I assent.

(L.S.)

UGO MIFSUD BONNICI
President

20th August, 1996

ACT No. XX of 1996

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) This Act may be cited as the Income Tax (Amendment) Act, 1996, and shall be read and construed as one with the Income Tax Act, hereinafter referred to as "the principal Act".

(2) The provisions of this Act shall be deemed to have come into force as follows:

(a) the provisions of section 5 and of subsection (1) of section 22 shall be deemed to have come into force on the 28th July, 1995;

(b) the provisions of section 19, of paragraph (d) of section 21 and of subsection (2) of section 22 shall be deemed to have come into force on lst January, 1996 with effect from the year of assessment 1997;

(c) the provisions of sections 2 to 4, 6 to 10, 12 to 18, 20 and of paragraphs (a) and (e) of section 21 shall come into force with effect from the year of assessment commencing on the lst January, 1997;

(d) the provisions of paragraph (c) of section 21 shall come into force on 1st January, 1997 with effect from the year of assessment 1998;

(e) the provisions of paragraph (b) of section 21 shall be deemed to have come into force on the 26th March, 1996; and

(f) the provisions of section 11 shall be deemed to have come into force on the 23rd September, 1994.

Amendment of section 2 of the principal Act.

2. In subsection (1) of section 2 of the principal Act:

(a) in the definition of "certified public auditor", for the words "in section 141 of the Commercial Partnerships Ordinance;" there shall be susbstituted the words "in section 153 of the Companies Act, 1995;" and for the marginal note "Cap. 168." relative thereto there shall be substituted the words "Act XXV of 1995.";

(b) in the definition of "chargeable income", the words ", after allowing the deductions under Part VI of this Act" shall be deleted;

(c) in paragraph (a) of the definition of "company", for the words "the Commercial Partnerships Ordinance," there shall be substituted the words "the Companies Act, 1995," and for the marginal note "Cap. 168." relative thereto there shall be substituted "Act XXV of 1995.";

(d) immediately after the definition of "incapacitated person", there shall be inserted the following new definition:

" "industrial building or structure" includes a building used as a hotel. For the purpose of this definition the word "hotel" includes any number of constructions suitably furnished and equipped, with accommodation in single or double bedrooms, provided that such constructions are grouped together and have in common ancillary hotel services and amenities within a single and defined parcel of land and are operated by a common management for the accommodation and for the use of guests against payment;";

(e) immediately after the definition of "Maltese taxed account" there shall be inserted the following new definitions:

" "married couple" refers to two spouses who contracted marriage in accordance with the legal provisions of the country where the marriage was executed;

"married individual" refers to a male individual who has a wife or a female individual who has a husband, living with him or with her respectively, as the case may be;"; and

(f) the definition of "person" shall be amended as follows:

" "person" includes —

(a) a body of persons; and

(b) a responsible spouse in accordance with section 49 of this Act;".

Amendment of section 4 of the principal Act.

3. Paragraph (f) of subsection (1) of section 4 of the principal Act shall be deleted.

Amendment of section 5 of the principal Act .

4. Immediately after paragraph (g) of subsection (5) of section 5 of the principal Act, there shall be added the following new paragraph:

" (h) where the immovable property or the undivided part of the immovable property was obtained by the transferor *causa mortis,* or was obtained by the transferor in a partition of immovable property obtained by the co-partitioners *causa mortis.*".

Amendment of section 9A of the principal Act.

5. Section 9A of the principal Act shall be amended as follows:

(a) in paragraph (a) of subsection (8) thereof, for the words "31st October 1995" there shall be substituted the words "15th December, 1995";

(b) in paragraph (a) of subsection (10) thereof, for the words "31st October 1995" there shall be substituted the words "15th December, 1995".

Amendment of section 12 of the principal Act.

6. Paragraphs (m) and (r) of subsection (1) of section 12 of the principal Act shall be deleted.

Amendment of section 14 of the principal Act.

