

SUBSIDIARY LEGISLATION 123.217**FINAL INCOME TAX WITHOUT IMPUTATION
REGULATIONS**

2nd September, 2025

LEGAL NOTICE 188 of 2025.

- 1.** The title of these regulations is the Final Income Tax Without Imputation Regulations. Citation.
- 2.** (1) In these regulations, unless the context otherwise requires: Interpretation.
- "Act" means the Income Tax Act; Cap. 123.
- "entity" shall mean a company, including any body of persons that elects to be treated as a company or is deemed to be a company in accordance with the provisions of the Act and any trust that applies the provisions of article 27D(1) of the Act;
- "fiscal year" means the accounting period with respect to which the entity prepares its financial statements in relation to a year of assessment.
- (2) Unless the context otherwise requires, all other words and phrases used in these regulations shall have the same meaning as assigned to them in the Act.
- 3.** (1) An entity shall be subject to tax in Malta: Taxation without imputation.
- (a) in terms of the provisions of the Act excluding these regulations; or
- (b) on its chargeable income as determined in terms of the Act at the rate of fifteen cents (0.15) on every euro of the chargeable income, in lieu of the rate determined in article 56(6) of the Act:
- Provided that such chargeable income shall not include:
- (i) dividends received from profits that are not allocated to the final tax account of another company registered in Malta; and
- (ii) income that has been subject to tax at a final rate of tax in terms of any other provision of the Act and, save for the provisions of these regulations, are allocated to the final tax account.

(2) An entity intending to invoke the provisions of sub-regulation (1)(b) may do so:

(a) in respect of income accruing to or derived by the entity in the fiscal year preceding the year of assessment 2025 and subsequent years;

(b) by means of a notice made in such form and by such date as the Commissioner may determine.

(3) Where the provisions of sub-regulation (1)(b) are applied, they shall apply with effect from the year of assessment in which the election is made and shall continue to apply until the entity notifies the Commissioner that it wants to be taxed in accordance with the provisions of sub-regulation (1)(a):

Provided that such notification:

(a) shall not be made before the end of the five (5)-year period which shall start to run from the beginning of the first year of assessment from when the entity applied the provisions of sub-regulation 1(b);

(b) shall be made to the Commissioner on such form and by such date as the Commissioner may determine; and

(c) shall mean that the provisions of sub-regulation 1(a) shall apply for at least five (5) consecutive years of assessment which shall start to run from the beginning of the year of assessment in which the notification was made.

(4) Notwithstanding any other provisions in the Act, when the provisions of sub-regulation (1)(b) are applied:

(a) the tax charged in terms of sub-regulation (1)(b) shall in no case be lower than the tax charged in terms of sub-regulation (1)(a) reduced by the amount of refund claimed or claimable in terms of article 48(4) or (4A) of the Income Tax Management Act, by all the shareholders in respect of the profits subjected to tax under sub-regulation (1)(b), and applying the provisions of article 43(6) of the Act, where applicable;

(b) the tax charged in accordance with sub-regulation (1)(b), shall be final and shall not be available as a credit or set off against the tax liability of any individual or entity, or as a refund to any person;

(c) notwithstanding any other provision of the Act, profits upon which the tax is computed in terms of sub-regulation (1)(b) shall, in so far as they are not profits already allocated to the final tax account, be reallocated to the final tax

account of such entity.
