

# SEA BEYOND MALTA

A DOSE OF CORPORATE  
INSIGHTS AND MORE

EUROPEAN COMMISSION  
TARGETS ONE OF ITS OWN

ROLEX MIDDLE SEA  
YACHT RACE

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# EUROPEAN COMMISSION TARGETS ONE OF ITS OWN

In the first edition of this newsletter we reported upon the intention of the G8 under David Cameron to clamp down on international tax havens. At the time, the impression was that this would primarily apply to some tiny islands in the Pacific or the Caribbean.

It comes as something of a surprise then that the most visible progress has been made by the European Union against one of its own Member States, Luxembourg. This is even more noteworthy because the new President of the European Commission is Jean-Claude Juncker, the former Prime Minister of Luxembourg.

On 5th November the Guardian newspaper published an analysis based on a treasure trove of leaked company documents and accounts from inside Luxembourg. The documents related to more than one thousand companies and their relationships with the Luxembourg government. Three hundred and forty global brands were included, with their tax planning laid bare.

It was not exactly news that major corporations have been using Luxembourg to reduce their tax burdens for decades. What was news was that these corporations were making individual deals with the government and creating specially formed structures. As the Guardian put it at the time, Luxembourg is “an EU state which is quietly rubber stamping tax avoidance on an industrial scale”.

Even though many of the documents did not contain exact numbers relating to the deal being struck, the total amounts of loans and corporate revenue involved is in the multiple hundreds of billions of euros.

The tax affairs of Amazon and Fiat were already under investigation by the European Union before the leak, but this increased the pressure to act. In mid January the European Commission announced that it believes that Amazon's deal with the government of Luxembourg probably constitutes state aid.

One can only imagine the difficult conversations that have gone on behind closed doors since the leak. Whilst on one hand the likes of Angela Merkel and David Cameron have been complaining publicly about low tax jurisdictions, their nemesis would have been sat in some of the same meetings with them, presumably saying nothing.

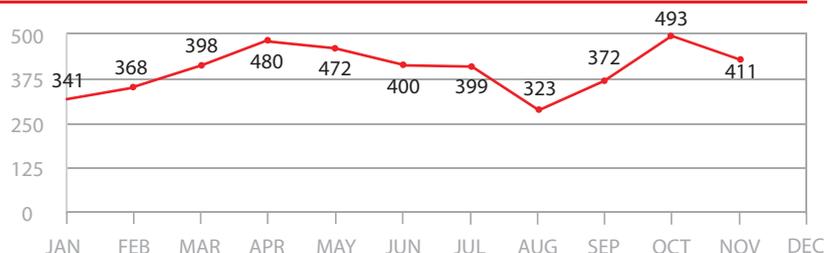
It would seem that this has started a clock ticking on the status of Luxembourg as an international asset and tax jurisdiction. The experience of Cyprus during the eurozone bailout negotiations ought to be remembered. The representatives of Germany were clear that the funds Cyprus needed would only be made available if their terms were met – terms that have caused the effective end of their offshore status.

Nobody knows how long it will be before Luxembourg is forced into wholesale change in its financial services sector, but it is impossible to imagine that change is not coming.

<http://www.theguardian.com/business/2014/nov/05/-sp-luxembourg-tax-files-tax-avoidance-industrial-scale>  
[http://ec.europa.eu/competition/state\\_aid/cases/254685/254685\\_1614265\\_70\\_2.pdf](http://ec.europa.eu/competition/state_aid/cases/254685/254685_1614265_70_2.pdf)  
<http://www.bbc.com/news/business-29519631>

## COMPANIES INCORPORATED IN MALTA IN 2014

Jan	341	Jul	399	● Number of Companies
Feb	368	Aug	323	
Mar	398	Sep	372	
Apr	480	Oct	493	
May	472	Nov	411	
Jun	400	Dec	---	



# ROLEX MIDDLE SEA YACHT RACE

— The Rolex Middle Sea Yacht Race is one of the world's most important sailing events, ranking alongside the Rolex Fastnet and the Rolex Sydney-Hobart races. Considered to be the most picturesque offshore sailing event, the 600 nautical mile course starts in Grand Harbour, Valletta, proceeds in an anti-clockwise direction around Sicily, passing through the Straits of Messina and onwards around the volcanic island of Stromboli to the islands of Pantelleria and Lampedusa before returning to Malta.

Co-founded in 1968 by the Royal Malta Yacht Club and the Royal Ocean Racing Club, the race was held in October for the 35th time, always with the RMYC acting as hosts. 2014 saw a record entry of 122 starters which, for those of us who were at the start, provided a magnificent spectacle under a perfect blue sky. Before the race ended the weather was to change: from calm

seas and lack of wind to, finally, a storm with huge confused seas causing almost half the fleet to retire. Gusts were recorded up to 60 knots. The winner, Malta's Lee Satariano and his yacht 'Artie' crossed the line after more than 4½ days, but almost 8 hours before his nearest rivals.

As in previous years, the prize-giving party was held in the magnificent Mediterranean Conference Centre in Valletta. Built in the 16th century by the Knights of Malta as a hospital for sea-farers, the venue was a fitting backdrop to the awards ceremony. Malta is indeed fortunate to be able to extend its hospitality on such a prestigious occasion and, at the same time, have the opportunity to show off elements of its historic past.

