



MALTA INSTITUTE OF TAXATION

INSTITUTE OF TAXATION SEMINAR LOOKS AHEAD TO EU MEMBERSHIP 15th May 2003

The Malta Institute of Taxation organised a seminar, which addressed the challenges and opportunities, which will be facing all those who work in the field of taxation, now that Malta's future within the European Union has been confirmed. The seminar was opened by the Institute's President, Mr Edwin Vella, and was also addressed by the Finance Minister, the Hon. Mr John Dalli.

Mr Vella gave a brief overview of the work carried out by the Malta Institute of Taxation in the process leading up to Malta's EU membership. This process has included a number of seminars for all the Institute's members on the implications of membership.

Mr Vella emphasised, however, that although the Institute's members were very satisfied that Malta will be joining the EU, this was just the first step. He said, "As in all other aspects of this great adventure we have to move forward not in some grand and dramatic gestures, but in a solid, non-stop adoption of the requirements and consequences of membership. On a very personal estimate, I would calculate that this process will take us at least ten years to arrive at a final conclusion. Obviously, the Institute and its members must remain at the forefront of this process."

"On the other hand, we must keep abreast of all local developments, and indeed be at the cutting edge of new ideas as these are brought in to settle what might otherwise be obscure issues, and to meet new requirements as these make themselves felt," continued Mr Vella. One of the main problems facing those who work in taxation in Malta is the almost incomprehensible language used in new tax legislation and the uncertainty of the implications of new laws which necessarily follows from poor draftsmanship. "Matters of principle are very much within the scope of our activities, and we will continue to make our views heard and to take positions when this is called for," continued Mr Vella.

For his part, Minister Dalli also emphasised that EU membership was just the beginning of another process to bring standards in Malta more in line with those of other more advanced countries. Although, the EU would help Malta to achieve these standards everyone had an individual responsibility to bring about the desired changes. Minister Dalli also explained the subsidiary role, which the EU plays in the tax area. "The EU is not after the standardisation of





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the systems of taxation in the different member States but is interested in ensuring that the systems are compatible with each other and with the aim of the treaty establishing the European Union," he said.

Minister Dalli pledged that the government would continue to work hard to improve the state of public finances and to ensure that tax obligations are enforced. On the other hand, the Government would also continue to introduce measures to incentivise private initiative, particularly small enterprises. International investors are sensitive to differences in national tax regimes and it is therefore important that Malta brings its systems in line with internationally accepted norms.

When looking to future developments within the EU, Minister Dalli stated that, "more work needs to be done to arrive at a situation where differences in taxation between Member States will not influence companies' investment decisions."

"Most probably in the coming years we will see other developments in the area of company taxations which have the objective of eliminating double taxation, ensuring effective taxation and preventing tax evasion. EU tax policy is also still evolving regarding e-commerce and energy taxation and with the benefit of membership, we will have the opportunity to participate in the process and plan better for the future."

Mr George Farrugia and Mr Steven Balzan also gave a presentation on tax planning, while Dr Conrad Cassar Torregiani addressed the EU Parent Subsidiary Directive. The Institute of Taxation may be reached on tel:21 697567 and 21 490645. email:.....

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