

F6 MLA**TAX RATES AND ALLOWANCES – JUNE AND DECEMBER 2016**

The following tax rates and allowances for 2015 (year of assessment 2016) are to be used in answering the questions.

Individual income tax**Resident individual tax rates****Married couples – joint computation**

| € | € | Rate |
|--------|-----------|------|
| 0 | to 11,900 | 0% |
| 11,901 | to 21,200 | 15% |
| 21,201 | to 60,000 | 25% |
| 60,001 | and over | 35% |

Other individuals

| € | € | Rate |
|--------|-----------|------|
| 0 | to 8,500 | 0% |
| 8,501 | to 14,500 | 15% |
| 14,501 | to 60,000 | 25% |
| 60,001 | and over | 35% |

Parents maintaining a child/paying maintenance

| € | € | Rate |
|--------|-----------|------|
| 0 | to 9,800 | 0% |
| 9,801 | to 15,800 | 15% |
| 15,801 | to 60,000 | 25% |
| 60,001 | and over | 35% |

Non-resident individuals

| € | € | Rate |
|-------|----------|------|
| 0 | to 700 | 0% |
| 701 | to 3,100 | 20% |
| 3,101 | to 7,800 | 30% |
| 7,801 | and over | 35% |

Note: In the case of non-resident EU/EEA individuals who do not derive at least 90% of their worldwide income from Malta, the tax liability is capped as follows:

| | | |
|------------------------------------------------------------------|---|-------------------------------------------------------------------------------------------|
| $\frac{\text{Malta chargeable income}}{\text{Worldwide income}}$ | x | Tax charge if worldwide income is charged at the applicable resident individual tax rates |
|------------------------------------------------------------------|---|-------------------------------------------------------------------------------------------|

Corporate income tax

| | |
|---------------|-----|
| Standard rate | 35% |
|---------------|-----|

Value added tax (VAT)

| | |
|-------------------------------------------------------------------------------------------------------------------------|-----|
| Standard rate | 18% |
| Reduced rate - general | 5% |
| Reduced rate - accommodation in premises required to be licensed in virtue of the Malta Travel and Tourism Services Act | 7% |

Capital allowances

Industrial buildings and structures

| | |
|-------------------------|-----|
| Initial allowance | 10% |
| Wear and tear allowance | 2% |

Plant and machinery

Wear and tear allowance as indicated in the question where applicable

Minimum number of years over which items of plant and machinery are to be depreciated:

| | |
|------------------------------------------------------------------------------|----|
| Computers and electronic equipment | 4 |
| Computer software | 4 |
| Motor vehicles | 5 |
| Furniture, fixtures, fittings and soft furnishings | 10 |
| Equipment used for the construction of buildings and excavation | 6 |
| Catering equipment | 6 |
| Aircraft airframe or engine | 6 |
| Aircraft engine or airframe overhaul | 6 |
| Aircraft interiors and other parts | 4 |
| Ships and vessels | 10 |
| Electrical and plumbing installations and sanitary fittings | 15 |
| Cable infrastructure | 20 |
| Pipeline infrastructure | 20 |
| Communication and broadcasting equipment | 6 |
| Medical equipment | 6 |
| Lifts and escalators | 10 |
| Air conditioners | 6 |
| Equipment mainly designed or used for the production of water or electricity | 6 |
| Other machinery | 5 |
| Other plant | 10 |

Capital gains

Capital gains index of inflation

| | | | | | |
|------|--------|------|--------|------|--------|
| 1983 | 428.06 | 1997 | 567.95 | 2011 | 791.02 |
| 1984 | 426.18 | 1998 | 580.61 | 2012 | 810.16 |
| 1985 | 425.17 | 1999 | 593.00 | 2013 | 821.34 |
| 1986 | 433.67 | 2000 | 607.07 | 2014 | 823.89 |
| 1987 | 435.47 | 2001 | 624.85 | 2015 | 832.95 |
| 1988 | 439.62 | 2002 | 638.54 | | |
| 1989 | 443.39 | 2003 | 646.84 | | |
| 1990 | 456.61 | 2004 | 664.88 | | |
| 1991 | 468.21 | 2005 | 684.88 | | |
| 1992 | 475.89 | 2006 | 703.88 | | |
| 1993 | 495.60 | 2007 | 712.68 | | |
| 1994 | 516.06 | 2008 | 743.05 | | |
| 1995 | 536.61 | 2009 | 758.58 | | |
| 1996 | 549.95 | 2010 | 770.07 | | |

Applicability of increase for inflation

$$\frac{\text{Cost of acquisition/improvements}}{1} \times \frac{\text{index(yd)} - \text{index(ya)}}{\text{index(ya)}}$$

Where:

Index(yd) is the index for the year immediately preceding that in which the transfer is made;

Index(ya) is the index for the year immediately preceding that in which the property in question had been acquired or completed, whichever is the later, or, when it relates to improvements, for the year immediately preceding that in which the cost of carrying out the improvements was incurred.

Annual market rent (tax accounting)

The annual market rent of immovable property situated in Malta owned and used by a company for the purpose of its activities (excluding property which is rented by the said company to other parties) is calculated by multiplying the aggregate surface area in square metres of all floors of such premises so owned and used by €250 per annum.

Car fringe benefit rates

| | Percentage of vehicle value |
|-------------------------------------|-----------------------------|
| Vehicle use | |
| Vehicle not more than six years old | 17% |
| Vehicle more than six years old | 10% |
| Fuel value | |
| Vehicle value not exceeding €28,000 | 3% |
| Vehicle value exceeding €28,000 | 5% |
| Maintenance value | |
| Vehicle value not exceeding €28,000 | 3% |
| Vehicle value exceeding €28,000 | 5% |

Private use percentages

| Car value | | |
|-----------------|--------|-----|
| From | To | |
| € | € | |
| 0 | 16,310 | 30% |
| 16,311 | 21,000 | 40% |
| 21,001 | 32,620 | 50% |
| 32,621 | 46,600 | 55% |
| 46,601 and over | | 60% |