

MINISTRY FOR THE ECONOMY
AND INDUSTRY
Joint Office

2019 SCHEME FOR THE PURCHASE OF
THE TEMPORARY DIRECTUM DOMINIUM (TDD)
OF GOVERNMENT PROPERTY OR LEASED PROPERTY USED AS
AN ORDINARY OR SUMMER RESIDENCE.

This Scheme opens on 01st October 2019 and will remain open until further notice. Application forms may be downloaded from MEI website www.economy.gov.mt or Lands Authority website www.landsauthority.org.mt .

- Only applications received via the appropriate online form will be accepted. (http://economy.gov.mt/en/Joint_Office/Pages/Form.aspx)
- A non-refundable administration fee of €1000 shall be payable once submitted documents have been verified.

GUIDELINES

Definitions

“Residence” is a building or premises used by a person or persons as a normal place of habitation/dwelling. It also includes a garage and or other spaces adjacent to the premises and used as an extension of the dwelling.

“Summer Residence” is a building or premises, constructed or modified and intended to be occupied as a dwelling separate from the ordinary residence of the applicant and that is not being used, or has never been used, by the applicant for commercial purposes.

“Applicant” means a person or persons making a request to purchase/*redeem* under this Scheme.

Application form and documents required.

Applicants are requested to fill in the appropriate online application form and upload the following documentation in pdf format:

- i. a copy of the last ground rent/rent receipt;
- ii. a copy of the applicant’s Identity Card (front/back);*

- iii. in case of spouses who are separated and/or divorced, the applicant must produce authenticated copies of relevant documents evidencing such separation and/or divorce;
- iv. a copy of the original contract/s of acquisition of property;
- v. a sworn statement that the property is used by the applicant or applicants as his/her/their ordinary residence;
- vi. in the case of a summer residence, a sworn statement that the property is used as such, and was never used by the applicant for commercial purposes;
- vii. in the case of ordinary residence, the latest actual water and electricity paid bill (not estimate);
- viii. a site/location plan showing thereon the extent of property in question; and
- ix. photo/s of the facade of the property

**Copies of ID cards will be destroyed once the relative verifications have been made.*

Who Qualifies?

3. The applicant must be a person who:
 - i. Is a citizen of the European Union;
 - ii. Is recognised by Government as the current utilista/emphyteuta or tenant of the premises or has made a request for recognition and is the waiting to be recognised; and
 - iii. Shall have no outstanding ground rent/rent payments in respect of the premises.

4. An applicant who holds the property on sub-emphyteusis shall only qualify if the requisites of paragraph 3 are met and:
 - i. The applicant is recognised as the utilista by Government and currently pays the relative ground rent to Government;
 - ii. In the case where the sub-ground rent has been redeemed, the applicant must prove that the sub-ground rent has been redeemed by the sub-emphyteuta; and
 - iii. In the case where the sub-ground rent has not yet been redeemed, the applicant must furnish legal advice given by a lawyer stating that the sub-emphyteuta has the right to buy/redeem the directum dominium from Government. Furthermore, the lawyer on behalf of the applicant should expressly exempt the Notary publishing the deed of purchase/redemption and the Government of Malta from any legal responsibility and/or legal action which may rise due to the publication of the deed.

5. All expenses relating to the sale/redemption, including the Notary fees, shall be borne by the applicant.

Redemption Rates

6. The Sale/Redemption Price of the directum dominium shall be calculated as follows:
- i. in the case of non-revisable temporary emphyteutical grants that commenced before 21st June 1979 and had been granted for a period of more than thirty (30) years:

Ground rent payable to JO per annum		Price
from	to	
€0.00	€5.00	€1,500.00
€5.01	€10.00	€2,500.00
€10.01	€20.00	€3,500.00
€20.01	€30.00	€4,500.00
€30.01	€40.00	€5,500.00
€40.01	€50.00	€7,000.00
€50.01	€60.00	€8,000.00
€60.01	€70.00	€9,000.00
€70.01	€80.00	€10,000.00
€80.01	€90.00	€11,000.00
€90.01	€100.00	€12,000.00
€100.01	€110.00	€14,000.00
€110.01	€120.00	€15,000.00
Over €120	€16,000 plus €10.00 for every one euro (€1) or part thereof.	

