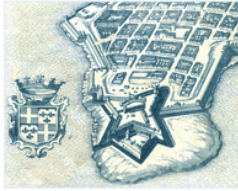




QUBE SERVICES LIMITED

NEWSLETTER

April 2008



QUBE Services Limited and the associated law firm David Griscti & Associates (DG&A) provide a comprehensive range of services to all international business structures, funds, trusts, companies, individuals and other entities. We focus on trust and company formation, fund licensing and registration, tax and other advice to funds, companies and individuals and provision of related administration services. We seek to provide premium quality services in a timely manner to the satisfaction of our selected clients.

NEWS

New Double Taxation Treaty with Singapore

On the 29th February, 2008 the agreement between Malta and Singapore for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to taxes on Income, became operative. The agreement had been signed on 26th March, 2006.

Foundations and Associations

The Maltese Civil Code has been amended to provide for alternative structures in the form of foundations and associations, which amongst other things may be used for investment purposes. Once the amendments come into force, a foundation may be constituted in writing for a specific purpose or for the benefit of a named person or class of persons. Associations may be formed for defined aims or purposes. Associations may also elect to register as legal persons. Hybrids (ie foundations with the features of an association or vice versa) may also be set up and can be registered as both foundations and associations.

A foundation may not be established to trade or carry on commercial activities, but would qualify as a securitisation vehicle and consequently would be able to acquire securitisation assets, assume any risk from originator and grant loans or other facilities to originator and the financing of such through the issue of financial instruments. The provisions relating to trusts in the Maltese Income Tax Act would apply also to foundations. We are expecting regulations regarding foundations and associations to be issued in due course.

Investor reporting obligations (SICAVs)

The Malta Financial Services Authority has issued a feedback request on proposed changes to the Companies Act (Investment Companies with Variable Share Capital) Regulations, aiming at lightening the reporting obligations on investors in SICAVs. The proposed amendments would remove the obligation to notify the Registrar of Companies about any pledge of a security issued by a SICAV and also about the termination of such pledge.

QUBE NEWSLETTER – APRIL 2008



QUBE SERVICES LIMITED

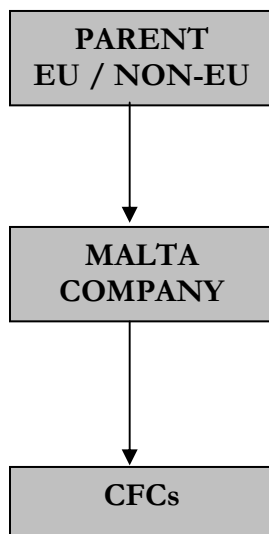
INTERNATIONAL TAX PROVISIONS – GENERAL INFO

Finance Company

A Malta Company receiving interest income from non-Maltese CFCs is taxable in Malta at a rate of 35% on the profit (eg after deducting interest paid). If the interest has not suffered any tax outside Malta, the Malta Company may opt to use the Flat Rate Foreign Tax Credit (FRFTC) whereby the net tax liability of the company goes down to 18.75%. Furthermore, when the Malta Company distributes the income to its shareholder, the shareholder would be entitled to a refund of 2/3 of the tax paid by the Malta Company, resulting in a refund of tax equivalent to 12.50%. Therefore, in this case, the effective Maltese tax on the interest income would be 6.25% after distribution of the income.

If the Malta Company chooses not to avail itself of the FRFTC, the parent would qualify for a 5/7 refund of the tax paid by Malta Company when distributing the profits, resulting in an effective Maltese tax on the interest income of 10% after distribution of the income.

Advantages include:



- Avoids the use of tax havens and non-EU structures
- Effective tax after refund 6.25% or 10% (optional)
- 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 should be considered.

Maltese transfer pricing rules are not sophisticated, and therefore back-to-back structures with a very minimal spread left in Malta should be feasible. The tax treatment of the spread would be as above.

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) or Thomas Jacobsen (thomas.jacobsen@qubeservices.com) on +356 21227553

The information contained in this publication should not be relied on as professional advice and should not be regarded as a substitute for advice in individual cases. No responsibility for any loss occasioned to any person acting or refraining from action as a result of material in this publication is accepted by the author or the publisher