7. Subsection (1) of section 14 of the principal Act shall be amended as follows:

(a) in paragraph (e) thereof, for the words "under section 53(1)(b)(ii)" there shall be substituted the words "as may be prescribed"; and

(b) in subparagraph (i) of paragraph (f) thereof, for the words "one per cent" there shall be substituted the words "two per cent".

Addition of new section 14A to the principal Act.

8. Immediately after section 14 of the principal Act, there shall be added the following section:

"Alimony payments.

14A. Notwithstanding anything to the contrary contained in this Act, if an individual proves to the satisfaction of the Commissioner that in the year preceding a year of assessment he has paid to his estranged spouse an alimony payment as determined by the Courts of Malta, he shall be allowed as a deduction against his income the lesser of these amounts —

(a) the amount actually paid in accordance with the Court order;

(b) the individual's chargeable income for the year.".

Amendment of section 23 of the principal Act.

9. In paragraph (g) of subsection (1) of section 23 of the principal Act, for the words "under section 53(1)(b)(ii)" there shall be substituted the words "as may be prescribed".

Amendment of section 26 of the principal Act.

10. In paragraph (a) of section 26 of the principal Act there shall be added immediately after the word "expenses" the words "other than alimony payments as provided for in section 14A of this Act".

Amendment of section 28 of the principal Act.

11. In subsection (1) of section 28 of the principal Act for the words "paragraph (j)" there shall be substituted the words "paragraph (k)".

Amendment of section 30 of the principal Act.

12. Section 30 of the principal Act shall be amended as follows:

(a) in paragraph (d) of subsection (1) thereof, for the words "in subsection (7) of section 53 of this Act;" there shall be substituted the words "in subsection (9) hereof;";

(b) in the proviso to subsection (4) and in subparagraph (iii) of paragraph (b) of subsection (5) thereof, for the words "seven hundred and seventy-five Maltese liri" there shall be substituted the words "one thousand liri";

(c) immediately after subsection (5) thereof, there shall be added the following new subsection:

" (5A) An ecclesiastical community shall be entitled to a further deduction against its income as established under subsection (5) of this section equivalent to one thousand liri in respect of every individual who was a member thereof during the year immediately preceding the year of assessment:

Provided that no such deduction shall be allowed under this subsection in respect of any individual member who receives remuneration or other income from the ecclesiastical community of which he is an individual member.";

(d) in subsection (6) thereof, for the words "subsections (4) and (5) of this section" there shall be substituted the words "subsections (4), (5) and (5A) of this section"; and

(e) immediately after subsection (8) thereof, there shall be added the following new subsection:

"(9) For the purposes of this section and of subsection (4) of section 56 of this Act —

"ecclesiastical community" means a number of individuals living together in a community in accordance with the rules of a religious order recognised as such by the Commissioner;

"individual member", in relation to an ecclesiastical community, means any individual, lay or religious, who formed part of such community on the thirty first day of December during the year immediately preceding the year of assessment.".

Substitution of sections 49 and 50 of the principal Act.

13. For sections 49 and 50 of the principal Act there shall be substituted the following new sections:

"Married couples.

49. (1) The income of a married couple, where both spouses are living together, shall be declared in a return pursuant to the provisions of the Income Tax Acts signed by both spouses, and will be charged to tax in the name of the responsible spouse so elected by the spouses themselves for the purposes of the Income Tax Acts:

Provided that if the return is signed only by the responsible spouse, or the other spouse on behalf of the responsible spouse, the return shall in all cases be presumed *juris et de jure* to have been made with the consent of both spouses:

Provided further that if the spouses fail to appoint the responsible spouse, the Commissioner shall at his discretion decide who of the spouses shall be the responsible spouse.

(2) Where a joint return is required to be filed by a married couple in accordance with the provisions of subsection (1) hereof, both spouses will be jointly and severally responsible for the performance of all obligations pursuant to the provisions of the Income Tax Acts, and in default the Commissioner shall be entitled, at his discretion, to take such action to enforce performance of those obligations against either or both of the spouses:

Provided that in no case may any criminal action be taken against a spouse for any act or omission for which he or she may not be directly responsible.

