

Return Attachment (RA) Forms in terms of the Income Tax Act

These manuals contain technical guidance for MTCA staff and tax professionals as well as the general public.

The guidance is not comprehensive and does not provide a definitive answer in every case. It is based on the law as it stood when they were published. MTCA publishes amended or supplementary guidance if there's a change in the law or in the department's interpretation of it. These manuals are not to be considered as Guidelines of the MTCA and therefore are not binding by law.

Summary

- **RA or Return Attachments:** are attachments to the tax return and are generally used to claim a tax credit or tax deduction
- **Submission:** is only valid if attached with a submitted tax return and is available to individuals and companies registered for tax purposes in Malta
- **Supporting Documentation:** including compliance certificates must be submitted with RA forms where requested
- **Deadline:** for the submission of all RA forms is the date on which the tax return to which it must be attached is to be submitted
- **Penalties:** do not apply for late submission of RA forms, however the benefit may be lost if not submitted within the stipulated period. Penalties for late submissions of tax returns, to which RA forms are attached, still apply.

If you wish to read more about RA forms and their application, please read the following pages which provide a more detailed explanation of the above.

The Application of the RA Forms

RA forms in Malta, also known as Return attachment forms, provide taxpayers, both individual and corporate, with the opportunity to apply for specific deductions, credits and exemptions. RA forms are only valid if submitted with a tax return by a taxable person registered for tax purposes in Malta. RA forms must be submitted in time and can only be accepted if supporting documents, if requested, are also submitted with the form. Taxpayers are responsible to ensure that the form is completed in full. Submission may be made either online or manually.

All RA forms must be attached to page 3 of the Income Tax Return.

Return Attachment 3 – Facilitator (RA3)

The provision of facilitators for educational purposes is now provided free of charge by the Government of Malta to all children who meet established criteria.

In instances where a private facilitator is engaged by an individual for the care of their child, that individual may be able to claim a deduction of expenses related to the same. In this case, such individuals are invited to request further information on the appropriate application of this incentive to ensure that they are eligible for such a claim.

Return Attachment 6 - Determination of Net Profit from Student Hosting ([RA6](#))

Upon registration with the [Malta Tourism Authority](#) as a host family, from the year in which an individual receives payments from a registered language school to host students, taxpayers may complete [RA6 form – Determination of Net Profit from Student Hosting](#).

This form should be used to determine the net profit from student hosting for persons who are registered as host families with the Tourism Authority. All taxpayers benefit from a residence sharing deduction of €3,500 which will be deducted from the total amount received for hosting students. Expenses are deemed to be 65% of the resultant amount, upon which tax is to be paid.

Income is to be declared in two ways:

- a. Where income qualifies as part-time under the Part-Time Work Rules:
 - i. Complete the RA6 form and the [TA22 form](#),

- ii. Pay the 15% tax on the net profit as determined in box 5 of the RA 6 form by not later than the 30th of April of the following year (up to a maximum of €1,200).
- b. Where income does not qualify as part-time under the Part-Time Work Rules:
- i. complete this form,
 - ii. declare the net profit as determined in box 5 of this form in your Income Tax Return,
 - iii. the amount in box 5 of this form should be declared in box 2e (if self) or box 2j (if spouse),
 - iv. attach this form and a copy of the statements received from the language schools to page 3 of your Income Tax Return.

Return Attachment 10 Form – Claim for Tax Credit for Qualifications Approved by Malta Enterprise ([RA10](#))

As per [L.N. 175 of 2017 - Deductions and Tax Credits \(Relevant Qualifications for Industry\) Rules, 2017](#), taxpayers who have continued in their studies may apply for a tax credit of up to 70% of eligible costs. Since [2021, L.N. 287 of 2021 – Deductions and Tax Credits \(Relevant Qualifications for Industry\) \(Amendment\) Rules, 2021](#), requires formal approval from [Malta Enterprise](#) for reimbursement of expenses related to approved courses. Study costs include fees paid by an individual to a university, institution or other entity recognised by the Malta Enterprise. Tax credits shall cover costs such as admission and attendance to the relevant course and for sitting for the examinations required to achieve the relevant qualification or as specified in the [guidelines](#) provide by Malta Enterprise.

