reason.

Other (please specify)

22. Did you apply under the Individual Investors Programme ?

Yes

No

23. How did you qualify for the IIP Programme ?

Purchased a property exceeding the value indicated in the scheme

Rented a property of high value as indicated in the scheme

Other (please specify)

24. Do you intent to go back to your country of origin or do you now consider Malta as your home ?

4 Findings and Data Analysis

The finding section will report all the results and state the findings of the research conducted based upon the methodologies applied to purely gather the information without being biased or in any way interfere with the end results being examined.

4.1.1 Results of Notarial Firm Interview Interviews

The Notary Public has given us a very factual overview of the situation from her practical everyday experience in the sector. The Notary has confirmed that the property sector on the island, is at its strongest at this point in time. She confirmed that some foreigners purchase the property they live in while others rent it out. The foreigners who purchase the property are usually people who have come to Malta to work. She explained that some self-employed foreigners who offer their services, like people from Syria, pay their house by exchanging their services and working materials for the property. It seems that the foreigners who purchase their property seem to want to remain in Malta for good and usually have their families with them. Syrians and Italians seem to be the most likely to do so. However, it seems that foreigners who work in the gaming industry usually rent out their property, even though, the rental prices are on the high-side. The reason behind this is because in most cases, the foreigners who work in the gaming industry usually do not intend to remain in Malta permanently.

The Notary Public has also confirmed that the Government has introduced a number of tax incentives and this has really given a boost to the Property Sector. The property sector has become much stronger in the last three years as a result of these incentives. However, this the prices of property have increased considerably. It seems that the fact that a lot of foreigners are establishing their residence in Malta and are either:

- purchasing property; or
- are willing to pay excessive prices to rent out a property, has contributed to the shooting up of prices in the property market.

4.1.2 Results of Interviews

The interviews have provided some very important information. The foreigners interviewed were a mixture of people coming from EU Member States and Non-EU Member States and the interviewees were a mixture of different ages.

The survey proved that the people who have made Malta their home have come here with their families, and different members of the families have found employment in Malta while the younger members are attending Maltese schools. The warmth of the Maltese nationals

and the fact that the Maltese are fluent in speaking English, Italian and some other foreign languages makes it easier for these foreigners to adapt quickly.

The results from the survey tally with the results from the interview with the Notarial firm. The Survey indicates that the foreigners who are most likely to rent their property in Malta are people in the gaming industry as well as students who are following a course of studies in Malta. These foreigners love Malta and declare that they have quickly adapted to the life-style on the island but still intend to return to their country of origin or move to another country as their employment necessitates. Foreigners who have set up businesses in Malta, usually purchase their property (residential) even though they may be renting their business premises. They usually take out loans from local banks. They do so because they seem to have made a decision to make Malta their new home.

It seems that the major reason why foreigners are establishing their residence in Malta is to start a new life, with their family. They come from countries where the living conditions or working conditions were not up to standard and Malta looked attractive. It seems that they have come over and confirmed that Malta is a safe place to live in with decent working conditions and with warm-welcoming citizens who help you adapt quickly.

It is amazing how a tiny island like Malta has become an attractive haven to a lot of foreigners who come over to work, reside, study or retire. The island should take pride in this and this shows that the Maltese are a very hard-working population, capable of creating enough work and investment for the Maltese and providing an attractive hub for foreigners who are willing to come over, work, invest and retire in Malta.

Below are samples of figures obtained from the Interviewee's.

