

SEA BEYOND MALTA

A DOSE OF CORPORATE
INSIGHTS AND MORE

ADDING A PINCH
OF SALT TO MJM

JURISDICTION
MATTERS TO COMPANIES

A CASE FOR FREE
MOVEMENT OF EU
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EU RESIDENCE SCHEME

ADDING A PINCH OF SALT TO MJM

As previously announced, the shareholders of Salt Partners have shaken hands with the shareholders of the MJM group, agreeing to the start of a new chapter under the MJM brand.

This is an exciting time for the Malta team, with the additional strength and support of a sophisticated and well experienced team of lawyers and professional. The six directors behind MJM Limited (traditionally known as Partners) together with their assembly of Associates have extensive experience in civil & commercial litigation, banking & finance, corporate, trusts, insolvency and restructuring. Although Bermuda based, MJM Limited is involved in global international business as one of the leading law firms in its region. Many of the lawyers have earned skills and know-how from multiple jurisdictions. MJM Limited, together with its affiliated corporate and trust companies has a total staff of close to 60 which includes a diversified team of lawyers, professional accountants, paralegals, corporate administrators and trust officers. Although fundamentally a law firm, the Bermuda group also specialises in trust administration and company management.

MJM Europe Limited (formerly Salt Partners) provides an efficient back-office platform for administration and bookkeeping besides providing the MJM group with a diversification of markets and services.

The Malta office is particularly well placed as part of the EU and provides close proximity within an effective time zone for the Middle East and Africa. In addition to being fully licensed and authorized to act as a trustee by the Malta Financial Services Authority, MJM Europe offers the following services:

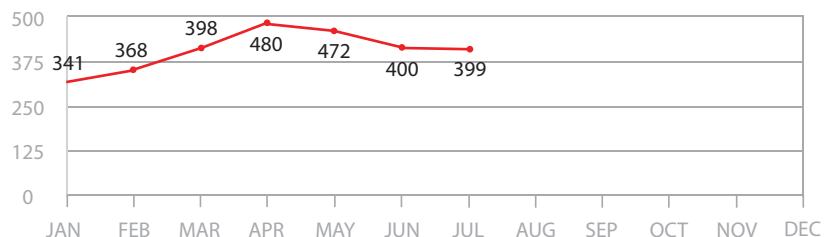
- Relocation Services
- Trust & Fiducary
- Management & Bookkeeping
- Corporate & Company Formation
- Banking Set-up Services
- Residency & Citizenship
- Yachting Registration
- Back Office Administration
- Captive Management Services

Malta’s Managing Director, Tracy Lange, says “The working relationships between the Salt Partners team and the MJM professionals has already been in place for 18 years and a formal arrangement to concentrate efforts under the MJM brand is a very positive step forward.”

Salt Partners was established in Malta in 2006 to primarily provide back-office support to international law firms and intermediary professionals. The solid IT, communications infrastructure and well educated Maltese people continue to attract global companies to Malta’s shores. This jewel in the Mediterranean relishes its geographical position which has provided a rich history of international trade dating back to the early ages of the Greeks, Phoenicians and Romans. In modern terms, Malta is a financial services gateway between the EU and other regions.

COMPANIES INCORPORATED IN MALTA IN 2014

| | | | | |
|-----|-----|-----|-----|-----------------------|
| Jan | 341 | Jul | 399 | ● Number of Companies |
| Feb | 368 | Aug | -- | |
| Mar | 398 | Sep | -- | |
| Apr | 480 | Oct | -- | |
| May | 472 | Nov | -- | |
| Jun | 400 | Dec | -- | |



JURISDICTION MATTERS TO COMPANIES

— Whatever side of the current debate about Scottish independence you stand on, it has become clear in recent weeks that large companies take decisions about where they are based very seriously.

A key issue to be debated and understood in the independence campaign is the potential currency that an independent Scotland would use. The first televised debate between Alex Salmond and Alistair Darling highlighted the issue as Mr Darling aggressively questioned on the future currency. If you have not been following the campaign, Salmond's preferred option for an independent Scotland is to continue to use the pound in something of a currency union, rather as the euro works. However, down in London, each of the three main parties has announced that it would not accept the situation and will refuse to allow Scotland to do this.

The situation has prompted a number of large financial firms based in Scotland to make statements about their future intent. Some have stated that they are "assessing the situation" or "investigating options", while a number of companies have admitted that they have begun taking steps to incorporate in England.

Without the Bank of England as a lender of last resort, or the existing structure of financial services regulation, an independent Scotland is not obviously good for these firms. It is estimated that tens of thousands of jobs may

be put in jeopardy and that up to nine percent of Scottish GDP may be at risk. Across the Atlantic there is a different but similar debate underway. When it comes to M&A, 2014 has been the year of the tax inversion. These inversions typically involve a larger company buying a smaller one that is in a different and lower taxed country. The larger company then changes its domicile to be the same as the smaller firm. The idea has caught on to such an extent that President Obama discussed the matter in July, calling such firms "corporate deserters".

The latest, announcing that the companies are in merger talks, will combine Burger King and Tim Hortons. The "inversion" would enable Burger King to become a Canadian company and take advantage of the friendlier taxation and regulatory environment that exists north of their shared border. A move like this would not involve a company avoiding or evading their tax bill, simply reducing it.

