



Aircraft Leasing

High-flying growth for you and your business.

Why Malta?

- The Aircraft Registration Act, 2010 enacted to support a successful aviation register and with the ratification of the Cape Town Convention, make Malta one of the most competitive jurisdictions in Europe for aircraft registration.
- The Malta Aircraft Register caters for private, corporate and commercial aircraft.
- The Malta Aircraft Register operates under a well-regulated air safety and airworthiness regime in compliance with European Air Safety Agency (EASA) standards, and recognised with a Category 'I' rating by the United States F.A.A.
- Possibility of registering a mortgage in the Aircraft Register to secure debts.
- No withholding tax on lease payments where the lessor is not a tax resident in Malta.
- Local availability of a range of airline services such as aircraft and engine maintenance, repairs and overhauls.
- Transparency of rights and interest in aircraft.
- Corporate tax incentives upon distribution of dividends.
- Extensive network of double taxation treaties.

Tax Treatment

Lessor – Operating Lease:

- Tax depreciation at 16.7% on aircraft frame and aircraft engine
- Tax depreciation at 25.0% on aircraft interiors and other parts
- Effective Malta tax charge of between 0% and 6.25%

Lessor – Finance Lease:

- Taxable on finance charge with deductions allowable for finance costs
- Effective Malta tax charge of between 0% and 6.25%

With proper planning and structuring, the lessor may dispose of aircraft, suffering no tax consequences in Malta.

Lessee – Operating Lease:

- If aircraft is used as part of trading activity, deductions are allowable for lease payments and expenses incurred in production of income, before being taxed at 35%.
- Effective Malta tax charge of between 0% and 6.25%

Lessee – Finance Lease:

- Tax depreciation at 16.7% on aircraft frame and aircraft engine
- Tax depreciation at 25.0% on aircraft interiors and other parts
- Further allowable deductions for the finance charge, the cost of repairs and maintenance, and insurance.
- Effective Malta tax charge of between 0% and 6.25%

Baker Tilly Malta

Baker Tilly Malta, through the expertise of our professional staff within the sector, is able to deliver the following services related to the industry:

- Assistance and implementation of tax efficient ownership structures;
- Assistance in determining alternative financing structures for aircraft leasing;
- Advice on tax and other related issues in connection with aviation leasing and financing;
- Assistance in the registration of aircraft in Malta;
- Assistance in registering for VAT and preparation of VAT returns;
- Liaising with the Maltese authorities as and when required;
- Accounting, audit, tax and company secretarial support services.

www.bakertillymalta.com

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