

MEMORANDUM TO CABINET  
BY THE HON. THE PRIME MINISTER

Permanent Residence

Ministers will recall that on the 9th May, 1967 the Cabinet decided that the imported income of persons who settled in Malta and became entitled to a preferential tax treatment under the Income Tax Act of 1948 should be increased from £800 to £1400. The Ministry of Finance, Customs and Port were subsequently asked to take action to prepare the amending bill.

2. All applications for permanent residence received at the Immigration and Nationality Branch of the Office of the Prime Minister are now being considered in the light of the above decision so that to be eligible to reside permanently in Malta, persons must be in possession of an income from movable or immovable property, held outside Malta, of not less than £1400 in respect of one person plus £200 in respect of each subsequent dependant; or in possession of capital assets worth £28,000 in the case of one person plus £4,000 in respect of each subsequent dependant; or in possession partly of an income and partly of capital assets convertible at the rate of £1,000 capital assets equalling £50 yearly income as would satisfy the preceding requirements.

3. The following points arising out of the decision now call for consideration:

- (a) whether all new applications for permanent residence should be dealt with in line with the Cabinet decision;
- (b) whether the present procedure by which foreigners who do not satisfy the ~~minimum~~ income requirements are allowed to reside in Malta on a year-to-year basis should be discontinued;
- (c) whether the Cabinet decision, in so far as tax liability is concerned, is to be applied to all permanent residents irrespective of the date on which they took up residence in Malta.

4. With regard to (a) it is not considered that those cases where correspondence and/or enquiries had been made prior to the date of the Cabinet decision (and an indication possibly given of the qualifications then required) should be accorded any special treatment since correspondence/enquiries may have been only exploratory and may yet continue for some time so that no firm commitment on either side can be adduced.

5. With regard to (b) once the retirement scheme is working satisfactorily it is considered that this particular concession which was intended to partially offset any possible failure of the scheme proper should now be discontinued. A number of temporary residents are in Malta under this year-to-year arrangement and if the scheme were to be discontinued existing permits will not now be renewed once they become due for extension. It is envisaged that this will bring about a spate of requests for re-consideration and possibly Press criticism but it is undeniable that a year-to-year permit is inherently a temporary one which may not be renewed on its expiry.

6. With regard to (c) Hon. Ministers may wish to note that the Friends of Malta, G.C. have expressed its hope that the amendment would be so drafted as to deal with future arrivals of foreign residents and not to affect others who have been persuaded to settle in Malta on the terms of the £800 per annum minimum.

7. Hon. Ministers are invited to agree that:
- (a) all new applications received on or after the date of the Cabinet decision of the 9th May, 1967 be considered on the basis of that decision;
  - (b) no new year-to-year permits to reside in Malta be issued and all existing permits be terminated as soon as they come up for extension;
  - (c) the Income Tax Act of 1948 be amended so that persons who are ordinarily resident in Malta on the date on which the bill becomes law will not be affected by the amendment.

6th June, 1967.