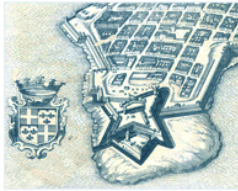




QUBE SERVICES LIMITED

## NEWSLETTER

June 2007



QUBE Services Limited is a one-stop-shop provider of a comprehensive range of services to all international business structures, trusts, individuals and the funds industry.

We are a boutique firm, established in Malta, seeking to provide premium quality services in a timely manner to the satisfaction of our selected clients.

QUBE NEWSLETTER – JUNE 2007

### NEWS

#### Spain – Malta

The Spanish Foreign Ministry has formally informed the Maltese Foreign Ministry that Malta has been taken off the Spanish list of tax havens with effect from September 16 2006, the date when the double taxation agreement between Malta and Spain came into effect.

#### Euro

The European Commission have issued a technical convergence report stating that *“Malta has achieved a high degree of sustainable economic convergence with the euro area member states”* and *“fulfils the necessary conditions to adopt the euro”*.

On the basis of this analysis, the Commission is proposing to the EU Council that Malta adopts the euro on 1 January 2008. The final decision will be taken by EU Finance Ministers in July, after consultation with the European Parliament and following discussions by EU leaders at the June summit.

#### Professional Investment Funds

The Malta Financial Services Authority (MFSA) has entered into the final consultation stage, prior to the launch of a third category of Professional Investor Funds (PIFs).

PIFs are licensed collective investment schemes that are afforded lighter regulatory oversight on the basis of investor qualification criteria. This third category of PIFs, to be known as “Extraordinary Investor Funds”, impose a minimum investment threshold of USD 1 million, and are afforded a fast-track licensing possibility

This development has materialised as a result of market requirements, and is a sign of the responsiveness of the MFSA to international developments in the Fund business industry.



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## INTERNATIONAL CORPORATE STRUCTURE – GENERAL INFO

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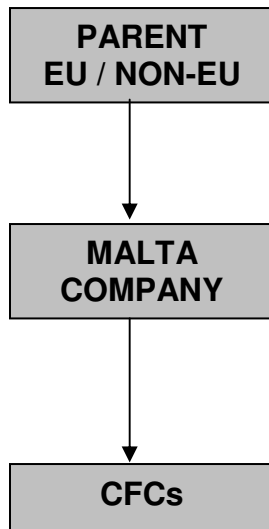
### Participation Exemption regime

With effect from 1 January 2007, Malta has introduced a participation exemption regime.

Consequently, where a holding of shares by a Maltese company (or limited partnership) in a non-Maltese entity (including companies and limited partnerships) qualifies as a participating holding, the Maltese company may claim a participation exemption from Maltese tax on income and gains derived from such participating holding.

A participating holding typically arises where the Maltese company holds directly at least 10% of the equity shares of the non-Maltese entity, or where the Maltese company invests at least €1,165,000 for at least 183 days in the non-Maltese entity.

Advantages include:



- Avoids the use of tax havens and non-EU structures
- Dividend income and capital gains exempt from tax in Malta
- No Maltese withholding tax on dividends (or interest) payments out of Malta
- No Maltese thin capitalisation rules
- The Maltese company should benefit from Malta's Double Tax Treaty network and EU direct tax Directives
- Malta offers high quality cost efficient solutions for administration services

Naturally, the CFC regime in the parent company jurisdiction must be considered.

It is possible to opt for full taxation in Malta (ie at 35%), but with a full refund of tax paid to the parent company upon distribution of a dividend by the Maltese company.

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For more information regarding the above, or any other matter concerning Maltese issues, please do not hesitate to contact Michael Ellul ([michael.ellul@qubeservices.com](mailto:michael.ellul@qubeservices.com)) or Thomas Jacobsen ([thomas.jacobsen@qubeservices.com](mailto:thomas.jacobsen@qubeservices.com)) on +356 21227553

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