VERŻJONI ELETTRONIKA



**L.N. 67 of 2018**

# INCOME TAX ACT
# (CAP. 123)

## Deduction for Transportation Cost of Employees Rules, 2018

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

Title and commencement

**1.** (1) The title of these rules is the Deduction for Transportation Cost of Employees Rules, 2018.

(2) These rules shall apply in respect of transportation costs incurred for the transport of employees as from the year of assessment 2018.

Interpretation.

**2.** In these rules, unless the context otherwise requires -

"the Act" means the Income Tax Act; Cap. 123.

"Commissioner" means the Commissioner for Revenue;

"employee" means any person who has entered into or works under a contract of service, or any person who has undertaken personally to execute any work or service for, and under the immediate direction and control of another person, including an outworker, but excluding work or service performed in a professional capacity or as a contractor for another person when such work or service is not regulated by a specific contract of service as set out in the Employment and Industrial Relations Act; Cap. 452.

"employee transportation costs" mean costs incurred by an undertaking for transportation of employees to and from the place of work using means of transport capable of carrying more than eight (8) persons, whether organized by the undertaking or any other entity;

"undertaking" means a person carrying on a trade, business, profession or vocation as set out in paragraph (a) of sub-article (1) of article 4 of the Act.

Deduction.

**3.** (1) Subject to the other provisions of this rule, an undertaking may claim a deduction against its income equivalent to 150% of the employee transportation costs incurred in the relative year.

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(2) In respect of any year of assessment, the deduction referred to in sub article one may only be claimed on the lower of:

(i) €25,000 of the employee transportation costs incurred by the undertaking in the year preceding the year of assessment; or

(ii) €300 per employee whose transportation costs have been incurred by the undertaking in the year preceding the year of assessment.

(3) The employee transportation costs in respect of which a deduction is claimed under these rules may not benefit from any other deduction provided under the Act.

Conditions.

**4.** The deduction available under these rules may only be availed of if the undertaking benefiting thereunder:

(a) maintains proper records of the employee transportation costs in respect of which the deduction is claimed;

(b) claims the deduction in its income tax return relative to the basis year in which the employee transportation costs were incurred;

(c) submits with its income tax return a declaration by a Certified Public Accountant confirming that the undertaking has correctly computed the said costs, in such manner as the Commissioner may require.

Effectivity.

**5.** These rules shall remain in effect up to the year of assessment 2020.

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