

Malta - the new hotspot in Europe

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Some Prelims - is Malta that new ?

- Some History
 - Six RAF Airfields in Malta



RAF - KALAFRANA



RAF - QRENDI



RAF - GUDJA

Some Prelims - is Malta that new ?



RAF - LUQA



RAF - HAL FAR



RAF - TA' QALI

Some Prelims - is Malta that new ?

- 1970s
 - the set up of two major operators:
 - Air Malta - a Government set-up operator acting as a passenger airline
 - Mediterranean Aviation Co. Ltd (MEDAVIA) - a joint venture between the Maltese and Libyan Governments providing cargo and logistics services
 - First maintenance organisations:
 - Aeromaritime Mediterranean Limited, an engineering venture was also set up in 1979 and still carries out maintenance services to date.

Some Prelims - is Malta that new ?

- Mid - Late 2000s
 - Comlux (2008)
 - Executive Jet Services (2008)
 - Orion Malta (2008)
 - Elitavia (2009)
 - Privajet (2009)

- 28 AOCs
- Several maintenance organisations based in Malta
- All types of aircraft being registered - airliners, business jets, medevac aircraft, helicopters
- Development of an aviation park
- Training possibilities in Malta
- Several ground handling organisations for business jets

Why are the operators moving to Malta?

- The importance of historical background - often underestimated. What we have today is a result of consistent development in this field.
- A Strong Infrastructure:
 - Administrative Services - Civil Aviation Directorate
 - Airfield and airfield services
 - Maintenance facilities
 - Experienced technical workforce
 - Related available services within the territory, such as: aviation consultants (including continuous airworthiness management), legal services, corporate services providers, audit firms, insurance brokers

Why are the operators moving to Malta?

- Legislative Landscape:
 - Tried and tested legal system
 - The Aircraft Registration Act:
 - Certainty for financiers
 - Certainty for owners
 - Cape Town interests
 - Local mortgages
 - Self-help measures (protecting interests of financiers / lessors)
- Recourse to Courts:
 - Reliable and unhindered
 - Has a proven history with the shipping industry
 - Track record in relation to aviation specific litigation is developing soundly

Why are the operators moving to Malta?

- Fiscal Incentives

- Income tax regime - based on imputation system - refund mechanism
- Benefits under Highly Qualified Persons - Income Tax Regime:
 - Quoting from the relevant regulation: Individual income from a qualifying contract of employment in a key positions (e.g. post-holders, CEO, COO...) is subject to tax at a flat rate of 15% provided that the income amounts to at least €75,000 (seventy five thousand euro) adjusted annually in line with the Retail Price Index. The 15% flat rate is imposed up to a maximum income of €5,000,000 (five million euro), the excess is exempt from tax.
 - Residence Permit - tie in with Highly Qualified Persons Regimes
- Other benefits - Incentives to business regulations
- VAT

VAT - Mitigation initiatives and other measures

- General Principles of VAT - One of the key benefits of having an aircraft registered on a Maltese AOC
 - Consistent interpretation by VAT and Customs authorities as to what constitutes an airline operator for the purposes of the relevant VAT legislation/exemption (now also covers aircraft registered on a non-Maltese AOC)
 - Not a blanket exemption - it's important to ensure that the operational structure is correct - otherwise the exempt status might be compromised

VAT - Mitigation initiatives and other measures

- The VAT Scheme
 - Still at its infancy - has the potential of becoming a key initiative in the long run (private/commercial use issues)
 - Straightforward and based on a tried and tested model taken from the yachting industry - Higher range / lower rate and vice versa
 - Grants certainty as to the VAT/free circulation status of the asset

VAT - Mitigation initiatives and other measures

- Other possibilities:
 - Obtaining free circulation status for privately owned aircraft on the basis of a deferment on the payment of VAT upon purchase or importation of the aircraft
 - VAT deferral obtained against the presentation of a bank guarantee covering VAT reporting obligations of the owner
 - Requires an operational structure which would not fall foul of the provisions of European Law relating to air services - in particular - requires a leasing structure having one sole private end user

The best place post Brexit ?

- Uncertainty surrounding Brexit
- Brexit has already had effect on the relocation of aircraft owners to Malta
 - Malta is seen as a safe jurisdiction of choice for setting up owning entities
- Operators: a lot will depend on the EU negotiated package
 - Malta's flexibility could be a key selling point
 - Capacity issues must be considered

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