

Malta Hopes Newly-Minted Family Business Act Proves A Game-Changer

Tom Burroughes, Group Editor, London

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Recently enacted legislation by the Mediterranean jurisdiction will, its framers hope, further galvanise interest in what this country, which currently holds the EU presidency, has to offer.

New legislation enabling family-owned businesses to be registered in Malta has come into force this month, a development that could give the Mediterranean island an edge in competition with other international financial centres.

Taking effect from the start of January 2017, the Family Business Act is designed to assist family businesses to achieve continuity between generations as well as clarify the sector. The scope of the Act covers the regulation of family businesses, their governance and the transfer of family business from one generation to the next. It seeks to encourage and assist family businesses to enhance their internal organisation and structure with the aim of effectively operating the business, and working towards successful succession. Central features include a formal definition of what constitutes a family business, and who should be considered in terms of family membership and governance. (To see an interview with the Malta administration about this development, see [here](#).)

The Act, its framers hope, will appeal to family-business owners in regions of the world, such as the Middle East and Asia, where the family-controlled business is the dominant model.

Malta, which holds the presidency of the European Union for the first six months of this year, has seen its profile as an IFC grow in recent years, such as through its citizenship programme for wealthy investors, as well as initiatives in areas such as aviation registration, tax incentives for companies registering in the island, and its status as a centre for movie-making. Malta is a former UK colony which has been independent since the 1960s; it has both English common law and European civil law legal traditions and is bilingual.

Dr Christian Cardona, Malta's minister for the economy, investment and small business, is due to address this publication's annual Switzerland wealth management awards ceremony in Geneva next month to receive the award for the international finance centre of the year. (For more details on the awards programme and event, [click here](#).)

Malta is home to a number of private banks, and also has significant sectors in funds, trusts, private client law firms, accountancy firms, along with sectors such as shipping, insurance and aviation. There are 26 banks, including players such as HSBC, Banif Bank, FIMBank and Bank of Valletta. Among the private banks serving wealthy individuals, for example, is Mediterranean Bank. Gross domestic product rose by 6.3 per cent last year and investment rose 21.4 per cent in 2015. In 2014, Malta unveiled a citizenship-by-investment scheme open to high net worth individuals, similar in some ways to programmes operated in Portugal, Spain and the UK.