(3) Where a married couple elects that one of the spouses is to be the responsible spouse, such election shall remain effective for a minimum period of five successive years unless the Commissioner, at his sole discretion and for a reasonable cause, authorises a change following a petition signed by either spouse and filed with the Commissioner not later than six months before the first day of the year of assessment in respect of which such change is requested.

Separate computation on certain income derived by married couples.

50. (1) Notwithstanding the provisions of section 49 of this Act, where in any year immediately preceding the year of assessment the spouse not being the responsible spouse, derives income subject to tax under the provisions of paragraphs (a) or (b) of subsection (1) of section 4 of this Act or of paragraph (d) of the said subsection in so far as it refers to a pension which is received in view of the past employment the responsible spouse may elect in writing that the tax on the chargeable income in respect of such income derived by the other spouse be computed separately. In such a case the spouse's income shall not be aggregated with the responsible spouse's total income for that year of assessment.

(2) The tax computed separately for each year of assessment in respect of the income referred to in subsection (1) hereof shall be charged in the name of the responsible spouse.".

Amendment of section 51 of the principal Act.

14. For the definition of "child" in subsection (5) of section 51 of the principal Act, there shall be substituted the following:

" "child" includes:

(a) a stepchild, or an adopted child, or an illegitimate child of the individual or of the individual's spouse; or

(b) a child orphan of or abandoned by either of the parents and living with the individual or the individual's spouse;".

Repeal of sections 53, 54 and 55 of the principal Act.

15. Sections 53, 54, and 55 of the principal Act shall be repealed.

Amendment of section 56 of the principal Act.

16. Section 56 of the principal Act shall be amended as follows:

(a) for paragraphs (a) and (b) of subsection (1) thereof, there shall be substituted the following new paragraphs (a), (b), (c) and (d):

"(a) in the case of a married couple resident in Malta in the year immediately preceding the year of assessment and to whom section 49 of this Act applies saving where the responsible spouse has opted for a separate computation for the purposes of section 50 of this Act -

For every lira of the first Lm4000	0c
For every lira of the next Lm1500	15c
For every lira of the next Lm1500	20c
For every lira of the next Lm1500	25c
For every lira of the next Lm1500	30c
For every lira of the remainder	35c

(b) in the case of any other individual resident in Malta including each spouse where the responsible spouse has opted for a separate computation for the purposes of section 50 of this Act -

For every lira of the first Lm3000	0c
For every lira of the next Lm1000	15c
For every lira of the next Lm1000	20c
For every lira of the next Lm1500	25c
For every lira of the next Lm1500	30c
For every lira of the remainder	35c

(c) in the case of any individual who is not resident in Malta during the year immediately preceding the year of

assessment -

For every lira of the first Lm300	0c
For every lira of the next Lm1500	20c
For every lira of the next Lm1500	25c
For every lira of the next Lm1500	30c
For every lira of the remainder	35c

(d) in the case of any other person -

For every lira of the first Lm1000	15c
For every lira of the next Lm1000	20c
For every lira of the next Lm1000	25c
For every lira of the next Lm1500	30c
For every lira of the remainder	35c.";

(b) for subsection (2) thereof, there shall be substituted the following:

"(2) Notwithstanding the provisions of subsection (1) of this section, the tax upon the chargeable income of individuals referred to in the said subsection shall be charged at the following special rates:

(a) In the case of an individual born outside Malta who was resident in Malta in the year immediately preceding the year of assessment and who proves to the satisfaction of the Commissioner that he has received in Malta at one or more times during the year immediately preceding the year of assessment an amount of income of not less than eight hundred liri arising outside Malta and chargeable to tax under the provisions of this Act-

(i) being a married individual who files a joint return in terms of section 49 of this Act -

For every lira of the first Lm2500	0c
For every lira of the remainder	15c

(ii) being any other such individual -

For every lira of the first Lm1800	0c
For every lira of the remainder	15c

Provided that subject to the provisions in the next following paragraph, the rates laid down in subparagraphs (i) and (ii) hereof will not apply if the individual was domiciled in Malta or ordinarily resident in Malta before the first day of January, 1958.

