

L.N. 93 of 2007

**INCOME TAX ACT
(CAP. 123)**

Deductions (Euro Related Expenditure) Rules, 2007

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

1. The title of these rules is the Deductions (Euro Related Expenditure) Rules, 2007. Citation.

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

"equipment" means cash registers, point of sale systems and weighing scales and any other electronic equipment displaying or storing monetary amounts;

"qualifying person" means a person to whom rule 3 applies.

3. These rules shall apply to any person who: Scope.

(a) carries on a trade, business, profession or vocation and is registered under the Value Added Tax Act where the economic activity in which he is engaged is an activity in respect of which he is required to be so registered; and Cap. 406.

(b) incurs expenditure in purchasing, installing, modifying or enhancing any equipment between the 1st January, 2006 and the 31st December, 2007 to enable the proper discharge of the business in euro currency as from the date when the euro becomes legal tender.

4. (1) Where a qualifying person incurs expenditure in accordance with the provisions of rule 3, a deduction equivalent to two hundred per cent (200%) of the cost, excluding VAT, shall be allowed against the said person's income chargeable to tax for the year of assessment 2008: Deduction.

Provided that, in the case of a company, where the cost referred to in this rule is incurred during the year preceding the year of assessment 2009, the said deduction shall be allowed against the income chargeable to tax for the year of assessment 2009.

(2) Where a deduction is claimed under these rules, no deduction in respect of wear and tear may be claimed in respect of the same equipment and the deduction referred to in sub-rule (1) shall be

reduced by any deductions for wear and tear claimed prior to the year of assessment 2008 on the said equipment:

Provided that, in the case of companies to which the proviso to sub-rule (1) applies, the deduction allowed under these rules shall be reduced by any deductions for wear and tear claimed prior to the year of assessment 2009.

(3) The deduction claimed under these rules as aforesaid in respect of each qualifying person shall not exceed one thousand liri.

Purchase of cash registers.

5. (1) Where expenditure referred to in rule 3(b) is made in respect of the purchase of a new cash register, notification of such purchase shall be made to the Commissioner of VAT on an application form as the said Commissioner of VAT may require.

(2) The deduction provided for in rule 4 shall only be allowed where the notification referred to in sub-rule (1) has been made in the manner stipulated in the said sub-rule.
