

VAT on property rental Changes announced

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VAT on leases of less than 30 days

Legal Notice 286 of 2010 published on 14 May 2010 announced an amendment to the Malta VAT Act concerning the exemption for letting of immovable property. As a result of the changes, **subject to certain exceptions, the letting of immovable property for a period of less than thirty days by a taxable person in the course of his economic activity is no longer exempt from VAT.**

In other words, any business (whether a company or a sole trader) which leases premises on a short term lease (less than 30 days) to *any* person will be required to charge VAT at 18% on the lease, subject to the exceptions specified.

The following are excluded from the above:

- The short term lease of premises used for artistic and cultural activities;
- The short term lease of premises to be used for residential purposes;
- The short term lease of premises used or intended to be used as a garage or store or for similar purposes.

Furthermore, the above change **does not** impact the current Malta VAT treatment of the following leases which have always been subject to VAT and continue to be subject to VAT whether the lease period is less or more than 30 days: tourist accommodation (5%); lease of permanently installed machinery (18%), lease of premises for parking (18%) and the lease of premises for business purposes by a company to a person registered under article 10 (18%).

Please do not hesitate to contact [Sarah Aquilina](#) or your usual Deloitte Malta contact should you require any assistance.

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