

Malta: Taxation of Shipping Activities

Malta adopts a full tax exemption on income derived by a licensed shipping organisation that owns, charters or operates a ship over 1,000 net tons. Malta's geographical position together with its regulatory framework has enabled it to become a major player in the maritime industry.

Tax Treatment

Income derived from shipping activities of a licensed shipping is exempt from tax. Shipping activities is defined as:

'the international carriage of goods or passengers by sea or the provision of other services to or by a ship as may be ancillary thereto or associated therewith including the ownership, chartering or any other operation of a ship engaged in all or any of the above activities or as otherwise may be prescribed'.

Other benefits relating to Shipping Activities:

- Income, profits or gains derived from the sale or other transfer of a tonnage tax ship are exempt from tax in Malta;
- No Maltese income tax and stamp duty is payable on the disposal of shares in a licensed shipping organisation that owns, charters, operates, administers or manages a tonnage tax ship;
- Licensed shipping organisations having no income or only income from shipping activities may submit an annual declaration in lieu of the annual tax return.

Ship management companies

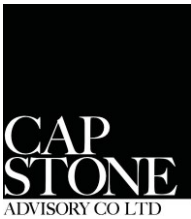
Ship management activities have been brought within the purport of the above mentioned exemptions. Income derived by a ship manager from ship management

activities is treated as income derived from shipping activities and thus exempt from tax in Malta.

'Ship management activities' is defined as referring to those activities consisting in, but not limited to, the entire crewing of a tonnage tax ship and, or the provision of technical management thereto.

Tax Refund System

Shipping companies may renounce to the benefits and exemptions outlined above. In such cases the mentioned companies would be taxable at the corporate rate of 35% and, the shareholders of such companies, would be able to benefit from the Tax Refund System, whereby a refund of 6/7ths of the tax paid by the Maltese company would be claimed upon a dividend distribution.



For further information kindly contact [Nicky Gouder](#)

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