

# VAT GENERAL INFORMATION FOR BUSINESSES

## RECORDS AND DOCUMENTS TO BE KEPT BY A BUSINESS CONCERN

These notes explain the obligations of keeping records and documents by:

- (a) Taxable persons registered under article 10
- (b) Taxable persons registered under article 11 (Small Undertakings falling below the established threshold)
- (c) Taxable persons not registered under article 10 and non-taxable legal persons making Intra-Community Acquisitions
- (d) Distance Sales Suppliers

### Taxable persons registered under article 10

Every registered taxable person established in Malta shall keep full and proper records of all transactions carried out in the course or furtherance of his economic activity.

If you fall under this category of registered persons (i.e. you are performing an economic activity and you either exceed the turnover threshold or you have opted to be included in this category) you are required by law to keep the following records and documents:

- (a) full and proper accounts and records of all transactions carried out in the course or furtherance of your economic activity, including all intra-community supplies and acquisitions;
- (b) a value added tax account – this should be a separate account held for each tax period and shall contain all the information, including all the totals, sub-totals and breakdowns, required to be furnished in the tax return for that period. It should also contain a cross reference to the matters referred to it in the accounts that enables the matching and reconciliation of all information contained therein;
- (c) an annual value added tax account – this should be drawn up for every calendar year and shall show the totals of all values entered in the value added tax account for each of the tax periods ending during that calendar year;
- (d) copies of all tax invoices issued by yourself;
- (e) all tax invoices received by yourself;
- (f) documentation relating to customs and, where applicable, excise procedures with respect to importation and exportation of goods by yourself;
- (g) copies of all fiscal receipts issued by you in terms of the Thirteenth Schedule to the VAT Act;
- (h) all credit notes, debit notes and other documents issued by you or received by you which evidence an increase or a decrease in the consideration for any supplies, intra-community acquisitions or importations;
- (i) a register of goods transported by you or on your behalf out of Malta but within the Community which are not considered as “deemed” Intra-Community Supplies (*Non-transfer of goods to another Member State, related to temporary use in another Member State and related to goods transported to another Member State for the purpose of work on those goods in that other Member State*), showing:-
  - a description of the goods;

- their quantity;
  - their value;
  - their movements;
  - a description and the quantity of the goods not transported back; and
  - the date and the reference to the documents issued, if any, relating to these operations;
- (j) a record of movable tangible goods transported to you from another Member State by or on behalf of a taxable person identified for purposes of value added tax in that other State for the purpose of the valuation of or works on those goods to be carried out by you showing:
- a sequential number;
  - the date of receipt of the goods;
  - the name and address of the customer;
  - the value added tax identification number of the customer;
  - the quantity of the goods received;
  - a description of the goods received;
  - the date of the transport of the processed goods after valuation to the customer;
  - the quantity and the description of the goods that are not transported back to the client;
  - the date and a reference to the documents issued relating to the services supplied;
- (i) records of distance sales (if any) made by you, (see Distance Sales Suppliers below).

Your accounts should also be kept in such a way as to enable the following matters to be readily ascertained:

- (a) the total value, exclusive of tax, of the supplies made by you during each tax period;
- (b) the total value, exclusive of tax claimed as input tax credit, of your inputs for each tax period;
- (c) the output tax and any other tax payable by you for each tax period;
- (d) the input tax credits, the deductions, the excess tax credit and the tax refundable, for each tax period;
- (e) the calculation, where input tax credit is allowable under a partial attribution method, of the provisional input tax credit for each tax period, of the definitive input tax credit for each year and of the adjustments to the input tax credit;
- (f) sub-totals, breakdowns and notes to the accounts as are necessary to readily identify the source of the information shown in the value added tax account.

### **Taxable persons registered under article 11 (Small Undertakings registered as exempt persons)**

As a taxable person, you must keep full and proper records of all transactions carried out in the course or furtherance of your economic activity.

If you are a taxable person whose turnover is below the Small Undertakings Threshold or if you are exempt because your annual turnover does not exceed €7,000,

you have to keep records of your transactions in the case you will need to prove that your turnover is below the threshold.

If you are also registered under article 12 of the VAT Act, you must keep records in sufficient detail as to enable the determination of the value of intra-community acquisitions made by you in Malta including:

- (a) a description of the goods and the consideration paid on each acquisition;
- (b) the relative invoices;
- (c) all other information relevant for the purposes of determining the value of Intra-Community Acquisitions;
- (d) all other supporting documents.

### **Taxable persons not registered under article 10 and non-taxable legal persons making Intra-Community Acquisitions**

If you are a taxable person not registered under article 10 of the VAT Act or a non-taxable legal person you shall keep records in sufficient detail as to enable the determination of the value of intra-community acquisitions made by you in Malta. These should include:

- (e) a description of the goods and the consideration paid on each acquisition;
- (f) the relative invoices;
- (g) all other information relevant for the purposes of determining the value of Intra-Community Acquisitions;
- (h) all other supporting documents.

### **Distance Sales Suppliers**

If you supply Distance Sales you shall keep records in sufficient detail as to enable the determination of the value of distance sales made by you of goods transported from Malta including:

- (a) a description of the goods and the consideration charged on each sale;
- (b) a copy of the relative invoices;
- (c) all other information relevant for the purposes of determining the value of distance sales;
- (d) all other supporting documents.

### **Obligation to Retain Records, etc.**

All records, books, etc. must be retained for a period of at least 6 years from the end of the year to which they relate except where an adjustment relating to input tax on capital goods mentioned in the Tenth Schedule is indicated, in which case the six years will start from the end of that tax period. Such documents must be produced whenever requested by the Commissioner for Revenue or his representative.

