

P6 MLA
TAX RATES AND ALLOWANCES – JUNE AND DECEMBER 2014

The following tax rates and allowances for 2014 are to be used in answering the questions.

Individual income tax

Resident individual tax rates

Married couples – joint computation	Other individuals		
€	€	€	
0 – 11,900	0%	0 – 8,500	0%
Next 9,300	15%	Next 6,000	15%
Next 7,500	25%	Next 5,000	25%
Next 31,300	32%	Next 40,500	32%
Remainder	35%	Remainder	35%

Parent Rates

€
0 – 9,300
Next 6,500
Next 5,400
Next 38,800
Remainder

Non-resident individuals

€
0 – 700
Next 2,400
Next 4,700
Remainder

Returned migrants

Married couples	Others		
€	€	€	
0 – 5,900	0%	0 – 4,200	0%
Remainder	15%	Remainder	15%

Capital allowances – Income Tax Act

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

Capital allowances – Business Promotion Act

Investment allowances

Industrial buildings and structures	20%
Plant and machinery	50%

Corporate income tax

Standard rate	35%
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Value added tax (VAT)

Standard rate	18%
Reduced rate	5%
Reduced rate - accommodation	7%

Car fringe benefit calculation and rates

Annual value of benefit = (vehicle use + fuel value + maintenance value) x private use percentage

Vehicle use	% of vehicle value
Vehicle not more than six years old	17%
Vehicle more than six years old	10%

Fuel value	% of vehicle value
Vehicle value not exceeding €28,000	3%
Vehicle value exceeding €28,000	5%

Maintenance value	% of vehicle value
Vehicle value not exceeding €28,000	3%
Vehicle value exceeding €28,000	5%

Car value	Private use percentage
Not exceeding €16,310	30%
Exceeding €16,310 but not €21,000	40%
Exceeding €21,000 but not €32,620	50%
Exceeding €32,620 but not €46,600	55%
Exceeding €46,600	60%

Capital gains

Index of inflation

1988	439.62
1989	443.39
1990	456.61
1991	468.21
1992	475.89
1993	495.60
1994	516.06
1995	536.61
1996	549.95
1997	567.95
1998	580.61
1999	593.00
2000	607.07
2001	624.85
2002	638.54
2003	646.84
2004	664.88
2005	684.88
2006	703.88
2007	712.68
2008	743.05
2009	758.58
2010	770.07
2011	791.02
2012	810.16
2013	821.34

Applicability of increase for inflation

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

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.

Transfer of value

$$Y = (A - B) + C - D$$

Where :

'Y' represents the value transferred or acquired by a person

'A' is the market value of the shares held in the company immediately before the change

'B' is the market value of the shares held in the company immediately after the change

'C' is the consideration paid by the person for the acquisition of shares or additional shares issued by the company, where the change consists of an issue of share capital for consideration

'D' is the amount paid by the company in respect of a cancellation of shares held by the person, where the change consists of a reduction of share capital

Cost of acquisition of shares in the transfer of value

$$Z = ((A - B) / A) \times E$$

Where:

'Z' represents the amount to be determined

'A' is the market value of the shares held by the transferor immediately before the change

'B' is the market value of the shares held by the transferor immediately after the change

'E' is the cost of acquisition of the shares held by the transferor immediately before the change

Business Promotion Act Incentives

Definition of a medium sized enterprise

An enterprise which is not a small enterprise and:

- has fewer than 250 employees; and
- has an annual turnover not exceeding €40 million or total assets not exceeding €27 million; and
- is to be treated as being independent.

Definition of a small enterprise

An enterprise which:

- has fewer than 50 employees; and
- has an annual turnover not exceeding €7 million or total assets not exceeding €5 million; and
- is to be treated as being independent.

Stamp duty

Standard rate	€2 for every €100 in value or part thereof
Property companies (as defined)	€5 for every €100 in value or part thereof

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.

Tax refund calculation when a company benefits from a reduced rate in terms of a tax treaty

$$Y = (R - 5\%) / R$$

'Y' represents the rate to be determined; and

'R' represents the reduced rate