MALTA

ATT Nru. IX ta' l-2007

ATT mahruġ b'liġi mill-Parlament ta' Malta.

ATT li jemenda l-Att dwar it-Taxxa fuq l-*Income*, (Kap. 123).

ACT No. IX of 2007

AN ACT enacted by the Parliament of Malta.

AN ACT to amend the Income Tax Act, (Cap. 123).

I assent.

(L.S.) EDWARD FENECH ADAMI
President

28th June, 2007

ACT No. IX of 2007

AN ACT to amend the Income Tax Act (Cap. 123).

BE IT ENACTED by the President, by and with the advice and consent of the House of Representatives, in this present Parliament assembled, and by the authority of the same, as follows:-

Short title and commencement. Cap. 123.

1. (1) The short title of this Act is the Income Tax (Amendment) Act, 2007, and it shall be read and construed as one with the Income Tax Act, hereinafter referred to as "the principal Act".

(2) Articles 2, 5 and 6 of this Act shall be deemed to have come into force as from the year of assessment 2008.

(3) Article 4 and paragraph (b) of article 7 of this Act shall be deemed to have come into force on 1st January 2007.

Amendment of article 2 of the principal Act.

2. Article 2 of the principal Act shall be amended as follows:

(a) in paragraph (e) of the definition of "foreign income account" for the words "outside Malta:" there shall be substituted the words "outside Malta: Provided that this provision shall apply exclusively to companies which allocated profits to the foreign income account on the basis of this paragraph for any year of assessment up to and including year of assessment 2007, and such companies shall only be entitled to continue allocating profits on the basis of this paragraph up to and including year of assessment 2011:"; and

(b) in paragraph (b) of the definition of "Maltese taxed account" for the words "of the shareholders;" there shall be substituted the words "of the shareholders: Provided that this paragraph shall cease to apply with effect from year of assessment 2008;".

3. Article 9B of the principal Act shall be amended as follows: Amendment of article 9B of the principal Act.

(a) in the second proviso to subarticle (4) thereof, for the words "of such declaration." there shall be substituted the words "of such declaration:"; and

(b) immediately after the second proviso to subarticle (4) thereof, there shall be added the following new proviso:

"Provided also that in the case of a qualifying asset that is registered under the the Special Registration Scheme Regulations, 2007, made under the External Transactions Act, the references to the dates "31st March, 2005" and "1st January, 2005" in subarticles (2) and (3) of this article shall be construed as references to "15th March, 2007" and "1st January, 2006", respectively.". Cap. 233.

4. In the third proviso to paragraph (h) of subarticle (1) of article 14 of the principal Act, for the words "Provided further that, if the scientific research is carried out in Malta, the deduction" there shall be substituted the words "Provided further that the deduction". Amendment of article 14 of the principal Act.

5. Subarticle (1) of article 68 of the principal Act shall be amended as follows: Amendment of article 68 of the principal Act.

(a) in paragraph (a) thereof immediately after the words "who is in receipt of a dividend" there shall be added the words "paid out of profits allocated to any of the taxed accounts other than the final tax account"; and

(b) immediately after paragraph (b) thereof there shall be added the following new paragraph (c):

"(c) Any dividends paid out of profits allocated to the final tax account shall not be charged to further tax and shall not form part of the chargeable income of any person and no person may claim a credit or refund in respect of any tax directly or indirectly paid on such profits and for the purpose of this paragraph any dividends

received from a company not registered in Malta from profits which would have been allocated to the final tax account had such company been registered in Malta shall be deemed to be dividends paid out of profits allocated to the final tax account.".

Amendment of article 92 of the principal Act.

6. The proviso at the end of paragraph (b) of article 92 of the principal Act shall be substituted by the following new proviso:

"Provided that in the case of a company resident in Malta prior to the 1 January 2007, the first condition of this paragraph shall apply as from the 1 January 2011, or, where such company informs the Commissioner as contemplated in article 48(4A)(b)(1) or (2) of the Income Tax Management Act, as from the date on which such information is effective, whichever is the earlier; and".

Amendment of article 48 of the Income Tax Management Act.
Cap. 372.

7. Article 48 of the Income Tax Management Act shall be amended as follows:

(a) in subarticle (2F) thereof, for the words "subarticle (4) or the proviso to subarticle (7) refers" there shall be substituted the words "subarticles (4) or (4A) or the first proviso to subarticle (7) refer"; and

(b) in sub-paragraph (i) of the proviso to paragraph (a) of subarticle (4A) thereof, immediately after the words "or royalties" there shall be added the words "or of dividends received from a participating holding in a body of persons which does not satisfy the conditions referred to in the proviso to article 12(1)(u) of the Income Tax Act,".

Passed by the House of Representatives at Sitting No. 542 of the 25th June, 2007.

ANTON TABONE
Speaker

RICHARD J. CAUCHI
Clerk to the House of Representatives