

## Income Tax in Malta

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### What is Income Tax

An income tax is a Tax imposed on individuals or entities that differs with respective income or profits (taxable income). Income tax generally is computed as the product of a tax rate times taxable income. Taxation rates may vary by type or characteristics of the taxpayer.

### What are the different tax brackets in Malta?

Malta's income tax is based off a progressive tax rate which refers to the more income you generate, the more tax you are to pay, as defined below in the current 2020 rates.

#### *Single Tax Rates*

€0 - €9,100	0%	€0 subtraction
€9,101 - €14,500	15%	€1,365 subtraction
€14,501 - €19,500	25%	€2,815 subtraction
€19,501 - €60,000	25%	€2,725 subtraction
€60,001 onwards	35%	€8,725 subtraction

#### *Married Tax Rates*

€0 - €12,700	0%	€0 subtraction
€12,701 - €21,200	15%	€1,905 subtraction
€21,201 - €28,700	25%	€4,025 subtraction
€28,701 - €60,000	25%	€3,905 subtraction
€60,001 onwards	35%	€9,905 subtraction

#### *Parent Tax Rates*

€0 - €10,500	0%	€0 subtraction
€10,501 - €15,800	15%	€1,575 subtraction
€15,801 - €21,200	25%	€3,155 subtraction
€21,201 - €60,000	25%	€3,050 subtraction
€60,001 onwards	35%	€9,050 subtraction

### Who Should Pay Income Tax in Malta?

As a Maltese resident you are subjected to pay tax on your income. A person who is resident in Malta for more than 183 days a year will be taxed in Malta on his/her income earned in Malta, as well as on income earned overseas that is received in Malta. Foreign residents that are employed in Malta are also subject to pay tax but for income received in Malta only.

The law specifies that, each month, an employer is obliged to deduct the amount of tax payable on a salary. Certain payments are deductible from the taxable income of an individual that are allowable for tax purposes.

Employers and employees are also to make weekly social security contributions which are usually equivalent to 10% of the employee's salary, however the actual contribution depends on the type of employment. The employer must deduct the social security contribution in addition to the income tax deductions.

Malta residents are can benefit from an extensive double tax treaty network that protects them from being taxed more than once, in different countries, relating to the same income. In a case where there is no double tax treaty in place, Malta has a system of unilateral relief whereby any taxes paid abroad may be used as a credit towards any income tax due in Malta on that same income.

### Who to Report your Taxes?

Malta tax year is based on the calendar year (January to December), therefore, the tax year ends on 31st December. However, in regards to filing of annual returns this is due on 30th June.

For more information on how Zeta can assist you please contact our Business Development department on [bd@zeta-financial.com](mailto:bd@zeta-financial.com).

#### Get in touch

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