

Value Added Tax

Standard rate	15%
Accommodation in hotels and licensed premises, alternative energy equipment, supply of electricity	5%
Exports, local and international transport, supply and repair of commercial aircraft and vessels, Freeport activities, duty free supplies, food, pharmaceuticals, printed material	0%
Immovable property, non-commercial rent, services by non-profit-making organisations, insurance, banking and investment services, sports, religious and cultural activities, lotteries and postal services, health, welfare, education	Exempt

VAT exemption thresholds

Type of activity	Entry threshold	Exit threshold
Supply of goods	Lm12,000	Lm15,000
Supply of services with a relatively low value added	Lm8,000	Lm10,000
Other	Lm5,000	Lm6,000

Double taxation treaties in force

as at 31 December 2002

Albania	Denmark	Lebanon	South Africa
Australia	Egypt	Libya	Sweden
Austria	Finland	Luxembourg	Switzerland *
Belgium	France	Malaysia	Syria
Bulgaria	Germany	Netherlands	Tunisia
Canada	Hungary	Norway	U.K.
China	India	Pakistan	U.S.A. *
Croatia	Italy	Poland	* Limited to international air and shipping traffic
Cyprus	Korea (Rep. of)	Romania	
Czech Rep.	Latvia	Slovakia	

Middle exchange rates

as at 31 December 2002

US\$	2.5020	€URO	2.3895
GBP	1.5606	¥EN	296.8910

Index of inflation

Year	Index	Year	Index	Year	Index
1946	100.00	1965	174.70	1984	426.18
1947	104.90	1966	175.65	1985	425.17
1948	113.90	1967	176.76	1986	433.67
1949	109.70	1968	180.42	1987	435.47
1950	116.90	1969	184.71	1988	439.62
1951	130.10	1970	191.55	1989	443.39
1952	140.30	1971	196.00	1990	456.61
1953	139.10	1972	202.52	1991	468.21
1954	141.20	1973	218.26	1992	475.89
1955	138.80	1974	234.16	1993	495.60
1956	142.00	1975	254.77	1994	516.06
1957	145.70	1976	256.20	1995	536.61
1958	148.30	1977	281.84	1996	549.95
1959	151.10	1978	295.14	1997	567.08
1960	158.80	1979	316.21	1998	580.61
1961	164.84	1980	366.06	1999	593.00
1962	165.16	1981	408.16	2000	607.07
1963	168.18	1982	431.83	2001	624.85
1964	172.00	1983	428.06		

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These notes are designed as a quick-reference guide. The rates and figures quoted are based on information available as at 31st December 2002. Their applicability may be subject to conditions, exceptions and exemptions that are not reproduced in this leaflet.

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Tax Rates & Dates
2003

MALTA

Income Tax Rates

for the year 2003 (year of assessment 2004)

Standard rates

Married couples joint computation			Single Persons & Married Couples opting for separate computation		
Taxable income Lm	Tax Rate	Cumul.	Taxable income Lm	Tax Rate	Cumul.
0 – 4,300	0%	Lm0	0 – 3,100	0%	Lm0
4,301 – 6,000	15%	Lm255	3,101 – 4,100	15%	Lm150
6,001 – 7,250	20%	Lm505	4,101 – 5,000	20%	Lm330
7,251 – 8,500	25%	Lm817	5,001 – 6,000	25%	Lm580
8,501 – 10,000	30%	Lm1,267	6,001 – 6,750	30%	Lm805
Over 10,000	35%		Over 6,750	35%	

Non-residents (married or single)			Returned Migrants		
Taxable income Lm	Tax Rate	Cumul.	Married Rates	Single Rates	Rate
0 – 300	0%	Lm0	First Lm 2,500	First Lm 1,800	0%
301 – 1,300	20%	Lm200	Excess	Excess	15%
1,301 – 3,300	30%	Lm800	These rates are subject to a minimum annual tax liability of Lm1,000 after double taxation relief		
Over 3,300	35%				

Residence permit holders (1988 scheme) 15%

Subject to a minimum annual tax liability of Lm1,800 after double taxation relief

Employment outside Malta

Category	Tax per annum	Category	Tax per annum
Unskilled worker	Lm300	Technician	Lm500
Skilled worker	Lm450	Managerial or professional	Lm1,000

The tax shown is reduced by the amount of SSC paid in Malta

Company rate of tax 35%

Capital allowances

Applicable as from year of assessment 2002 and calculated on a straight line basis

