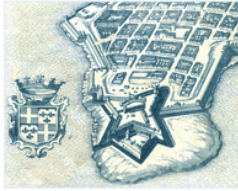




QUBE SERVICES LIMITED

## NEWSLETTER

September 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.

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### NEWS

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#### **New Double Taxation Treaty with Morocco**

The Maltese Prime Minister and Minister of Finance has ordered that the “*Convention between Malta and the Kingdom of Morocco for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income*” has entered into force from 15 June 2007. It will be effective on income derived from 1 January 2008 onwards.

#### **Adjustment of profits of associated enterprises**

The Maltese Prime Minister and Minister of Finance has ordered that the “*Convention on the Elimination of Double Taxation in Connection with the Adjustment of Profits of Associated Enterprises (90/436/EEC)*” has entered into force with effect from 1 November 2006.

#### **Significant Developments for Malta’s Fund Industry**

The Malta Financial Services Authority (MFSA) has published a new comprehensive set of guidelines dealing with Professional Investor Funds (PIFs), Malta’s increasingly successful category of non-retail Collective Investment Schemes that are ideally suited for the Alternative Investments sector. Spearheading these guidelines is the introduction of a new category of PIFs targeting “Extraordinary Investors”. The entry level for this new category is €750k, and subject to the Fund applicant satisfying certain straight forward requirements, licensing of the PIF may be achieved in a very short time-frame. PIFs targeting “Extraordinary Investors” are the third category of PIFs launched by the MFSA, following the successful launch a few years ago of PIFs targeting “Qualifying Investors” (€75k entry level) and “Experienced Investors” (€15k entry level).

In a further positive development, the Dutch Finance Ministry has designated Malta as a state with adequate supervision for the purposes of the Netherlands Investment Institutions Supervision Act (IISA). This allows Malta domiciled non-UCITS funds (such as PIFs and non-UCITS retail funds) to be marketed in the Netherlands without the need for the fund manager to be licensed under the IISA.

QUBE NEWSLETTER – SEPTEMBER 2007



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## INTERNATIONAL CORPORATE STRUCTURE – GENERAL INFO

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### Management and Control exercised in Malta

A body corporate incorporated outside Malta, but where the management and control of its business is exercised in Malta, would be deemed resident, but not domiciled in Malta.

Such company would be charged to tax in Malta on any income and capital gains arising in Malta, and on any income (but not on capital gains) remitted to Malta. Consequently, passive income such as dividends, interest, royalties and capital gains arising outside Malta, which is not remitted to Malta, would normally not be subject to tax in Malta.

<pre>graph TD; A[PARENT EU / NON-EU] --&gt; B[MALTA RES/NON-DOM COMPANY]; B --&gt; C[CFCs];</pre>	<p>Advantages include:</p> <ul style="list-style-type: none"><li>• Avoids the use of tax havens and non-EU structures</li><li>• Zero effective tax rate on income from holding and “passive” financing activities, which is not remitted</li><li>• No Maltese withholding tax on dividends (or interest) payments out of Malta</li><li>• No Maltese thin capitalisation rules</li><li>• Should benefit from Malta’s Double Tax Treaty network and EU direct tax Directives, but CFC rules in parent jurisdiction should naturally be considered</li><li>• Malta offers high quality cost efficient solutions for administration services</li></ul>
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Shareholders of such companies may also qualify for refunds of tax paid by the Malta resident company on chargeable income upon a distribution of profits by the Malta resident company (bringing the effective tax rate down to as low as 6.25%).

The establishment of management and control in Malta is naturally crucial, and can be buttressed by making sure that all board meetings and general meetings are held in Malta and that management decisions are taken in Malta. The company’s records should also be kept in Malta and appointing Maltese resident directors may facilitate an argument in this regard.

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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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