(b) The Minister responsible for finance may in his discretion authorise the application of paragraph (a) of this subsection in regard to any individual born outside

Malta, nothwithstanding that he was domiciled and/or ordinarily resident in Malta before the first day of January, 1958, if the Minister is satisfied that the said individual was absent from Malta in the period between the said date and the thirty-first day of December, 1963, saving occasional visits.

(c) In the case of an individual born in Malta who was resident in Malta in the year immediately preceding the year of assessment and who proves to the satisfaction of the Commissioner that he has actually resided outside Malta for an aggregate period of not less than twenty years after the first day of January, 1938 and that he has received in Malta at one or more times during the year immediately preceding the year of assessment an amount of income of not less than five hundred liri arising outside Malta and chargeable to tax under the provisions of this Act, the rates laid down under subparagraph (i) or (ii) of paragraph (a) hereof, as the case may be, shall apply:

Provided that —

(i) no such rates shall apply unless the Commissioner is satisfied that the individual was ordinarily resident and domiciled in Malta in the year immediately preceding the year of assessment;

(ii) in computing the said aggregate period of twenty years there shall be excluded all calendar years during which the individual was ordinarily resident in Malta, and all periods prior to a date which precedes by thirty years the first day of the year of assessment in which the individual first satisfies all the other conditions stipulated in this subsection.

(d) In paragraphs (a), (b) and (c) of this sub-section —

"individual born outside Malta" means an individual not born in Malta whose parents were not domiciled in Malta or not ordinarily resident in Malta on the date of his birth or at any time during the ten years previous to such date;

"received in Malta" means the excess of the amount of income arising outside Malta and received in Malta over any sum transferred out of Malta.

(e) The rates mentioned in paragraphs (a), (b) and (c) of this subsection shall apply only to any individual who was entitled to a further personal deduction of five hundred liri in any year of assessment up to the year of assessment 1972, and, in the event of his demise, to the surviving spouse.

(f) Notwithstanding the provisions of section 49 the responsible spouse shall for the purpose of this section be the spouse in whose name the residence permit has been issued.";

(c) for subsection (10) thereof there shall be substituted the following:

"(10) Notwithstanding the provisions of subsections (1) and (2) of this section -

(a) in the case of an individual who has been granted a residence permit under section 7 of the Immigration Act, the tax upon the chargeable income, other than income mentioned in paragraph (b) of this subsection shall be charged at the rates laid down in subparagraph (i) or (ii), as the case may be, of subsection (2) hereof:

Provided that the minimum tax payable in respect of any year of assessment shall be one thousand liri if the individual has been granted such residence permit on or after the fourteenth day of November, 1972 but before the first day of January, 1988:

Provided further that in the case of an individual who has been granted such residence permit on or after the first day of January, 1988 the minimum liability in respect of any year of assessment shall, after taking into account any double taxation relief to which such individual may be entitled, be one thousand liri;

(b) income derived from Malta and chargeable to tax under paragraphs (a) and (b) of subsection (1) of section 4 of this Act, shall be deemed to constitute chargeable income to be taxed separately at the rates laid down in paragraph (a) or (b) of subsection (1) of this section starting at the rate of 15c on every lira.";

(d) for subsection (11) thereof, there shall be substituted the following:

"(11) (a) (i) The tax upon the chargeable income other than income mentioned in subparagraph (ii) of this paragraph, of any individual born in Malta who, after emigrating has returned as a resident in Malta after the first day of January 1988, shall be charged at the rates laid down in subsection (1) of this section, or if he so elects, and until such election is not renounced by him, at the rates laid down in subparagraph (i) or (ii) of subsection (2) thereof. The said election may not be availed of again once it is renounced:

Provided that the provisions of this subsection shall only apply where such an individual proves to the satisfaction of the Commissioner that either:

(a) he had actually resided outside Malta for an aggregate period of 20 years falling within a period of 25 years preceding the first day of the year of assessment in which the individual returns as resident in Malta after the first day of January 1988, and that he has received in Malta at one or more times during the year immediately preceding the year of assessment an amount of income of not less than six thousand liri arising outside the island and chargeable to tax under the provisions of this Act, provided that in the case of a married person the said amount of income of six thousand liri shall be increased by one thousand liri in respect of every dependant relative including a spouse; or

(b) he is not a Maltese national and does not satisfy the period of residence outside Malta referred to in paragraph (a) of this proviso, and that he satisfies conditions similar to those established by the Minister responsible for immigration under section 7 of the Immigration Act, for the issue of a residence permit as existing at the time such an individual returns to Malta:

Provided further that the minimum liability of any such individual for any year of assessment in which the individual elects to pay at the rates laid down in subparagraph (i) or (ii) of paragraph (a) of subsection (2) hereof shall, after taking into account any double taxation relief to which such individual may be entitled, be one thousand liri.

(ii) In the case of income derived from Malta and chargeable to tax under paragraphs (a) and (b) of subsection (1) of section 4 of this Act, such income shall be deemed to constitute chargeable income to be taxed separately at the rates laid down in paragraph (a) of subsection (1) of this section starting at the rate of 15c on every lira.

(b) In the event of the demise of any individual to which paragraph (a) of this subsection applies and who is charged to tax at the rates laid down in subparagraph (i) of paragraph (a) subsection (2) hereof, the surviving spouse shall be entitled to elect to be charged to tax in the same manner and under the same conditions as the deceased individual and charged at the rates laid down in subparagraph (ii) of paragraph (a) of subsection (2) hereof, and until such election is not renounced, the surviving spouse shall be considered to have satisfied in his own right the qualifying period of absence from Malta stipulated therein."; and

(e) the proviso to subsection (17) thereof shall be deleted.

Repeal of sections 57 and 58 of the principal Act.

17. Sections 57 and 58 of the principal Act shall be repealed.

Amendment of section 77 of the principal Act.

18. In subsection (1) of section 77 of the principal Act, the words "less any tax rebate granted under Part VIII, where applicable" shall be deleted.

Substitution of section 90A of the principal Act.

19. For section 90A of the principal Act there shall be substituted the following:

"Tax on part-time work.

90A. (1) With effect from the lst day of January 1996, where an individual is receiving full-time instruction at a university, college or other similar educational institution or was serving an apprenticeship with a view to qualifying in a trade or calling, or where an individual has income in his own right falling under paragraph (b) or (d) of subsection (1) of section 4 of this Act, and has during the year immediately preceding the year of assessment other income from such part-time work as may be prescribed, he shall subject to the other provisions of this section pay tax at the rate of 15 cents on every lira of such other income, and he shall not be required to declare any such other income, in any return made pursuant to the Income Tax Acts:

Provided that where the other income derived from part-time work is income as is described in paragraph (a) of subsection (1) of section 4 of this Act, the provisions of this section shall apply with respect to that other income only up to such limit as may be prescribed.

(2) Notwithstanding the provisions of subsection (1) of this section, an individual may declare all his income from part-time work together with the rest of his income in his return made in accordance with the Income Tax Acts, and he will be charged tax on all his income in accordance with the provisions of paragraph (a) or (b) (as the case may be) of subsection (1) of section 56 of this Act, and in any such case any tax paid on such other income in accordance with this section shall be available as a credit against the individual's tax liability and where any tax so paid is in excess of such liability, it shall be refunded.

(3) Notwithstanding the provisions of subsection (1) of this section an individual, whose projected total income for a calendar year, including income derived from part-time work, is not expected to exceed such sum over which he would become liable to tax, may, if the income from part-time work falls under the description in paragraph (b) of subsection (1) of section 4 of this Act, at any time of the year by notice in writing on the prescribed form, direct the employer with whom he is performing part-time work not to deduct tax on his income from part-time work. Such notice shall be valid only up to the end of the calendar year in which it is given.