- ii. In the case of a temporary revisable ground rent that commenced before the 21st June 1979, and which had been granted for more than thirty (30) years, the ground rent shall be reviewed against the Index of Inflation (https://nso.gov.mt/en/nso/Selected_Indicators/Retail_Price_Index/Pages/Index-of-Inflation.aspx) using the index value for the year preceding the year of the original grant as the base year and the year preceding the validation date as the target year. In the case of emphyteutical grants commencing before 1946, the base index value shall be that for the year 1946 being the year when the index was first published. After this computation is carried out one may establish the price according to the table at sub-paragraph (i) above.
- iii. In the case of other temporary emphyteutical grants (cens temporanju) that do not fall under any of the two categories described in sub-paragraphs (i) and (ii) above or in the case of leased

dwellings (kera) the price shall be fixed on the basis of a valuation to be carried out by two architects appointed by the Lands Authority.

iv. In the case of summer residences the price shall also be fixed on the basis of a valuation carried out by two architects appointed by the Lands Authority.

7. The selling price can never be less than the value of property as set out in the Annexes attached to the agreement between the Government of Malta and the Holy See of the 28th November 1991, revised in line with the Index of Inflation and increased by a further fifty per cent (50%) of the revised value.

Exclusions from this Scheme:

8. The following persons and properties may not participate in this Scheme:

- i. Companies, entities established by law and any emphyteuta (censwalist) who has rented out the dwelling to third parties;
- ii. Boathouses, shops, warehouses, commercial premises and vacant sites; and
- iii. Garages that are neither adjacent to the residence nor do they form part of the original relevant emphyteutical concession or lease agreement.

Note: However, garages that are not adjacent to the residence may qualify if they form part of the original emphyteutical concession or lease agreement.

9. Only the residential part of properties being used for both residential and business purposes (casa bottega) will qualify for redemption under this Scheme.

10. No undivided share of property or any part of the ground rent or lease will be sold, unless the Government is sole remaining owner of that undivided share.

Other Conditions

11. The contract of sale shall include the following conditions:

That fifteen (15) years from the validation of the application:

- i. The property must still be used for residential purposes;
- ii. No type of re-development will be allowed except for renovation or reconstruction of the property when the number of residential units will remain the same; and

- iii. If, however, the property is converted into more than one residential unit and transferred to descendants, ascendants, or siblings this shall not be regarded as re-development. If subsequently during this period, there is a further transfer to third parties the provisions of paragraph 13 hereunder shall come into force.

Transfer ‘inter vivos’

12. At any time, the applicant or his successors in title, may request the Lands Authority to rescind the contractual conditions described at paragraph 11 above in consideration of a one-time fee payable to the Lands Authority equivalent to the percentage (indicated in paragraph 13 below) of the selling price declared on the promise of sale to a third party (convenium). The promise of sale must be duly registered with the Commissioner of Inland Revenue according to law and the selling price must be subsequently confirmed on the contract of sale. The Lands Authority reserves the right to value the property, if and when necessary.

13. The percentages to be paid shall be as follows:
 - i. Up to five (5) years from the validation of the application, twenty per cent (20%) of the selling price;
 - ii. From the fifth (5th) year up to the tenth (10th) year from the validation of the application, fifteen per cent (15%) of the selling price; and
 - iii. From the tenth (10th) year until the fifteenth (15th) year, ten per cent (10%) of the selling price.

14. Up till the fifth (5th) year following the validation of the application:
 - i. The property can be transferred ‘inter vivos’, however this would be subject to the condition that twenty per cent (20%) of the sale price is to be paid to the Lands Authority;
 - ii. Transfers ‘inter vivos’ in favour of ascendants, descendants or siblings shall be exempt from condition set out at paragraph 14(i) above, provided that the property remains as a single unit of residence. Subsequent transfers will be subject to the provisions of paragraph 13 above;
 - iii. Requests for transfers from persons registered with the Commission for the Rights of Persons with Disability (CRPD), may be considered for exemption from condition set out at paragraph 14(i) above;
 - iv. Legally separated couples shall be exempt from the condition set out at paragraph 14(i) above; and
 - v. Requests for transfer from persons over 65 years of age shall be exempt from condition set out at paragraph 14(i) above.

15. No property may be sold under this Scheme if any condition of the prevailing emphyteutical grant or lease agreement has been breached and/or if there exist circumstances that may lead to the dissolution of emphyteutical grant or lease agreement arising from the contract or the law.
16. After an application to buy/redeem the direct dominium or the property has been processed, any subsequent transfers must be notified in writing to the Lands Authority.
17. These guidelines do not confer any rights in favour of the applicant or any other person. The Lands Authority retains the right to refuse any application.

30th September 2019