

## Income Tax Rates

for the year 2005 (year of assessment 2006)

### Company rate of tax

35%

### Resident married couples opting for joint computation

Taxable income		Tax	
Lm	Rate	Cumulative	
0 – 4,300	0%	Lm0	
4,301 – 6,000	15%	Lm255	
6,001 – 7,250	20%	Lm505	
7,251 – 8,500	25%	Lm817	
8,501 – 10,000	30%	Lm1,267	
Over 10,000	35%		

### Resident single persons and married couples opting for separate computation

Taxable income		Tax	
Lm	Rate	Cumulative	
0 – 3,100	0%	Lm0	
3,101 – 4,100	15%	Lm150	
4,101 – 5,000	20%	Lm330	
5,001 – 6,000	25%	Lm580	
6,001 – 6,750	30%	Lm805	
Over 6,750	35%		

### Non-residents (married or single)

Taxable income		Tax	
Lm	Rate	Cumulative	
0 – 300	0%	Lm0	
301 – 1,300	20%	Lm200	
1,301 – 3,300	30%	Lm800	
Over 3,300	35%		

### Returned Migrants

Married		Single	
First Lm	Rate	First Lm	Rate
2,500	0%	1,800	0%
Excess	15%	Excess	15%

Subject to a minimum annual tax liability of Lm1,000 after double taxation relief

### 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

## Provisional tax

Provisional tax on transfers of immovable property and securities 7% of consideration

- A lower or nil rate may be authorised
- In a transfer of immovable property that had been acquired through inheritance or partition prior to 1992 the 7% tax is a final tax

Provisional tax by companies, self-employed/self occupied persons

- 1st instalment: 20% of benchmark
- 2nd instalment: 30% of benchmark
- 3rd instalment: 50% of benchmark

Provisional tax on part-time self-employment 15% of profits

Provisional stamp duty on transfers of immovable property (payable on the preliminary deed) 1% of transfer value

## Withholding tax <sup>1</sup>

### Income arising in Malta

- Payments to residents
- Investment income (as defined) 15% <sup>2</sup>
  - Part time work (as defined) 15%
  - Dividends out of the untaxed account 15%
  - Dividends out of profits that had been taxed at 32.5% 2.5%

<sup>1</sup> Foreign withholding tax on income derived by a resident of Malta and arising in a treaty country is regulated by the respective treaty provisions

<sup>2</sup> Taxpayer has the option to receive investment income without withholding tax

Payments to non-residents

- Dividends, interest, royalties and certain capital gains Nil
- Other income paid to a non-resident company 35% <sup>3</sup>
- Other income paid to another non-resident person 25% <sup>3</sup>

<sup>3</sup> A lower or nil rate may be authorised

## Double taxation treaties in force

as at 31 December 2004

Albania	Denmark	Latvia	Romania
Australia	Egypt	Lebanon	Slovakia
Austria	Estonia	Libya	Slovenia
Barbados	Finland	Lithuania	South Africa
Belgium	France	Luxembourg	Sweden
Bulgaria	Germany	Malaysia	Switzerland <sup>4</sup>
Canada	Hungary	Netherlands	Syria
China	India	Norway	Tunisia
Croatia	Italy	Pakistan	U.K.
Cyprus	Korea (Rep. of)	Poland	U.S.A. <sup>4</sup>
Czech Rep.	Kuwait	Portugal	

<sup>4</sup> Limited to international air and shipping traffic

## Taxation of fringe benefits

### Category 1 – Use of business car

Annual fringe benefit value = Car value X percentage established as follows

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%

### Category 1 – Allowance for use of employee-owned car

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

### Category 2 – Use of other business assets

Accommodation –

- 5% of the higher of the market value and the original cost of the property
- Fringe benefit value is increased by the cost of making the property available for use (e.g. water & electricity, repairs etc)

Use of other assets –

- 12% of the higher of the market value and the original cost
- The original cost is reduced by 40% in the case of assets that are more than 6 years old.

### Category 3 – Any other benefit or facility

- Generally, the actual cost to the employer or the market value, saving special rules and exemptions.

