

EFFECTIVE TAX RATES in MALTA through SHAREHOLDERS' REFUND MECHANISM

	PASSIVE INCOME GENERATION				OPERATING & TRADING INCOME €
	participating holding		no PH		
	PH	FRFTC & DTT Relief		Interest & Royalties	
	€	€	€	€	
COMPANY LEVEL					
Net Income before Malta tax	10,000	10,000	10,000	10,000	10,000
Grossing Up (FRFTC) 25% Foreign Tax - 30%	-	2,500	- 4,286	-	-
	10,000	12,500	14,286	10,000	10,000
Malta Tax at 35%	3,500	4,375	5,000	3,500	3,500
FRFTC credit DTT Relief	-	(2,500)	- (4,286)	-	-
Tax payable in Malta	3,500	1,875	714	3,500	3,500
SHAREHOLDER LEVEL					
Dividends Received (Gross)	10,000	10,000	14,286	10,000	10,000
Tax charged at 35% *	3,500	3,500	5,000	3,500	3,500
Credit (Full Imputation)	(3,500)	(3,500)	(5,000)	(3,500)	(3,500)
Tax payable in Malta	-	-	-	-	-
REFUND of Malta Tax	FULL	$\frac{2}{3}$ rds	$\frac{2}{3}$ rds	$\frac{5}{7}$ ths	$\frac{6}{7}$ ths
REFUND to Shareholder	3,500	1,250	476	2,500	3,000
OVERALL	A	B	C	D	E
Effective Malta Tax Paid	-	625	238	1,000	500
Effective Rate	0%	6.25%	2.38%	10%	5%

Participating Exemption *

Participating Exemption entitles the company to avoid effecting any preliminary tax payments in Malta.