(4) For the purposes of subsection (3) hereof where an individual's annual wages or salary from his full time employment exceed such amount over which he would become liable to tax, or where in the previous year his total income rendered him liable to tax, his projected total income for the relevant year will be expected to exceed such sum over which he would become liable to tax.

(5) Where the total income of an individual who has given notice as is provided in subsection (3) of this section, during the year in which the said notice has been given reaches such sum as would render such individual liable to tax, such individual shall inform the Commissioner accordingly on the prescribed form and if he elects to pay tax on his other income derived from part-time work in accordance with the provisions of subsection (1) of this section he shall direct his employer

to deduct tax at the rate of 15 cents in the lira, and furthermore, where he elects to pay tax on his other income derived from part-time work in accordance with the provisions of subsection (1) of this section he shall either-

(a) direct his employer to make such further deductions from his income so that the tax due in accordance with subsection (1) of this section on all income deriving from part-time work as aforesaid is so deducted by the 31st December of that year; or

(b) pay such tax due, to the Commissioner by not later than the 31st December of the year.

(6) Where an employer who in accordance with this section is to deduct tax at 15 cents in the lira fails for any reason to deduct such tax, it shall be the duty of the individual from whose income such deduction is to be made, to inform the Commissioner accordingly and to make payment of the tax due directly to the Commissioner:

Provided that the employer shall still remain liable for any liability under subsection (4) of section 23 of the Income Tax Management Act, 1994.

(7) (a) Where the income from part-time work is income falling under paragraph (b) of subsection (1) of section 4 of this Act, the person paying the income shall, at the time of payment, unless otherwise directed in accordance with subsection (3) of this section and in accordance with the provisions of section 23 of the Income Tax Management Act, 1994, deduct tax at the rate of 15 cents in the lira, and any tax so deducted shall be remitted to the Commissioner accordingly.

(b) Where the income from part-time work is income falling under paragraph (a) of subsection (1) of section 4 of this Act, the individual shall pay to the Commissioner an amount equivalent to 15 cents for every lira of the income from part-time work in such manner as may be prescribed in accordance with the provisions of section 42 of the Income Tax Management Act, 1994 where applicable.

(8) Where an individual who is to pay tax on part-time work at the rate of 15 cents in the lira as provided in

subsection (1) of this section, fails to pay such tax on all his income from part-time work subject to such tax by the end of the year, all the income from part-time work shall be added with the rest of the individual's income and tax shall be assessable thereon in accordance with the provisions of section 56 of this Act.

(9) In the case of a married couple the provisions of this section shall apply to either or each of the spouses where such spouse is receiving full-time instruction or is serving an apprenticeship or has income in his or her own right as described in subsection (1) of this section and has other income from part-time work as therein described.

(10) Where an individual declares that income is derived from part-time work and the Commissioner has reason to believe that such income was derived from an activity which is not on a part-time basis, or is the individual's normal activity or is ancillary thereto, the Commissioner shall consider such income as not qualifying to be subject to tax under subsection (1) of this section and shall assess it as if the foregoing provisions of this section did not apply thereto, and any tax remitted in respect of such income shall be available as a credit against the individual's tax liability for the relevant year of assessment and where any tax so remitted is in excess of such liability it shall be refunded.".

Amendment of section 92 of the principal Act.

20. In paragraph (c) of section 92 of the principal Act, for the words "fall to be allocated to the foreign income account." there shall be substituted the words "fall to be allocated to the foreign income account as provided in paragraph (b) of this section.".

Consequential amendments to the Income Tax Management Act, 1994. Act XVIII of 1994.

