INLAND REVENUE DEPARTMENT
MALTA

USING THE SPREADSHEET VERSION OF THE TAX RETURN
[Including attachments and the TIFD coded financial information]

General

Any Excel Version integrated within Microsoft Office 97 drives this workbook.

Navigation

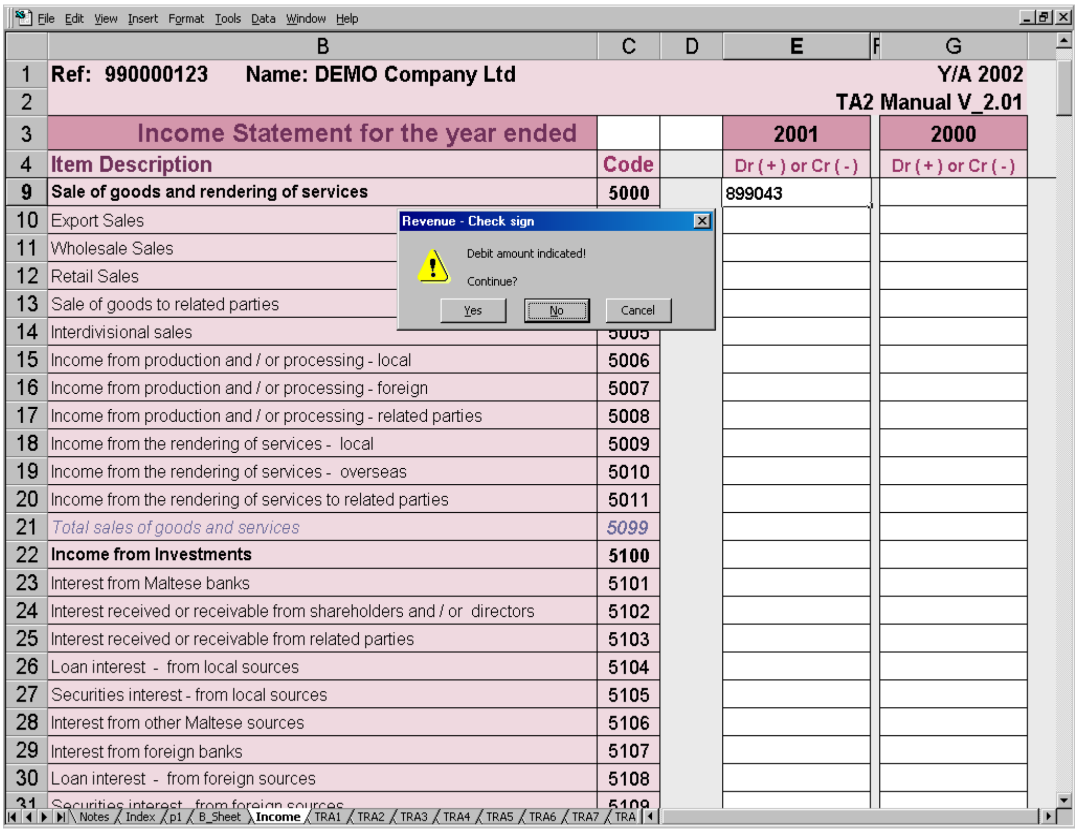
Use the TAB key to switch from one field to another making sure that values are allocated to the proper fields.

Validations

A variety of validations are present and serve as a check on the accuracy, completeness and correctness of the data inputted.

