CHAPTER 223

PREMIUM BONDS ACT

To make provision for the issue, promotion and management of premium bonds.

(16th March, 1971)*

ACT VII of 1971, as amended by Acts XXIX of 1979, XXXI of 1981, XIII of 1983 and XVI of 1997; Legal Notice 411 of 2007; and Act XXVI of 2014.

Short title.

1. The short title of this is the Premium Bonds Act.

Interpretation.
Amended by: XXIX. 1979.3.

2. In this Act, unless the context otherwise requires -

"the Account" means the Premium Bonds Income Account held with the Bank under article 18;

"the Bank" means the Central Bank of Malta established under the Central Bank of Malta Act;

Cap. 204.

"bond" means a premium bond issued under this Act;

"financial year" has the same meaning as it has for the purposes of the Constitution;

"the Fund" means the Premium Bonds Fund established under article 17;

"the Gazette" means the Malta Government Gazette;

"the Government" means the Government of Malta;

"holder" in relation to a bond means the person in whose name the bond appears in the register;

"House" means the House of Representatives;

"Minister" means the Minister responsible for finance;

"percentage rate" means a rate per cent per annum on the value of a bond;

"prescribed" means prescribed by regulations made under this Act;

"register" means the register of bonds kept for the purposes of this Act under article 7 thereof; and

"registered" shall be construed accordingly.

Authority to issue bonds.

3. (1) Subject to the provisions of this Act, it shall be lawful for the Minister to authorise the issue of premium bonds.

(2) Where the issue of bonds has been authorised under subarticle (1) it shall be lawful for the Bank, subject to the provisions of this Act and of any regulations made thereunder and under and in accordance with such directions as the Minister may give, to issue, promote and administer bonds for or on behalf of the Government.

**See* Government Notice No. 226 of 16th March, 1971.

(3) Any act done and any preliminary expenses incurred in connection with the issue, promotion and administration of bonds before the coming into force of this Act shall have the same effect and validity as if such acts had been validly done and such expenses been lawfully incurred under this Act; and any act or thing so commenced but remaining unfinished at the date of the coming into force of this Act may be continued under this Act as if such act or thing had been initiated under this Act.

Denomination and purchase bonds.

4. (1) Bonds shall be issued in such denomination and may be purchased in such denomination and up to such amount as may be prescribed.

(2) Applications for the purchase of bonds shall be made to the Bank or to such agents as may be appointed by the Bank.

Holder entitled to bond certificate.

5. The purchaser of a bond shall be entitled to obtain from the Bank a bond certificate made out in such form as the Bank may deem proper so however that all bonds' certificates shall be issued in the same form:

Provided that where more than one bond is purchased by the same person at any one time the purchaser may be issued with a document in lieu of the bonds' certificate in respect of the bonds purchased, specifying the total number of bonds held and the registered number of each of such bonds; but for all other purposes of this Act and of any regulations made thereunder each of the bonds shown in the document in lieu of certificates shall be deemed to be a separate registered bond in the same way as if a separate bond certificate had been issued in respect of each of them.

Non-transferability of bonds.

6. Save as may otherwise be prescribed, bonds shall not be transferable.

Registration of bonds.

7. (1) The Bank shall cause a register to be kept of all bonds and of the transactions relating thereto and shall cause such entries to be made therein as may be necessary to show the names, addresses and other relevant details of the holders of the bonds registered therein.

(2) Save as may otherwise be prescribed, no person shall be entitled to any bond or to any payment thereunder unless he is the holder thereof.

Register to be conclusive evidence of facts entered therein.

8. The entries in the register relating to the holders of bonds and to transactions concerning the bonds registered therein shall be conclusive evidence of the facts, matters and particulars to which those entries relate; and a document purporting to be issued by the Bank certifying that it is a true copy of such an entry in the register as aforesaid shall be receivable in evidence in any judicial proceedings and shall, until the contrary is proved, be evidence of the contents of the entry in the register of which it purports to be a true copy.

The draw.