Figure 2. Age of Interviewees

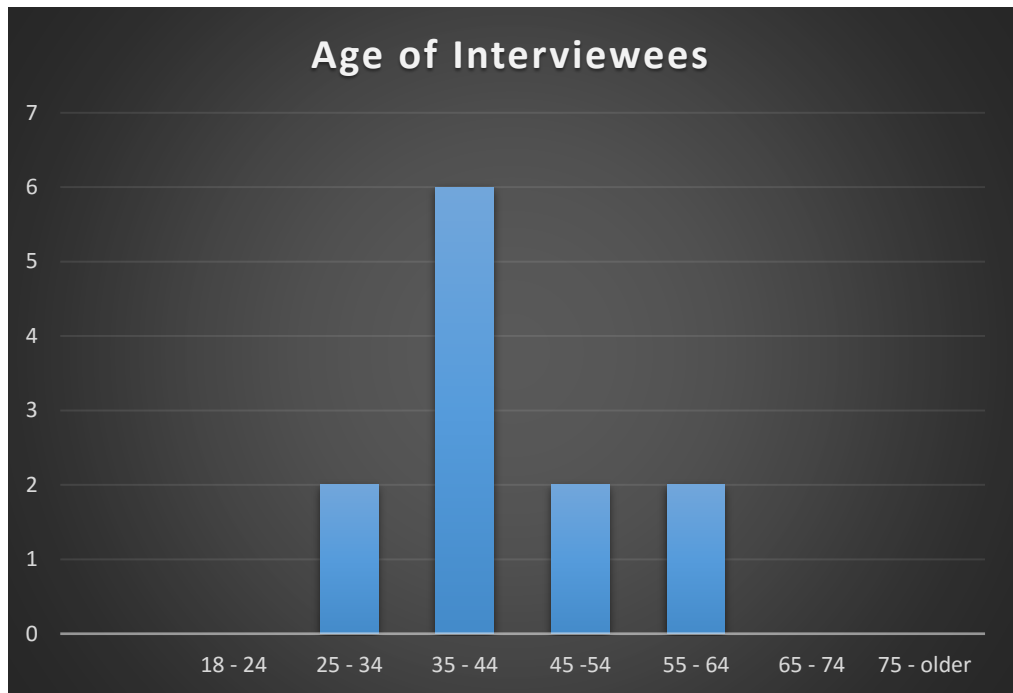


Figure 3. Gender of Interviewees

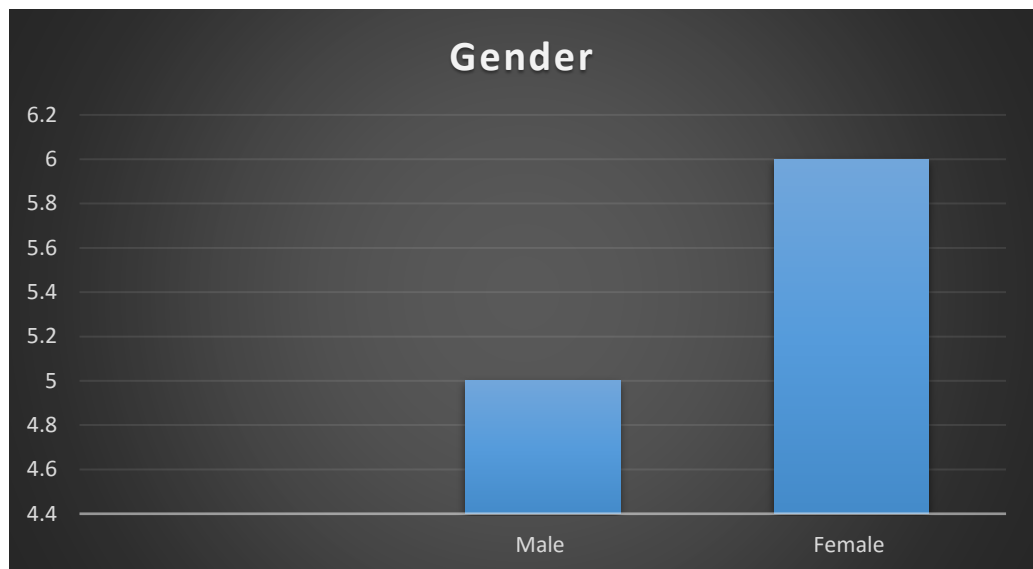


Figure 4. Origin of Interviewees

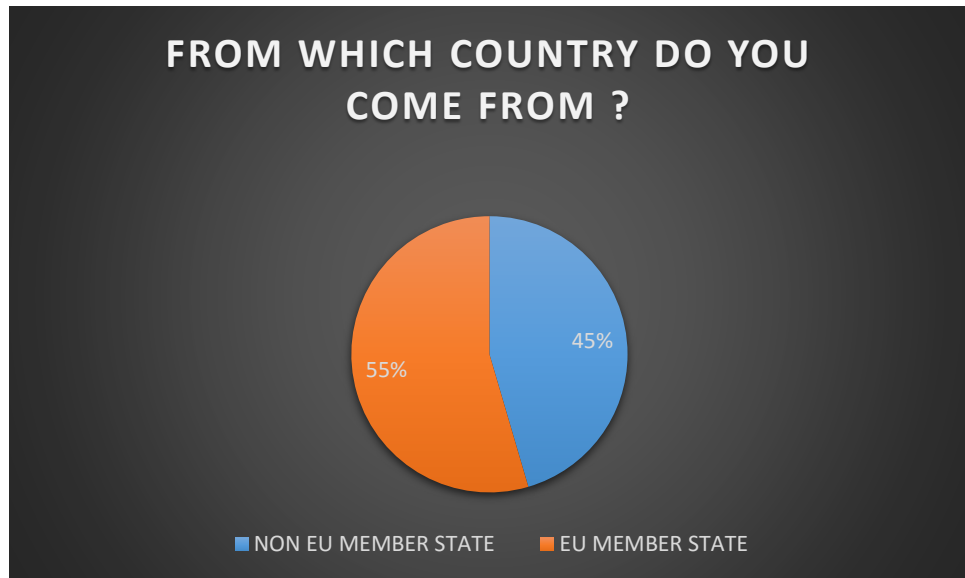
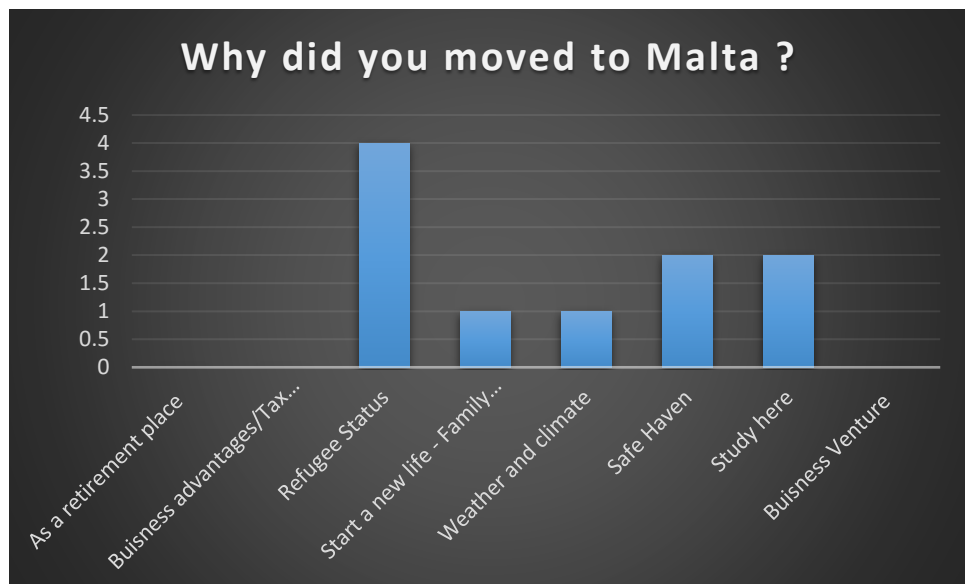


Figure 5. Motivation to move to Malta



5 Conclusions and Implications

This Research will not answer all the relative questions, but it will shed light on the huge potentiality of this sector. The Author is also a full member of the Malta Developers Association and since 2014 involved in construction and real estate, there is full potential of this sector from an educational perspective. As the author explained Malta offers a lot of opportunities and sincerely think that a serious curriculum development plan needs to be addressed at the Institute to reflect the modern trends happening around. Sincerely, the author would like to merge together the Stake holders and the Institute to discuss further future cooperation in offering courses and bilateral assistance to develop new structured programmes targeting real estate tourism in Malta. The real estate industry is an integral part, and underlying infrastructural basis of the tourism sector, as it is of many other sectors in the economy.

It was also noted that for a tourist to become permanent resident it is not that easy and strait forward beyond the three main processes of obtaining nationality the said applicants are being constantly stuck in the bureaucratic departments of the government. The Author noted that since mainly all permits are issued from the Identity Malta Department a substantial number of applicants are finding this system, very hectic and good potential permanent residents are being lost in transition. The Author also noted that on the other hand due to more tourists opt to become residents varies good factors are being recorded such as the big boost in the economy due to the high purchases and high rents they are paying, this not only created a feel-good factor in the economy but it offers the daily bread for the traditional workers such as stonemasonry, carpenters and tile layers due to the amount of buildings and finishes generated by these new residents.

