

## Remission of interest and penalties (VAT)

- Legal Notice 75 of 2015 which was published in March 2015 has recently introduced various amendments to the rules providing for the remission of interest (published in 2014).
- By virtue of such amendments such rules now also provide for the remission of administrative penalties. Accordingly such rules are now formally known as the “Remission of Interest and Administrative Penalties Rules” (hereinafter referred to as the “**Rules**”).
- The Rules provide that the Commissioner for Revenue (hereinafter referred to as the “**Commissioner**”) may, at his discretion remit wholly or in part:
  - (a) **any interest** incurred for late payment of any VAT due in terms of the provisions of article 21(4) of the Value Added Tax Act (Cap. 406 of the Laws of Malta) (hereinafter referred to as the “**Act**”) which is charged at the rate of 6.5% annually for periods due in 2014 (the rate of 9% applied up to 31 December 2013);
  - (b) any **administrative penalty** incurred (in terms of any of the provisions of articles 37 to 41 of the Act) for any understatement/overstatement of VAT due, any incomplete and/or incorrect VAT return and any default or delay in connection with the obligations of registration under the Act.
- The Commissioner may only remit such interest or administrative penalty if he is satisfied that the tax due was not paid within the prescribed period due to a reasonable excuse. The Rules provide that reliance placed on any other person to perform any task shall not constitute a reasonable excuse.
- For the purposes of any remission of interest or administrative penalties as aforesaid the Commissioner may impose any condition that he may consider appropriate, including the imposition of any deadline and payments as the Commissioner may determine.

The services offered by DFK Malta Tax & Consultancy Limited include VAT advice, compliance and other VAT related support that may be required. Accordingly we would be able to assist with any advice that may be required in connection with the abovementioned remission as well as in the application process to benefit therefrom.

*For further information in respect of any part of the Guidelines kindly contact:*

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*\*The objective of this summary is to outline the principal elements of the Rules being summarized herein. Accordingly it is not intended to be provided by way of comprehensive and definitive advice. Readers should seek professional advice by contacting DFK Malta Tax & Consultancy Limited before acting upon any information included in this document.*