

DEPARTMENT OF VALUE ADDED TAX

NOTES ON HOW TO COMPLETE THE VAT RETURN FORM

You should read these notes carefully before completing the Return Form. Please write clearly in ink. The Return, duly filled in, should reach this Department by the Due Date as otherwise administrative penalty and interest would be charged.

As from May 1, 2004, the words "imports" and "exports" refer only to acquisitions/supplies made from/to a country that is not a member of the European Union. In the case of goods acquired from/supplied to another member state of the European Union, these are called Intra-Community Acquisitions/Intra-Community Supplies.

The boxes should be filled in as follows:-

INTRA-COMMUNITY AND NON-EU TRADE

This section is to be completed by traders who make **Intra-Community Supplies or Acquisitions**, or **provide/acquire services or goods that are taxable where the customer is established**, being either an EU member state or a third country (i.e. country outside the EU). This does not include:

- (i) exportation or importation of goods to/from third countries; and
- (ii) supplies of services or products supplied to any person outside Malta and on which VAT is charged at the Maltese rate.

The activities in (i) and (ii) above should be reported in the other sections for domestic transactions.

Box 1: (1) **Supplies of goods** made to a person who has a valid VAT Identification number in another EU Member State. This should also include:

- (a) supplies made under the simplified procedures of Triangulation;
- (b) intra-community supplies of new means of transport to private individuals and to taxable persons or non-taxable legal persons not registered for VAT in another EU Member State;
- (c) intra-community supplies of excise goods to taxable persons or non-taxable legal persons not registered for VAT purposes in another Member State.

Supplies at (b) and (c) above should only be reported in the Recapitulative Statement if they are made to persons who have a valid identification number in another Member State.

(2) **Supplies of services** deemed to take place where the customer is established rendered to a customer who is identified for VAT purposes in another Member State. (To be reported in the Recapitulative Statement).

Box 2: **Supplies of goods and services** made to taxable or non-taxable persons, where the place of supply is abroad. These supplies are chargeable either in another EU Member State or in any country outside the EU, including also Distance Sales that exceed the applicable

threshold and goods supplied with installation abroad. (Not required to be reported in the Recapitulative Statement).

Box 3: (1) **Intra-Community Acquisition of goods**, including also any transfers by a supplier from another EU Member State to Malta; goods acquired by the acquirer for personal use; and, acquisitions made in Malta from a person who is not established in Malta under the simplified procedures of Triangulation.

(2) **Services** deemed to take place where the customer is established received from taxable persons registered in other EU Member States where the customer is liable to account for the VAT in Malta.

Box 4: Supplies of services and goods received from a supplier in another EU Member State or in any country outside the EU and which supplies are taxable in Malta including also similar supplies acquired by the business for personal use.

Box 5: The total value of Boxes 1, 2, 3, and 4.

Box 6: The total tax chargeable at the applicable Maltese VAT rate applicable on the value of Intra-Community Acquisitions and services received from other Member States reported in Box 3. (Reverse charge mechanism applies).

Box 7: The total tax chargeable at the appropriate Maltese VAT rate applicable on the value of goods and services received reported in Box 4. (Reverse charge mechanism applies).

Box 8: The total value of Boxes 6 and 7.

Box 9: Intra-Community Acquisitions of goods for resale and other goods (reported in Box 3) to the extent that the taxable person has the right of deduction and provided that such goods are used exclusively for business.

Box 9A: Services (reported in Box 3) deemed to take place where the customer is established received from taxable persons registered in other EU Member States where the customer is liable to account for the VAT in Malta, which services are used exclusively for business and to the extent that the customer has the right of deduction.

Box 10: Intra-Community Acquisitions of Capital goods (reported in Box 3) to the extent that the taxable person has the right of deduction and provided that such goods are used exclusively for business,

Box 11: Services and goods (reported in Box 4) to the extent that the taxable person has the right of deduction and provided that such services and/or goods are used exclusively for business.

Box 12: The total value of Boxes 9, 9A, 10 and 11.

Box 13: The total tax chargeable at the applicable Maltese VAT rate on the value declared in Box 9. In the case where the inputs relate to exempt without credit supplies, this amount should be adjusted appropriately.

Box 13A: The total tax chargeable at the applicable Maltese VAT rate on the value declared in Box 9A. In the case where the inputs relate to exempt without credit supplies, this amount should be adjusted appropriately.

Box 14: The total tax chargeable at the applicable Maltese VAT rate on the value of services declared in Box 10. In the case where the inputs relate to exempt without credit supplies, this amount should be adjusted appropriately.

Box 15: The total tax chargeable at the applicable Maltese VAT rate on the value of the goods and services declared in Box 11. In the case where the inputs relate to exempt without credit supplies, this amount should be adjusted appropriately.