On the other hand, the author note that due to the large quantity of apartments being built at the time, one must be cautious to retain the Maltese natural environment landscapes and greenery. Malta was always chosen by any traveller for its heritage, natural land and sea scapes and culture therefore to retain its position as one of the top destinations in the Mediterranean these characteristics should be safeguarded and protected. Otherwise the Islands risk losing all the charm they offer which makes Malta unique for its Sun, Land and Sea. This thesis will serve to shed light for further studies on the subject and will help others to understand the importance to continue monitoring and research on this topic, due to the vast people coming to Malta its quite obvious that this subject will definitely develop, diverge and will have impact on other sectors of society.

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Appendices

Appendix 1. Communication between the author and the notarial firm

From: Picco Albert at ITS [mailto:albert.picco@gov.mt]

Sent: 24 September 2016 15:31

To: Annemarie Tonna

Subject: Re: Thesis Interview - Albert Picco - Haaga Helia

Dr Tonna,

Thanks for the prompt replay, I confirm my availability for the date proposed by your firm.

Thanks again for your help regards,
Albert Picco

Sent from my iPhone

On 20 Sep 2016, at 9:09 AM, Annemarie Tonna <atonna@nextgen.net.mt> wrote:

Mr. Picco,

Thanks for your email. I would be very willing to give my in-put as a measure of study for the finalisation of your thesis. Kindly note that I will be abroad on work commitments as from the 21st to the 25th September so I will be available to meet you after that.

Is the 27th September at 4pm convenient for you?

I await your reply.

Thanks, and Regards,

Notary Dr. Anne Marie Tonna

From: Picco Albert at ITS [mailto:albert.picco@gov.mt]
Sent: 19 September 2016 13:19
To: atonna@nextgen.net.mt
Subject: Thesis Interview - Albert Picco - Haaga Helia

Dear Dr Tonna,

I'm Albert Picco Lecturer at the Institute of Tourism Studies. At the moment doing my thesis with a Finnish University - Haaga Helia for the purpose to Investigate critical factors that tourists go through to become residents. This thesis will mainly adopt a qualitative method of research, therefore there will be an endeavour to conduct an in- depth analysis of the thesis title.

Having heard a lot of positive comments about your reputable firm I would like to ask you if I can have a few minutes with yourself (always at your disposition) or any notary at your firm to discuss the circumstances that foreigners/tourists who opt to buy property in Malta go through especially when they are buying or renting the property on their name.

While I thank you in advance for your acknowledge of this e-email, I really look forward if this meeting can happen.

Thanks, and regards,
Albert Picco - ITS LECTURER
Mob - 79691493.

Appendix 2. Communication between the author and the National Statistics Office



Claire MELI

Senior Statistics Executive | Dissemination Unit

✉ claire.a.meli@gov.mt ☎ +356 2599 7213

Kindly read our legal disclaimer [here](#)

www.nso.gov.mt

🌱 Please consider your environmental responsibility before printing this e-mail

Submission Reference Number: NSO001-212-16

Contact Details:

Title: Mr

Name: Albert

Surname: Picco

Gender: Male

House No: 1

House Name: Dolmen Court

Street Name: Triq Ghawdex

Town: SAN PAWL IL-BAHAR

Post Code:

Country: Malta

Phone Number: 79691493

Mobile Number:

Email Address: albert.picco@gov.mt

Other Details:

Request being Submitted by: Educator/Academic

Organisation name: Institute Of Tourism Studies

VAT Number:

Request / Comments:

Category: National Statistics

Request: I would like to obtain National Statistics in regards of the Foreigner's from E.U and Outside E.U who bought property in Malta and are residing as permanent residents.

This statistic will be purely used for my Master's degree in Hospitality Studies.

This is a computer-generated message, kindly do not reply to this email.

END OF TEXT

Dear Claire,

That Type of information will be great, I appreciate a lot I f you send me a copy due that I will use it for my research in my Masters in Hospitality.

Regards,

Albert Picco

From: Meli Claire at NSO
Sent: 20 April 2016 08:26
To: Picco Albert at ITS
Subject: NSO001-212-16

Dear Mr Picco

The exact below information is not available from our behalf.

The nearest information that we have is: "The number of reference persons (non-Maltese – EU and non EU) in households whose type of dwelling that they live in is owned freehold".

