**L.N. 535 of 2010**

# VALUE ADDED TAX ACT
# (CAP. 406)

## Value Added Tax Act (Amendment of Tenth Schedule) Regulations, 2010

IN exercise of the powers conferred by articles 22, 23 and 75 of the Value Added Tax Act, the Minister of Finance, the Economy and Investment has made the following regulations:-

Citation and commencement.

**1.** (1) The title of these regulations is the Value Added Tax Act (Amendment of Tenth Schedule) Regulations, 2010, and these regulations shall be read and construed as one with the Tenth Schedule to the Value Added Tax Act, which Tenth Schedule is hereinafter in these regulations referred to as "the Schedule".

Cap. 406.

(2) These regulations shall come into force on the 1st January 2011.

(3) These regulations transpose the relevant provisions of Council Directive 2009/162/EU of 22nd December 2009 amending Council Directive 2006/112/EC of 28th November 2006 on the common system of value added tax.

Substitutes item 4 of the Schedule.

**2.** Item 4 of the Schedule shall be substituted by the following:

"*Tax partially treated as input tax*

4. (1) Where any goods or services are or will be used but not wholly used in the course or furtherance of an economic activity, there shall be treated as input tax such proportion of the tax chargeable on the supplies, intra-community acquisitions or importations in question, taking into account the proportion of the use of those goods or services in the course or furtherance of the economic activity to their total use.

(2) In the case of immovable property forming part of the business assets of a taxable person and used both for purposes of the taxable person's business and for his private use or that of his staff, or, more generally, for purposes other than those of his business, VAT on expenditure related to this property shall be deductible in accordance with the principles set out in this Schedule only up to the proportion of the property's use for purposes of the taxable person's business which give him the right to deduct.

By way of derogation from item 15 of the Second Schedule, changes in the proportion of use of immovable property referred to in paragraph (1) shall be taken into account in accordance with the principles provided for in item 7 of this Schedule.

(3) The provisions of paragraph (2) shall also apply in relation to VAT on expenditure related to capital goods other than immovable property forming part of the business assets of a taxable person.

For the purpose of this paragraph "capital goods" shall have the meaning assigned to it in the Value Added Tax (Adjustments relating to Input Tax on Capital Goods) Regulations.".

S.L.406.12

Ippubblikat mid-Dipartiment tal-Informazzjoni (doi.gov.mt) – Valletta – *Published by the Department of Information (doi.gov.mt) – Valletta*
Mitbugħ fl-Istamperija tal-Gvern – *Printed at the Government Printing Press*

Prezz/*Price*
€0.19