Tax credits are capped in the following way:

MQF Level Qualification	Tax Credit Capping
	€
3 (Vocational Certificates/Diplomas/Qualification)	1,500
4 (Vocational Certificates/Diplomas/Qualification)	2,500
5 (Undergraduate Diploma)	3,500
6 (Bachelor Degree)	12,500
7 (Post-graduate Degree, Diploma or Certificate)	15,000
8 (Doctorate)	25,000
Other courses (specialized course which are non MQF level-rated)	2,000

Eligible Qualifications outlined in the guidelines include:

- a) A qualification approved at level 3 or higher on the [Malta Further & Higher Education Authority \(MQF\)](#) grading structure,
- b) Specialized training, evaluated on a case-by-case basis,
- c) The qualification or certification must be granted on merit through a form of assessment,
- d) Vocational Learning programmes which include a practical component, preferably included also in the assessment procedure.

Any amount of eligible costs which are not absorbed by the taxpayer in any year of assessment may be carried forward to be allowed as a tax credit for the subsequent 10 years of assessment. The credit may also be availed of by the students' parents, or guardians, if the student themselves is not yet in receipt of taxable income.

A tax credit is only available if the following information is provided to the Commissioner for Revenue:

- a) Declaration that the taxpayer is not in receipt of any reimbursements from other sources with respect to the course for which credit is being applied for,
- b) Copy of certificate, or equivalent, showing successful completion of the course,
- c) Copy of approval from Malta Enterprise,
- d) Copy of invoices for course expenses to be claimed.

[Return Attachment 12 - Deduction \(Workplace Accessibility\) Rules \(RA12\)](#)

As per [L.N. 428 of 2010 - Deduction \(Workplace Accessibility\) Rules, 2010](#), an employer who incurs qualifying expenditure, approved by the [Commission for the Rights of Persons with Disabilities](#), may apply for a deduction of costs related to expenses incurred for increasing accessibility to the workplace for any of their employees having a disability.

Qualifying expenditure includes:

- a. Expenditure of a capital nature consisting of the following:
 - i. The installation or modification of physical structures and equipment designed to increase workplace accessibility,
 - ii. The removal of architectural and physical barriers,

- iii. The acquisition, installation or modification of equipment and devices for persons with disability.
- b. Expenditure incurred in the training of employees having a disability for the purpose of performing their work.

Applicants may claim up to 100% of all costs in the year in which they are incurred, capped to €20,000. Deductions in excess of taxable income may be carried forward, both in the case of individuals or companies incurring qualifying expenditure. Deductions are not available to those who already receive some form of assistance related to the expenditure.

All deductions are to be claimed in box 6a of the tax return.

Return Attachment 13 - Deduction for Childcare Facilities at the Workplace ([RA13](#))

Employers may apply for deduction of costs related to the setting up of Childcare facilities for their workforce.

As per [L.N. 430 of 2010 – Deduction \(Childcare Facilities at the Workplace\) Rules, 2010](#), qualifying expenditure includes:

- a. the construction of a childcare facility at the workplace or the conversion of an existing structure at the workplace into a childcare facility,
- b. the acquisition of childcare equipment for use in a childcare facility at the workplace.

Applicants may claim up to 100% of all costs in the year in which they are incurred, capped to €20,000. Deductions in excess of taxable income may be carried forward, both in the case of individuals or companies incurring qualifying expenditure. Deductions are not available to those who already receive some form of assistance related to the expenditure.

All deductions are to be claimed in box 6a of the tax return.

Return Attachment 14 – Deduction for Fees Paid in Respect of Tertiary Studies ([RA14](#))

Article 14F of the [Income Tax Act](#), provides that fees paid for studies at a recognised tertiary education institution, whether paid for course attended locally or abroad, are available as a deduction against taxable income. For studies carried out abroad a Malta Qualifications Recognition Information Centre (MQRIC) statement confirming the MQF level is required and must be attached to the RA14 form. Deductions in excess

of taxable income may be carried forward and set off against future taxable income.

Applications under RA14 may not benefit from any tax credits available under RA10. Taxpayers who already receive some form of financial assistance for their tertiary studies may not make a claim for deduction under RA14 whether in the form of a tax credit, reimbursement or scholarship. This also applies to amounts of fees which are not covered by the same.

Deductions are to be included in box 19f of the tax return.

