VERŻJONI ELETTRONIKA

L.N. 205 of 2022

INCOME TAX ACT
(CAP. 123)

Group Deductions (Income Tax) Rules, 2022

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

Citation and commencement.

1. (1) The title of these rules is the Group Deductions (Income Tax) Rules, 2022.

(2) These rules shall be deemed to have come into force as from the year of assessment 2022.

Interpretation.

2. In these rules, unless the context otherwise requires:

Cap. 123.

"Act" means the Income Tax Act;

"allowable deductions" means capital allowances allowable as a deduction under article 14(1)(f) and (j) of the Act to the extent that such deduction cannot be given effect to in full because there are no profits or gains chargeable for the year of assessment 2022 from the source of income in respect of which they are allowable or because the profits or gains chargeable from that source are less than the deduction:

Provided that unabsorbed capital allowances carried forward from the year of assessment 2020 shall not be considered to be allowable deductions for the purposes of these rules:

Provided further that a balancing allowance in terms of article 24 of the Act resulting in respect of the years of assessment 2021 and 2022 shall be treated in the same manner as capital allowances for the purposes of these rules;

"beneficiary" means a company which has been granted a benefit under the *COVID-19 Fiscal Assistance - Postponement of Payment of Certain Taxes* Tax Deferral Scheme;

"total income" shall have the same meaning as assigned to it by article 2(1) of the Act but shall be computed before any deduction is made in terms of these rules.

Surrender of allowable deductions.

3. Allowable deductions may be surrendered by a company, hereinafter referred to as "the surrendering company", and, on the making of a claim by another company, hereinafter referred to as "the claimant company", be allowed to the claimant company as a deduction against its total income:

Provided that the total allowable deductions that may be claimed shall not exceed one million euro (€1,000,000) per group of companies and the total amounts surrendered shall be equal to the amounts so claimed:

Provided further that the total allowable deductions that may be claimed by a claimant company shall not exceed the claimant company's total income for the year of assessment 2022:

Provided further that the surrendering of allowable deductions shall only be allowed if either the surrendering company or the claimant company is a beneficiary.

Applicability of the group relief provisions.

4. Unless otherwise provided for under these rules, the group relief provisions as defined in article 16 of the Act, except for the provisions of article 18(1)(b), (c) and (d) as well as article 22 of the Act, shall apply *mutatis mutandis* in relation to allowable deductions according to these rules.

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