Regards,

Claire Meli

Appendix 3. New Identity Form Application



Dipartiment ta' Ċittadinanza u ta' l-
Expatriates

*Department for Citizenship and
Expatriate Affairs*

FORMOLA ID 1A
FORM ID 1A

**IDENTITY REGISTRATION FORM –
NON-MALTESE NATIONALS**

1. Type of applicant

- Type A: Non-Maltese National of an EU Member State
- Type B: Non-Maltese National who is not a National of a EU Member State, Iceland, Liechtenstein, or Switzerland Norway
- Type C: Non-Maltese National who is a National of Iceland, Liechtenstein, Norway or Switzerland

2. Type of form

- First Time Application
- Renewal with no changes to current details
- Change in Address
- Other Changes (not Address)
- Lost/Stolen/Damaged Card

3. Details of Applicant

ID Card No ¹	<input type="text"/>		
Surname	<input type="text"/>		
Maiden Surname	<input type="text"/>		
Name	<input type="text"/>		
Current Nationality	<input type="text"/>	Nationality at Birth	<input type="text"/>
Country of Birth:	<input type="text"/>	Place of Birth	<input type="text"/>
Marital Status	<input type="checkbox"/> Single	<input type="checkbox"/> Married	<input type="checkbox"/> Separated <input type="checkbox"/> Divorced <input type="checkbox"/> Widow/er
Sex	<input type="checkbox"/> Male	<input type="checkbox"/> Female	
Date of Birth	<input type="text"/>		

¹ If known

Travel Document Type Passport Foreign ID Card
 Other (Specify) _____

Travel Doc No. Country of Issue
Date of Issue (dd/mm/yyyy) Valid Until (dd/mm/yyyy)

4. Contact Details

Address:

Phone No Mobile No

E-Mail Address

5. Declaration by Applicant

Tick where applicable

- I declare that I wish to proceed with applying for an electronic identity account.
- I declare that I do not wish to proceed with applying for an electronic identity account.

Signature of Applicant _____ Date _____

All data is collected and processed in accordance with the Identity Card Act (Cap. 258) and the Data Protection Act (Cap. 440).

Appendix 4. Property rental declaration form

Rental Declaration Form



This form must be filled by the owner of the residential property indicated in the lease agreement submitted by the applicant. This serves as a confirmation of the address indicated by the applicant on the application for a residence document submitted to Identity Malta.

1. Details of the tenant

Name

ID no. Telephone no.
(if applicable)

Address

Email

2. Details of the owner of the property

Name

ID no. Telephone no.

Address

Email

Indicate the duration of the letting of the property named in point 1. From To

Indicate whether the person named above is a joint tenant Yes No

If yes, please indicate the number of residents.

3. Declaration

I declare that the information provided in this form is correct and complete. My consent is being given for the information to be used for the purpose of an application for a residence document. Such data may be accessed by Identity Malta and any government entity that may be involved in the evaluation process of your application, in line with Maltese and EU law.

Signature of owner

Date

Appendix 5. Application for a residence permit (Employment)

CEA Form C
(Non-EU)



APPLICATION FOR A RESIDENCE PERMIT EMPLOYMENT

(To be filled in by persons who are not nationals of an EU Member State, Iceland, Liechtenstein, Norway or Switzerland)

Tick as applicable

- This application is being submitted under the provisions of the Single application procedure for a Single permit as regards Residence and work and a common set of Rights to those third country workers legally residing in Malta Regulation (Legal Notice 160/2014). Information leaflet CEA/L/10 refers, which may be accessed through www.mhas.gov.mt

(If the applicant is already in possession of an employment licence the details in section 2B are to be provided, in order to assess whether the employment, that has been authorised under the said licence, falls to be considered under the Regulation concerned.

- This application is not being submitted under the provisions of the above mentioned regulation as regards the issue of a residence /work permit. Applicant is in possession of an Employment licence
- Self Employed

1. Applicant Personal Details

Surname:	
Former Surname (if applicable):	Forename (s):
Current Nationality:	Nationality at birth (if different):
Country of Birth:	Place of Birth:
Marital Status: <input type="checkbox"/> Single <input type="checkbox"/> Married <input type="checkbox"/> Separated <input type="checkbox"/> Divorced <input type="checkbox"/> Widow/er	
Sex: <input type="checkbox"/> Male <input type="checkbox"/> Female	Date of Birth (DD/MM/YYYY):
Travel Document Type: <input type="checkbox"/> Passport <input type="checkbox"/> Foreign ID <input type="checkbox"/> Other (specify): _____	
Travel Document No:	Country of Issue:
Date of Issue (DD/MM/YYYY):	Valid Until (DD/MM/YYYY):

Address in Malta:

Property No:	
Property Name:	
Street:	
Locality:	
Telephone:	Mobile:
E-mail:	

FOR
OFFICIAL
USE

Bar Code

Application No

Person Registration No

- New Application
- Renewal

Current Permit No.

