

I assent.

(L.S.)

ANTON BUTTIGIEG
President

17th March, 1981

ACT No. IX of 1981

AN ACT further to amend the Income Tax Act, 1948.

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.

1. (1) This Act may be cited as the Income Tax (Amendment) Act, 1981, and shall be read and construed as one with the Income Tax Act, 1948, hereinafter referred to as “the principal Act”.

(2) The provisions of this Act shall come into force as follows:

(a) the provisions of sections 2 and 3 shall come into force as from the 1st day of January, 1982, in respect of the year of assessment commencing on that date and of subsequent years of assessment;

(b) the provisions of sections 4, 5 and 6 shall be deemed to have come into force as from the first day of January, 1981, in respect of the year of assessment commencing on that date and of subsequent years of assessment.

Amendment of
section 7 of
the principal
Act.

2. For paragraph (b) of subsection (3) of section 7 of the principal Act there shall be substituted the following:

“(b) commercial partnership *en nom collectif*, or commercial partnership *en commandite* the capital of which is not divided into shares;”.

Amendment of
section 8 of
the principal
Act.

3. For paragraph (b) of subsection (1) of section 8 of the principal Act there shall be substituted the following:

“(b) the allowances payable under the provisions of Part VIII, the maternity benefit payable under the provisions of Part X and the marriage grant payable under section 11 of the National Insurance Act, 1956.”.

4. For the proviso to subsection (1) of section 10 of the principal Act there shall be substituted the following:

Amendment
of section 10
of the
principal Act.

“Provided that where a person engaged in trade or business derives gains or profits wholly or in part —

(i) from the sale or disposal of petroleum produced in Malta under a licence granted before January 1, 1981, under the Petroleum (Production) Act, 1958, or under that Act and under the Continental Shelf Act, 1966, the total income of such person shall be ascertained in accordance with the provisions of section 10A of this Act;

(ii) from operations in Malta relating to the production of petroleum and the sale or disposal of such petroleum, whether under a licence granted as aforesaid after January 1, 1981, or under a petroleum production sharing contract or any other arrangement, the total income of such person shall be ascertained in such manner as may be prescribed;

and the provisions of this subsection and of section 10B of this Act shall not apply.”.

5. Section 14A of the principal Act shall be amended as follows:

Amendment of
section 14A of
the principal
Act.

(a) in the proviso to subsection (4) thereof for the words “in excess of four hundred pounds” there shall be substituted the words “in excess of four hundred and seventy-five pounds”, and

(b) in sub-paragraph (iii) of paragraph (b) of subsection (5) thereof for the words “in excess of four hundred pounds” there shall be substituted the words “in excess of four hundred and seventy-five pounds”.

6. Section 22 of the principal Act shall be amended as follows:

Amendment of
section 22 of
the principal
Act.

(a) in paragraph (a) of subsection (1) thereof for the words “deduction of nine hundred and twenty pounds” there shall be substituted the words “deduction of one thousand and seventy pounds”;

(b) in subsection (2) thereof —

(i) for the words “deduction of five hundred and thirty-five pounds” there shall be substituted the words “deduction of six hundred and thirty-five pounds”, and

(ii) for the words “not exceeding three hundred and eighty-five pounds” in the proviso thereto there shall be substituted the words “not exceeding four hundred and thirty-five pounds”; and

(c) in subsection (6) thereof for the words “deduction of four hundred pounds” there shall be substituted the words “deduction of four hundred and seventy-five pounds”.

7. Section 25 of the principal Act shall be amended as follows:

Amendment of
section 25 of
the principal
Act.

(a) for subsection (1) thereof there shall be substituted the following:

“Normal
rates of
tax on
individuals
and certain
bodies of
persons.

25. (1) Saving the other provisions of this section, the tax upon the chargeable income of every person shall be charged at the following rates:

For every pound of the first £100	...	...	5c
For every pound of the next £100	...	...	10c
For every pound of the next £500	...	...	15c

For every pound of the next £500	...	...	20c
For every pound of the next £600	...	...	25c
For every pound of the next £1,200	...	...	30c
For every pound of the next £600	...	...	40c
For every pound of the next £600	...	...	50c
For every pound of the next £800	...	...	60c
For every pound of the remainder	...	...	65c";

(b) in subsection (3A) thereof for the words "shall in no case exceed the rate of 32c5 on every pound" there shall be substituted the words "shall in no case exceed the rate of 30c on every pound";

(c) for subsection (4) thereof there shall be substituted the following:

"Special rates of tax and minimum tax liability (4) Notwithstanding the provisions of subsection (1) of this section, the tax upon the chargeable income of any individual who has been granted a residence permit under section 7 of the Immigration Act, 1970, on or after the fourteenth day of November, 1972, shall be charged at the following rates:

For every pound of the first £100	...	...	5c
For every pound of the next £100	...	...	10c
For every pound of the next £500	...	...	15c
For every pound of the next £500	...	...	20c
For every pound of the next £600	...	...	25c
For every pound of the remainder	...	...	30c

Provided that the minimum liability of any such individual in respect of any year of assessment shall be one thousand pounds.";

(d) for subsection (7) thereof there shall be substituted the following:

"(7) The tax upon the chargeable income of any person engaged in the production of petroleum produced in Malta shall be —

(a) where the gains or profits are ascertained as provided in paragraph (i) of the proviso to subsection (1) of section 10 of this Act, at the rate of fifty cents on every pound of such part of his chargeable income as is derived therefrom, and at the appropriate rates set out in the other subsections of this section on that part which is not so derived; or

(b) where the gains or profits are ascertained as provided in paragraph (ii) of the proviso to subsection (1) of section 10 of this Act, at the rate of fifty cents on every pound of such part of his chargeable income as is derived therefrom, and at the appropriate rates set out in the other subsections of this section on that part which is not so derived.";

(e) for subsection (8) thereof there shall be substituted the following:

"(8) Every person referred to in subsection (7) of this section shall —

(a) in the case of a person referred to in paragraph (a) thereof, have and maintain a permanent office in Malta where all contracts for the sale or disposal of petroleum produced in Malta or of rights and interests pertaining to such petroleum shall be made, and the sale or disposal prices of such petroleum or rights and interests to be used in all accounting documents and in all returns submitted for the purposes of this Act shall not be less than the values attributed thereto for royalty purposes in accordance with the terms of the licence granted to such person under the Petroleum (Production) Act, 1958, or under that Act and under the Continental Shelf Act, 1966;

(b) in the case of a person referred to in paragraph (b) thereof, have and maintain a permanent office in Malta for the conduct of operations under the licence, contract or other arrangement, as the case may be, and the values to be used by such person in all accounting documents shall, for the purposes of this Act, be established in the manner provided under paragraph (ii) of the proviso to subsection (1) of section 10 of this Act.”; and

(f) immediately after subsection (9) thereof there shall be added the following new subsection:

“(9A) The provisions of subsection (9) of this section shall apply mutatis mutandis to any person operating in Malta under a licence, contract or other arrangement as is mentioned in paragraph (ii) of the proviso to subsection (1) of section 10 of this Act.”.

8. For the proviso to subsection (2) of section 62 of the principal Act there shall be substituted the following:

“Provided that the provisions of this subsection shall not apply to the income of any body of persons arising from activities relating or ancillary to banking, sound or television broadcasting, film renting or insurance (excluding commissions derived from the sale of insurance by bodies of persons residing in Malta).”.

Amendment
of section 62
of the
principal Act.

Passed by the House of Representatives at Sitting No. 479 of the 16th March, 1981.

C. AGIUS
Speaker

C. MIFSUD
Clerk to the House of Representatives