



Budget Measures Implementation Act, 2023

The purpose of this memo is to give an overview of recent amendments to the Income Tax Act and the Income Tax Management Act, implemented through the [Budget Measures Implementation Act XII of 2023](#) published on 4th April 2023. These measures come into force, unless otherwise stated, on 1 January 2023.

Amendments to the Income Tax Act

- Deduction of fees paid – Article 14E & 14G of the ITA
- Article 27A of the ITA
- Royalties derived from literary work – Article 31F of the ITA

Amendments to the Income Tax Management Act

- Article 43 of the ITMA
- Article 44 of the ITMA
- Article 45 of the ITMA
- Article 48 of the ITMA



Amendments to the Income Tax Act

Deduction of fees paid – (Article 14E & 14G of the ITA)

The deduction available for fees paid and which can be claimed by parents in respect of children attending sports, cultural, and artistic activities is increased from €100 to €300.

Article 27A of the ITA

This is basically an amendment of an enabling provision. With this amendment, the transfers that qualify for special treatment due to restructuring will include transfers between companies and persons that are related to it, provided they meet the conditions that are specified in the rules. New rules are intended to be published to implement these measures. Applicable from date of publication.

Royalties derived from literary work – (Article 31F of the ITA)

The reduced tax rate available on royalty income from literary works for authors and co-authors was reduced to 7.5% from the previous 15%.



Amendments to the Income Tax Management Act

Article 43 of the ITMA

This amendment is clarifying that the provisions regarding the provisional tax that apply in the case of transfer of securities or transfer of value in securities shall also apply in case of a transfer of interest in a partnership.

Article 44 of the ITMA

As announced in the budget speech for 2022, the interest rate on tax due has changed. Although this article already gives the power to the Minister to change the rate through rules, the wording of the law contemplates a change in the rate that applies to any tax that is due when the change is made, while the amendment allows changes that do not affect tax amounts that have become due before September 2022.

Article 45 of the ITMA

According to this article, the payment of the disputed tax is suspended if there is an objection, but the amount due after the objection is finalized, will be due with interest. The amendment links this article with the amendment being made to article 44 (mentioned above) in the sense that the interest rate that is applicable depends on the date when the tax was due.

Article 48 of the ITMA

This article imposes interest that is due from the Commissioner when tax refunds are issued late at the same rate that is paid to the Commissioner on tax due by taxpayers. But the new interest rate paid by the Commissioner will apply from 1 September even on refunds that were due before that date.

A further amendment to this article is intended to extend the time the Commissioner has at his disposal to issue a refund when there is a need for in-depth due diligence due to suspicions of illicit activities. The extension is for a 12-month period.



Disclaimer:

Please be advised that the information in this memo is provided simply as guidance and are not legal documents providing legally binding rulings. If you require more precise information on how to implement any specific measure, kindly contact the Office of the Commissioner for Revenue on servizz@gov.mt or call on 153/144.