Box 16: The total value of Boxes 13, 13A, 14 and 15.

Box 17: Subtract the amount of Box 16 from Box 8. Please note that the amount reported in this box should never be negative.

DOMESTIC SUPPLIES AND EXPORTS

Domestic supplies and exports include all local supplies, exports of goods and services provided to customers established in third countries (i.e. countries outside the European Union) and supplies made to customers in the European Union on which VAT is charged in Malta.

Box 18: The total value of supplies of goods and of services taxable at 18% made during this tax period, excluding tax. If you account for VAT on a profit margin scheme (e.g. second hand goods scheme, travel agents scheme) only the taxable profit margin should be included in this box. You should never report any losses that would result in a negative balance of VAT.

Box 19: The total value of supplies of goods and of services at 5% made during this tax period, excluding tax.

Box 20: Total value of exports made during the tax period (i.e. excluding intra-community supplies reported above) and of goods and services supplied as exempt with credit as specified in Part One of the Fifth Schedule of the Act.

Box 21: The total value of supplies of goods and services which are exempt and for which no credit may be claimed. Such supplies are specified in Part Two of the Fifth Schedule of the Act.

Box 22: The total value of Boxes 18, 19, 20 and 21.

Box 23 and 24: The amount of tax charged at the appropriate Maltese VAT rate on the value declared in Boxes 18 and 19 respectively.

Box 25: The total tax charged in this tax period that includes the sum of the Boxes 23 and 24.

DOMESTIC PURCHASES AND IMPORTS

Domestic purchases and imports include all local purchases of goods and services, and imports from third countries (i.e. countries from outside the European Union). Purchases made from suppliers in another member state on which VAT is charged in the other member state should not be reported, because VAT paid on these purchases is not allowed as deductible input tax. Refund of this tax may be claimed from the member state concerned under the Eight EU Council Directive.

Box 26: The sum of Boxes 17 and 25

Box 27: The total value of taxable goods at 18% for resale, excluding tax.

Box 28: The total value of taxable goods at 5% for resale, excluding tax.

Box 29: The total value of goods which are exempt, for resale.

Box 30: Purchases of a capital nature, such as equipment, plant, machinery, vehicles, etc. but excluding land and buildings to the extent that these purchases are obtained in the course or furtherance of an economic activity (i.e. for business use).

Box 31: The total value of services and overheads **on which input tax has been incurred at 18%** such as office supplies, repairs and maintenance, operating supplies etc. **but** excluding wages, salaries, social security contributions, insurance, etc. to the extent that these services and overheads are obtained in the course or furtherance of an economic activity (i.e. for business use).

Box 32: The total value of services and overheads **on which input tax has been incurred at 5%** such as office supplies, repairs and maintenance, operating supplies etc. **but** excluding wages, salaries, social security contributions, insurance, etc. to the extent that these services and overheads are obtained in the course or furtherance of an economic activity (i.e. for business use).

Box 33: The total value of Boxes 27, 28, 29, 30, 31 and 32.

Box 34, 35, 36, 37 and 38: The amount of tax, related to business, that you were charged on the value of the goods declared in Boxes 27, 28, 30, 31 and 32 respectively, during this period. In the case where the inputs relate to exempt without credit supplies, this amount should be adjusted appropriately.

Box 39: The sum of Boxes 34, 35, 36, 37 and 38.

ADJUSTMENTS OF VALUE ADDED TAX

Box 40: Here you should include the following adjustments:

- (a) adjustment of input tax that has been over deducted and which you are obliged to pay back to the VAT Department in terms of the Regulations on Adjustment to Deductions on Capital;
- (b) adjustment in the partial attribution of input tax that you had previously over claimed as a deduction through a provisional ratio of apportionment.

Box 41: Here you should include the following adjustments:

- (a) adjustment of input tax that has been under deducted and which you have the right to claim back from the VAT Department in terms of the Regulations on Adjustment to Deductions on Capital;
- (b) adjustment in the partial attribution of input tax that you had previously under claimed as a deduction through a provisional ratio of apportionment.

EXCESS CREDIT AND TAX PAYABLE

Box 42: Subtract the amount of Box 26 from Box 39. Subtract also the amount of Box 40 from Box 41. Add together these two balances.

Box 43: Subtract the amount of Box 26 from Box 39. Subtract also the amount of Box 40 from Box 41. Add together these two balances.

Box 44: Insert any credit that was not set off in the previous tax period.

Box 45: Subtract the credit amount in Box 44 from Box 43

DECLARATION

The Return must be signed by the Registered Person or by an authorised representative vested with legal representation.