Received by:

Vetted by:

Permit Decision:

- Approved

Validity: _____

- Temporary

Validity: _____

- Refused

Validity: _____

Conditions:

Card Permit No.

**Permanent
Address
Abroad:**

Door:

Street:

Locality:

Country:

Telephone:

Date of First Settlement in Malta (DD/MM/YYYY):

Intended Duration of Stay:

Country of Residence prior to Settlement in Malta:

Intended Country of next Settlement:

2A. Employment Details

Employer/Company Name:

**Address of the
Employer**

Door:

Street:

Locality:

Post Code:

VAT Registration No:

Employer Registration No:

Place of Work:

Contact Persons:

E-mail:

Telephone:

Mobile:

2B. Employment Details (Give details only if already in possession of an employment licence)

Employment Licence:

Validity of present Employment License:
From _____ To _____

2C. Employment Details

Expected Period of Employment: From _____ to _____

Job title :

Annual Gross Salary: up to €25,000
 €26,000- €75,000 €75,000 +

For official use only

ETC Reference number:

3. Declaration

- I hereby solemnly declare that the information given in this application is true to the best of my knowledge and belief and that no details have been omitted that could be of direct importance when the application is considered.

Signature of Applicant

- I hereby confirm that I am endorsing this application in so far as the offer of employment is concerned

Signature of Employer/Representative

4. Data Protection

All personal details are processed in a confidential manner and in accordance with the Data Protection Act, Chapter 440 of the Laws of Malta. The Data Controller is the Director for Citizenship and Expatriate Affairs.

Information furnished in this application form together with any biometric data that is required to be collected and any other subsequent information which may be provided by you at a later stage, are mandatory for processing the application for the purposes of issuing a Residence document. Such data as well as data concerning any decision taken on your application may be accessed by the Department for Citizenship and Expatriate Affairs, the Immigration Authorities, Police Authorities, the Ministry for Home Affairs and National Security and any other government department and/or public organisation that may be involved in the process of evaluating your application form, in line with Maltese law. This information may also be disclosed to other competent authorities in other EU member states if required, in line with Maltese legislation and applicable EU legislation

In the course of evaluating your application, the Department for Citizenship and Expatriate Affairs may also enquire information about you from other government departments, authorities or other organisations which may need to be taken in consideration to process your application form.

All details supplied by you (the applicant) are registered in a database regarding the processing of residence documents .

You have the right under the Data Protection Act to enquire about information that is being processed about you, and to request rectification of inaccurate data and the blocking or deletion of such personal data that has not been processed in accordance with the Act The national supervisory authority of Malta, the Office of the Information and Data Protection Commissioner [idpc.info@gov.mt] will hear claims concerning the protection of personal data.

Such requests to access personal data held by the Department are to be made in writing and have to be addressed to:

The Data Protection Officer
Department for Citizenship and Expatriate Affairs
Evans Building
St. Elmo Square
Valletta

Signature of Applicant

Signature of Employer / Representative

Date

5. Supporting Documents

- A valid travel document, and if already residing in Malta evidence of a valid visa or a valid residence permit or in the case of a non-visa national evidence that applicant is residing legally in Malta. If a person is residing outside Malta a photocopy of the bio page— page containing personal details— is to be submitted.
- For Regulated professions, a document attesting fulfilment of the conditions set out for the exercise by Union Citizens of the regulated profession specified in the contract of employment or statement containing the conditions of employment.
- Employment licence (if applicable)
- If residing in Malta, evidence of sickness insurance coverage for all risks.
- For information regarding further documentation required in connection with the application kindly refer to the ETC Employment Licences Unit Guidelines for Clients which is available at <http://etc.gov.mt/etc-portal/page/3/ELU-Guidelines.aspx>
- If applicant is still abroad three passport size photos are required. Kindly refer to the ICAO photographic guidelines. These guidelines can be found on the Ministry for Home Affairs and National Security website: <http://mhas.gov.mt/en/MHAS-Information/Services/Pages/Residence.aspx>

NOTE: Original documents will be returned to the applicant; Copies will be retained by the Department. The Department reserves the right to request any other additional document to process the application.

