



TAX & CUSTOMS  
ADMINISTRATION  
MALTA

**Update 3 – April 2024 :  
Overview of Recently Published Legal Notices**

The purpose of this memo is to give a brief overview of subsidiary legislation issued under the Income Tax Acts between January and April 2024.

<a href="#">LN1/2024</a>	Deduction (Income from Employment) (Amendment) Rules, 2024
<a href="#">LN5/2024</a>	Pensions (Tax Exemption) (Amendment) Rules, 2024
<a href="#">LN6/2024</a>	Tax Rebate (Pensioners) (Amendment) Rules, 2024
<a href="#">LN8/2024</a>	Income from Artistic Activity Rules, 2024
<a href="#">LN9/2024</a>	Transfer Pricing (Amendment) Rules, 2024
<a href="#">LN15/2024</a>	Double Taxation Relief (Taxes on Income) (The Swiss Confederation) (Amendment) Order, 2021(L.N. 198 of 2021) Commencement Notice
<a href="#">LN19/2024</a>	Income Tax Exemption (Amendment) Order, 2024
<a href="#">LN32/2024</a>	European Union Global Minimum Level of Taxation for Multinational Enterprise Groups and Large-Scale Domestic Groups Regulations, 2024
<a href="#">LN45/2024</a>	Seed Investment Scheme (Income Tax) Rules, 2024
<a href="#">LN62/2024</a>	Income Tax Exemption (Philanthropic Work) Notice, 2024

### **Deduction (Income from Employment) (Amendment) Rules, 2024**

As from basis year 2024, income below the threshold of €11,620 will not be taxable through the deduction available under this LN. This currently affects persons taxable at the single rates or parent rates who are on a minimum wage level of income.

### **Pensions (Tax Exemption) (Amendment) Rules, 2024**

For basis year 2024, the pension exemption threshold is 60% of the pension income but subject to a threshold of €9,732.

### **Tax Rebate (Pensioners) (Amendment) Rules, 2024**

For basis year 2024, tax rebate thresholds on pension income shall be increased as follows:

- (a) from €880 to €1068, with regards to persons on single rates,
- (b) from €670 to €858, with regards to persons on parent rates,
- (c) from €340 to €528. with regards to persons on married rates.

With regards to persons on married rates, the “further rebate” remains at €540.

### **Income from Artistic Activity Rules, 2024**

Income thresholds for the reduced rate of tax (7.5%) arising under 56(26A) of the Income Tax Act referring to artistic activities for year of assessment 2023 is €30,000, while from year of assessment 2024 onwards it will be €50,000. The amounts are based on gross income before deductions. Such income must be reported to the Commissioner by no later than 30<sup>th</sup> April of the relative year of assessment. Income earned above these thresholds must be reported in an individual’s annual tax return, and deductions shall in no instance exceed the amount declared. The provisions of article 90A of the Income Tax Return relative to part-time work shall not apply.

### **Transfer Pricing (Amendment) Rules, 2024**

Legal Notice 9 of 2024 curtails, to a period of three years, the so-called grandfathering provision within the Transfer Pricing Rules.

From 1st January 2027, these rules shall also apply to any arrangements entered into before 1<sup>st</sup> January 2024 and which were not materially altered on or after 1<sup>st</sup> January 2024.

## **Double Taxation Relief (Taxes on Income) (The Swiss Confederation) (Amendment) Order, 2021(L.N. 198 of 2021) Commencement Notice**

The Protocol amending the Agreement between the Government of Malta and The Swiss Confederation for the Avoidance of Double Taxation with respect to Taxes on Income published shall be deemed to have come into force on 3<sup>rd</sup> November 2021.

## **Income Tax Exemption (Amendment) Order, 2024**

As from basis year 2024, a widow's pensions and survivor's pensions (payable under Article 31 of the Social Security Act) are exempt from income tax, having been included in the list of exempt social security benefits (SL. 123.21).

## **European Union Global Minimum Level of Taxation for Multinational Enterprise Groups and Large-Scale Domestic Groups Regulations, 2024**

Legal Notice 32 of 2024 puts in place Malta's limited transposition obligations stemming from the so-called Pillar 2 directive ([Council Directive \(EU\) 2022/2523 of 14 December 2022 laying down rules on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the Union](#)). The regulations shall apply to constituent entities located in Malta who are members of a multinational enterprise group or of a large-scale domestic group, which have an annual Group-wide revenue of €750,000,000 or more.

Given the derogation availed off, Malta will apply a temporary exception (for up to six consecutive fiscal years as from 31 December 2023) from the application of the Income Inclusion Rule (IIR) and the Undertaxed Profits Rule (UTPR). Yet delaying Member States (like Malta) still have limited transposition obligations, and this is what L.N 32 of 2024 provides for. In essence, the Legal Notice obliges the domestic ultimate parent entities to nominate a designated filing entity in another Member State or a third country and for constituent entities to provide the necessary information that is required for the application of such rules by other jurisdictions. It furthermore requires constituent entities located in Malta to also notify the Commissioner for Tax & Customs of the identity of the entity that is filing the top-up tax information return as well as the jurisdiction in which it is located. Kindly also refer to the Guidance Note on MTCA's website ([Guidance Note EU Global Minimum Level of Taxation for MNE Groups and Large Scale Domestic Groups Regulations 1.pdf \(gov.mt\)](#)) which was prepared to supplement and give some context to Legal Notice 32 of 2024.

## **Seed Investment Scheme (Income Tax) Rules, 2024**

LN 45 of 2024 extends the Seed Investment Scheme Rules to 2026. Qualifying investors may benefit from a tax credit equivalent to an amount equal to 35% of the aggregate value of the investments made by such investor in one or more qualifying companies. This applies when investing up to €750,000 per qualifying company on investments made in a qualifying company and qualifying in terms of these rules. The investment must be held for a minimum of 3 years with the investor having no connection to the company prior to the investment and must be made within the first 2 years of the company being issued with a compliance certificate.

No deductions for losses on disposal or liquidation of investments are allowed. Any capital gains made within 3 years of an investment shall be calculated on the basis of the higher of the market value of such investment and the consideration received by the qualifying investor. No deductions are permitted. Investments held more than 3 years are exempt from tax.

This scheme is capped at a maximum investment in qualifying companies of €5,000,000.

## **Income Tax Exemption (Philanthropic Work) Notice, 2024**

The following have been added to the exempt list of philanthropic entities:

- a) Aditus Foundation
- b) Fondazzjoni Dar il-Hena
- c) Foodbank Lifeline Foundation Malta
- d) KENUP Foundation
- e) LifeCycle Malta Foundation
- f) TAMA
- g) Youth Alive Foundation

Furthermore, it is acknowledged that the organisation O.A.S.I.- (Organisation for Anti-Drug Solidarity and Initiative - Gozo) appearing on the list of philanthropic organisations has changed its name to OASI Foundation.

Last Update: 18<sup>th</sup> April, 2024



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