Return Attachment 17 – Highly Qualified Persons – Article 56(21), Income Tax Act ([RA17](#))

Introduced in 2010, the objective of [Subsidiary Legislation 123.126, Highly Qualified Persons Rules](#), is the creation of incentives to support highly qualified persons to occupy an “eligible office” with companies licensed and/or recognized by the Competent Authority in Malta. In this way, talented, highly qualified persons relocating to Malta provide experience and knowhow to the local industry providing invaluable value creation to local service providers.

As per Article 56(21) of the Income Tax Act, a reduced rate of tax of 15% is applicable on qualifying contracts of employment subject to tax under Article 4(1)(b) of the Income Tax Act. The rate of 15% tax shall apply without possibility to claim any relief, deduction, reduction, credit or set-off of any kind.

The benefit under Article 56(21) is only available where:

- i. Work is carried on in Malta, and / or
- ii. Work which is carried on outside of Malta but related directly related to work in Malta.

Qualify contracts also only cover work which is carried on in Malta, or work which is carried out outside of Malta but related to work in Malta.

Employment income taxable under Article 56(21) shall be considered as the first part of a taxpayer’s income, with any other income subject to tax at the applicable progressive personal tax rate.

To benefit under Subsidiary Legislation 123.126, a Highly Qualified Persons Rules, a highly qualified person must be employed in Malta in what is referred to as an ‘eligible office’. An eligible office shall include

highly qualified expatriates working in investment services and insurance, but also other highly qualified individuals including:

- 1) Chief Executive Officer
- 2) Chief Risk Officer (including Fraud and Investigations Officer)
- 3) Chief Financial Officer
- 4) Chief Operations Officer (including Aviation Accountable Manager)
- 5) Chief Technology Officer
- 6) Chief Commercial Officer
- 7) Portfolio Manager
- 8) Chief Investment Officer
- 9) Senior Trader/Trader
- 10) Senior Analyst (including Structuring Professional)
- 11) Actuarial Professional
- 12) Chief Underwriting Officer
- 13) Chief Insurance Technical Officer
- 14) Odds Compiler Specialist
- 15) Head of Research and Development (including Search Engine Optimisation and Systems Architecture)
- 16) Aviation Continuing Airworthiness Manager
- 17) Aviation Flight Operations Manager
- 18) Aviation Training Manager, and Aviation Ground Operations Manager
- 19) Head of Marketing (including Head of Distribution Channels)
- 20) Head of Investor Relations.
- 21) Employments with undertakings holding an aerodrome license issued by the competent authority, consisting in employment as Chief Executive Officer
- 22) Employment in the Assisted Reproductive Technology sector consisting in employment as Embryologist, Responsible Person or Lead Quality Manager.

Where such an employee falls within the scope of Subsidiary Legislation 123.126, Highly Qualified Persons Rules, the reduced rate of tax is 15% and is subject to annual minimum gross income threshold for basis year 2010 of €75,000.

The annual minimum threshold is subject to annual inflation increases based on Retail Price Index published by the National Statistics Office.

The minimum thresholds since 2010 are therefore as follows:

- €75,000 for basis year 2010
- €76,136 for basis year 2011
- €78,207 for basis year 2012
- €80,100 for basis year 2013
- €81,205 for basis year 2014
- €81,457 for basis year 2015
- €82,353 for basis year 2016
- €82,881 for basis year 2017
- €84,016 for basis year 2018
- €84,991 for basis year 2019
- €86,385 for basis year 2020
- €86,938 for basis year 2021
- €88,242 for basis year 2022
- €93,669 for basis year 2023

The 15% flat rate is imposed up to a maximum income of €5,000,000 (five million euro), the excess is exempt from tax.

The four- or five-year period, as the case may be, commences from the year when the individual concerned first becomes taxable in Malta. In cases where the individual was taxable in Malta but not benefiting under this Scheme and subsequently comes to Malta and becomes eligible under the Scheme, he can benefit only if the four- or five- year period has not elapsed; the benefit is for the years remaining from the date of eligibility under the Scheme until the said four- or five- year period from the date of first being subject to tax in Malta elapses.

Nationals of the EEA and Switzerland who have availed themselves of the benefit under this scheme may apply for two extensions of five years each to the qualifying period. Third country nationals of who availed themselves of the benefit under this scheme may apply for two extensions of four years each to the qualifying period.

