

Malta Tax Rates & Dates 2010*



Income Tax Rates

for the year 2010 (year of assessment 2011)

Company rate of tax

35%

Company tax is fully credited to shareholders on distribution of profits and, depending upon the business activity from which the profit has been generated, recipients of dividend income may become entitled to refunds of company tax paid. In certain circumstances, these refunds reduce the effective tax burden on distributed profits to between 0% and 10%. It is not the purpose of this publication to provide a full and detailed description of the corporate tax system in Malta. Further details are available upon request.

Resident married couples opting for joint computation

Taxable income €	Tax	
	Rate	Deduct
0 – 11,900	0%	€0
11,901 – 21,200	15%	€1,785
21,201 – 28,700	25%	€3,905
Over 28,701	35%	€6,775

Resident single persons and married couples opting for separate computation

Taxable income €	Tax	
	Rate	Deduct
0 – 8,500	0%	€0
8,501 – 14,500	15%	€1,275
14,501 – 19,500	25%	€2,725
Over 19,501	35%	€4,675

Non-residents (married or single)

Taxable income €	Tax	
	Rate	Deduct
0 – 700	0%	€0
701 – 3,100	20%	€140
3,101 – 7,800	30%	€450
Over 7,801	35%	€840

Returned Migrants

Married		Single	
First €5,900	0%	First €4,200	0%
Excess	15%	Excess	15%

Subject to a minimum annual tax liability of €2,325 after double taxation relief

Local earned income is taxed at resident rates without the tax free bracket

Residence permit holders (1988 scheme)

15%

Subject to a minimum annual tax liability of €4,192 after double taxation relief

Employment outside Malta

15%

Excluding any service on board a ship, aircraft or road vehicle owned, chartered or leased by a Maltese company and any service for the Government of Malta

Provisional tax

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

- Not applicable to transfers of immovable property subject to a final tax
- A lower or nil rate may be authorised

Provisional tax on profits of 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 ^{1,2}

Income arising in Malta

Payments to residents	
• Investment income (as defined)	15% ³
• 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%

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

² Some withholding taxes are final in nature; others are provisional tax deductions with final tax due being determined at end of year

³ Option exists to receive investment income without withholding tax and subject income to normal rates of tax instead

Payments to non-residents	
• Dividends, interest, royalties, discounts and premiums	Nil
• Capital gains on transfers of certain securities	Nil
• Other income paid to a non-resident company	35% ⁴
• Other income paid to another non-resident person	25% ⁴

⁴ A lower or nil rate may be authorised

Transfers of immovable property (final tax)

• Property that had been acquired through inheritance or partition prior to 1992	7%
• Other property	12% ⁵

⁵ Transferor may, in certain circumstances, opt to be taxed at standard rates on the gain made on the transfer

Double taxation treaties in force

as at 31 December 2009

Albania	Finland	Libya	Singapore
Australia	France	Lithuania	Slovakia
Austria	Germany	Luxembourg	Slovenia
Barbados	Georgia	Malaysia	South Africa
Belgium	Greece	Montenegro	Spain
Bulgaria	Hungary	Morocco	Sweden
Canada	Iceland	Netherlands	Switzerland ⁶
China	India	Norway	Syrian Arab Rep.
Croatia	Ireland	Pakistan	Tunisia
Cyprus	Italy	Poland	U.A.E.
Czech Rep.	Korea (Rep. of)	Portugal	U.K.
Denmark	Kuwait	Qatar	U.S.A. ⁶
Egypt	Latvia (Rep. of)	Romania	
Estonia	Lebanon	San Marino	

⁶ Limited to international air and shipping traffic - a full treaty has been signed and is awaiting ratification

Taxation of fringe benefits

Category 1 – Use of business car

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

Car Value (€)	Motor vehicles less than 6 years old		Motor vehicles more than 6 years old	
	With fuel	No fuel	With fuel	No fuel
0-16,310	6.90%	6.00%	4.80%	3.90%
16,311-21,000	9.20%	8.00%	6.40%	5.20%
21,001-28,000	11.50%	10.00%	8.00%	6.50%
28,001-32,620	13.50%	11.00%	10.00%	7.50%
32,621-46,600	14.85%	12.10%	11.00%	8.25%
Over 46,600	16.20%	13.20%	12.00%	9.00%

Category 1 – Allowance for use of employee-owned car

Allowance €	Fringe benefit
0-2,340	50% of the allowance
More than 2,340	The cash allowance less €1,170

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.

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, collector's items and antiques, certain confectionery, medical accessories, printed matter, items for exclusive use of the disabled, domestic care services, minor repairs of bicycles, shoes, leather goods, clothing and household linen, and admission to museums, art exhibitions, concerts and theatres.	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 public postal services, health, welfare, education, public broadcasting and the supply of water by a public authority, and letting of space for artistic and cultural activities.	Exempt

Registration threshold

Type of activity	Entry threshold	Exit threshold
• Supply of goods	€35,000	€28,000
• Supply of services with a relatively low value added	€24,000	€19,000
• Other	€14,000	€12,000

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 aviation, marine, export credit, suretyship and medical cover)	10% of the premium (minimum €11.65 or 10% if premium is less than €11.65)

Statutory dates for the year 2010

Income Tax

Filing of income tax return	
Individuals	
• Tax return and self assessment	30 June 2010
Companies and other bodies of persons	
• Accounting date 30 June or earlier	1 April 2010
• 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/self-occupied persons	30 April 2010 31 August 2010 21 December 2010
Payment of provisional tax for part-time self-employment	31 May 2010 30 September 2010 15 February 2011
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 2011

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%	€15.23 ¹	€32.91
- payable by employer	10%	€15.23	€32.91
Self-occupied and self-employed persons	15%	€26.37	€49.37
No. of contributions due in 2010	April 17	August 18	December 17

Maximum two-thirds social security pension (pensions commencing in 2010) €219.43 per week

¹ Or if the employee chooses, 10% of the weekly wage.

Euro foreign exchange reference rates

as at 31 December 2009

US\$	1.3948	¥EN	130.34
GB£	0.8909	CHF	1.5100

Index of inflation

Year	Index	Year	Index	Year	Index
1946	100.00	1968	180.42	1990	456.61
1947	104.90	1969	184.71	1991	468.21
1948	113.90	1970	191.55	1992	475.89
1949	109.70	1971	196.00	1993	495.59
1950	116.90	1972	202.52	1994	516.06
1951	130.10	1973	218.26	1995	536.61
1952	140.30	1974	234.16	1996	549.95
1953	139.10	1975	254.77	1997	567.08
1954	141.20	1976	256.20	1998	580.61
1955	138.80	1977	281.84	1999	593.00
1956	142.00	1978	295.14	2000	607.07
1957	145.70	1979	316.21	2001	624.85
1958	148.30	1980	366.06	2002	638.54
1959	151.10	1981	408.16	2003	646.84
1960	158.80	1982	431.83	2004	664.88
1961	164.84	1983	428.06	2005	684.88
1962	165.16	1984	426.18	2006	703.88
1963	168.18	1985	425.17	2007	712.68
1964	172.00	1986	433.67	2008	743.05
1965	174.70	1987	435.47	2009	758.58
1966	175.65	1988	439.62		
1967	176.76	1989	443.39		

These notes are designed as a quick-reference guide.

The rates and figures quoted are based on information available as at 31st December 2009.

Applicability of the information contained above may be subject to conditions, exceptions and exemptions that are not set out in this leaflet.

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