9. (1) There shall be held in each month after the third calendar month following the month during which bonds are first offered for sale a draw, to be held in the prescribed manner, for the

allocation of the monthly prize fund to be determined in accordance with article 11.

(2) The time and place of the draw shall be appointed by the Minister and notice thereof shall be published in the Gazette:

Provided that at any time before the draw is held the Minister may alter the time and the place of the draw or either of them and in any such case notice of the alteration shall be published in the Gazette as soon as practicable:

Provided further that if on the day or days appointed for the draw as aforesaid the persons charged with the supervision of the draw are satisfied that the draw cannot be held or cannot be completed on that day or on those days they shall order the draw to be postponed and notify the Minister forthwith of their decision; and in any such case the Minister may authorise the draw to be continued on subsequent days or direct that the draw shall be held at such time and place as he may appoint; and where the time or place of the draw is so altered notice thereof shall be published in the Gazette.

(3) The place where the draw is held shall be accessible to members of the public during the draw.

Bonds eligible to participate in a draw.

10. (1) A bond shall be eligible to participate in a draw -

(*a*) if it has been registered for three consecutive calendar months following the month in which it was purchased, before the draw is held; and

(*b*) if it has not been repaid before the first day of the month in which the draw is held.

(2) A bond shall participate in every draw held while it is eligible to participate therein under subarticle (1):

Provided that the holder of a bond shall not be entitled to more than one prize in any one draw in respect of the same bond, and if such bond is drawn more than once in any one draw he shall be allotted the highest prize for which it is so drawn.

Monthly prize fund and distribution of prizes.
Amended by: XIII. 1983.5; L.N. 411 of 2007.

11. (1) The prize fund for each draw shall be determined by calculating the current percentage rate for one month on each bond eligible to participate in that draw:

Provided that the prize fund for any draw shall in no case be less than thirteen thousand and nine hundred and seventy-six euro and twenty-four cents (13,976.24).

(2) The percentage rate shall be established from time to time by the Minister after consultation with the Bank and shall be published in the Gazette.

(3) The number and value of the prizes shall be such as the Minister shall, from time to time, after consultation with the Bank, determine and publish in the Gazette.

Prizes exempt from income tax.
Cap. 123.

12. A prize payable under this Act shall be deemed not to be income for the purposes of the Income Tax Act.

Notification of prize winners and payment of prizes.

13. (1) As soon as practicable after a draw the registered numbers of the winning bonds shall be published in the Gazette and the Bank shall notify by letter every person in whose name a winning bond is registered.

(2) Subject to the provisions of this Act and of any regulations made thereunder a prize payable under this Act shall be paid to the person in whose name the winning bond in respect of that prize is registered.

Conditions for payment of prizes.

14. (1) A prize shall not be payable -

(*a*) if the bond drawn in respect of that prize is not presented before the expiration of twelve months from the date of issue of the notification given under article 13; or

(*b*) if the bank declares that the bond is invalid; or

(*c*) if the bond contains any alteration, erasure or abrasion of any of the numbers printed thereon;

and in respect of any of the matters aforesaid the decision of the Bank shall be final:

Provided that the Bank may at its discretion effect payment of the prize, under such conditions as it may deem fit to impose, if the claimant's inability to comply with paragraph (*a*) is notified to the Bank in writing by the claimant and such notice is received by the Bank within the period of twelve months mentioned in that paragraph.

(2) Any prize which remains unpaid in accordance with subarticle (1) shall be forfeited to the Government and paid into the Account.

Repayment of bonds.

15. Subject to the provisions of this Act and of any regulations made thereunder, bonds shall be repayable at their face value on application:

Provided that no application for repayment shall be entertained if the bond has not participated in at least one draw.

Where valid discharge cannot be obtained.

16. Where the Bank is unable, for any reason, to obtain a valid discharge for any payment falling to be made to any person in respect of a bond, it may, unless otherwise provided by or under this Act, open an account in the Government Savings Bank for the benefit of the person to whom payment appears to be due and may, until payment can be effected to the said person or until a valid payment can otherwise be made, retain the amount due in the said account.

