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Factsheet for case MT-2020-12/278

Deferral of Payment of Taxes

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Country	Malta, applies nationwide
Time period	Temporary, 18 March 2020 - 30 June 2020
Type	Legislation or other statutory regulation
Category	Supporting businesses to stay afloat – Direct or indirect financial support
Case created	04 April 2020 (updated 27 April 2020)

Background Information

In order to improve liquidity following the impact of COVID-19 on enterprise, the government announced a 2-month deferral to enterprises and the self-employed to pay provisional tax, employee taxes, maternity fund payments, VAT and National Insurance Contributions on salaries. No interest or penalties are to be charged with regards to the eligible taxes. The scheme is targeted at those who have suffered a significant downturn in turnover due to COVID-19.

Content of measure

This measure applies to taxes owed until the end of April; tax forms are still expected to be submitted according to normal deadlines. The incentive is primarily aimed at companies and self-employed who suffer a significant downturn in their turnover. A sum of a reduction in 25% is quoted and it aims to target the following sectors but is not limited to them: tourism and hospitality, entertainment, transport, and manufacturing sectors. Enterprises will still collect National Insurance on their employees' wages, but will keep these dues for the duration of the deferral.

The eligible taxes to be deferred are those due in March and April 2020 and include: provisional tax, employee taxes, maternity fund payments and social security contributions, social security contributions of self-employed persons and VAT.

Eligible taxes, other than VAT, are to be settled in 4 equal monthly installments between May and August

2020. VAT is to be settled in 2 equal installments with the 2 quarterly returns that follow the deferred quarter.

Excluded from this initiative are companies and self-employed persons who failed to comply with their tax obligations by 31 December 2019.

Applications must be entered by 15th April 2020

Use of measure

Currently unknown

Actors, target groups and funding

Actors	Target groups	Funding
National government	Self-employed Solo-self-employed Sector specific set of companies	National funds

Social partners

Role of social partners	Consulted
Form of involvement	Direct consultation

Employer organisations and other social partners initially consulted the government individually. Employers were not initially pleased when this measure was announced as it was felt to be insufficient. The measure was one of the first to be announced, whilst wage supplements were what social partners were pushing for. Wage supplements were later announced by the government (covered in a separate case).

Sectors and occupations

This case is not sector-specific.

This case is not occupation-specific.

Sources

- 27 March 2020: Tax deferral scheme