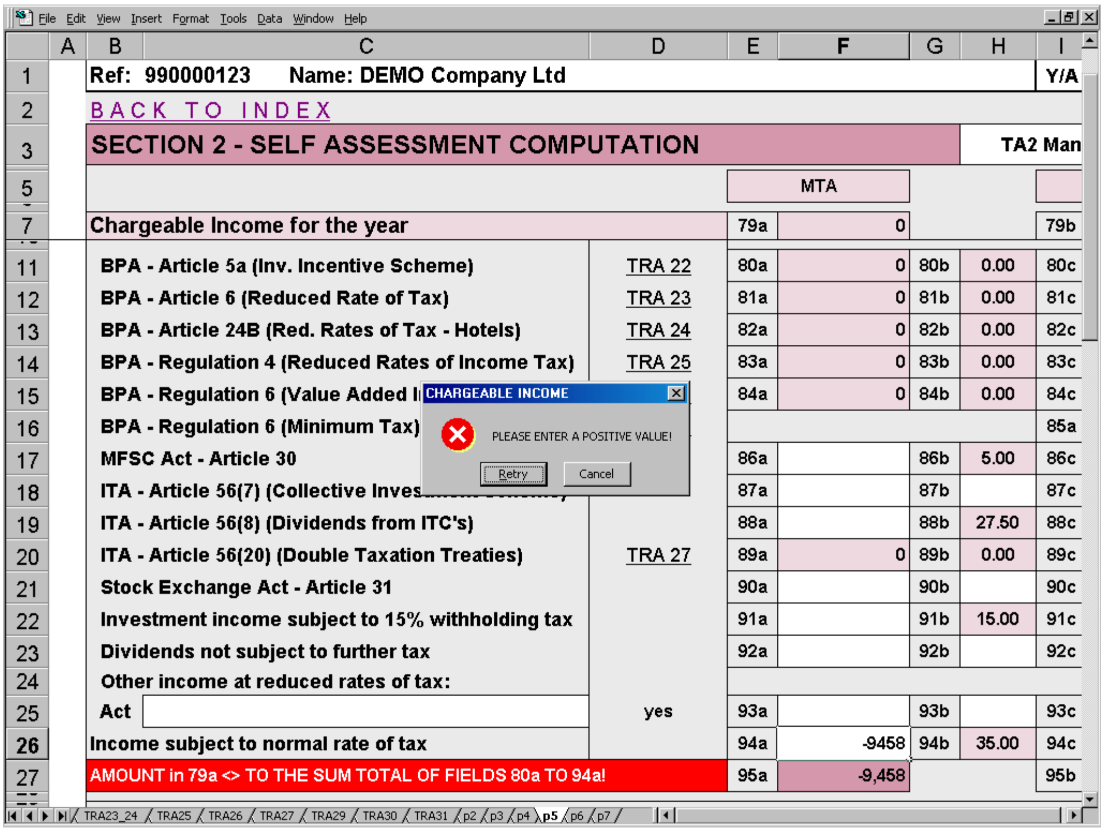
Certain validations are activated upon data entry and take the form of:

- Warning   prompts user to check data input; and



	B	C	D	E	G
1	Ref: 990000123 Name: DEMO Company Ltd				Y/A 2002
2					TA2 Manual V_2.01
3	Income Statement for the year ended			2001	2000
4	Item Description	Code		Dr (+) or Cr (-)	Dr (+) or Cr (-)
9	**Sale of goods and rendering of services**	5000		899043	
10	Export Sales				
11	Wholesale Sales				
12	Retail Sales				
13	Sale of goods to related parties				
14	Interdivisional sales	5005			
15	Income from production and / or processing - local	5006			
16	Income from production and / or processing - foreign	5007			
17	Income from production and / or processing - related parties	5008			
18	Income from the rendering of services - local	5009			
19	Income from the rendering of services - overseas	5010			
20	Income from the rendering of services to related parties	5011			
21	*Total sales of goods and services*	*5099*			
22	**Income from Investments**	5100			
23	Interest from Maltese banks	5101			
24	Interest received or receivable from shareholders and / or directors	5102			
25	Interest received or receivable from related parties	5103			
26	Loan interest - from local sources	5104			
27	Securities interest - from local sources	5105			
28	Interest from other Maltese sources	5106			
29	Interest from foreign banks	5107			
30	Loan interest - from foreign sources	5108			
31	Securities interest - from foreign sources	5109			

- Stop rejects the amount inputted.



	B / C	D	E	F	G	H	I
1	Ref: 990000123 Name: DEMO Company Ltd						Y/A
2	BACK TO INDEX						
3	SECTION 2 - SELF ASSESSMENT COMPUTATION						TA2 Man
5			MTA				
7	Chargeable Income for the year		79a	0			79b
11	BPA - Article 5a (Inv. Incentive Scheme)	TRA 22	80a	0	80b	0.00	80c
12	BPA - Article 6 (Reduced Rate of Tax)	TRA 23	81a	0	81b	0.00	81c
13	BPA - Article 24B (Red. Rates of Tax - Hotels)	TRA 24	82a	0	82b	0.00	82c
14	BPA - Regulation 4 (Reduced Rates of Income Tax)	TRA 25	83a	0	83b	0.00	83c
15	BPA - Regulation 6 (Value Added I		84a	0	84b	0.00	84c
16	BPA - Regulation 6 (Minimum Tax)						85a
17	MFSC Act - Article 30		86a		86b	5.00	86c
18	ITA - Article 56(7) (Collective Inves		87a		87b		87c
19	ITA - Article 56(8) (Dividends from ITC's)		88a		88b	27.50	88c
20	ITA - Article 56(20) (Double Taxation Treaties)	TRA 27	89a	0	89b	0.00	89c
21	Stock Exchange Act - Article 31		90a		90b		90c
22	Investment income subject to 15% withholding tax		91a		91b	15.00	91c
23	Dividends not subject to further tax		92a		92b		92c
24	Other income at reduced rates of tax:						
25	Act	yes	93a		93b		93c
26	Income subject to normal rate of tax		94a	-9458	94b	35.00	94c
27	AMOUNT in 79a <> TO THE SUM TOTAL OF FIELDS 80a TO 94a!		95a	-9,458			95b

