A guide to buying a property in Malta

How difficult is the property purchase process in Malta?

EU citizens may purchase one property in Malta or Gozo, though more properties may be bought in ‘Specially Designated Areas’ – such as Tigne Point, Portomaso, Cottonera, Manoel Island, Chambray.

Rules for non-EU buyers

Other foreign nationals, who are not citizens of the EU, are required to obtain an Acquisition of Immovable Property (AIP) Permit from the Ministry of Finance – processing usually takes three months. To be granted an AIP permit, the purchase price of the prospective property must be at least €69,900 for an apartment or €116,500 for other types of property.

The prospective buyer must also be able to prove that the funds to be used have been remitted from abroad (i.e. bank receipt). An AIP permit only allows to purchase and own one residential property for personal use. Additional properties may only be purchased if they are located in Special Designated Areas: Portomaso, Tigne Project, Cottonera Waterfront, and Charmai in Gozo.

Buying a property in Malta

The first step in purchasing property in Malta is to hire a notary public. He will lodge the Application for Immovable Property (AIP) on behalf of the buyer (if required) and assist in the buying process as well.

1.Find a property Once a property has been chosen, contact the seller or estate agent to make an offer.

2. **Sign the preliminary sales contract** Upon acceptance of the offer, the notary will be responsible for drawing up a purchase agreement – also known as a konvenju or convenium. If the terms of contract have been settled by both parties, proceed with signing the document.

Upon signature of the contract, the buyer pays 10% of the selling price as deposit. One percent (1%) stamp duty must also be surrendered to the notary public for registration of the purchase agreement and payment to the Commissioner of Inland Revenue.

5. **Sign the final sales contract** The purchase agreement is usually valid for three months. During this term, the notary will perform due diligence to prove authenticity of ownership. When this has been accomplished, he will prepare the Final Deed for signing of both parties. The balance due on the selling price and stamp duty must be paid upon signing. This signals the conclusion of the sale.

Buying costs and fees

TRANSACTION COSTS		
		Who Pays?
Provisional Stamp Duty	1%	buyer
Stamp Duty	4%	buyer
Notary Fee	0.40% -1%	buyer
Registration and Other Fees	0% - 1% (+ 18% VAT) 1% - 5% (+ 18% VAT)	buyer seller
Property Transfer Tax	5% - 12%	seller
Costs paid by buyer	**5.50% - 7.68%**	
Costs paid by seller	**6.18% - 17.90%**	
ROUNDTRIP TRANSACTION COSTS	**11.68% - 25.58%**	

The round trip transaction costs include all costs of buying and then re-selling a property – lawyers' fees, notaries' fees, registration fees, taxes, agents' fees, etc.

Stamp duty:
Stamp duty on property transfers is generally levied at a flat rate of 5% on the property value.
The provisional stamp duty of 1% is payable when the when the notary registers the promise of sale with the Inland Revenue Department (IRD). The remaining stamp duty of 4% is payable within 15 days after the signing of the final deed of sale.

Notary Fee
Notary fee is generally around 0.40% to1% of the property value.

Registration fee:

Registration fee is based on the legislated registration fee schedule. Registration fee is levied at varying amounts, depending on the property value.

REGISTRATION FEE	
PROPERTY VALUE, €	**RATE €**
Up to €11,646.87	13.98
€11,646.87 - €23,293.73	18.63
€23,293.73 - €46,587.47	27.95
€46,587.47 - €69,881.20	37.27
€69,881.20 - €93,174.94	46.59
Over €93,174.94: every additional €23,293.73	9.32

Real Estate Agent's Fee
The seller pays 3.5% for agent´s commission (plus 18% VAT) under a sole agency agreement and 5% if not under a sole-agency agreement.

Capital Gains Tax

Capital gains tax is generally levied at a flat rate of 12% on the transfer value or the selling price of the property. Because the tax is imposed on the selling price instead of the increase in property value (capital gains), it is essentially a transaction cost. During the sale, a provisional tax equal to 12% of the selling price must be paid to the notary public who will then pass it on to the Inland Revenue as payment of the tax liability.