An application for a formal determination relating to eligibility under the Highly Qualified Persons Rules must be made to:

- a) The Chairman, Malta Financial Services Authority using this [form](#) (in the case of Financial Services). Persons who already submitted a personal questionnaire to the Malta Financial Services Authority can apply using this [form](#) instead,
- b) The Chairman, Lotteries and Gaming Authority using this [form](#),
- c) The Chairman, Authority for Transport in Malta using this [form](#) (in the case of Aviation Services),

- d) The Chief Medical Officer to Government using this form (in the case of assisted reproductive technology).

The benefit is exercised for each year of assessment by means of a declaration made on the form [RA17](#) signed by the beneficiary and endorsed by the Malta Financial Services Authority or the Lotteries and Gaming Authority or the Authority for Transport in Malta or the Office of the Chief Medical Officer to the Government, as the case may be. This form is to be attached to the income tax return and filed with the Office of the Commissioner for Revenue by the tax return date.

Taxpayers seeking to work in Malta, and who have not previously registered for tax purposes in Malta, must be registered with the [Department of Social Security](#) in Malta. Upon registration, taxpayers will receive a social security number and their details will automatically be forwarded to the Office of the Commissioner for Revenue.

The scheme's termination date is 31/12/2030.

Return Attachment 18 - Qualifying Employment in Innovation and Creativity ([RA18](#))

[S.L. 123.141 – Qualifying Employment in Innovation and Creativity \(Personal Tax\) Rules](#), provides tax incentives for non-residents who are employed in Malta that possess skills which are not readily available locally. An individual may benefit from a reduced rate of tax of 15% on eligible employment income taxable under Article 4(1)(b) of the Income Tax Act. The taxpayer may not benefit from any relief, deduction, reduction, credit or set off except for deductions at source as outlined in Article 23 of the Income Tax Management Act.

In order to benefit from the reduced rate of tax, an individual must be engaged in an eligible office. An eligible office means an employment in a role directly engaged in carrying out or management of research, development, design, analytical or innovation activities as may be further specified in the Guidelines published by the Corporation.

The provisions of this S.L. are subject to a minimum employment income of €52,000. In addition, the taxpayer may only benefit if they are employees under a contract of employment and must also fulfil all the following conditions:

- a) he proves to the satisfaction of the Corporation that he is in possession of a relevant qualification or relevant experience,
- b) is not a beneficiary under Article 6 of the ITA,

- c) makes full disclosure of all income,
- d) proves that undertakes activities of an eligible office,
- e) in receipt of stable and regular resources,
- f) resides in appropriate accommodation in Malta,
- g) has a valid travel document,
- h) in possession of travel insurance,
- i) not domiciled in Malta.

Taxpayers who enter new contracts of employment in an eligible office may continue to benefit under the provisions of this S.L. The benefits are however lost if the applicant acquires immovable, or rights thereof, over property located in Malta.

[Return Attachment 19 - Exemption of Income from Employment for Married Persons Returning to Employment \(RA19\)](#)

Article 12(w) of the Income Tax Act provides a tax exemption for married persons returning to employment after the age of 40 and is applicable for a consecutive period of 5 years after commencement of employment. This tax exemption seeks to encourage individuals who have not been registered as unemployed with [JobsPlus](#) in the previous 5 years but who, for some reason, have not been able to work. The incentive is capped at €10,535, as per [Rule 2\(a\) of the Deductions \(Income from Employment\) Rules](#), up from €10,020 applicable for basis year 2022.

The application of an exemption which is capped up to €10,535 is applicable only to married couples. The tax exemption is to be set off against joint income earned by the couple and declared in their joint tax return. Those submitting a separate tax return under Article 49A of the Income Tax Act may therefore not benefit under the provisions of Article 12(w).

It is important to note that a credit is still available even if the income earned by the returning spouse does not exceed the capped amount of €10,535 on an individual basis; one must apply the credit against joint income earned. As the RA19 therefore refers to an exemption of income for the year in question and no carry forward of unutilized credit is available.