## **The Tax Invoice**

Every person Registered under article 10 who makes a supply that is not exempt without credit to a person who has a VAT identification number, shall provide to this person a tax invoice by not later than the fifteenth day of the month following that in which the chargeable event occurs or the date on which a payment is received, whichever is the earlier. However this does not apply to a payment on account for intra-community supplies of goods.

In the case of supplies of goods made or used for no consideration the supplier should issue a tax invoice in which he indicates himself both as the person who made the supply and as the person to whom the supply is made.

A tax invoice shall contain the following particulars:

- (a) the date of issue;
- (b) a sequential number, based on one or more series, which uniquely identifies the invoice;
- (c) the name and address of the supplier and the Value Added Tax identification number under which he made the supply;
- (d) the name and address of the person to whom the supply is made and the Value Added Tax identification number under which the customer acquired the goods or services supplied to him;
- (e) the quantity and nature of the goods supplied or the extent and nature of the services rendered;
- (f) the date on which the supply was made or completed or the date on which a payment on account of the supply was made insofar as that date can be determined and differs from the date of issue of the invoice;
- (g) the taxable value per rate or exemption, the unit price exclusive of tax and any discounts or rebates if they are not included in the unit price;
- (h) the VAT rate applied;
- (i) the VAT amount payable, except where a special arrangement is applied under which, in accordance with this Act, such a detail is excluded;
- (j) where the person liable for payment of VAT is a tax representative in another Member State, the VAT identification number of that tax representative, together with his full name and address;
- (k) where the VAT becomes chargeable at the time when the payment is received in accordance with Parts One and Three of the Fourteenth Schedule, the mention "Cash accounting";
- (l) where the customer receiving a supply issues the invoice instead of the supplier, the mention "Selfbilling";
- (m) where a tax invoice refers to supplies on which no tax is chargeable, it shall indicate a brief reference to the relevant provisions of this Act, or the appropriate provisions of Council Directive 2006/112/EC, or any other indication on the grounds of which no tax is chargeable, and may distinguish between:
  - (i) supplies made outside Malta;
  - (ii) exempt with credit supplies;
  - (iii) exempt without credit supplies;

- (n) where the customer is liable for the payment of the VAT, the mention "Reverse charge";
- (o) where the margin scheme for travel agents is applied, the mention "Margin scheme - Travel agents";
- (p) where one of the special arrangements applicable to second-hand goods, works of art, collectors' items and antiques is applied, the mention "Margin scheme - Second-hand goods"; "Margin scheme - Works of art" or "Margin scheme - Collector's items and antiques" respectively;
- (q) where the invoice is issued by a taxable person, who is not established in the Member State where the tax is due or whose establishment in that Member State does not intervene in the supply within the meaning of the proviso of article 20(2) of the Act, and who is making a supply of goods or services to a customer who is liable for payment of VAT, the taxable person may omit the details referred to in subparagraphs (g), (h) and (i) of this item and instead indicate, by reference to the quantity or extent of the goods or services supplied and their nature, the taxable amount of those goods or services;
- (r) in an invoice for the intra-Community supply of a new means of transport the description of the goods supplied shall contain the particulars referred to in the definition of "new means of transport" under article 2 of the Act.

Invoices containing the details specified above, and subject to the acceptance by the customer, may be sent by electronic means. However the authenticity of the origin, the integrity of the content and the legibility of an invoice, whether on paper or in electronic form, shall be ensured from the point in time of issue until the end of the period for storage of the invoice.

Each taxable person shall also determine the way to ensure the authenticity of the origin, the integrity of the content and the legibility of the invoice. This may be achieved by any business controls which create a reliable audit trail between an invoice and a supply of goods or services.

Examples of technologies that ensure the authenticity of origin and integrity of content of an electronic invoice are those detailed in article 233 of Council Directive 2006/112/EC.

### **The Simplified Invoice**

A simplified invoice shall be considered as a tax invoice where:

- (a) the amount of the invoice inclusive of the tax, is not higher than €100;
- (b) the invoice issued is a document or message treated as an invoice;
- (c) the invoice contains all the information specified further below.

However, a simplified invoice cannot be issued:

- where invoices are required to be issued in case of cross-border supplies or where the taxable supply of goods or services is carried out by a taxable person who is not established in the Member State in which the tax is due or whose establishment in that Member State does not intervene in the supply; and
- where the person liable for the payment of the tax is the person to whom the goods or services are supplied.

A simplified invoice referred shall contain at least the following particulars:

- (a) the date of issue;
- (b) a sequential number, based on one or more series, which uniquely identifies the invoice;
- (c) the name, address and the Value Added Tax identification number of the supplier;
- (d) the Value Added Tax identification number of the person to whom the supply is made;
- (e) a description sufficient to identify the goods and services supplied;
- (f) the total amount of tax payable or the information needed to calculate it;
- (g) where the invoice issued is a document or message treated as an invoice, specific and unambiguous reference to that initial invoice and the specific details which are being amended.

Credit for Input VAT is not allowable unless the person claiming the credit holds a valid tax invoice or a simplified tax invoice, where permitted, as indicated above, showing VAT paid relating to the claimed input VAT.

**Disclaimer:**

**Please be advised that the information in these notes is provided as guidance. The notes are simply guidelines and not legal documents providing legally binding rulings. If you require more precise information on how to implement VAT legislation in specific special situations, kindly contact the VAT Department or consult documents available in the special section for Tax Professionals at the VAT Department's website .**

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