

VAT AND THE E.U.

# Small Undertakings Registered as Exempt Persons



MALTA

# SMALL UNDERTAKINGS REGISTERED AS EXEMPT PERSONS



If you are a person whose turnover is below the established entry threshold for your type of business activity (shown below), then you may apply to register under article 11 of the VAT Act in order to be exempted from charging VAT when you supply taxable goods or taxable services. This would mean that you would not be able to claim deduction of any input VAT that you incur in your economic activity. You will also have an identification number without an MT prefix. Once you are registered under article 11, you can remain so registered as long as your turnover does not exceed the exit threshold shown in the table on the opposite page.

Where a person registered under article 11 supplies both goods and services, the applicable entry and exit thresholds shall be determined in accordance with the principal nature of the supply, but the amount of turnover will be considered as the total value of all the supplies.

If you do not opt to register under article 11, you will be registered under article 10. In this case you will have to charge VAT on your supplies of taxable goods or taxable services and you may also claim a deduction of input tax incurred by you on purchases and expenses for business use. You will also have a VAT identification number which has an MT prefix. However if you are registered under article 10, you cannot opt out of this registration and register under article 11 during the first 36 full calendar months from the date of that registration. Note that you cannot opt out if your annual turnover exceeds the exit threshold listed in the following table.

## SMALL UNDERTAKINGS REGISTERED AS EXEMPT PERSONS

The entry and exit thresholds for registration under article 11 are as follows:

Category	Entry Threshold Lm	Exit Threshold Lm
A Economic activities consisting principally in the supply of goods	15,000	12,000
B Economic activities consisting principally in the supply of services with a relatively low value added	10,000	8,000
C Other economic activities	6,000	5,000

The identification number with a MT prefix enables you to pay Maltese VAT on Intra-Community Acquisitions from a registered person in another member state. Therefore if you are registered under article 11 as an exempt taxable person and you intend to make Intra-Community Acquisitions and pay VAT thereon in Malta, then you need to register also under article 12 to obtain a valid identification number for this purpose and qualify for such an arrangement. You are obliged to register under article 12 if the total value of such purchases exceeds the threshold of 10,000 Euros since the start of the calendar year. If you need further information you may read the leaflet entitled **Intra-Community Acquisitions by “Exempt” Taxable Persons and Non-Taxable Legal Persons**.

In the context of this write up, an “Intra-Community Acquisition” refers to an acquisition of goods made by a person in Malta from a person in another member state where the goods have been dispatched or transported to Malta from another member state.

You are also required to keep proper records and documents of your business activities including, if any, all Intra-Community Acquisitions. Further details on records and documents that need to be kept are to be found in the leaflet entitled **Records and Documents to be kept by a Business Concern**.

### TABLE OF THRESHOLDS FOR SMALL UNDERTAKINGS





## VAT DEPARTMENT

Centre Point Building  
Ta' Paris Road Birkirkara CMR 02  
MALTA  
Tel. Nos: 21499330-4/6 - 21472698 /701  
Fax. No: 21499365  
Customer Helpline: 80074404  
E-mail: [vat@gov.mt](mailto:vat@gov.mt)  
Website: <http://www.vat.gov.mt>

## 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

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.*