

Tax Deductions and Exemption

Legal Notices 427 to 430 of 2010



Introduction

Legal Notices 427 to 430 of 2010 were published on 14 September 2010, regulating various deductions and exemptions, some of which were announced in the 2010 Budget Speech and enacted in the main legislation through Act 1 of 2010.

Deduction for Tertiary Education Fees – L.N. 427 of 2010

With effect from the year of assessment 2011, individuals can claim a deduction in respect of fees paid as from 1 January 2010 relating to studies at a local or foreign recognised tertiary education institution. This deduction is capped at €10,000 and is allowed against the income derived during the year of successful completion of studies. Any unutilised deduction shall be carried forward to future years.

The person claiming such deduction has to submit, together with the income tax return in which the claim is made, a certificate relative to the completed programme of studies.

Deduction for Expenditure on Workplace Accessibility – L.N. 428 of 2010

With effect from the year of assessment 2011, employers can claim a deduction in respect of expenditure incurred as from 1 January 2010 on the modification of physical structures and equipment to increase workplace accessibility and training of disabled employees for the purpose of performing their duty. This deduction is capped at €20,000 and is allowed against the employer's income derived during the year in which the costs are incurred. Any unutilised deduction shall be carried forward to future years.

The applicant has to file an application with the National Commission Persons with Disability (NCPD), providing the necessary details of the expenditure. Upon approval, the NCPD will forward the details of the approved applications to the Malta Commissioner of Inland Revenue (CIR).

Exemption on Royalties derived from Qualifying Patents – L.N. 429 of 2010

This tax exemption relates to income from royalties and similar income derived from patents in respect of inventions whether in the course of a trade, business, profession or vocation or otherwise. This exemption is applicable for income generated as from 1 January 2010.

The applicant has to file an application with the Malta Enterprise (ME), in terms of guidelines that are yet to be issued, providing the necessary details of the qualifying patent. Upon approval, the applicant has to submit a copy of the determination issued by the ME to the CIR as confirmation that all the necessary requirements have been adhered to.

Deduction for Expenditure on Childcare Facilities at Workplace – L. N. 430 of 2010

With effect from the year of assessment 2011, employers can claim a deduction in respect of expenditure incurred as from 1 January 2010 on the construction of a childcare facility or the acquisition of childcare equipment at the workplace. This deduction is capped at €20,000 and is allowed against the employer's income derived during the year in which the costs are incurred. Any unutilised deduction shall be carried forward to future years.

Upon the filing of the income tax return, the claimant has to provide details to the CIR relating to the qualifying expenditure.

Please do not hesitate to contact **Mark Grech** or your usual Deloitte Malta contact should you require any assistance.

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