



# BUYING PROPERTY IN MALTA

## About Malta: Lifestyle & Climate

Malta's serene Mediterranean landscape, the fusion of Neolithic, Baroque and Classical architecture along with the hospitality of the Maltese, make Malta a unique destination.

Its Mediterranean climate, mild winters and warm summers, coupled with a low crime rate, excellent healthcare, serene way of life and relatively low cost property entice foreigners to purchase property in these small islands, making Malta one of the best places for expatriates to live in.





## The Property Market

Despite the international turmoil, in the last decade Malta has continued to feature prominently on the radar of investors interested in the European property market. Consequently the Maltese property market has remained relatively stable despite the general downturn of the European property market.

Whilst Malta's great climate has long been deemed as one of its major assets, a favourable tax regime for individuals seeking to move their personal or business affairs to Malta or to invest in Malta, coupled with a system that protects both the buyer and the seller in property deals, has contributed to maintain the resilience of the Maltese property market, especially with regards to high end properties.



## Procedure for Property Acquisition

The typical process in a property acquisition would normally run as follows:

1. the client chooses a property and agrees on the price with the seller;
2. the legal advisors draw up and negotiate a promise of sale agreement that is acceptable to both parties;
3. the promise of sale agreement is signed by the purchaser, (or in his absence, by a representative through a power of attorney) and by the seller. This preliminary agreement binds both parties to sign a final agreement through which the property is actually sold, subject to a number of conditions which must be fulfilled before the signature of the final agreement;
4. it is customary that the promise of sale agreement is valid for three months, but a longer or shorter period can be agreed upon depending on the circumstances;
5. upon signature of the promise of sale agreement, 10% of the purchase price is usually paid as deposit, which is normally transferred to the seller once it is confirmed that the property is of good title and structurally sound. In the meantime, the deposit is normally held by the Notary Public;
6. prior to the expiry of the promise of sale agreement, both parties must appear for the signature of the final agreement through which the property is transferred;
7. following the signature of the final agreement, the keys are transferred to the new property owners.



## Applicable Rules

EU nationals can buy their primary residence in Malta without the need for any special permits, while they require an Acquisition of Immovable Property (AIP) Permit in order to acquire a secondary residence. On the other hand, a non-EU national wishing to acquire property in Malta must obtain an (AIP) Permit which is granted subject to the following conditions:

### 1. Minimum value of property:

- villa or town house € 173,129;
- apartment or maisonette € 103,906;

If the property is in shell form or unconverted, finishing costs are taken into account for the purposes of determining the value of the property.

### 2. Property purchased must be destined:

- for personal residential use of applicant only (private guests may stay when the owner is present);
- for other purposes approved by Government;
- for an approved industrial or touristic project; or
- for any other project or purpose which is considered to contribute to the development of Maltese economy.

3. An AIP permit holder can only acquire one property in Malta or Gozo unless such property is in a Special Designated Area in which case there is no restriction on the number of properties purchased.

4. Property acquired under an AIP permit cannot be rented out, unless it is in a Special Designated Area, in which case owners may enjoy the capital growth and rental yields that these prime areas offer.

The above conditions are subject to periodical changes. Interested parties are advised to contact our legal department for an updated explanation.



## Types of Properties

Malta's property market presents a wide range of possibilities for anyone seeking to invest in property on the island. Ranging from high-end villas and villa apartments to houses of character, maisonettes, town houses and apartments, all needs may be catered for.



## Renting Property

Renting a property in Malta is a fairly simple procedure with the lessee having the option of renting on a short let or long let basis.

## Property Management

For residents of Malta who do not actually reside permanently on the island there is the possibility of engaging a property management company. This would typically cover needs such as taking care of rent collection, obtaining insurance cover, taking care of utility bills, keys and inventories management.

## SDA's & Exclusive Properties

A number of Special Designated Areas exist in various locations in Malta and Gozo. These are areas comprising top-end and exclusive residential or commercial properties offering a wide range of facilities and amenities. Set in Fort Chambray, Portomaso, Cottonera, Manoel Island/Tigne Point, Tas-Sellum Residence (Mellieha Project), Madliena Village, SmartCity, Fort Cambridge Zone, Ta' Monita Residence in Marsascala, Metropolis Plaza in Gzira, Pender Place, Vista Point in Marsalforn Gozo and Kempinski Residences San Lawrenz Gozo, properties in these areas enjoy several exemptions established under Maltese law.

## Renovations of Old Palazzos

Prestigious, luxurious and lived in for years by Malta's aristocracy, the Maltese palazzo is a true gem to own. When buying a palazzo one acquires not only a unique property in Malta but a piece of Maltese history. Very few such properties remain. Properties currently available include palazzos which are fully restored as well as others which are available for restoration; providing the owner with the unique opportunity to restore the premises according to personal liking.



## Buying Property Via a Company

It has become increasingly popular to buy property in Malta through a Malta holding company that provides asset protection. This mechanism, that may be tailor-made to meet individual needs, gives individuals the desired protection against personal liability while allowing them to enjoy the benefits of the immovable property itself.

## Buying Property Via Trusts

Having a reputation as a respected and stable trusts jurisdiction based on modern trust law and principles, it has become very common for property in Malta to be acquired in trust. Regulated by the Trusts and Trustees Act 2004, trusts give acquirers the possibility that the property bought is maintained and managed

in the best interests of the beneficiaries and in a manner that maximises the property investment.

The trust is increasingly being adopted for different levels of asset protection and estate planning. Foreign and local families alike are willing to shed the pride of direct property ownership in favour of a well-planned family strategy and competent property management that can be provided by a professional trust company, often recommended by the family's trusted lawyer.

As specialist property trustees, we are able to competently manage a real estate portfolio in an effective manner, bringing together expertise not only in trust and financial management but also in property investment, development and management.

## HOW CAN WE HELP?

Chetcuti Cauchi has extensive experience in real estate transactions in Malta. We advise on all legal aspects of buying, selling, renting or developing property in Malta. We work closely with banks, architects and involved parties to ensure smooth property transactions. Our typical services include:

- consultancy on and review of promise of sale agreements & acquisition, sale and lease agreements;
- assistance with government permits and related procedures;
- property dispute resolution;
- assistance with the attainment of finance;
- tax, trusts and succession advice;
- residence permits, and;
- related services.



### Testimonial

“Chetcuti Cauchi have provided me with sound legal advice on several occasions and helped me to form a very strong long term strategy for our particular business interest. This has all contributed to my experience with Chetcuti Cauchi being very pleasant and most appreciated indeed by all the members of F. House Investment Ltd.”

Gandalf Hoffmann, Managing Director, F. House Investments Ltd.



### Firm Overview



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#### Our areas of practice include:

#### LEGAL

Art & Cultural Property  
Aviation Law  
Banking & Finance  
Capital Markets  
Commercial Law  
Company Law  
Dispute Resolution  
Employment & Labour  
Gaming Law  
Immigration & Relocation  
Insurance Law  
Intellectual Property Law  
Investments Funds  
Investments Services  
Maritime Law  
Media & Entertainment Law  
Property & Development Law  
Public Service Law  
Technology & Telecoms Law  
Trusts & Estates Law

#### TAX

Tax Advisory  
Tax Compliance

#### CORPORATE

Corporate Services  
Accounting  
Fiduciary  
HR Management  
Technology Management  
Tendering Funding

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