The tax credit is lost if the spouse ceases to be gainfully employed during any period within the 5-year consecutive period to which this provision applies and cannot be carried forward. The benefit under this Article may however be applied for on multiple occasions as long as the applicant

satisfies the required 5-year period of absence from work before again commencing in employment.

The tax credit shall not give rise to a refund.

Those deriving employment from the holding of an office of Director are excluded from the provisions of Article 12(w) of the ITA and therefore cannot submit an RA 19 form.

The employment status of the other spouse is irrelevant for the application of any credit available.

Return Attachment 20 - Tax Credit in terms of the Seed Investment Scheme ([RA20](#))

Legal notices related to tax credits available for Seed Investments are issued annually. For basis year 2023, [LN 356 of 2022 Seed Investment Scheme \(Income Tax\) Rules, 2022](#) grants tax relief to natural persons, other than a legal entity, resident in or operating in Malta investing in start-up businesses. The natural person who is granted a benefit under this LN will only be granted such benefit if that person invests in a qualifying company.

The benefit, capped at €750,000, is derived by natural persons making an investment in a qualifying company, and does so by means of fully paid-up equity shares. The investment in equity shares must be maintained for 3 years. The application must be made within the first 2 years of the company being declared as a qualifying company. Furthermore, the investment shall not be made in a company in which an investment was previously held.

A qualifying company, excluding those in difficulty, means an SME that satisfies the following cumulative conditions:

- a) is incorporated in Malta or controlled and managed from Malta or has a place of business in Malta,
- b) has been in existence and engaged in carrying out qualifying activities for a period not exceeding 3 years following its first commercial sale,
- c) is not listed on any recognised stock exchange,
- d) has a maximum of 10 employees,
- e) has gross assets of not more than €250,000 immediately preceding the issue of equity shares to the qualifying investor, and that has been duly issued with the relative compliance certificate by the competent entity in terms of these rules.

The income derived from qualifying activities is taxable under Article 4(1)(a) of the Income Tax Act. The tax credit shall be equivalent to 35% aggregate value of the investments, up to €250,000 per annum. The limit applies to one or more qualifying companies. Such tax credit shall be set off against the tax due by the qualifying investor. Any unabsorbed tax credit may be carried forward until fully absorbed. The tax credit shall not give rise to a tax refund. Furthermore, no deduction for losses shall be permitted.

Activities excluded from the provisions of this L.N. 356 of 2022 include such activities related to:

- a) dealing in immovable property, shares, securities and, or other financial instruments,
- b) dealing in goods other than in the normal course of business,
- c) carrying on banking, insurance or any other activity covered by the Investment Services Act, the Banking Act, and the Financial Institutions Act,
- d) providing legal, accounting or other professional services,
- e) activities relating to the development of immovable property,
- f) receiving royalties or licence fees,
- g) operating or managing hotels, hostels, guesthouses or residential care homes,
- h) carrying on activities in connection with the generation of electricity and other energy sources,
- i) the holding of shares, whether directly or indirectly, in any company which carries out any of the activities listed in (a) to (h).

Where equity is sold within 3 years, during which the investor benefited from tax credits, the tax due in respect of the income derived from such disposal shall be calculated on the basis of the higher of the market value of such investment and the consideration received by the qualifying investor and shall be charged to tax at the applicable personal tax rates. Equity shares sold after 3 years are exempt from tax.

Applications must be submitted to [MIMCOL](#). A compliance certificate issued by MIMCOL to the qualifying company must be attached to the RA20 form for a credit application by a natural person to be processed.

Anti-abuse provisions ensure the claw-back of benefits in case of abuse. Claw backs are subject to a penalty of 1%.

Return Attachment 21 - Qualifying Employment in Aviation (RA21)

Article 56(21) of the Income Tax Act and [L.N. 177 of 2016, Qualifying Employment in Aviation \(Personal Tax\) Rules, 2016](#), grants a reduced rate of tax of 15% on gross emoluments earned from basis year 2016 onwards for those in qualifying employment within the aviation sector. This includes Chief Executive Officer, and other Chief Officers working in aviation, as well as Flight Dispatch Manager, Instructor Manager, Aeronautical engineer, Head of Maintenance Operations, Aviation Systems Developer and Key Aviation Specialist. A full list of eligible employment and offices can be found in L.N. 177 of 2016.