Premium Bonds Fund.

17. (1) There shall be established a fund to be called the Premium Bonds Fund, and there shall be paid into the Fund all proceeds derived from the sale of bonds and there shall be paid out of the Fund all repayments of bonds.

(2) The Fund shall be held and administered by the Bank in accordance with such directions as the Minister, after consultation

with the Bank, may give.

(3) The repayment of all bonds outstanding at any time and all other payments due under this Act are guaranteed by the Government and such moneys as may be required to effect any payment as aforesaid under the said guarantee shall be a charge on the Consolidated Fund and shall be payable out of the said Consolidated Fund and the assets of the Government.

Premium Bonds Income Account.

18. (1) All dividends, interest and other revenue derived from investments or other employment of moneys in the Fund made under article 17(2) and all sums due to the Government under article 14(2) shall be paid into an account to be called the Premium Bonds Income Account and to be held with the Bank.

(2) There shall be charged upon and paid out of the Account without any further appropriation other than this Act:

(*a*) all expenses relating to the promotion and administration of the bonds and all other charges connected therewith, including all preliminary expenses incurred or paid before the coming into force of this Act; and

(*b*) all sums due by way of a prize under this Act and all other charges and expenses connected with the draw and with the distribution of prizes under this Act.

Surplus and deficit in the Account.

19. (1) Without prejudice to the provisions of article 17(3), if at any time during any financial year the amount to the credit of the Account is insufficient to meet the expenses and charges due on the said account in accordance with article 18(2), the Minister may advance to and the Bank shall pay into the said Account such sum or sums as may be necessary to meet the expenses and charges aforesaid under such terms and conditions as the Minister, after consultation with the Bank, may determine.

(2) If on the last day of any financial year there is a surplus in the Account, the Minister may, after consultation with the Bank, direct the transfer of the surplus or of any part thereof to the Consolidated Fund:

Provided that no such transfer as aforesaid may be directed by the Minister unless the liquid assets of the Fund together with the estimated market value of the investments held by the Fund as on that day and any transfer of surplus from the Account into the Fund under this proviso exceed by at least fifteen per cent the amount of bonds outstanding on that day; and in any such case any surplus in the Account shall either be retained in the Account or transferred to the Fund, or partly so retained and partly so transferred, as the Minister may, after consultation with the Bank, direct.

Audit.
Amended by: XVI. 1997.8.

20. The Bank shall keep or cause to be kept proper accounts and other appropriate records relating to the issue, promotion and management of bonds and to the management of the prize fund and all such accounts and records shall be audited by the Auditor

General.

Submission of estimates of revenue and expenditure.

21. The Bank shall, at least not later than three months before the beginning of each financial year, commencing with the first financial year following the year in which bonds are first issued, submit to the Minister an estimate of expenditure expected to be incurred in that year on the issue, promotion and management of bonds and an estimate for the same period of the receipts expected to accrue to the Account.

Submission of statements by Bank.
Amended by: XVI. 1997.8.

22. (1) The Bank shall, not later than three months after the close of each financial year, submit to the Minister:

(*a*) a statement of the assets and liabilities of the Fund as on the last day of the financial year to which the statement relates;

(*b*) a statement of the position of the Account as on the day aforesaid;

(*c*) a statement of the amount of bonds outstanding on the day aforesaid, showing the bonds issued and repaid during the year; and

(*d*) a list of the securities and other investments held by the Fund as on the day aforesaid, showing in respect of each such security or investment the nominal value, the purchase price and the last known market value thereof.

(2) The statements and the list aforesaid shall be duly signed for and on behalf of the Bank and shall be certified by the Auditor General.

(3) The Minister shall cause the statements and the list submitted to him under this article to be published in the Gazette not later than one month after he has received them.

(4) Nothing in the foregoing provisions of this article shall be construed as precluding the Minister from requiring the Bank to submit to him such further information and documents relating to bonds and the management thereof as he may deem necessary or expedient.

