

HOW TO FORM A COMPANY IN MALTA



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How to Form a Company in Malta

In Malta, cryptocurrency firms operate under a robust regulatory framework aimed at safeguarding customers, investors, market integrity, and the nation's reputation. The standards for obtaining full licensing for a Maltese cryptocurrency company are rigorous. However, meeting these requirements can unlock numerous benefits in this crypto-friendly jurisdiction.

Key advantages of doing business in Malta include:

- Favorable tax regimes with incentives such as low corporate income tax (5-7%), international double taxation agreements, and relatively low VAT rates.
- Membership in the EU, providing access to the entire EU market.
- Highly educated workforce focused on innovation, offering significant potential for business growth.
- English as an official language, simplifies the process of incorporation and operations.
- Reliable banking system, ranked 17th in the Global Competitiveness Index 2017-2018 for bank reliability.
- The Companies Act 1995, which governs Maltese companies, aligns with relevant EU directives, covering aspects like incorporation, management, and insolvency.

The Malta Business Register (MBR) maintains the public register of Maltese companies, overseeing registration, issuance of certificates, fee collection, and publication of notices.

Additionally, the [Malta Financial Services Authority \(MFSA\)](#), the regulator for Maltese crypto companies, ensures compliance with anti-money laundering and counter-financing of terrorism provisions.

Notably, non-Maltese citizens have equal rights regarding the establishment and management of crypto businesses in Malta.

Requirements for the Applicant

To begin with, applicants must either register their company or hail from a recognized jurisdiction, establishing an office in Malta solely for the purpose of serving as a licensee engaged in activities aligned with authorized Virtual Financial Asset (VFA) services.



The company's operational framework should incorporate internal compliance control protocols covering Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT), safeguarding customer assets, cyber security, and data protection, among others.

All applicants must undergo a financial instrument assessment administered by a designated Approved Financial Auditor (AFA) agent to ascertain if their activities fall under the scope of the Virtual Financial Assets Act (VFAA). This evaluation involves three distinct categories: virtual tokens, financial instruments, and electronic money. Activities not falling within these categories default to the Unregulated Financial Activity (UFA) category.

Candidates are mandated to pass an integrity and competency assessment, meeting criteria such as integrity, proficiency, and financial capability. These prerequisites must be consistently maintained post-establishment. Evaluation is conducted by:

- Applicant representative
- Beneficial owner
- Board member
- Senior management personnel
- Money Laundering Reporting Officer (MLRO)
- Compliance officer
- Risk manager
- Any other individual overseeing the applicant's VFA operations.

Application Procedure:

Companies aiming to register their white paper or apply as a Distributed Financial Asset (DFA) service provider must initiate the process through a certified DFA agent. The roster of registered DFA agents is accessible in the Financial Services Register maintained by the MFA. The duration of the application process, spanning from three to six months, varies based on the necessity for additional documentation as determined by the IFAD.

Prior to completing the application form, the following steps must be undertaken:

- Acquire a Malta address for sending notices or documents to the applicant as mandated by law.
- Beneficial owners, eligible owners, administrators, and senior managers of the applicant must submit personal questionnaires.

The application process unfolds in three distinct stages:

1. Preparation Stage:



- The applicant must formally notify the Ministry of Foreign Affairs of their intent to pursue the AFA license through their designated DFA agent.
- Subsequently, upon receipt of the notification, the Ministry of Foreign Affairs arranges an initial meeting with the applicant. Following this meeting, the applicant is allotted 60 days to submit the application.

2. Pre-Licensing Stage:

- Upon review of the application and completion of fitness and propriety assessments, if the Ministry of Foreign Affairs deems the provided information satisfactory, it issues a provisional permit, valid for three months.
- The applicant then has three months to address any identified issues and fulfill the pre-licensing prerequisites outlined in the provisional approval.
- Upon satisfying all requirements, IFAS grants the license to the DFA service provider.

3. Post-License and Pre-Operational Phase:

- New licensees may need to fulfill post-license obligations before commencing operations within 12 months from the date of AFW service provider license issuance.

Documents Required

The application must be accompanied by the following documentation:

1. Comprehensive organizational structure detailing both direct and indirect owners of the entity as well as beneficial owners.
2. Summary of the business plan encompassing general business particulars, rationale for seeking a specific DFA license, and management particulars.
3. Memorandum or Statute and Council Regulation.
4. Declaration form affirming the accuracy of provided information and acknowledging confidentiality.
5. Corporate Shareholder Questionnaire covering aspects such as Authorized Person, Regulatory History, and Corporate Structure.
6. Eligibility assessment outlining details of proposed individuals, addressing competency matters, and identifying potential conflicts of interest.
7. Evaluation of outsourcing arrangements, including specifics on outsourcing, mechanisms employed, and responsible individuals.

Crypto Business Licenses in Malta



Businesses intending to supply Virtual Financial Assets Act (VFA) services are required to apply for a license through a registered VFA agent by submitting an online VFA service provider application form.

Types of Cryptocurrency Licenses:

- **Class 1** – financial advisors, entitled to receive and transfer VFA-related orders and offer investment advice
- **Class 2** – provision of crypto wallets, peer-to-peer exchange, management of investment portfolios
- **Class 3** – over-the-counter traders and transactions, market makers, except for VFA exchange
- **Class 4** – the most extensive license permitting VFA operations related to the control of the customer money as well as cryptocurrency exchange of any type

Fees Structure

Type of License	Authorized Capital	Registration fees	Annual supervision fees
Class 1	50,000 EUR or 25,000 EUR with PII	3,000 EUR	2,750 EUR +
Class 2	125,000 EUR	5,000 EUR	4,500 EUR +
Class 3	730,000 EUR	7,000 EUR	6,000 EUR +
Class 4	730,000 EUR	12,000 EUR	25,000 EUR +

Establishing a Crypto Company in Malta

One prevalent legal structure for cryptocurrency enterprises in Malta is a Private Limited Liability Company (Ltd), which can be incorporated within a timeframe of approximately 9 weeks.



Registration of a new company with the [Malta Business Registry \(MBR\)](#) can be initiated either by the shareholders themselves or by their authorized representatives, such as legal practitioners or accountants.

Requirements for a Private Limited Liability Company:

- 1-50 shareholders (local shareholders not mandated)
- Minimum authorized capital corresponding to the relevant VFA class is required
- A locally registered office address, although an operational office is not obligatory
- At least one director
- A company secretary, who does not necessarily need to be a resident of Malta
- A compliance officer, an AML/CFT officer, and a risk manager (no nationality prerequisites)

Necessary Documents:

- Memorandum and Articles of Association
- Form BO1 containing particulars regarding the identification of the company's beneficial owners
- Proof of a locally registered office address
- Confirmation of transferred share capital (e.g., a bank deposit slip)
- Notarized photocopies of shareholders' passports

Key Steps in Establishing a Cryptocurrency Company in Malta:

- Verification and reservation of a unique company name, which must conclude with "Ltd"
- Opening a bank account
- Transfer of authorized share capital
- Payment of registration fees
- Submission of registration documents to the MBR
- Receipt of a certificate of registration from the MBR, authorizing the commencement of company activities
- Application for a VFA service provider license
- Registration for taxation with the [Commissioner for Revenue \(CFR\)](#)

