

A Malta Online Gaming License - Process and Costs

Thank you for your email enquiring about the possibility of obtaining an online gaming license in Malta.

In order to assist you in evaluating your proposal further and ensure that you have all necessary cost data to determine whether or not you wish to proceed, I take liberty in listing herewith the major important issues and costs- both initial and recurrent, that are involved

Malta – A hub for online gaming.

Now that Malta is part of the EU, an online gaming company registered in Malta can be assured of free entry into all European jurisdictions. In some cases where monopolies of the state are still restricting free trade, the EU is already proceeding against these EU countries to dismantle their monopolistic powers. Malta is at the fore front in ensuring a free and equal market for all operators on the European continent.

The industry is well regulated through a specific law covering online gaming (the first such law in the world) and various regulations and standards. These have been implemented after detailed input from the representatives of the industry in Malta who have set up their own organisation - **Malta Remote Gaming Council** (MRGC). This council is very active in ensuring that the voice of the operators is heard by the authorities and their requests, where reasonable, are implemented.

A Malta online gaming license is not easy to obtain due to the specific laws and regulations applicable here. However, once obtained, such a license is well respected in most countries of Europe since online gaming is very well regulated in our country. Players are also selecting operators who are regulated since in this way they are assured of fair treatment, both with regards the games themselves as well as the safety of their fund. In fact we had quite a few European operators moving to Malta specifically because players are now looking for the Malta logo on web site to which they entrust their funds.

For other regulations applicable I recommend you visit our web site and have a look at our article on online gaming as well as the **Q&A** section on online gaming. You will find many of the answers to your questions there.

Licensing Process

The Licensing process is basically divided into three parts:

- Step 1 – Due diligence process on promoters and directors
- Step 2 – Evaluation of the On-Line Gaming proposal
- Step 3 – Software Verification

Steps 1 and 2 involve the submission of various forms and ancillary supporting documentation on:

- The beneficial owners of the Malta operation
- The business model
- A business plan
- Software details
- Draft contracts and agreements with service providers.

Once these steps are successfully complete, a **LETTER OF INTENT** is issued by the Gaming Authority through which the applicants can start their online gaming operations from Malta.

After the issue of the Letter of Intent and the gaming operation has gone online, Step 3 will commence. This will be the certification of the gaming software itself. This is normally carried out within 6 months on the commencement of operations. On successful completion of this step, the Gaming License itself is issued and this is normally valid for 5 years.

Fees payable to Gaming Authority.

The Costs of the licence itself payable to the Gaming Authority are as follows:

1. Payable with licence application - Euro 2350
2. Payable for software review - Euro 2350
3. Payable once licence is issued - Euro 7000
4. Payable every year thereafter - Euro 1200

Income Tax

In Malta the Income Tax laws are very favourable to online gaming operators. Income derived from gaming by non residents of Malta are taxed at 35%. However, if the shareholders of such companies are also non resident, then they have the right to claim back 30% of this tax, bringing the effective company tax rate on company profit to 5%. For detailed explanation of how this work, please visit our web site article on **TAX REFUNDS**.

Gaming Tax

The type of licence available and the Gaming Tax attached to each are as follows:

- Class 1 Remote Gaming (excluding betting and pool betting)
(Risk taking on repetitive games generated by random numbers)
Example..... Casino style games, lotteries and slots

Gaming Tax

First six months - Euro 4,650 - per month
Thereafter - Euro 7,000 - per month

A Class 1 licensee operating from a Class 4 licensed platform will only pay Euro 1165 per month in gaming tax. This is payable to the Platform which will then forward it to the authority.

- Class 2 Remote Betting office or Online betting exchange
Risk taking by creating or backing a market
ExampleSports betting

Gaming Tax

Betting Operation ---- 0.5% (half of one per cent) on gross amounts of bets,
Betting Exchange -----0.5% (half of one per cent) on net winnings
Pool Betting ----- 0.5% (half of one per cent) on aggregate of stakes paid.

- Class 3 Promote and abet remote gaming
Example---Poker / Exchange games/Bingo/Tournaments

Gaming Tax

5% (five per cent) of net income.

Note the 5% rate was the result of an Internal Directive by the LGA.

- Class 4 To host and manage remote gaming operators
Example -----Platform/Software houses who take commissions on wagers

Gaming tax:

First six months – nil
Next six months – Euro 2330 per month
Thereafter – Euro 4660 per month

In all cases the maximum gaming tax payable per annum by any licensee on any one licence shall not exceed Euro 466,000.

The Gaming Tax time frame normally commences from GO LIVE date and not the issue of the Licence itself since this can take up to six months after Go Live.

Services

Further to the details that appear on our website, our office has assisted several online gaming companies to register in Malta and/or obtain gaming licence and we continually work to enhance such services for the benefit of our clients.

An online gaming license can only be issued to a Malta registered company. Here our office can definitely help and herewith the relevant costs.

1. Preparation of the necessary documentation and filing with Registrar of Companies .. Euro 1500
2. Opening of one bank account and deposit company share capital prior to registration..Euro 250
3. Advanced tax ruling confirming company qualifies for tax incentives..Euro 300
4. Registering company with VAT Euro 250
5. Provision of Malta registered office address - compulsory under Malta laws .. Euro 1000
6. Registration fees payable to company registrar (on minimum paid up capital of Euro 500)... Euro 310

Total

Euro 3610

Back office Services

Our office can provide the full range of back office services should the client decide to limit the level of employment in Malta.

For your guidance only, I quote herewith the cost of maintenance for such a company. Although the cost attached to this service will vary depending on which services the client requires and the volume of work involved, on average you should budget for Euro1000 per month and this would cover:

- Accountancy work
- Statutory annual audit
- Filing of annual tax return

- Filing of vat returns every three months
- General consultancy
- Tax return of shareholder and tax refund claim.
- Annual return filing with Registrar of Companies
- Annual return registration fee
- Generally looking after the company's interests in Malta.

Basically, for the above fee, our office will be, for practical purposes, the client's company administrative and accounting office in Malta and we shall take care of all its needs.

Gaming License Application

For assistance in obtaining an online gaming licence, our fee is Euro5,000 payable as to 50% on filing of application and 50% on issue of the licence. This fee would cover

- All consultancy and guidance
- Supply of all licence application documentation
- Assistance and guidance in the preparation of the licence application
- Representation of client with Gaming Authority during the licence review stage
- Attendance at meetings with client at the Gaming Authority whenever such personal presence of client is requested.
- General guidance on the local services that such a company would need to employ, arranging of meeting with suppliers and assistance in negotiation of terms and prices with them.

Also note that our fees are quoted exclusive of vat at 18%. If invoiced to a non resident who has a vat registration number, our fees will be without VAT.

For the moment I thank you for your interest and I look forward to assisting you in establishing a profitable online venture in Malta. Should you require further information about other issues affecting a business in Malta, our web site provides a lot of information, including a **DOING BUSINESS** booklet. If additional information is required, please feel free to get in touch with me at any time.