It must be becoming clear to politicians everywhere that their decisions really do have an impact in corporate boardrooms and that company directors are more willing than ever to make decisions in the best interests of the company – even if that means moving domicile to another country.

<http://www.moneymarketing.co.uk/news-and-analysis/politics/scottish-independence-the-great-unknown-for-financial-services/2012311.article>
<http://www.bloomberg.com/news/2014-08-24/inversion-express-slows-to-crawl-as-obama-condemns-ceos.html>

OUR SERVICES

- Company incorporation and administration for multiple jurisdictions.
- Trust & fiduciary services.
- Bookkeeping services.
- Malta office and management facilities.

EVENTS OF INTEREST

| | | | |
|------------|---|-------------|---|
| SEP 17 | Private Clients Awards 2014/15 | UK | http://www.step.org/pca |
| OCT 8 | STEP (Isle of Man) Limited 2014 Annual Conference | UK | http://www.step.org/ |
| OCT 8, 9 | Asia Conference 2014 | Hong Kong | http://www.step.org/asia2014 |
| OCT 14, 15 | The 21st World Offshore Convention 2014 | USA | http://www.offshoreinvestment.com/ |
| OCT 15 | New Zealand Conference 2014 | New Zealand | http://www.step.org/nz2014 |
| OCT 16 | Annual Tax Conference 2014 Edinburg | Scotland | http://www.step.org/ |
| OCT 20 | Asset Tracing | UK | http://ifcreview.com/eventsfull.aspx?eventId=194 |
| OCT 21, 22 | Citizenship by Investment & International Residence Summit | UK | http://ifcreview.com/eventsfull.aspx?eventId=201 |
| OCT 24 | Annual Tax Conference 2014 London | UK | http://www.step.org/ |
| OCT 29, 30 | 8 th Global Residence & Citizenship Conference | Singapore | http://www.financemalta.org/events/ |
| NOV 6, 7 | Global Congress 2014 | USA | http://www.step.org/step-global-congress-2014 |

LET'S TALK CULTURE

KNIGHTS OF MALTA

After seven years of moving from place to place in Europe, the knights gained fixed quarters in 1530 when Charles I of Spain, as King of Sicily, gave them Malta, Gozo and the North African port of Tripoli in perpetual fiefdom in exchange for an annual fee of a single Maltese falcon (the Tribute of the Maltese Falcon), which they were to send on All Souls Day to the King's representative, the Viceroy of Sicily.

This historical fact was used as the plot hook in Dashiell Hammett's famous book The Maltese Falcon.



MEET THE TEAM GAYLE SACCO

Gayle joined our accounting team in 2012 and is a Maltese Certified Public Accountant holding an audit practicing certificate.

As a Fellow member of the Institute of Accountants and mother of two, Gayle knows all about balancing the books and the vital importance of working to a budget!

A CASE FOR FREE MOVEMENT OF EU CITIZENS & MALTA'S NEW EU RESIDENCE SCHEME

The free movement of persons is a fundamental right guaranteed to European Union (EU) citizens by the Treaties. Free movement of citizens of Member States, and of labour, within the EU is one of the founding principles set out in the Treaty of Rome. This right is often described as the "free movement of workers" – a citation to the wording used in Article 48 of the Treaty of Rome. On the contrary, the Treaty's provisions always extended to wider interpretation – with any EU citizen having the right to establish a business or seek work in another Member State without having to obtain approval first from that Member State. Later regulations clarified the rules, particularly in respect of the social security and health care rights of those living in another Member State and also extended the right to reside in another Member State to Students and other economically non-active persons e.g. unemployed, retired,

if they have for themselves and their family sufficient financial means so as not to become a burden on the host EU country's social welfare system as well as health insurance.

The Meaning of "Free movement" means that a citizen of an EU Member State can travel to another Member State using their passport or identity card without needing a visa or other permission to enter, live and work in another Member State without the need for any work permit, set up a new business, seek work, self-employed in another Member State, study in another Member State and live in retirement in another Member State.

Malta like most EU countries has opted to go even further by introducing a new EU Residence Scheme. The new scheme grants tax incentives to Individuals from EU member states setting up residence on the Island. The programme replaces the old High-net-worth individual (HNWI) Rules for EU nationals, which required property investment of at least €400,000. The old programme has been replaced by the Global Residence Programme (GRP), which requires a minimum investment of €275,000 on a property in Malta and €220,000 for one in Gozo or the south of Malta. This threshold is the same as the Global Residence Programme for non-EU nationals, and both schemes include the option of €9,600 annual rental for Malta and €8,750 for Gozo and the south.

Approved individuals and their dependents pay just 15% tax on any foreign-sourced income they bring to Malta and locally-generated income is taxed at a flat rate of 35%, subject to a reduced minimum annual tax liability of €15,000 covering the main applicant and dependents included on the same application. Speaking at the launch of the EU Global Residence Programme, the Parliamentary Secretary for Competitiveness and Economic Growth, Edward Zammit Lewis, explained that everyone benefits from the attraction of residents in Malta. It is not only the property sector that benefits, but industries such as the Financial Services industry, the legal profession, the entertainment, hospitality industry and even the aviation industry.

Mr Edward Zammit Lewis' explanation is further highlighted by Eurobarometer surveys, which show that more than two thirds of Europeans (67%) consider the free movement of people within the EU as having an economic benefit to their country. In other words, the freedom of movement is fundamental and one widely seen to be of great value.