

## GENERAL PRESENTATION

The Principality of Monaco, a sovereign microstate with about 39,000 inhabitants (of whom 9,900 are Monegasque nationals), is a strategic location for business at the heart of Europe and the Mediterranean basin, at the gateway to the French and Italian Riviera.

Monaco is a hereditary and constitutional monarchy, headed by His Serene Highness Prince Albert II (part of the 700-year-old Grimaldi dynasty), which enshrines the separation of executive, legislative and judicial powers, and asserts the rule of law over all institutions.

Monaco is a member State of the United Nations and the Council of Europe.

Although it is a third State to the European Union ("EU"), given its privileged relations with France, Monaco belongs to the European customs territory, the eurozone and is included in the Schengen area. EEA nationals are therefore exempted from requesting a visa for Monaco when applying for a residency card.

Nice airport with more than 170,000 flights and more than 14.7 million passengers per year and the most important airport in the Mediterranean region, is only 30 minutes away.

Monaco is an attractive place for investors thanks to its political stability, the safety for people and their property, a multicultural community (141 different nationalities) where the English language is commonly spoken (with French being the official language), an administration of proximity, an original economic and social model without budgetary deficit, an adapted tax system, and dynamic employment and consumption pools.

The leading sectors in Monaco are real estate and construction, wealth management, luxury, yachting, sport and business tourism.

## AUTHORISATION PRIOR TO BUSINESS

Non-Monegasque nationals wishing to carry out any economic activity must first be authorised by the Minister of State. Specific rules apply to regulated activities such as banking, financial, insurance, real estate and construction activities (experience, corporate structure, amount of capital, etc.).

Persons wishing to set up a business in Monaco may apply individually or create a company, in the form of a Monegasque Limited Company (SAM), Limited Liability Company (SARL), Limited Partnership (SCS) or Private Company (SNC). Sole shareholder companies are not allowed in Monaco.

Flexibility and contractual freedom characterise Monaco corporate law.

## TAXATION AND INTERNATIONAL TAX COMPLIANCE

Businesses carrying out a commercial or industrial activity and generating over 25% of their turnover outside Monaco, as well as any income received from patents and copyright by a company, are subject to Corporate Income Tax (at the rate of 25% for financial years commencing on or after 1 January 2022).

As the French and Monegasque territories form a customs union, French customs regulations apply directly in Monaco, and Value Added Tax ("VAT") is levied on the same basis and at the same rate as in France (the usual rate is 20%).

Sales of building land and buildings occurring within five years of their completion are subject to VAT on property transactions (at the rate of 20%). Other transactions on real estate are subject to registration duties at a rate of 4.75% when the acquisition is made by an individual or a transparent vehicle and 10% when the acquisition vehicle is not transparent.

There is no tax on capital gain.

From an international perspective, Monaco complies with OECD standards. It is a party to the Convention on Mutual Administrative Assistance in Tax Matters, the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information, and the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting.

## INHERITANCE AND TRANSFER RIGHTS

Inheritance or transfer tax applies to property situated in the territory of the Principality or with situs in Monaco, whatever the domicile, residence or nationality of the deceased person or the donor.

FAMILY TIES	TAX ON TRANSFERS
Between parent and child / between spouses	0%
Between siblings	8%
Between uncles, aunts, nephews and nieces	10%
Between relatives other than brothers, sisters, uncles, aunts, nephews or nieces	13%
Between non-relatives	16%

## TRUSTS IN MONACO

The Convention on the Law Applicable to Trusts and their Recognition, adopted in The Hague on the 1<sup>st</sup> of July 1985, which was signed by Monaco, has enabled foreign trusts to be recognized in Monaco.

Law No. 214 of 27<sup>th</sup> February 1936 on trusts, allows individuals who have the right according to their national law to regulate the fate of their property by a trust, to create or transfer a trust in Monaco.

## BANKING AND FINANCIAL ACTIVITIES

As at 31 December 2024, Monaco had a total of 24 banking establishments and 68 asset management companies (3,187 employees), with deposits and securities amounting to €172 billion and total assets under management and/or advised from Monaco amounting to €100.1 billion (an increase of 17% over the year).