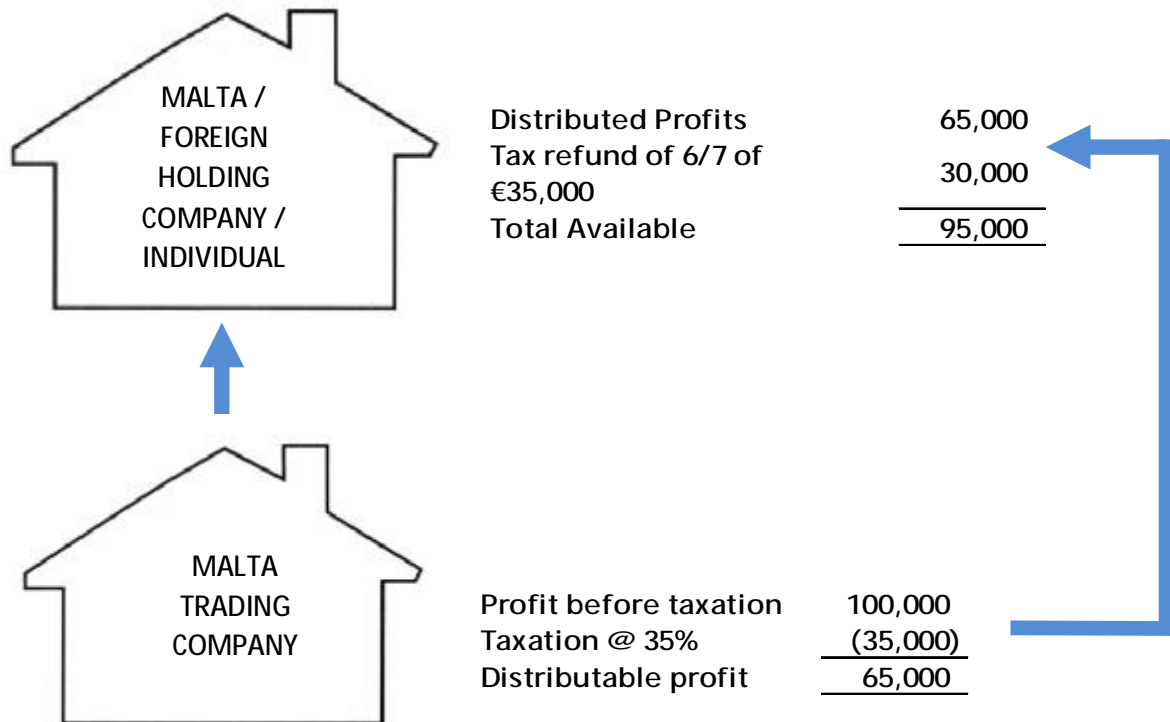


Example of how the Tax Refund mechanism works



How it works....

The trading company makes a net profit before tax of € 100,000, pays tax at the corporate tax rate of 35%, leaving € 65,000 available to distribute.

The trading company declares a dividend to the immediate shareholder of the trading company, hence receiving the net dividend which does not attract further tax in Malta in the hands of the shareholder.

The shareholder, upon receipt of a dividend, is entitled to a tax refund equivalent to 6/7ths of the Malta tax paid by the trading company amounting to €30,000. Hence the shareholder ends up with a net effective Malta rate of 5%.