



Update 4 - Recent Legislation

The purpose of this memo is to give a brief overview of recent legislation issued under the Income Tax Acts.

- [LN 40/2023](#) Group Deductions (Income Tax) (Amendment) Rules, 2023
- [LN 48/2023](#) Pensions (Tax Exemption) (Amendment) Rules, 2023
- [LN 49/2023](#) Tax Rebate (Pensioners) (Amendment) Rules, 2023
- [LN 62/2023](#) Donations (Community Chest Fund) (Amendment) Rules, 2023
- [LN 70/2023](#) Tax Credit (Costs of Therapy provided to Children with Disability) Rules, 2023
- [LN 77/2023](#) Exemption from Tax on Certain Property Transfers (Amendment) Rules, 2023



Group Deductions (Income Tax) (Amendment) Rules, 2023

This legal notice amends the original rules published in 2022, such rules giving effect to a measure as announced during the Budget 2022 speech, with the main aim of providing assistance to groups of companies in their recovery from the pandemic. Such scheme provided companies with the option to surrender unutilized or unabsorbed capital allowances specifically incurred during basis years 2020 and 2021 to other Group Companies having chargeable income derived during basis year 2021.

An extension to this measure was announced during the Budget 2023 speech, allowing for the possibility of excess capital allowances to be utilised as a deduction in basis year 2022 (in addition to basis year 2021).

Pensions (Tax Exemption) (Amendment) Rules, 2023

The Pensions (Tax Exemption) Rules S.L 123.204 have been updated. The revised rules, which enter into effect from 1 January 2023, update the exemption thresholds for pensions income derived by an individual as follows:

- Basis Year 2022 – Amount exempt 20%, not exceeding € 2,864
- Basis Year 2023 – Amount exempt 40%, not exceeding € 5,987

Full exemption will be reached in basis year 2026.

Tax Rebate (Pensioners) (Amendment) Rules, 2023

This legal notice increases the tax rebate thresholds on pension income for 2023 and is meant to ensure that the pension increases for the year are covered by the tax rebate.

The tax rebate cappings are as follows:

Basis Year	2022	2023
	€	€
(i) Person on single rates	783	880
(ii) Person on parent rates	573	670
(iii) (a) married rates	243	340
(iii) (a) married rates (further rebate)	540	540

Donations (Community Chest Fund) (Amendment) Rules, 2023

In terms of this Legal Notice, the rules applicable to donations made by companies to the Malta Community Chest Fund (MCCF) were extended so that these would apply to donations made in basis year 2022 and subsequent years.

By virtue of such rules, where a company makes a donation of not less than €2,000 to the MCCF, such a donation may be claimed as a deduction against its income, provided that a certificate is issued by the said MCCF and attached with the company's income tax return.

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

As announced in the Budget Speech for 2023, parents of children with a disability will be entitled to an annual tax credit, up to a maximum of €200 for each child, in respect of qualifying costs incurred for any private therapy that may be required.

"Child" means a minor child who has not attained the age of sixteen years.

Any person who incurs qualifying costs and who seeks to be eligible for the tax credit allowable under these rules shall report the said costs to the competent authority (the Commissioner for the Rights of Persons with Disability) by not later than the 15th January of the year following that in which the costs were incurred. This information shall subsequently be furnished to the Cfr.

Exemption from Tax on Certain Property Transfers (Amendment), Rules 2023

The Tax Exemption on Certain Property Transfers Rules implement a measure included in the 2020 post Covid regeneration plan. The rules grant a partial tax exemption (a reduced rate of 5% on the first €400,000) on property transfers subject to certain deadlines.

Article 5 of the Exemption from Duty in terms of article 23 Order implements the same measure in respect of a reduced rate of duty on documents and transfers on property transfers subject to certain deadlines.

The new amendments make a further change to the deadline so that the benefit will apply to any property transfer made on or after 9 June 2020 as long as the relative promise of sale agreement had been registered with the Commissioner for Revenue not later than 31 December 2021.



Last updated: April 2023

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.