



## CONTINUATION OF FOREIGN ORGANISATIONS IN MALTA – FOUNDATION FOCUS

**While the redomiciliation of foreign companies into and continuation in Malta was already covered in existing regulations, for foundations the longingly awaited amendment of the Second Schedule of the Civil Code has finally been enacted. On the 6th of November 2018, the Voluntary Organisations Act has been amended by Act No. XXXVI of 2018, allowing foreign organisations, which includes foundations, to redomicile into Malta through the new Article 22A.**

The redomiciliation of a foundation does usually not constitute a deemed liquidation when emigrating. Until now the only solution to reorganise a foundation from a foreign country into a Maltese Foundation was to have the foreign foundation to set up and Maltese foundation, appoint its assets to it and thereafter unwind. The redomiciliation rules now allow for an existing foundation to continue under the Maltese laws. This may avoid adverse tax consequences, i.e. the deemed liquidation of the foreign foundation with distribution of all of its assets to the beneficiaries and subsequent set-up of a new Maltese foundation.

Any foundation formed and incorporated or registered under the laws of a state within the European Union or European Economic Area is allowed to redomicile to Malta. Any other jurisdiction or country may be approved from time by notice by the Minister responsible for justice. The foundation continuing in Malta shall require the adoption of the Maltese law, and the compliance with all matters required for the foundation to be established and registered under the Maltese rules and formalities.

### Reasons of continuation of a foreign foundation into Malta

Although the smallest member of the European Union (EU), Malta is a leading European financial centre and is one of the most cost-effective onshore jurisdictions in Europe. Malta has become a magnet for financial services and the country is a platform for international business and one of the most successful economies within the European Union. Malta's reputation for stability, predictability and security makes it an exception among other global financial centres. Malta is fully OECD and FATF compliant, has a robust regulatory and legal system and boasts one of the lowest effective corporate tax rates in Europe.

The foundation is governed by the Second Act of the Civil Act and is constituted as a legal organisation. In the terms of the Maltese law, the foundation can be set up either as private foundation or purpose foundation, and can have any legal and lawful purpose, not only social or charitable. A Purpose Foundation can be used as a collective investment vehicle or for securitisation transactions with an unlimited term of existence. Another innovation of the Malta foundation is that the foundation



can be constituted as a Protected Cell Foundation, similar to the Protected Cell Company, but without restriction in its usage (except for commercial activity).

For more detailed information about the Malta Foundations, please refer to our brochure "The Malta Foundations – Versatility in one entity" available under <https://www.mandaris.com/malta/publications/>.

Mandaris Trust Company (Malta) Ltd. is a licensed Trustee with an approved extension of the authorised trustee's licence for acting as administrator of private foundations. We are specialised in the area of foundations and other asset structuring solutions. Our multi-lingual professionals have particular knowledge and experience with regard to legal, tax and administrative questions surrounding the structuring of assets in an international environment.

Please do not hesitate to contact the author if you have any questions or queries.

**Our office locations**

Mandaris Ltd.  
St. Alban-Anlage 46  
CH-4052 Basel  
Tel. +41 61 285 17 17  
Fax +41 61 285 17 77

Mandaris Ltd.  
Beethovenstrasse 49  
CH-8002 Zurich  
Tel. +41 43 344 33 55  
Fax +41 43 344 33 66

Mandaris Ltd.  
Bahnhofstrasse 23  
CH-6300 Zug  
Tel. +41 41 500 01 15  
Fax +41 41 500 01 16

Mandaris Group (Malta)  
Ltd.  
Forni Complex 1E, Level 2,  
Pinto Wharf,  
Valletta Waterfront  
Floriana, FRN 1913  
Malta  
Tel. +356 2779 1900  
Fax +356 2713 2410



**The author:**

**Michèle Döring**  
TEP  
Managing Director (Malta)  
[michele.doering@mandaris.com](mailto:michele.doering@mandaris.com)  
Phone: +356 2779 1900