

Malta – your partner in film production



by George Farrugia, MGI Malta

What do actors like Madonna, Russell Crowe, Brad Pitt and Richard Harris have in common? They all have sampled the excellent filming opportunities that Malta offers for any type of film production, this being a large budget film like *Gladiator* or a short 30 second commercial.

With its beautiful Mediterranean climate and deep blue sea, coupled with beautifully maintained Baroque palaces, Christian cathedrals, military fortifications and old Arab citadels, Malta definitely offers a unique filming set. The smallness of the island – only 18 miles by 8 miles – makes the transfer from one location to the next effortless as nowhere in Malta is more than 1 hour's travel by car.

In addition to its natural beauty, the Mediterranean Film Studios offers one of the world's best and most cost effective water filming facilities with three water tanks that cater for any type of filming, be it surface or underwater. Whilst the Malta Film Commission acts as a one stop-shop meeting all the requirements of filming companies from pre-production to the film editing stage.

Today this small island is often referred to as the Hollywood of the Mediterranean, and this is confirmed by the long and impressive list of films that were either fully or partly filmed here, the most recent of which is *MUNICH* by Stephen Spielberg.

In order to maintain and even enhance on the island's leading position in the filming industry in Europe, the local authorities try to ensure that film production units have a seamless experience on the island. They are also provided with the best possible fiscal and other incentives.

Fiscal incentives for filming in Malta

Foreign film production companies are only subject to tax in Malta on income arising or remitted to Malta. If there is a double taxation treaty between the two countries; such tax may be available as a credit in the country of residence of the film production company. If a company is formed in Malta it will be subject to taxation at 35% on its world-wide income. However, under the Business Promotion Act (BPA) the production of feature and television films, adverts and documentaries are considered qualifying activities, with the result that the taxation of the profits resulting from these activities is taxable at reduced rates of income tax as follows:

- First 7 years @ 5%
- Next 6 years @10%
- Next 5 years @15%



A system of Investment Tax Credits (ITCR's) further reduces the company's liability to direct taxation on profits.

In the case of Value Added Tax, most of the VAT paid on services received by the filming company whilst in Malta are fully recoverable.

Financial incentive

A cash rebate of up to 20% of eligible expenditure in Malta is also given on completion of production. Regulations covering this rebate are applicable. Many of the necessary production activities are covered by this rebate including but not limited to labour, catering, equipment and vehicle hire and professional fees. Feature film, television productions, mini-series, animation and documentaries partly produced in Malta are all eligible for the incentive.

Employment

Block work permits can be obtained within a short time for expatriate employees; provided that there are not any Maltese of equal expertise.

No tax is paid by expatriate employees on income remitted or received in Malta if their stay is for less than six months. Whilst an exemption from payment of Maltese Social Security Contributions is also granted to such employees who are in Malta for a short time on the filming set.

Employment of part-time local extras would be subject to 15% withholding tax on income arising in Malta. No Social Security Contributions need to be paid provided that such job is not their main employment. Otherwise the minimum contribution would be payable.

Customs

On temporary importation of goods required for filming; no duty is charged if these are re-exported within 3 months or such further period allowed by the Controller of Customs. Only on consumables (including foodstuffs) an import tax is paid. Appropriate permits are needed for arms (including imitation), ammunition, wireless equipment and animals.

How Can MGI Malta help?

At MGI Malta we can offer most of the services you will require both before and during your filming project such as

- Arranging meetings with relevant authorities
- Registration of company-if required
- All payroll, taxation and VAT formalities
- Work permit application
- General Consultancy and advice.

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Disclaimer

The above information is being provided as a general guide only and should not be considered as a substitute for professional advice.



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