CHAPTER 402

COMMERCIAL BANKS (SPECIAL TAX) ACT

Further to impose a one time tax of 15% on the profits of Commercial Banks.

(26th June, 1998)*

ACT XV of 1998, as amended by Legal Notice 426 of 2007.

1. The short title of this Act is the Commercial Banks (Special Tax) Act. Short title.

2. In this Act, unless the context otherwise requires - Interpretation. *Amended by: L.N. 426 of 2007.* Cap. 371.

"commercial bank" means a credit institution licensed under the Banking Act, but does not include such an institution which has a licence limited to dealing only in currencies other than the euro and does not include the bank known as Lohombus Bank Limited;

"Commissioner" means the Commissioner of Inland Revenue;

"profits" means chargeable income as determined in accordance with the Tax Acts but does not include profits from loans advanced by commercial banks to individuals to assist them in the acquisition or construction of a house to be used as their personal residence;

"special tax" means the tax imposed under this Act;

"Tax Acts" means the Income Tax Act and the Income Tax Management Act; Cap. 123. Cap. 372.

"tax year" means the accounting period of the commercial bank ending at any time during the calendar year 1997 and as established under section 11 of the Income Tax Act.

3. Subject to the provisions of this Act, a special tax shall be payable at the rate of fifteen per centum upon the profits of a commercial bank accruing in or derived from Malta or elsewhere and whether received in Malta or elsewhere in respect of the tax year: Charge of special tax.

Provided that where a commercial bank operates in Malta only as a branch of a foreign bank, then for the purposes of this section, profits shall be deemed to be the profits of the commercial bank properly attributable to the operations of the branch or branches in Malta.

4. (1) The provisions of the Tax Acts with respect to returns, assessments, appeals, collection and penalties shall apply to the special tax imposed under this Act, and the Commissioner shall have all the powers in relation to the special tax as provided in the Tax Acts in relation to income tax, subject however to the provisions of the following subsections of this section. Provisions of Tax Acts to apply.

(2) The provisions of the Tax Acts with respect to set-off or

**See* Government Notice No. 499 of 26th June, 1998.

refunds shall not apply to the special tax.

(3) The return to be submitted for the purposes of this Act shall consist of the audited accounts of the commercial bank for the tax year together with the income tax computation relative thereto.

(4) The return shall be submitted to the Commissioner by the 30th June, 1998, and shall be accompanied by the payment of the special tax due.

Special tax not to be deductible for purposes of Income Tax Act. Cap. 123.

5. The special tax payable under this Act shall not for the purposes of article 14 of the Income Tax Act be considered to be an expense wholly and exclusively incurred in the production of the income for the year of assessment corresponding to the tax year or for any other year of assessment.