21. The Income Tax Management Act, 1994 shall be amended as follows:

(a) in section 19 thereof:

(i) for paragraph (a) of subsection (4) there shall be substituted the following:-

"(a) in the case of a company resident in Malta, the balance sheet and profit and loss account, which shall comply in every respect with the applicable provisions of sections 167, 168 and 169 of the Companies Act, 1995 and notwithstanding any exemption made by that Act or by any other law, such balance sheet and profit and loss account shall be accompanied by a report made out by a certified public auditor as provided by the applicable provisions of sections 179 and 181 of that Act;"; and

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(ii) in the proviso to subsection (5), for the words "or of subsection (2) of section 161 of the Commercial Partnerships Ordinance." there shall be substituted the words "or of subsection (2) of section 324 of the Companies Act, 1995.";

(b) in subsection (2) of section 33 thereof, for the words "29th March, 1996, otherwise the notice given shall not be considered as having been validly entered." there shall be substituted the words "28th June, 1996, otherwise the notice given will be rejected and the assessment objected to will become final and conclusive on such date.";

(c) for paragraph (b) of subsection (3) of section 42 thereof, there shall be substituted the following:

"(b) every provisional taxpayer shall, not later than the 30th June of each year make a payment in respect of his tax liability for the year of assessment commencing on the 1st January of that year in an amount equivalent to the excess, if any, of the aggregate of the tax chargeable in respect of his income for the year immediately preceding that year of assessment over the aggregate of the provisional tax paid by him in respect of that year, any double taxation relief to which such person may be entitled in respect of the said year of assessment and any tax deducted at source under the provisions of sections 59 and 73 of the Income Tax Act, from such income:

Provided that the provisions of this paragraph shall not apply to the income of any body of persons referred to in the proviso to subsection (2) of this section for any year of assessment preceding the year of assessment 1989.";

(d) immediately after paragraph (b) of subsection (3) of section 42 thereof, there shall be added the following new paragraph:

"(c) For the purposes of this subsection "provisional taxpayer" means any person, including a company, who derives any income or to whom any income accrues which is not emoluments.";

(e) immediately after subsection (3) of section 42 thereof, there shall be added the following new subsection:

"(3A) (a) Payment of tax due by individuals in terms of paragraph (b) of subsection (7) of section 90A of the Income Tax Act shall be made by not later than:

(i) the 30th May of the relevant year in respect of the income arising during the period January to April of the same year;

(ii) the 30th September of the relevant year in respect of the income arising during the period May to August of the same year; and

(iii) the 15th February of the year following the relevant year in respect of the income arising during the period January to December of the relevant year after deducting the payments made in terms of subparagraphs (i) and (ii) hereof. This payment shall be accompanied by a statement of accounts indicating the taxable net profits for the relevant year.

(b) For the purposes of paragraph (a) of this subsection:

"relevant year" means the year during which the income from part-time work is earned; and

"taxable net profit" is the result of all incomes and expenses in accordance with established accounting practices but duly adjusted for income tax purposes."; and

(f) in paragraph (b) of subsection (4) of section 48 thereof for the words "where the profits distributed as aforesaid derive from a participating holding," there shall be substituted the words "where profits distributed as aforesaid out of the foreign income account derive from a participating holding or from the disposal of such holding,".

Transitory provision.

L.N. 113 of 1995.

22. (1) The form prescribed by rule 2 of the Spontaneous Declaration (Form of Application) Rules, 1995 shall continue to apply for the purposes of the spontaneous declaration referred to in subsection (10) of section 9A of the principal Act as if the words "15th December, 1995" were substituted for the words "31st October, 1995" appearing on the said form.

(2) Upon the coming into force of section 19 of this Act, any person who elects to avail himself of the provisions of section 90A of the principal Act as substituted by this Act, shall not later than the 31st December 1996, remit to the Commissioner of Inland Revenue tax on income derived from part-time work and accruing before the promulgation of this Act, at the rate of 15 cents for every lira.

Passed by the House of Representatives at Sitting No. 565 of the 16th July, 1996.

LAWRENCE GONZI
Speaker

JOSANNE BONELLO
Acting Clerk to the House of Representatives