Individuals, who are not domiciled in Malta, seeking to benefit under these provisions must be in receipt of a minimum amount of annual gross emoluments of not less than €45,000 (excluding fringe benefits). In addition, the benefit only arises where income is taxable under Article 4(1)(b) of the Income Tax Act, and therefore work is carried out in Malta, or else work which is carried out abroad related to the same. Applicants must additionally prove to the satisfaction of the competent authority, in this case [Transport Malta](#), that they are in possession of professional qualifications or experience. Endorsement by Transport Malta of RA21 is also required for a valid submission to be made.

Furthermore, L.N. 177 of 2016 also impose obligations on the employer. This includes that an employer must not be in receipt of any incentive under any business incentive laws or arrangement in terms of the business incentive laws or is paid by a related person in receipt of the same.

The option available under article 56(21) of the Income Tax Act applies, from the first year of employment, as follows:

- a) 5 consecutive years in the case of EEA and Swiss nationals,
- b) 4 consecutive years in the case of third-country nationals.

Applicants cannot make a claim for any relief, deduction, reduction, credit or set off of any kind, but are allowed deductions under Article 23 of the [Income Tax Management Act](#).

Individuals who claim a benefit through artificial arrangements are subject to a penalty equal to the amount of benefit claimed plus an additional tax of 7% per month. Applicants must furnish and supply any requests for information made by both Transport Malta and the Office of

the Malta Tax and Customs Administration.

The RA21 should be attached to page 3 of the Income Tax Return whilst gross emoluments should be included in box 1 of the return.

Return Attachment 22 - Tax Credit in terms of the Deductions and Tax Credits - Pharmacy of Your Choice ([RA22](#))

This form is to be used by persons claiming the tax credit from basis year 2016 in terms of [L.N. 283 of 2016 – Deductions \(Pharmacy of Your Choice\) \(Amendment\) Rules, 2016](#). As from 1st January 2016 pharmacies that provide the service of home deliveries of medicine as part of the extension of the POYC scheme may qualify for a tax credit equivalent to 100% of the cost incurred by each pharmacy outlet participating in this POYC extension. A separate RA22 form must be completed for each pharmacy outlet for which a claim is to be made.

This form, together with a copy of the approval certificate issued by the [Standing Advisory Committee \(SAC\)](#) established under these rules, should be attached to the tax return.

The amount in box 3 of this form is to be claimed as a tax credit entitled L.N. 283 of 2016 Deductions (Pharmacy of Your Choice) (Amendment) Rules, 2016 in box 30 of the income Tax Return. This tax credit is capped at €14,000.

The tax credit available is in respect of expenditure incurred related to home delivery of the medicines that fall within the scope of the POYC scheme. This includes expenditure on motor vehicles, labor and expenditure on equipment.

No tax credit can be claimed for any expenditure incurred after the 31st December 2019. This form is available until the lapse of the 5-year period from year of expiry.

RA form must be attached to page 3 of the return.

Return Attachment 23 - Tax Credit and Deduction from taxable income to Employers – ([RA23](#))

Introduced by means of [L.N. 228 of 2017 – Voluntary Occupational Pension Scheme Rules](#), the L.N, and consolidated by [S.L. 123.175 – Voluntary Occupational Pension Scheme Rules](#), provides retirement benefits to qualifying employees.

The benefit under this S.L. is two-fold:

- a. For the Employer: A qualifying employer may benefit from a tax credit per employee per basis year equivalent to 25% of any contribution made to a qualifying retirement scheme, up to a maximum of €750. The value of such contribution shall be included in the employees annual FS3 statement and noted as a separate line item from gross emoluments. In addition, any amount of tax credit that is not utilised may be carried forward to subsequent years of assessment until fully absorbed. A tax credit however shall not give rise to a tax refund, nor shall they be considered as falling within the scope of the Fringe Benefit Rules. Relieved income shall be charged to the final tax account.
- b. For the Employee: An employee may also benefit under these rules by means of a tax credit equivalent to 25% of any qualifying contributions made, up to a maximum of €750. In the case of a joint computation a deduction against joint income is available and may be carried forward if not fully utilized against chargeable income. Furthermore, no tax refund may arise from unutilized tax credits.

In the case of a partnership, the portion of the credit shall be according to the respective profit-sharing ratio of each of the partners in a partnership providing such contribution.

