

# Business Today

WEDNESDAY 27 January 2010 - SUPPLEMENT ISSUE NO. 618



**Interview:**  
**Melo Hili, MD Premier  
Capital LTD**

Pages 4-5

**SmartCity taking  
shape**

Page 3

**Taken for a ride**

Page 6

In collaboration with:



KAMRA TAL-PERITI

## Malta on the frontline to benefit from managers' exodus from London taxes

**Karl Stagno-Navarra**

Malta has managed to establish itself on the frontline to benefit from a reported 'exodus' of multi-million Hedge Funds from overtaxed London, while also attracting the interest for relocation of numerous managers.

Financial services operators have confirmed a "surge" in requests for assistance in relocating Hedge Funds to Malta, with a significant number already registering their set-up with the Malta Financial Services Authority (MFSA).

As from January 1, the British government has imposed a 50% top rate on anyone earning more than GBP150,000 (€167,000), as well as limiting tax-friendly pension contributions. Coming on top of changes to tax rules for so-called "non-doms" – generally wealthy individuals who are resident in a country but claim their domicile is overseas – has made Britain boast one of the toughest tax regimes in Europe.

Malta's High Commissioner in London Joe Zammit Tabona is reportedly handling direct one-to-one meetings with senior managers from

reputed financial institutions.

"It's looking positive, but we still need to work harder and surely even more concerted in order to secure investment to Malta," Zammit Tabona said when contacted in London.

He stressed that while the British media is indicating this interest in Malta by City managers, there is still a lot of work to do to attract even further investments.

It is becoming more obvious that while bankers are moving from London to Geneva and Hong Kong, managers are seeking relocation to Malta.

Ian Casolani, President of the Federation of Real Estate Agents told MaltaToday that his members have reported an increase in enquiries for high-end properties, both commercial and residential.

"It is still a little bit early to speak about concluded deals, but I can confirm that we are receiving plenty of enquiries," Casolani said.

The Maltese government has pledged its full support to all stakeholders in a bid to secure the capital that is apparently flowing out of London, and is expected to announce the setting up of a task-force that will include officials from

the MFSA, The Tourism Authority, Malta Enterprise, the Federation of Real Estate Agents and other commercial organizations to give presentations in some of London's luxury hotels to interested parties.

In this quest, Malta is in direct competition with Switzerland, Monaco and Hong Kong.

Dozens of UK hedge funds have already decamped to Geneva, Zurich and other Swiss cantons in recent months, following a marketing push that has also included presentations in top London hotels.

Half of the world's top 100 banks have a presence in Britain, as well as 67 per cent of its largest asset managers and 45% of top insurers, according to a recent report by the UK Treasury. London registers foreign exchange turnover of US \$1.680bn daily, a 35% global share, along with 40% of the world's over-the-counter derivatives business, 70% of all eurobond turnover and 55 per cent of international initial public offerings.

Britain is also home to at least 80% of Europe's US \$400bn in hedge fund assets and about 60% of its private equity firms, as the second largest alternative investment hub in



Government has pledged its full support to all stakeholders in a bid to secure the capital that is apparently flowing out of London, and is expected to announce the setting up of a task-force

the world after the US. Meanwhile the latest projections from City economists show the business and financial services sector has grown substantially over the last years to employ almost 1.60 million.

Since the UK supertax on bonuses started to be felt, banks have been

trying to work out which parts of their business could be shifted to other countries. Functions that could move without much disruption include asset management, mergers and acquisitions and some parts of debt and equity capital markets, experts have said.

## Jersey signs DTA with Malta in bid to be taken off OECD black list

**Charlot Zahra**

Jersey has signed a comprehensive Double Taxation Agreement (DTA) with Malta in a bid to be taken off the Organisation for Economic Cooperation and Development (OECD)'s black list of tax havens. This was Jersey's first DTA which was based on the OECD model convention.

This DTA also represented Jersey's 16th international tax agreement to meet the OECD tax standards on transparency and information exchange.

The DTA was signed on Monday at the Maltese High Commission in

London by Jersey Chief Minister Terry Le Sueur and Maltese High Commissioner to the United Kingdom Joseph Zammit Tabona.

Commenting on the agreement, Le Sueur explained how the signing of the DTA with Malta was "a significant step".

"We are keen to develop our business relationships with the EU and therefore we are delighted that through the DTA we will be further strengthening our political and business relationship with a Member States," the Jersey Chief Minister insisted.

He added that it was also

"further evidence of Jersey's firm commitment to the international tax standards of transparency and information exchange, and of its willingness to continue to negotiate international tax agreements".

Jersey was continuing to negotiate further tax agreements and was also playing an important international role as one of four Vice-Chairs of the Peer Review Group, which was set up by the Global Forum on Transparency and Exchange of Information for Tax Purposes.

The group was responsible for monitoring and assessing compliance with international standards.

## Premier Capital plans €20 million bond issue

**Charlot Zahra**

Premier Capital Limited, the company that took over as Development Licensee for McDonalds in Malta in May 2005, will be issuing a bond issue in the next two months to finance the food chain's expansion in the Baltics.

Speaking during an extensive interview with Business Today, Melo Hili, Managing Director, Premier Capital Limited, announced the €20 million bond issue.

Asked by Business Today whether, with 2,400 employees at present

and a turnover of €50 million last year, did Premier Capital have any plans to float on the Malta Stock Exchange (MSE) or not, Hili said: "No, currently we not have any plans to float shares on the MSE."

"However we have plans to go to the bond market. We're planning a bond issue in the local market," Hili told Business Today.

The Premier Capital boss explained that the company had submitted an application to the local authorities in Malta "and we plan to issue bonds within the coming of months".

Pressed further by BT about the size of the bond issue, Hili told this paper that the bond issue would be "around €20".

"The majority of that will be used to fund the expansion of the various restaurants and the re-modelling of others in the next 24 months," the Premier Capital Limited boss told BT.

Hili explained that the potential for expansion in the Baltic States for McDonalds was large in view of the large population of the three countries when compared to Malta.

Keep it simple



**3.25%** **3.50%**  
FIMBANK FIMBANK  
12 Month Term Deposit 24 Month Term Deposit



FIMBANK

Classic Term  
Deposit

Minimum Deposit €50,000.

We also pay premium rates for US Dollar and Pound Sterling.

FIMBank plc,  
7th Floor, The Plaza Commercial Centre,  
Bisazza Street, Sliema SLM 1640, Malta.  
Tel: +356 2132 2100  
E-mail: ftd@fimbank.com  
www.fimbank.com

**FREEPHONE: 8007 3110**

FIMBank plc is a licensed credit institution in Malta, regulated by the MFSA and listed on the Malta Stock Exchange. Terms and conditions for this offer are applicable and available upon request. This Euro based product falls within the Depository Compensation Scheme established pursuant to the Banking Act. Rates are correct at the time of going to press. FIMBank plc reserves the right to change such rates and/or conditions without further notice. The value of your deposit and interest payable may be subject to currency exchange rate fluctuations, depending on the depositor's reference currency.