

### **FS3 and FS7 Forms for 2020**

You are kindly being reminded to submit the end-of-year documents for 2020 (FS3 and FS7) to the Department.

It is important that the FS3 and FS7 forms should be correctly filled and should reach the Department by not later than the 15th February 2021. Late submissions are subject to penalties as contemplated in the FSS rules.

It is salient to point out that a timely submission of these documents will benefit your employees by exempting them from filing their annual income tax return. We thank you for your co-operation in this regard.

#### **Submission of documents**

If you submit more than 9 FS3 forms, you are requested to make use of our online service. For more information you may access directly the link <https://cfr.gov.mt/en/eServices/Pages/IRD-Services-Online-Employers.aspx>. You may also call on 144 (Business First) if you want to ask questions about this service.

You may access this service by means of the e-ID (Electronic Identity Card) which you may acquire by calling Identity Malta Agency, on 2590 4300 and file an application for this service with the department by means of the CFR03 form which may be downloaded from our website. You may also authorise a tax practitioner to submit the documents on your behalf by using the CFR02 form, which may also be downloaded from our website.

In the case that the number of FS3 forms is less than 10, you may submit the information manually by using the appropriate forms. In such instance a bar-coded FS7 is needed as this will facilitate the processing of the information in a more efficient and correct way.

## **New information to be declared**

- From 2020, through the Rules on Overtime, information on emoluments from overtime, overtime hours (maximum 100 hours) and tax on them must be declared at the specified places in the FS3 and FS7 forms.
- As regards fees and similar payments made to members of the Board of Directors of companies, these must be declared distinctly from the other emoluments.
- The wage supplement granted in respect of Covid-19 (where applicable) must be declared with the rest of the emoluments in the FS3 form. The tax deducted from the total emoluments must continue to appear in the specific places regarding tax. However, the 10% Social Security contribution retained by the Government when the supplement was paid must be declared in the FS7 at the place indicated, which was specially created in order to allow reconciliation with the other payments.

## **FS3 details of Expatriates**

It is worth noting that Foreign Income tax, I.D and Passport numbers are not valid for the purpose of filling the FS3 form. The FS3 form is to be completed either with the ID number ending with the letter 'A' (to be found at the back of the ID Card issued by Identity Malta) or with the 66 or 62 nine-digit number issued by the Commissioner for Revenue.

## **Maternity Leave Fund Contribution data**

Whenever Maternity Fund contributions are being reported in the Social Security information section in the FS3 form or in the electronic lodgement Social Security file, the basic weekly wage, number of contributions and category must still be reported, notwithstanding the fact that social security contribution deductions may not be applicable. In that case a '0' figure is to be entered. FS3, FS5 and FS7 documents and electronically transmitted data shall be sent with the sections pertaining to the Maternity Leave Fund filed in, even where such contributions may not be applicable. In that case the figure '0' shall be inserted.

## **Verification of data submitted**

It is to be emphasised that the identity card number should never be entered in the 'field' pertaining to the social security number in these forms, especially if this involves an electronic submission. Moreover, all employers and Data Providers can now verify or validate Income Tax /National Insurance Numbers (through e-ID authentication) by accessing the Commissioner for Revenue's website.

In the submission please include all FS3s of each PE number and the specific year.

Personal and accounting data must be correctly filled, and all required fields should be completed, including information on Social Security contributions and the Maternity Leave Fund (if applicable). In the FS3, particular attention should be given so that the basic weekly wage, the number of contributions, the category and the amounts paid are not left out. Moreover, the contribution has to be computed correctly according to the basic weekly wage, the age and the number of weeks the employee has worked.

More information on Social Security Contributions and an on-line calculator are available on the Commissioner for Revenue website [www.cfr.gov.mt](http://www.cfr.gov.mt).

All information submitted will be verified and incorrect or incomplete documents will be rejected, and you will be considered as a defaulter until these are re-submitted in the correct manner.

## **Submission of FS3s in cases of marriage or civil union**

Whenever an employee notifies the employer regarding changes of his/her civil status (e.g. marriage or civil union), and that employee opts not to be the 'responsible spouse' for the purpose of the Income Tax Acts, two FS3s must be compiled for the same year, with the data split accordingly.

If for example the spouse not being 'the responsible spouse' married in September two FS3s should be prepared to cover the periods (1) from January to September as a single person (with spouse ID left blank) and (2) from October to December as a married person (with spouse ID quoted in the allocated field).

On the other hand, the FS3 pertaining to the responsible spouse should remain as one document.

- The Commissioner will not accept duplicate FS3s pertaining to an individual under the same PE number for the same year (except for cases explained above). This applies also when data is submitted electronically, that is one line for each employee in the 'F3' file. However, whenever

the basic weekly wage or category change, these must all be reported in separate lines in the 'SS' file.

- Whenever part time emoluments exceed the €10,000 threshold, the surplus amount should be reported in the same FS3 as main emoluments. The relative 15% withholding tax must be split just the same (maximum of €1,500 part-time tax).

### **Income derived from part time employment**

May we remind you that in the case of a married couple where one of the spouses has a main employment and the other spouse is employed on a part-time basis, the 15% withholding tax should be paid on the part-time work in order for the employee to profit from this benefit.

You should affect these payments by the end of January 2021 (attached to the December 2020 monthly FS5 remittance).

Also, please note that an important requisite found in the Part-Time Rules states that the employer is to register his part-time employee/s with Jobsplus. Employees cannot benefit from this option if they are employed concurrently with the same employer on a full and part time basis.

Furthermore, fees and other similar payments made to members of the Board of Directors of companies or to members on boards of public corporations established by law are not eligible to the 15% tax on part-time work. This income, and a tax deducted at the prescribed rate (20%) or according to the progressive tax rates, must be declared as main income/tax.

### **Childcare Facilities**

Please mark on the FS7 form whether you have paid or reimbursed the cost of childcare facilities for the benefit of your employees. If a 'yes' is denoted, the aggregate amount paid or reimbursed by the employer and the total number of employees enjoying the benefit have to be indicated.

The payment or reimbursement of the cost of childcare facilities for the benefit of the employee is not considered as fringe benefits as long as the employee receiving the benefit does not claim a deduction for childcare services against his income. If an employee elects to claim the deduction for childcare services, then the payment or

reimbursement by the employer constitutes a taxable fringe benefit and must be reported on the FS3 form.

### **In case you ceased to employ**

If during the year 2020 you have ceased employing personnel, you are required to inform the Commissioner in order for your P.E number to be de-registered. In order to do so you are requested to comply with the following:

- a) furnish a statement of earnings (FS3) to all your employees;
- b) remit to the Commissioner all outstanding tax deductions and forward the relative monthly payment advice (FS5);
- c) submit to the Commissioner the end-of-year documents (FS3 and FS7) of all employees up to the date of termination;
- d) Through the e-ID you submit the deregistration online on the following:  
<https://cfr.gov.mt/en/eServices/Pages/Activations-of-PE-VAT.aspx>

FS3 and FS7 forms are to be sent well stapled, not attached with a paper clip. Any additional payments are not to be sent with the FS3/7 forms but to be sent either with the respective FS5 form or else if a balance due transpires when completing the FS3/7 with an additional FS5 form for December.

For more information you may contact us on telephone number 144 or by e-mail: [fss.cfr@gov.mt](mailto:fss.cfr@gov.mt).



Commissioner for Revenue

