



Update 1 – January 2024: Recent Legislation

The purpose of this memo is to give a brief overview of legislation issued under the Income Tax Acts in November and December 2023.

- [L.N. 266/2023](#) Deductions and Tax Credits (Relevant Qualifications for Industry) (Amendment) Rules, 2023
- [L.N. 277/2023](#) Nomad Residence Permits (Income Tax) Rules, 2023
- [L.N. 281/2023](#) Payment of Tax Refunds by means of Electronic Transfers Rules, 2023
- [L.N. 296/2023](#) Tax Credit (Costs of Therapy Provided to Children with Disability) (Amendment) Rules, 2023
- [L.N. 298/2023](#) Fringe Benefit (Amendment) Rules, 2023
- [L.N. 301/2023](#) Tax Exemption (Construction Waste Recycling) (2020-2023) (Amendment) Rules, 2023

Deductions and Tax Credits (Relevant Qualifications for Industry) (Amendment) Rules, 2023

In terms of this Legal Notice, The Deductions and Tax Credit (Relevant Qualifications for Industry) Rules S.L.123.107, which offer a tax credit for students successfully completing qualifying courses as determined by Malta Enterprise, have been revised, extending their application to courses commencing before 31 December 2024 (extended from 31 December 2023).

Nomad Residence Permits (Income Tax) Rules, 2023

A nomad residence programme was launched in 2022. This enables third country nationals to apply for a permit to reside and work in Malta as long as their work is restricted to the provision of services remotely to their non-resident employers/clients. This Legal Notice provides rules to clarify and regulate the taxation of individuals who are granted a nomad residence permit.

The rules establish that permit holders will be chargeable to income tax at the rate 10% on chargeable income derived from “authorised work” as defined, subject to any relief of double taxation under the Income Tax Act. The rules also establish that the permit holder will not be charged tax on income derived from authorised work before the end of 12 months from the later of the date of issue of the nomad residence permit or 1st January 2024, provided that the residence in the said 12-month period is declared to be not merely of a casual nature.

The rules do not prejudice the powers of the CfTC to take anti-tax avoidance measures in the case of any practices amounting to tax abuse.

Payment of Tax Refunds by means of Electronic Transfers Rules, 2023

In view of the fact that a transition to electronic transfer of money is being encouraged, an effort is made to effect tax refunds due by the Commissioner through an electronic transfer of funds, as far as possible.

These Rules provide that the Commissioner may issue a refund electronically (although he may still issue a refund by cheque if the taxpayer’s banking facilities are not available). The rationale behind the Rules is that if the issue of the refund takes longer due to the unavailability of such banking facilities, then no interest shall be incurred by the Commissioner.

Tax Credit (Costs of Therapy Provided to Children with Disability) (Amendment) Rules, 2023

In terms of this Legal Notice, with effect from Year of Assessment 2025, the annual tax credit available for parents of children with a disability, has been increased from a maximum of €200 to a maximum of €500, in respect of qualifying costs incurred for any private therapy that may be required.

Fringe Benefit (Amendment) Rules, 2023

This amendment to the Fringe Benefits Rules establishes the home loan interest rate, rather than the Main Refinancing Operations rate, as the benchmark rate for determining the taxable value of home loans on a permanent basis as from the year of assessment 2025. The benchmark rate will be the average of the rates on loans to residents of Malta for the purchase of a house, as published in the Central Bank statistics on interest rates, over a 12-month period (October to September). The value of fringe benefits on other loans will remain the same.

Tax Exemption (Construction Waste Recycling) (2020-2023) (Amendment) Rules, 2023

In terms of this Legal Notice, the tax exemption as per S.L. 123.197 was extended to include basis year 2004.



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