All payments received from a Voluntary Occupational Pension scheme shall be considered as pension income for the purposes of Article 4(1)(d) of the Income Tax Act. However, the transfer of accumulated pension benefits of a qualifying employee from an occupational or personal retirement scheme to a qualifying scheme, shall not constitute a payment that is chargeable to tax under the provisions of the Act. This is subject to exceptions.

The benefits provided are not available to employees who benefit under [S.L. 123.126 - Highly Qualified Persons Rules](#).

Return Attachment 24 - Tax credit in terms of the Assistance for Research and Development ([RA24](#))

Up to basis year 31st December 2022, [Subsidiary Legislation 463.28, Skills Development Regulations](#), provides undertakings with a tax credit of up to €2,000,000 for activities related to training of employees that contributes to the economic development of Malta.

In order to qualify, the employer applying for a tax credit must have no less than 5 employees, whilst the aid provided per project in terms of this S.L. shall not exceed:

- a) 70% of the eligible costs in the case of a small undertaking,
- b) 60% of the eligible costs in the case of a medium-sized undertaking,
- c) 50% of the eligible costs in the case of a large undertaking.

Any unutilized tax credit may be carried forward but shall not give rise to a refund. All tax credits must be declared in Box 30 of the Tax Return.

An application must be accompanied by an Incentive Entitlement certificate issued by the Malta Enterprise. New applications after 31st December 2022 are not being accepted. Tax credit certificates under the old legislation are valid for a period of 10 years.

From 1st January 2023, applications for tax credits or cash grant, or combination of both, are available by means of [L.N. 167 of 2023 - Skills Development Regulations, 2023](#). Tax credits or cash are available for undertakings intending to carry out an activity that may contribute to the economic development of Malta and who require assistance to increase the skills and knowledge of its employees in relation to the requirements of their employment through training. No cash grants shall be due in respect to training that commences prior to the formal approval from the Corporation.

Maximum aid, limited to €2,000,000, shall not exceed:

- a) 70% of the eligible costs in the case of a small undertaking,
- b) 60% of the eligible costs in the case of a medium-sized undertaking,
- c) 50% of the eligible costs in the case of a large undertaking.

Any credit is deductible against income tax. Any unutilized tax credit may

be carried forward for subsequent years of assessment. Tax credits cannot give rise to a refund.

No aid shall be granted in accordance with these regulations by the Corporation after the 31st of December 2023

Return Attachment 25 - Deduction for Transportation Cost of Employees Rules (RA25)

[S.L. 123.179](#) and [L.N. 67 of 2018 – Deduction for Transportation Cost of Employees Rules, 2018](#) provide employers with a tax credit against income equivalent to 150% of the employee transportation costs incurred in the relative year. The maximum amount of deduction shall be equivalent to the lower of:

- a) €25,000 of the employee transportation costs incurred by the undertaking in the year preceding the year of assessment; or
- b) €300 per employee whose transportation costs have been incurred by the undertaking in the year preceding the year of assessment.

Tax credits are only granted on condition that proper records are maintained, claimed in the year in which they are incurred without the right to carry forward, and includes a declaration signed by a Certified Public Accountant confirming that the undertaking has correctly computed the said costs.

These rules are applicable only up to the year of assessment 2020.

Return Attachment 26 - Tax credit in terms of the Business Development and Continuity Scheme ([RA26](#))

As per [S.L. 463.25 – Business Advisory Services Regulations](#) this scheme is closed and the term for utilization of tax credits has expired.

Return Attachment 27 - Deduction (Embellishment Project) Rules ([RA27](#))

[L.N. 274 of 2017 - Deduction \(Embellishment Project\) Rules, 2017](#) grants a qualifying person a deduction of 120% of expenditure incurred on a qualifying embellishment project, against income from trade or business chargeable to tax, up to a maximum amount of €90,000 per project. Deductions are only allowed upon completion of the project and approval

by the local council where the embellishment project took place as well as the [Directorate of Local Councils](#). Deductions are limited to one qualifying project per year.