6. Notes to Applicants

- This application is to be submitted by persons who are not nationals of an EU Member State, Iceland, Liechtenstein Norway or Switzerland.
- Applications, when submitted whilst person is in Malta, will be accepted only if such person is covered by an authorization of stay in Malta.
- Such person is required to fill in the appropriate application form depending on the purpose for which the residence permit is requested:

Blue Card	CEA Form B
Employment	CEA Form C
Economic Self-sufficiency	CEA Form K
Study	CEA Form N
Long term resident	CEA Form L
Family Member	CEA Form G
International/National Protection	CEA Form I
Other purposes:	CEA Form O

(Partner, Religious, Posted Worker, Working Holiday, Humanitarian Grounds, Health, Temporary)

Further information regarding the issue of residence permits in Malta is available on information leaflet CEA L8.

- Only one application for a residence permit for a specific purpose of stay will be considered at any one time.
- All required documents together with photocopies thereof should be enclosed with an application. English translation of documents are required, if applicable. All photocopies are to be provided by the applicant.
- Applications in respect of minors, that is, persons who are still under 18 years of age, are to be submitted and signed by the parent/s or a person who has guardianship of the child. The relative documentation attesting the said authority over the child would have to be submitted.
- Application fee, if applicable, is to be paid in full upon application and is non refundable.

Appendix 6. Citizenship registration and application form

Family Member

- Application concerned signed accordingly.
- Full copy of passport – Visa to be checked or if renewal check the previous card.
- Lease agreement – indicating the name of applicant, Lessor's ID and duration of lease.
- Health insurance – Key plan, Hospital plan or NI
- Evidence stating their purpose in Malta
- Proof of financial means.
- Birth certificate or Married certificate



Dipartiment ta' Ċittadinanza u ta' l-Expatriates

Department for Citizenship and Expatriate Affairs

FORMOLA ID 1A
FORM ID 1A

**IDENTITY REGISTRATION FORM –
NON-MALTESE NATIONALS**

1. Type of applicant

- Type A: Non-Maltese National of an EU Member State
- Type B: Non-Maltese National who is not a National of a EU Member State, Iceland, Liechtenstein, or Switzerland Norway
- Type C: Non-Maltese National who is a National of Iceland, Liechtenstein, Norway or Switzerland

2. Type of form

- First Time Application
- Renewal with no changes to current details
- Change in Address
- Other Changes (not Address)
- Lost/Stolen/Damaged Card

3. Details of Applicant

ID Card No ¹

Surname

Maiden Surname

Name

Current Nationality Nationality at Birth

Country of Birth: Place of Birth

Marital Status Single Married Separated Divorced Widow/er

Sex Male Female

Date of Birth

¹ If known

Travel Document Type

Passport Foreign ID Card

Other (Specify) _____

Travel Doc No.

Country of Issue

Date of Issue (dd/mm/yyyy)

Valid Until
(dd/mm/yyyy)

4. Contact Details

Address:

Phone No

Mobile No

E-Mail Address

5. Declaration by Applicant

Tick where applicable

I declare that I wish to proceed with applying for an electronic identity account.

I declare that I do not wish to proceed with applying for an electronic identity account.

Signature of Applicant _____

_____ Date

All data is collected and processed in accordance with the Identity Card Act (Cap. 258) and the Data Protection Act (Cap. 440).



APPLICATION FOR A RESIDENCE PERMIT FAMILY MEMBER

(To be filled in by persons who are not nationals of an EU Member State, Iceland,
Liechtenstein, Norway or Switzerland)

Bar Code

Application No

Person Registration No

1. Applicant Personal Details

Surname:

Former Surname (if applicable):

Forename (s):

Current Nationality:

Nationality at birth (if different):

Country of Birth:

Place of Birth:

Marital Status: Single Married Separated Divorced Widow/er

Sex: Male Female

Date of Birth (DD/MM/YYYY):

Travel Document Type: Passport Foreign ID Other (specify): _____

Travel Document No:

Country of Issue:

Date of Issue (DD/MM/YYYY):

Valid Until (DD/MM/YYYY):

Address in Malta:

Property No:

Property Name:

Street:

Locality:

Telephone:

Mobile:

E-mail:

Permanent Address Abroad:

Door:

Street:

Locality:

Country:

Telephone:

New Application

Renewal

Current Permit No.

Received by:

Vetted by:

Permit Decision:

Approved

Validity: _____

Temporary

Validity: _____

Refused

Validity: _____

Conditions:

Card Permit No.

