VERŻJONI ELETTRONIKA

L.N. 306 of 2017

INCOME TAX ACT
(CAP. 123)

INCOME TAX MANAGEMENT ACT
(CAP. 372)

Audit Report Waiver and Deduction Rules, 2017

IN exercise of the powers conferred by articles 14(2) and 96 of the Income Tax Act and articles 19(4)(a) and 58 of the Income Tax Management Act, the Minister for Finance has made the following rules:-

Citation and commencement.

1. (1) The title of these rules is the Audit Report Waiver and Deduction Rules, 2017.

(2) These rules shall come into force as from the year of assessment 2018.

Interpretation. Cap. 372.

2. For the purposes of these rules and of the second proviso to article 19(4)(a) of the Income Tax Management Act -

Cap. 123.

"company" refers to a company as defined in the Income tax Act whose annual turnover does not exceed eighty thousand euro (€80,000) or a *pro rata* amount if the relevant accounting period is other than twelve months;

"educational qualifications" refers to the successful completion of a course of study at MQF level 3, or higher, as recognized by the Malta Qualifications Recognition Information Centre.

Deduction. Cap. 372.

3. (1) Where a company does not avail itself of the audit report waiver provided for in the second proviso to article 19(4)(a) of the Income Tax Management Act, it may claim a deduction against its income of 120% of the audit fees incurred.

(2) The deduction under sub-rule (1) shall apply for the first two accounting periods of a newly registered company whose sole shareholders are individuals in possession of educational qualifications as aforementioned and who have set up the new company within three years of obtaining the said qualifications.

(3) The deduction claimed under this rule may not exceed seven hundred euro (€700) in each accounting period.

Exclusion. Cap. 372.

4. The audit report waiver provided for in the second proviso to article 19(4)(a) of the Income Tax Management Act and the

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deduction provided for in rule 3 shall cease to apply with immediate effect if there is a change in the shareholding of the company as a result of which the shareholders will not all be individuals who have attained the educational qualifications as aforementioned.

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