



COMPANY FORMATIONS

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Consulting firm 3a has extensive experience in assisting clients with company formation both in Malta and further afield.

The firm facilitates the process of company incorporation by providing the client with a simple registration module and assisting in attaining the due diligence documentation required. According to managing director Neville Cutajar, 3a does not stop at company formation but will continue to assist clients in realising their business potential long after the formation process, ensuring seamless compliance with all regulatory frameworks.

He said: "We therefore look at establishing a long term relationship with our clients and in assisting them throughout all the stages of their business. At 3a we believe that knowledge transfer cannot be fairly equated to the time it takes to provide a service. We believe that time-billing leaves our client in the dark. The style adopted by 3a is therefore to first assess and understand the situation free of any charge. Then comes the proposal with a fixed price based on a number of deliverables. At 3a we believe that fixed price agreements lend more clarity to our relationship with our clients."

Malta has experienced a constant increase in company formations over

the last few years, since the financial crisis has forced businesses to take a hard look at their operating costs and tax exposure. Malta is an ideal jurisdiction to reduce both and still remain competitive in a difficult environment.

There are a number of good reasons to set up business in Malta. To begin with, the jurisdiction is very well regulated and yet flexible. Specialised legislation covers a host of different entity forms for example foundations, trusts, protected cell companies, single member companies; as well as in respect of several different business activities such as remote gaming, maritime, aviation, IT, financial services and so on.

The tax system is highly efficient in respect to both corporate taxation as well as other direct and indirect taxation. "Malta adopts a system of tax refunds upon the distribution of dividends," explained Mr Cutajar. "The tax refund system significantly lowers the effective tax suffered in Malta and in fact this effective rate is presently the lowest in the EU region.

He continued: "Malta does not levy any withholding tax on payments of dividends, interest and royalties. Distributions to shareholders of a Maltese company by a liquidator in the course of winding up to the extent to which they represent income derived by the company are deemed to be dividends paid to the shareholders out of the profits derived by the Maltese company. Malta does not have any controlled foreign company legislation as well as no transfer pricing regulations. Malta's Income Tax Act does not contain any thin capitalisation rules and Malta does not levy any exit taxes, wealth taxes or any payroll-based tax or trade tax."

Furthermore, the cost of setting up and running a company in Malta is fairly low compared with other European jurisdictions. "Professional services are normally attained at considerably lower rates than in most of Europe and these entail an overall efficient and lean operating cost structure whilst being compliant in all respects," added Mr Cutajar.