MJM Europe provides a complete range of inter-related services including ship and yacht services as follows:

- Incorporation of vessel owning entities, in Malta or other jurisdictions
- VAT registration and administration of the Malta VAT Yacht Leasing Scheme
- Bookkeeping and administration relating to management of the ownership entity, VAT and management of the vessel
- Registration of vessels under the Maltese flag
- Registered Agent services

## OUR SERVICES

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

# EVENTS OF INTEREST

FEB 9, 10	European Family Office Symposium	UK	<a href="http://ifcreview.com/eventsfull.aspx?eventld=221">http://ifcreview.com/eventsfull.aspx?eventld=221</a>
FEB 26	Protectors & Power-holders in Trusts	UK	<a href="http://ifcreview.com/eventsfull.aspx?eventld=222">http://ifcreview.com/eventsfull.aspx?eventld=222</a>
MAR 11, 12	The 4 <sup>th</sup> Offshore Investment Conference	Panama	<a href="http://www.offshoreinvestment.com/">http://www.offshoreinvestment.com/</a>
MAR 12, 13	11 <sup>th</sup> International Estate Planning Institute	USA	<a href="http://www.step.org/">http://www.step.org/</a>
MAR 24	Inaugural Transcontinental Trusts Asia	Singapore	<a href="http://ifcreview.com/eventsfull.aspx?eventld=221">http://ifcreview.com/eventsfull.aspx?eventld=221</a>
MAR 25-27	STEP Mauritius Conference 2015	Mauritius	<a href="http://www.step.org/">http://www.step.org/</a>
APR 16	Tax, Trust & Estate Conference	UK	<a href="http://www.step.org/">http://www.step.org/</a>
APR 27	A New Era - Coping with the Maze of Global Regulations	Switzerland	<a href="http://www.step.org/">http://www.step.org/</a>
APR 27	Inaugural Transcontinental Trusts: Bermuda Forum	Bermuda	<a href="http://ifcreview.com/eventsfull.aspx?eventld=221">http://ifcreview.com/eventsfull.aspx?eventld=221</a>
MAY 4-6	Caribbean Conference Hosted by Step Anguilla	St. Maartin	<a href="http://www.stepcaribbeanconference.com/">http://www.stepcaribbeanconference.com/</a>

## LET'S TALK CULTURE



### CHURCHES IN MALTA

There are over 350 churches on the Maltese islands.

Many were built in the seventeenth century, making them sights to behold even for non-believers. With their bell towers and domes, the churches are an integral part of the Maltese skyline.



### MEET THE TEAM MEDDIE SSEGUJJA

Meddie obtained his LLB in London and gained legal experience in England before moving to Malta in 2013.

As Executive Manager, he supports the corporate and trust admin teams and ensures new clients receive the 'red carpet' treatment. He is well liked for his jolly and enthusiastic personality

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# MALTA FOUNDATIONS – A BETTER WAY FOR ASSET PROTECTION

— Unlike most European jurisdictions, Malta's strength lies primarily in the flexibility and the bold approach of the lawmakers. For foreign nationals seeking a better resolution to asset protection, the uniquely drafted Malta foundation legislation gives rise to a number of interesting provisions. Malta foundation law is primarily based on French and Italian civil code provisions and adopts most of its principles from the Malta Companies Act, etc.

Until 2008, Malta foundation law had been regulated by customary law as no legislation on foundations existed. Art 26 (1) of the Second Schedule to the Civil Code establishes that a foundation is an organisation consisting of a universality of things constituted in writing, including by means of a will, by a founder or founders whereby assets are destined either - (a) for the fulfilment of a specified

purpose; or (b) for the benefit of a named person or class of persons, and are entrusted to the administration of a designated person or persons. The patrimony, namely assets and liabilities, of the foundation are kept distinct from that of its founder, administrators or any beneficiaries.

In a nutshell, a Malta foundation consists of a group of assets (such as money or other property) which are amalgamated together to achieve those aims which the founder has established in the deed of foundation through the services of administrators.

Appointing an administrator is a prerequisite and he/she is responsible for the administration of the foundation. A Malta foundation may have a supervisory council or a protector with the power to exercise supervision over the acts of the administrator.

Additionally, all foundations must be set up by a founder who can also be the administrator of the foundation and who does perform certain functions which are of an administrative nature.

The only caveat to Malta Foundations is the inability to engage in active trading or

commercial activities, however such hurdle is mitigated if the foundation is endowed with commercial property or a shareholding in a profit making enterprise. Nonetheless, Malta Foundations are a very popular form of asset protection that can be established by corporates or

any individual, for a number of different intentions and purposes. A great percentage of individuals opt to set up foundations for charitable reasons, confidentiality or inheritance planning.

For foreign nationals looking for tax planning, a Malta foundation may, for the purposes of income tax, be treated as a company and in order to achieve this, the foundation has to apply to the Maltese Commissioner of Inland Revenue. In turn, this gives rise to possible beneficial tax refunds where applicable under the Maltese tax refund regime rules. Not forgetting that such a foundation can also opt to be taxed as a Trust.

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*Please contact Meddie Sseguija if you would like further information on Malta foundations.*