Asset types	Min. years	Max. %
Computers and electronic equipment, computer software	4	25
Motor vehicles, other machinery	5	20
Air-conditioners, communication and broadcasting equipment, catering equipment, equipment used for construction of buildings and excavation, equipment mainly designed or used for the production of water or electricity, medical equipment	6	16.67
Furniture, fittings and soft furnishings, ships and vessels, lifts and escalators, other plant	10	10
Aircraft	12	8.33
Electrical and plumbing installations and sanitary fittings	15	6.67
Cable and pipeline infrastructure	20	5
Industrial buildings and structures	50	2

Social Security Contributions

Per week	Rate	Min	Max
Employed persons deductible from emoluments payable by employer	10%	Lm5.31	Lm12.90
Self-occupied/self-employed persons	15%	Lm9.49	Lm19.35
Number of contributions due (number of Mondays per period)	April	August	December
	17	17	18
Maximum two-thirds social security pension		Lm86.03 per week	

Stamp Duty

Transfer and inheritance of immovable property & shares in property companies other securities		5%	2%
Auction sales, Contracts of antichresis			2.6%
Emphyteutical grants (duty payable as a percentage of ground rent) for not more than 25 years	12%	50 to 75 years	80%
25 to 50 years	60%	75 years and over	100%
Insurance policies			
Life	0.1% of the sum assured		
Other (except medical, aviation, marine cargo and export credit)	10% of the premium (minimum Lm5 or 50% if premium is less than Lm5)		

Statutory dates for the year 2003

Filing of tax return (including self assessment) and settlement of outstanding tax	
Individuals (full tax return)	30 June 2003
Declaration in lieu of tax return	30 April 2003
Companies and other bodies of persons	
Accounting date 30 June 2002 or earlier	1 April 2003
Accounting date later than 30 June 2002	The last day of the 9th month after the accounting date (or next working day)
Provisional tax payments and social security contributions	30 April 2003 1 September 2003 22 December 2003
Provisional tax for part-time self employment	30 May 2003 30 September 2003 16 February 2004
Monthly remittance of FSS and social security contributions deducted by employers	The last working day of the following month
Payer's Annual reconciliation Statement (FS7)	16 February 2004

The above deadlines expire at noon of the relative date.

Delivery of annual return and financial statements to the Registrar of Companies

Private companies	10 months + 42 days after accounting reference date
Public companies	7 months + 42 days after accounting reference date

Taxation of fringe benefits

Category 1 – Use of business owned car

Annual fringe benefit value = Value of car X percentage in table

Car Value (Lm)	Motor vehicles less than 6 years old		Motor vehicles more than 6 years old	
	With fuel	No fuel	With fuel	No fuel
0 - 7,000	6.90%	6.00%	4.80%	3.90%
7,001 - 9,000	9.20%	8.00%	6.40%	5.20%
9,001 - 12,000	11.50%	10.00%	8.00%	6.50%
12,001 - 14,000	13.50%	11.00%	10.00%	7.50%
14,001 - 20,000	14.85%	12.10%	11.00%	8.25%
Over 20,000	16.20%	13.20%	12.00%	9.00%

"Cars" does not include motorcycles, invalid carriages, vans, vehicles used for conveyance of goods and those not commonly used as private vehicles.

Category 1 – Use of employee owned car

Private use element of cash allowance calculated at:

Allowance (Lm)	Fringe benefit
0-1,000	50% of allowance
More than 1,000	Allowance less Lm500

Category 2 – Use of other business assets

Property/accommodation	5%
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- Percentage is applied to the higher of the market value and the original cost of property.
- Rule does not apply to official residence of the holder of public office, temporary accommodation for security purposes, and use of property required for better performance of duties.
- The cost of making the property available for use by the employee (such as water, electricity, ground rent, redecoration, repairs and maintenance and professional fees) is also a fringe benefit.

Other assets	12%
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- Percentage is applied to the higher of the market value and the original cost of the asset. The original cost is reduced by 40% in the case of assets which are more than 6 years old.
- Use of computers, related equipment and internet connection service is not considered a fringe benefit.

Category 3 – Any other benefit or facility

Fringe benefit is the actual cost to the employer of providing the relative fringe benefit or the market value thereof. These include, transfer of assets, beneficial loan arrangements (i.e. at lower than 8%), share option schemes, reimbursement of private expenses, discounted goods and services, free or subsidised meals and gifts. Valuation criteria differ according to the type of benefit with the possibility of a partial or a full exemption in certain cases.

The provision of telephony services, computer equipment, recreational and child-minding facilities, certain awards and certain training courses, among others, are not considered to be fringe benefits. The same applies to the provision of health insurance (although some restrictions apply).