## Income tax capital allowances

Asset type	Max %
Computers and electronic equipment, computer software	25
Motor vehicles, other machinery	20
Air-conditioners	
Communication and broadcasting equipment	
Catering equipment	
Equipment used for construction of buildings and excavation	16.67
Equipment mainly designed or used for the production of water or electricity	
Medical equipment	
Furniture, fixtures, fittings and soft furnishings, ships and vessels, lifts and escalators, other plant	10
Aircraft	8.33
Electrical & plumbing installations and sanitary fittings	6.67
Cable and pipeline infrastructure	5
Industrial buildings and structures	2

## Value Added Tax

### Standard rate

18%

Accommodation in hotels and licensed premises, supply of electricity, works of art, certain confectionery, medical accessories, printed matter and items for exclusive use of the disabled. 5%

Exports, intra-community supplies, local and international transport, supply and repair of commercial aircraft and vessels, duty free supplies, food, pharmaceuticals, investment gold, goods under a customs duty suspension regime and the supply of goods on board cruise liners. 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, public broadcasting and the supply of water by a public authority. Exempt

### Registration threshold

Type of activity	Entry threshold	Exit threshold
• Supply of goods	Lm15,000	Lm12,000
• Supply of services with a relatively low value added	Lm10,000	Lm8,000
• Other	Lm 6,000	Lm5,000

### Intra-Community Acquisitions threshold

€10,000

### Distance Sales threshold

€35,000

## Stamp Duty

Inter vivos transfers

Immovable property	5%
Shares in property companies	5%
Other securities	2%
Auction sales	2.6%

Emphyteutical grants (duty payable as a percentage of ground rent)

• for not more than 25 years	12%
• 25 to 50 years	60%
• 50 to 75 years	80%
• 75 years & over	100%

Transmissions causa mortis (succession)

Immovable property	5%
Shares in Maltese property companies	5%
Shares in other Maltese companies	2%
Other assets	Nil

Insurance policies

Life	0.1% of the sum assured
Other (except medical, aviation, marine, export credit, suretyship and medical cover)	10% of the premium (minimum Lm5 or 10% if premium is less than Lm5)

Credit cards

Lm7 per card

## Statutory dates for the year 2005

### Income Tax

Filing of income tax return	
Individuals	
• Tax return and self assessment	30 June 2005
• Declaration in lieu of tax return	2 May 2005
Companies and other bodies of persons	
• Accounting date 30 June or earlier	1 April 2005
• Accounting date later than 30 June	The last day of the 9th month after the accounting date (or next working day)
Payment of settlement tax	On tax return date
Payment of provisional tax by self-employed/occupied persons	2 May 2005 31 August 2005 21 December 2005
Payment of provisional tax for part-time self employment	31 May 2005 30 September 2005 15 February 2006
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)	15 February 2006

*The above deadlines expire at noon of the relative date.*

### Social Security

Social security contributions by self-employed/self occupied persons	On the provisional tax payment dates
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### Companies Act

	Annual Return	Financial Statements
Private companies	42 days after the anniversary of registration	10 months + 42 days after the accounting reference date
Public companies	42 days after the anniversary of registration	7 months + 42 days after the accounting reference date

### Social Security

Weekly rate of contributions	Rate	Minimum	Maximum
Employed persons			
- deductible from emoluments	10%	Lm5.56	Lm13.16
- payable by employer	10%	Lm5.56	Lm13.16
Self-occupied and self-employed persons	15%	Lm9.86	Lm19.73
No. of contributions due in 2005	April 17	August 18	December 17

*Maximum two-thirds social security pension Lm87.70 per week*

## Middle exchange rates

as at 31 December 2004

US\$	3.1402	€EUR	2.3015
GBP	1.6275	¥YEN	321.9502

## Index of inflation

Year	Index	Year	Index	Year	Index
1946	100.00	1966	175.65	1986	433.67
1947	104.90	1967	176.76	1987	435.47
1948	113.90	1968	180.42	1988	439.62
1949	109.70	1969	184.71	1989	443.39
1950	116.90	1970	191.55	1990	456.61
1951	130.10	1971	196.00	1991	468.21
1952	140.30	1972	202.52	1992	475.89
1953	139.10	1973	218.26	1993	495.60
1954	141.20	1974	234.16	1994	516.06
1955	138.80	1975	254.77	1995	536.61
1956	142.00	1976	256.20	1996	549.95
1957	145.70	1977	281.84	1997	567.08
1958	148.30	1978	295.14	1998	580.61
1959	151.10	1979	316.21	1999	593.00
1960	158.80	1980	366.06	2000	607.07
1961	164.84	1981	408.16	2001	624.85
1962	165.16	1982	431.83	2002	638.54
1963	168.18	1983	428.06	2003	646.84
1964	172.00	1984	426.18	2004	664.88
1965	174.70	1985	425.17		

*These notes are designed as a quick-reference guide.*

*The rates and figures quoted are based on information available as at 31st December 2004.*

*Their applicability may be subject to conditions, exceptions and exemptions that are not reproduced in this leaflet.*

*For further details please contact us at:*

**PRICEWATERHOUSECOOPERS**

167, Merchants Street, Valletta, Malta  
Tel: (356) 21 247 000  
Fax: (356) 21 244 768

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## Malta Tax Rates & Dates 2005\*



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