



Set in the heart of the Mediterranean, Malta is the ideal EU location for Aviation related businesses and service providers.

In response to significant growth, Malta has developed a wealth of sub-sectors across the aviation industry, ranging from: maintenance, repair, and overhaul (MRO) operations to back-office setups; research and development companies to manufacturers of aircraft parts.

Complemented by fully supporting Air Operator Certificates as well as a pro-business approach, it is to no surprise that Malta is becoming an EU aviation jurisdiction of choice.

BENEFITS OF USING THE MALTA REGISTRY

With circa 500 9H-registered aircraft and helicopters on their register, there is no denying that Malta is able to offer commercial and private owners and operators everything they need to manage their aircraft. There are a number of benefits to using Malta, including:

- It is competitively priced;
- It offers an extensive double-tax treaty network as well as transparency of rights and interests;
- It offers unparalleled flexibility to international operators. Aircraft on the Maltese register can be both based and freely operated anywhere in the world;
- It recognises the fractional ownership of aircraft so that title may be divided between co-owners in specified fractions or percentages, each of which may be financed by a different creditor taking security over the particular fractional interest for which finance has been provided;
- Private use of an aircraft by an individual does not constitute a taxable fringe benefit, if the individual is not resident in Malta and is an Employee/Officer of an Employer/Company/Partnership, whose business activities include the ownership/leasing/operation of an aircraft used for international transport;
- It offers competitive minimum depreciation periods for aircraft;
- There are NO withholding taxes;
- It implements the provisions of the Cape Town Convention on International Interests in Mobile Equipment and its Aircraft Protocol provides secured lenders a higher degree of protection and more effective remedies whilst allowing lower borrowing costs;
- It is possible to register aircraft under construction once uniquely identifiable, with airworthiness surveys suspended until the completion of the aircraft;
- It is possible to record various details pertaining to the aircraft, its ownership or any other relevant interest;
- It offers high standards of safety and security.

TAX IN MALTA

Malta provides favourable taxation rules for aviation income.

Income from the ownership/leasing/operation of an aircraft or aircraft engine; which is used for, or employed in, the international transport of passengers or goods; is deemed to be earned outside of Malta. This can lead to zero tax leakage in Malta when applied to individuals who are resident but not domiciled in Malta.

The specific provisions also provide for accelerated depreciation - six years for aircraft airframe, engine, and overhaul and four years for aircraft interiors and other parts; together with an exemption from the application of fringe benefit rules on income.

Furthermore, anyone leasing an aircraft carried by Maltese companies (along with performing other aviation-related activities) can benefit from the standard corporate tax rate and refund structure available in Malta.

Other benefits include taxes not withheld on the distribution of dividends or interest payments outside of Malta.



AIRCRAFT LEASING

Companies carrying out aircraft leasing arrangements can benefit from Malta's beneficial tax refund system. The tax treatment of such leases will vary depending on whether the transaction is an operating lease or a finance lease.

Operating Lease - In an Operating Lease the lessor will be entitled to a tax deduction based on the depreciation of the airframe and engine at 16.7% per annum, as well as depreciation on interiors and other parts at 25% per annum. With the application of Maltese income tax, the company will be subject to tax at 35%; however, the effective tax charge via the Malta tax refund system may reduce this to between 0% and 6.25%. The disposal of an aircraft can also be structured in such a way as not to attract a Maltese tax liability.

Finance Lease - In a Finance Lease arrangement, the lessor will be taxable in Malta on the finance lease with deductions allowable for any finance costs. Again, although the lessor will be subject to tax in Malta at 35%, the Maltese tax refund system will reduce the effective tax charge to a maximum of 6.25%. On disposal of the aircraft there will be no tax consequences in Malta.

OUR SERVICES

ESTABLISHMENT & ADMINISTRATION OF BESPOKE AIRCRAFT STRUCTURES | AIRCRAFT IMPORTATION
INTERNATIONAL AIRCRAFT REGISTRATION | ACQUISITION & SALE OF AIRCRAFT | VAT REGISTRATION & ADMINISTRATION
PROJECT MANAGEMENT | TAX COMPLIANCE & ADMINISTRATION | BOOKKEEPING & ACCOUNTING
CORPORATE BANK ACCOUNTS & ONLINE BANKING | CREW EMPLOYMENT & PAYROLL SERVICES

ABOUT SENTIENT

Sentient International is a privately owned group of independent, modern corporate and trust service providers, who between them have a solid track record of over 35 years.

Providing bespoke international business solutions to a broad spectrum of international clients, not only do we offer a wide range of services that are efficient, flexible and cost effective, our team of professionals offer complete in-house expertise as well as experience within a number of industry sectors.

We are committed to providing the highest level of customer care and ensure that the services we provide are delivered professionally, reliably and with complete integrity. We are proud to be more than just a company service provider.

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