Forgery.
Cap. 9.

23. For the purposes of the Criminal Code any document issued under or in pursuance of this Act entitling any person to any payment under this Act or to any other document entitling a person to any such payment shall be deemed to be a document upon the presentation of which a payment may be obtained within the meaning of article 167 of the said Code, and the provisions of that Code shall apply accordingly.

Power to make regulations.
Amended by: XXVI. 2014.6.

24. The Minister may make and, when made, amend, repeal and re-enact regulations concerning all matters necessary or expedient for giving effect to any of the provisions of this Act and, without prejudice to the generality of the foregoing, to make provision for:

(*a*) the value of each bond in Malta currency;

(*b*) the manner of purchase of bonds;

(*c*) the maximum holding of bonds by any person;

(*d*) the eligibility of persons to be holders of bonds;

(*e*) the method of payment of any sum payable under this Act;

(*f*) matters relating to the eligibility of bonds for a draw;

(*g*) the control of draws, including provision in respect of the persons who are to supervise the draws, the powers and duties in relation to draws and the settlement of disputes or difficulties arising in connection therewith;

(*h*) the procedure to be followed in the holding of draws;

(*i*) the forfeiture of bonds in favour of the Government;

(*j*) all matters required or authorised by this Act to be prescribed and matters in respect of which the Act provides that they are to be subject to, or are made saving the provisions of, any regulations made under this Act;

(*k*) all matters incidental to or connected with any matter hereinbefore mentioned.

Secrecy. *Amended by: XIII. 1983.5; L.N. 411 of 2007.*

25. (1) No person who is appointed to discharge any duty in connection with bonds shall disclose the name of the holder or the amount which he may hold or any prize which he may have drawn except for the purposes of this Act or unless required to do so under any law for the time being in force.

(2) Any person who contravenes the provisions of this article shall be liable on conviction to a fine (*multa*) not exceeding two hundred and thirty-two euro and ninety-four cents (232.94).

Actions against Government or Bank barred by lapse of two years from date of draw.

26. No action against the Government, the Bank or any person acting under their authority in connection with the payment of a prize under this Act arising out of anything done or omitted to be done by or on the directions of the Minister or the Bank under this Act shall lie unless it is commenced not later than two years after the date on which the prize was, or is claimed to have been, drawn.

Non-liability of Government and Bank.

27. (1) The Government, the Bank and any person acting under their authority shall not be liable in respect of any payment made or act done in accordance with the provisions of this Act or of any regulations made thereunder unless it is shown, in respect of any such person as aforesaid, that he acted in bad faith; and any payment made as aforesaid shall, saving the provisions of this Act concerning the rights of third parties, be deemed to be a valid payment and the receipt by the person to whom the payment is made shall constitute a full discharge of the Government and the Bank for the amount so paid.

(2) Where a warrant for any payment in respect of a bond is issued as payable to some person who is neither the holder nor a person otherwise entitled by or under this Act to receive such payment, then if it is shown that -

(*a*) the warrant was issued in good faith and without

negligence, and

(*b*) the issue of the warrant to that person is attributable to some act or omission on the part of the holder or of the person otherwise entitled to receive payment,

the warrant shall, saving the provisions of this Act concerning the rights of third parties, be deemed to have been duly issued to the person entitled to receive payment.

Saving for rights of third parties.

28. Nothing contained in article 27 shall operate so as to prevent the recovery by any person of any money lawfully due to him from the person to whom that money was paid or from any person claiming under such person or so as to affect the rights of any person in respect of any bond against a third party.

Exemption from duty on documents. *Amended by: XXXI. 1981.64.*

29. All documents and instruments made or used under the provisions of this Act or of any regulations made thereunder shall be exempt from duty on documents.

Exemption from Public Lotto Ordinance. Cap. 70.

30. Article 11 of the Public Lotto Ordinance* shall not apply to the issue of bonds or to the holding of a draw under this Act.

*Repealed by Act XVI of 2018.