Return Attachment 28 - Tax credit (Construction Waste Recycling) Rules (RA28)

Tax credits available under [L.N. 209 of 2018 – Tax Credit \(Construction Waste Recycling\) Rules, 2018](#) has been replaced by a tax exemption as per [L.N. 284 of 2020 - Tax Rate \(Construction Waste Recycling\) \(2020 - 2023\) \(Amendment No. 2\) Rules, 2020](#). Since the tax credit under L.N. 209 of 2018 cannot exceed tax chargeable on the income derived, no tax credit may be carried forward and therefore no further applications after basis year 2019 may be submitted.

From basis year 2020 to 2023, [L.N. 284 of 2020 – Tax Rate \(Construction Waste Recycling\) \(2020 - 2023\) \(Amendment No. 2\) Rules, 2020](#), applies to all income derived by an authorized person from qualifying services during a relevant year shall be exempt from the tax. Qualifying services refers to authorised persons receiving construction and demolition material from third parties at a fee not exceeding five euro and fifty cents (€5.50) per ton. The tax so charged shall not exceed €0.05 on every euro of income derived from such activities. Furthermore, the tax on the chargeable income shall be calculated at the rate or rates that would apply if that income included also the income exempted by these rules.

Return Attachment 29 - Qualifying Employment (Maritime Activities, Servicing of Offshore Oil and Gas Industry) (RA29)

[S.L. 123.182 – Qualifying Employment in Maritime Activities and the Servicing of Offshore Oil and Gas Industry Activities \(Personal Tax\) Rules](#), grants non-domicile individuals receiving gross emoluments from an eligible office a reduced rate of 15% tax on gross income subject to a number of conditions. This includes that gross annual income must exceed €65,000 (excluding the annual value of any fringe benefits) and work must be carried out in Malta, whilst periods spent outside Malta must be connected to such work.

The benefit provided under RA 29 is available under Article 56(21) of the Income Tax Act and applies without the possibility to claim any relief, deduction, credit or set off of any kind. With respect to EEA and Swiss

nationals, this option shall only apply for a consecutive period of 5 years, and 4 years for third-country nationals, with a one-time extension possible, subject to a maximum of consecutive period of 10 years.

Endorsement by Malta Transport Authority to confirm that the applicant is in eligible employment must be attached to the RA29 form.

[Return Attachment 30 - Tax Credit \(Higher Educational Qualification\) \(RA30\)](#)

RA 30 supports tax credit applications under [S.L. 123.180 – Tax Credit \(Higher Educational Qualifications\) Rules](#) with respect to costs incurred related to relevant qualifications by whole-time employees performing their services wholly or mainly in Malta. The tax credit shall be equivalent to the tax chargeable for the year of assessment in question, on the income from their whole-time employment, up to a maximum of €60,000.

Only costs incurred for the following qualifications are available for tax credits:

- a) it is an MQF 7 qualification or an MQF 8 qualification,
- b) it is awarded on successful completion of a course on or after 1 January 2018,
- c) on the date of the commencement of the course, the applicant was less than 40 years of age.

Further to the above, it is important to note that no tax credit is permitted where a qualification was obtained in fulfilment or part-fulfilment of the conditions which that individual is required to satisfy to be able to exercise their profession. A profession in this respect means an occupation that can only be held by an individual who is in possession of a defined academic qualifications.

The tax credit shall be allowed against income derived during the year immediately following the year in which an MQF7 level qualification was successfully completed. In the case of an MQF 8 qualification, the tax credit may be availed of within two years of completion of the course. Furthermore, the individual must remain in employment in Malta for 4 and 5 years respectively after completion of the course. Notwithstanding this, termination may not necessarily be considered as a breach of this condition.

Where a tax credit for an MQF7 level qualification has already been obtained, any tax credit application for a subsequent MQF8 level qualification will only apply for one year of assessment after successful completion.

Return Attachment 31 – Partial Tax Exemption (Construction Waste Recycling) (2020 - 2024) Rules ([RA 31](#))

RA 31 provides tax exemption for income arising from qualifying services related to acceptance of construction and demolition material from third parties at a fee not exceeding €12 per tonne. The income so derived is exempt but must still be added to other income during the year of assessment. In box 26 of the tax return, taxpayer is to compute the total tax liability on the total chargeable income inclusive of the income derived from the qualifying services as defined in these rules. Further information can be found in [S.L. 123.197 – Tax Exemption \(Construction Waste Recycling\) \(2020 - 2023\) Rules](#).

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