

VAT AND THE E.U.

Intra-Community Acquisitions by “Exempt” Taxable Persons and non-Taxable Legal Persons



MALTA

INTRA-COMMUNITY ACQUISITIONS BY “EXEMPT” TAXABLE PERSONS AND NON- TAXABLE LEGAL PERSONS

This leaflet is intended for persons who intend to make Intra-Community Acquisitions and are:

- (a) only doing operations that are exempt without credit;
- (b) small undertakings registered as exempt
(whose turnover is below the established threshold);
- (c) non-taxable legal persons.

In the context of this write up, “Taxable Person” means a person who carries on an economic activity, whatever the purpose or the result of that activity (economic activity is further defined in article 5 of the VAT Act). Therefore taxable persons who carry out an exempt economic activity such as medical doctors, insurance companies and persons registered under article 11 [i.e. persons operating below the established threshold for small undertakings] are also considered as taxable persons even though they are not obliged to charge and collect VAT.

“Goods” refer to goods that are not excise goods or new means of transport.

A “Non-Taxable Person” is a person who is not a taxable person i.e. who does not carry on an economic activity (e.g. a normal individual who is employed).

A “Non-Taxable Legal Person” is a non-taxable person who is not a physical person (e.g. a Public Authority, a pure Holding Company etc.)



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An “Intra-Community Acquisition” refers to an acquisition of goods made by a person in Malta from a person registered in another member state where the goods have been dispatched or transported to Malta from another member state.

If you are one of the three types of persons mentioned in the first paragraph above and wish to make Intra-Community Acquisitions in Malta from a person in another Member State and the annual value of such acquisitions does not exceed 10,000 Euros, then you have a choice. You may pay VAT on these acquisitions in the other Member State or you may pay VAT in Malta.

However as soon as the total accumulated value of your acquisitions since the beginning of the calendar year exceeds 10,000 Euros, you are obliged to pay VAT in Malta. This threshold does not apply to Intra-Community Acquisitions of Excise Goods or of New Means of Transport as these will always be liable for VAT on entry into Malta or upon registration, respectively.

In order to pay VAT in Malta on your Intra-Community Acquisitions you have to register with the VAT Department in Malta under article 12 of the VAT Act by completing the prescribed form. You will be given a registration number starting with the two-letter prefix MT. If you are already registered under article 11, you will still retain your number for local operations and you will be given another different number with the MT prefix for your Intra-Community Acquisitions.

When making an Intra-Community Acquisition from a registered person in another member states you need to provide the person in the other member states with the VAT identification number having the MT prefix. Your supplier will check the validity of your VAT identification number either through Internet or by phoning the Central Liaison Office (CLO) at the VAT Administration in his member state. After the



validity of your number is confirmed and your supplier can also prove that the goods are transported from another member state to Malta, he will exempt his Intra-Community Supply.

As on Intra-Community Trade there is no border control, there will be no customs formalities when the goods arrive in Malta and VAT is not paid at the point of entry. You are therefore required to pay VAT due on the acquisition at the applicable Maltese rate to the VAT Department in Malta. This payment should be accompanied by a prescribed form, and should be made by not later than the 15th of the month following that in which tax has become chargeable.

It is important to note that this procedure is to be followed after the arrival of each consignment.

Every year, you will be required to furnish to the Department on a prescribed form, a simple declaration in which you state the total value of the acquisitions made which serves as a reconciliation statement. Penalties and interest are imposed on defaulters and the Department reserves the right to take further legal action if such procedures are not followed or if the payment due is not effected in time.

You are advised that your suppliers in each member state have to report the total supplies made to you against your VAT Identification number to the tax administration in their respective member states. The data will then be captured in a system called **VAT Information Exchange System (VIES)** that is shared on-line by all member states for control purposes. The VAT Department in Malta checks the acquisitions reported on the VIES system with the returns of locally registered persons to ascertain that all such acquisitions are reported and VAT is accounted for locally.

If goods are dispatched or transported from a third country and you import these goods into another E.U. member states other than Malta before sending them to Malta, these goods are deemed to have been dispatched or transported from the member states



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of importation to Malta. Therefore an Intra-Community Acquisition takes place and if this operation makes you exceed the threshold for Intra-Community Acquisitions or if you are already registered under article 12, you should pay VAT in Malta.

If you are a Non-Taxable Legal Person and you import goods into Malta that are transported from a third country and the place of arrival of the transported goods is a member states other than Malta, you may claim a refund in Malta of the VAT paid on the importation of those goods if you prove that the Intra-Community Acquisition of those goods was subject to value added tax in that other member state.

On the other hand, if you are a Non-Taxable Legal Person who imports goods from a third country in another member state than Malta and the goods are transported to Malta from the member states of arrival, you may claim a refund of the VAT paid on the importation of those goods from the other member state, if you prove that the Intra-Community Acquisition of these goods was subject to Value Added Tax in Malta. These goods will be considered to have been transported from the member states of importation and the amount of the purchase will be taken into account for the calculation of the acquisition threshold.

You are required to keep proper records and documents of all Intra-Community Acquisitions. Further details on records and documents to be kept are to be found in the leaflet entitled **Records and Documents to be kept by a Business Concern**. Persons registered under article 11 are also advised to read the leaflet entitled **Small Undertakings registered as Exempt Persons**.

If you are a party in two transactions (once as purchaser and once as seller) involving three parties established in three different member states and if goods are directly transported from the first member state to the third member state, you may be interested to read the leaflet entitled **Triangulation**.





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Opening Hours for the Public:

Winter (1st October - 15th June)

Monday, Wednesday and Thursday:
1.30pm to 4.00pm
Tuesday and Friday:
8.30am to 11:30am

Summer (16th June - 30th September)

Monday to Friday:
8.30am to 11:30am

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Please be aware that the leaflets referred to in this brochure are published by the VAT Department for information purposes and as guidance for further exploration. That means these documents are not legally binding. They are simply guidelines and not legal documents providing legally binding rulings. If you need to know more or require precise information on how to implement VAT legislation in specific special situations, kindly contact the VAT Department or consult the documents available in the special section for Tax Professionals at the VAT Department's website .

All the leaflets referred to in this brochure are available at the VAT Department, and at the VAT office at Victoria, Gozo. They can also be downloaded from the VAT Department's website or you can contact the VAT Department by phone, e-mail or via the website for a copy to be sent to your address.