<i>Date of First Settlement in Malta (DD/MM/YYYY):</i>	<i>Duration of Stay:</i>
<i>Country of Residence prior to Settlement in Malta:</i>	
<i>Intended Country of next Settlement:</i>	

2. Personal Details of Sponsor granted residence in Malta

<i>Residence Permit No/Application:</i>	
<i>Surname:</i>	
<i>Maiden Surname:</i>	<i>Name:</i>

- Relationship:**
- Spouse under 21 years*
 - Spouse over 21 years*
 - Minor child*
 - Dependent child over 18 years*

- Applicant qualifies for family reunification under LN 150/2007*

3. Declaration

I hereby solemnly declare that the information given in this application is true to the best of my knowledge and belief and that no details have been omitted that could be of direct importance when the application is considered.

Signature of Applicant

Date

Signature of family member

Date

4. Data Protection

All personal details are processed in a confidential manner and in accordance with the Data Protection Act, Chapter 440 of the Laws of Malta. The Data Controller is the Director for Citizenship and Expatriate Affairs.

Information furnished in this application form together with any biometric data that is required to be collected and any other subsequent information which may be provided by you at a later stage, are mandatory for processing the application for the purposes of issuing a Residence document. Such data as well as data concerning any decision taken on your application may be accessed by the Department for Citizenship and Expatriate Affairs, the Immigration Authorities, Police Authorities, the Ministry of Foreign Affairs and any other government department and/or public organisation that may be involved in the process of evaluating your application form, in line with Maltese law. This information may also be disclosed to other competent authorities in other EU member states if required, in line with Maltese legislation and applicable EU legislation

In the course of evaluating your application, the Department for Citizenship and Expatriate Affairs may also enquire information about you from other government departments, authorities or other organisations which may need to be taken in consideration to process your application form.

All details supplied by you (the applicant) are registered in a database regarding the processing of residence documents .

You have the right under the Data Protection Act to enquire about information that is being processed about you, and to request rectification of inaccurate data and the blocking or deletion of such personal data that has not been processed in accordance with the Act. The national supervisory authority of Malta, the Office of the Information and Data Protection Commissioner [idpc.info@gov.mt] will hear claims concerning the protection of personal data.

Such requests to access personal data held by the Department are to be made in writing and have to be addressed to:

The Data Protection Officer
Department for Citizenship and Expatriate Affairs
3 Castille Place
Valletta

Signature of Applicant

Date

5 Supporting Documents

- Original and Copy of passport (blank pages are not required)
- Original and copy of all necessary full birth/marriage certificate/s
- Proof of sponsor's financial resources
- Letter from the sponsor indicating the reason of the applicant's stay in Malta
- In case the sponsor is not paying any National Insurance contributions, a comprehensive health insurance against all risks for the family member/s is required.
- If the applicant qualifies for family reunification under LN 150/2007, the applicant needs to submit a confirmation letter issued by the Director responsible for Citizenship and Expatriates Affairs.

NOTE:

***Original documents will be returned to the applicant; Copies will be retained by the Department.
The Department reserves the right to request any other additional document to process the application.***

6 Notes to Applicants

- This application is to be submitted by persons who are not nationals of an EU Member State, Iceland, Liechtenstein Norway or Switzerland.
- Applications, when submitted whilst person is in Malta, will be accepted only if such person is covered by an authorization of stay in Malta.
- Such person is required to fill in the appropriate application form depending on the purpose for which the residence permit is requested:

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Economic Self-sufficiency	CEA Form K
Study	CEA Form N
Long term resident	CEA Form L
Family Member	CEA Form G
International/National Protection	CEA Form I
<i>Partner</i>	CEA Form O
<i>Religious</i>	
<i>Posted Worker</i>	
<i>Working Holiday</i>	
<i>Humanitarian Grounds</i>	
<i>Health</i>	

Further information regarding the issue of residence permits in Malta is available on information leaflet CEA L8.

- Only one application for a residence permit for a specific purpose of stay will be considered at any one time.
- All required documents together with photocopies thereof should be enclosed with an application. English translation of documents are required, if applicable. All photocopies are to be provided by the applicant.
- Applications in respect of minors, that is, persons who are still under 18 years of age, are to be submitted and signed by the parent/s or a person who has guardianship of the child. The relative documentation attesting the said authority over the child would have to be submitted.
- Application fee, if applicable, is to be paid in full upon application and is non refundable.
- Persons concerned are being reminded that, without prejudice to any legal action that may be taken against them if false information is deliberately given, this would lead to the rejection of the