**L.N. 142 of 2006**

# INCOME TAX ACT
# (CAP. 123)

## Hosting of Students (Income Tax) Rules, 2006

IN exercise of the powers conferred by articles 14(2) and 96 of the Income Tax Act, hereinafter referred to as "the Act", the Prime Minister and Minister of Finance has made the following rules:-

Citation and commencement.

**1.** (1) The title of these rules is the Hosting of Students (Income Tax) Rules, 2006.

(2) These rules shall be applicable as from the year of assessment 2006.

Interpretation.

**2.** In these rules, unless the context otherwise requires:

"host family" means any individual who is registered with the Malta Tourism Authority for the purpose of hosting of students;

"registered school" means any school or entity registered with the Department of Education to act as a language school;

"residence-sharing deduction" means a deduction of one thousand Maltese liri per year granted in respect of the sharing with students of one's place of residence.

Applicability.

**3.** The provisions of these rules shall only apply if all the conditions laid out herein are adhered to.

Determination of net profit.

**4.** The net profit of a host family in respect of the hosting of students, chargeable to tax for any year of assessment, shall be determined according to the following formula:

**G – (R + S)**

where:

**G** means the gross payments received from a registered school in respect of the hosting of students

**R** means the residence-sharing deduction

**S** is a deemed deduction for expenses equivalent to 65% of **(G - R)**

Statement to be submitted by registered schools.

**5.** (1) Every registered school shall at all times maintain an up-to-date record in respect of each host family to which it makes any payment for the hosting of students, showing the following details:

(a) full name;

(b) address;

(c) identity card (or income tax registration) number;

(d) date of payment;

(e) gross amount paid;

(f) registration number with the Malta Tourism Authority:

Provided that, in the case of a married couple, the details mentioned in items (a) and (c) hereof shall be kept for both spouses.

(2) Every registered school shall, in respect of each year, prepare and forward for the purposes of and in the manner set out in paragraph (3) hereof and on the form supplied or approved by the Commissioner, a complete and correct statement in triplicate which shall be utilised as follows:

(a) two copies relating to the year 2005 shall be given to the host family by the 31st January of the following year, one copy to be retained by the host family and the other copy to be forwarded by the said host family to the Commissioner together with the return required to be filed under articles 10 and 11 of the Income Tax Management Act and similarly for each subsequent year;

(b) the third copy shall be retained by the registered school for its own records.

(3) The statement referred to in paragraph (2) hereof shall contain the personal particulars concerning the host family's identity and other information required for income tax purposes and shall show the gross amount of the payments made to the host family in respect of the hosting of students qualifying under these rules.

(4) Every registered school shall submit to the Commissioner a statement in electronic format as approved by the Commissioner showing the details prescribed in subrule (3) by the end of January of the year following that for which the payments were made.

(5) Where a host family has not been provided by the registered school with a statement in accordance with subrule (2), the matter may be brought to the notice of the Commissioner who may take remedial action accordingly: however, such omission on the part of the registered school shall not release the host family from the obligation to forward the return required to be filed under the provisions of article 10 or 11 of the Income Tax Management Act.

Deductibility of payment to host family.

**6.** Notwithstanding any other provision of the Act, a registered school shall only be entitled to a deduction under article 14(1) of the Act in respect of payments made to a host family for the hosting of students, if the requirements of rule 5 hereof are satisfied in full.