TRIDENT TRUST

Efficient structuring of investments in South Korea through Malta Holding Companies

Using a Malta Holding Company to channel investment into South Korea offers a number of benefits:

- Malta's double tax treaty with South Korea provides a low withholding rate of 5% on majority shareholdings (in excess of 25%) in a Korean entity, reducing withholding tax on dividends paid to the Malta entity.
- No taxation at the level of the Malta entity on dividend income and capital gains, as long as the investment in the South Korean entity qualifies as a participating holding.
- No withholding taxes on dividends paid by the Malta entity to its shareholder/s.

For an investment to qualify as a participating holding, the holding must comprise of equity shares which confer the right to at least two of the following:

- Dividends upon a distribution.
- Voting at shareholder meetings.
- Surplus assets upon a winding up.

The participating holding should comprise 10% or more of the equity shares of the company in which the investment is held. Other alternative tests can be met in the event of a holding that is less than 10%.

Additional benefits of a Malta Holding Company include:

- No Controlled Foreign Companies legislation.
- Flexibility in funding the Holding Company as there are no thin capitalisation requirements.
- Flexible transfer pricing regime.
- No capital gains taxes on any gains arising from the transfer of shares in the Malta Holding Company by non-resident shareholder/s.

Please contact Nissim Ohayon from our Malta office to discuss how we can help you or your clients, or visit the Malta pages of our website to view our key facts documents on the establishment of companies and other structures in Malta.

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