



MALTA INSTITUTE OF TAXATION

Dated: 25th May, 2010

To: All Members

Council discusses current issues with VAT Department.

On 3rd May, 2010 the MIT sent a letter to the Commissioner of Vat, Mr. Joseph Sammut, to draw his attention to various issues that are currently worrying the local Tax Consultants and practitioners. This letter was prepared by council members Mr. James Farrugia and Mrs. Geraldine Schembri and signed by our President

The matters raised in this letter were:

1. E-ID signature for foreign directors of locally registered person which is still unavailable.
2. Non response by the department to written requests for clarification on tax issues
3. Delay in refunding excess tax paid by taxpayers
4. Lack of written guidelines on the matter of vat on bad debts.

Following the receipt of this letter, the commissioner kindly offered to meet a delegation from the Institute to discuss the above issues further/

On 17th May, 2010 a delegation from the Council headed by Mrs. Geraldine Schembri and accompanied by Mr. George Farrugia and Mr. Christian Vella held a meeting with a delegation from the Vat Department headed by Mr. Joseph Sammut who was accompanied by Mr. Caesar Grech, Mr. Charles Vella and Ms. Joanne Hefney.

During this discussion the various points raised in our letter of 3rd May 2010 were discussed in greater detail.

We are pleased to report that the Commissioner was very receptive and understanding of all the points raised by the Institute and assured us that the Department is doing its best to rectify the issues.

He also mentioned the current drive to recruit suitable candidates for the enforcement section, including two lawyers and 5 new qualified accountants. These new recruits would be helping in reducing the current back log of refund reviews and therefore reducing the time lag in the issue of vat refunds due to the taxpayer.

On the issue of electronic signature for foreign directors of locally registered companies, the MIT delegation was advised that every effort is being made to expedite this complaint and until this is resolved no penalties for late filing will be issued. Mr. Sammut further emphasized that if the E-ID solution is not resolved soon,

the department will consider providing interim arrangements so that local companies with foreign directors will be able to file their Recapitulative statements online.

On the tax refund issue, the Commissioner was updated by Ms. Hefney of the current status of tax refund back log. After we explained the hardship that such delays are causing to the taxpayers' cash flow, the Commissioner promised to look into this issue in greater detail to ensure a faster refund process.

The question of written guidance on tax issues was also discussed in depth with the participation of all present. Currently, only an acknowledgement of such letters is sent to the sender by the department but the actual guidance is often very late in coming, if at all. The commissioner expressed his hope that with the current drive to recruit more professionals, the department would have the necessary resources to attend to all such written requests and in a reasonable time.

On the subject of clear guidelines on the Bad Debts issue, the Commissioner has promised to look into this and as soon as the resources are available will work on such guidelines.

At the end of this meeting the Commissioner thanked the Institute for its continued drive in ensuring a fairer system of taxation and proposed that such meetings should start to be held on a regular basis, preferably at 3 months intervals. Our delegation thanked the Commissioner and all his delegation for their time and understanding of all the issues raised and accepted the offer for regular meetings.

The council would like to hear members' proposal of topics that can be discussed at the next meeting.

George Farrugia
Council Secretary.