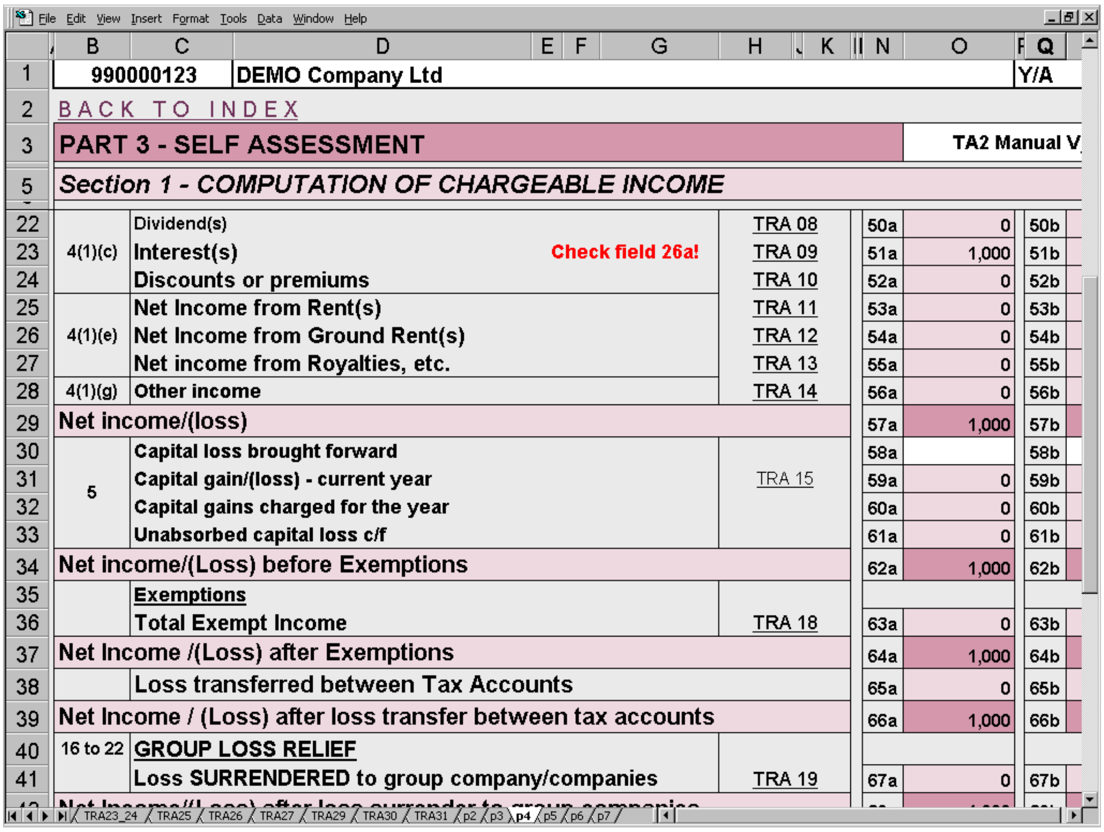
These categories of validations operate ONLY when data is entered sequentially assuming a top-down flow. Values are only checked at time of entry in the validated field.

A lot of caution is solicited where amendments are required; if the top-down-flow rule is not adhered to, validations on any data previously entered are no longer supported! As a consequence, the computed results [protected fields] that are automatically updated may not be statutorily correct and may yield unwanted results.

A number of validations ensure that the proper signs [positive (+) or negative (-)] precede the values entered whilst others restrict data entry depending on the type of parameters set.

Some validations will restrict input of certain data, whilst others will just draw the attention that the data may not be correct and you will be prompted to confirm or alter the data entered. Pop-up windows will display messages.

Other validations are present to denote empty fields that are mandatory or to indicate that the data entered is not consistent or compatible with other information contained elsewhere.



	B	C	D	H	N	O	Q
1	990000123	DEMO Company Ltd					Y/A
2	BACK TO INDEX						
3	PART 3 - SELF ASSESSMENT					TA2 Manual V	
5	*Section 1 - COMPUTATION OF CHARGEABLE INCOME*						
22		Dividend(s)		TRA 08	50a	0	50b
23	4(1)(c)	Interest(s)	Check field 26a!	TRA 09	51a	1,000	51b
24		Discounts or premiums		TRA 10	52a	0	52b
25		Net Income from Rent(s)		TRA 11	53a	0	53b
26	4(1)(e)	Net Income from Ground Rent(s)		TRA 12	54a	0	54b
27		Net income from Royalties, etc.		TRA 13	55a	0	55b
28	4(1)(g)	Other income		TRA 14	56a	0	56b
29	Net income/(loss)				57a	1,000	57b
30		Capital loss brought forward			58a		58b
31	5	Capital gain/(loss) - current year		TRA 15	59a	0	59b
32		Capital gains charged for the year			60a	0	60b
33		Unabsorbed capital loss c/f			61a	0	61b
34	Net income/(Loss) before Exemptions				62a	1,000	62b
35		Exemptions					
36		Total Exempt Income		TRA 18	63a	0	63b
37	Net Income /(Loss) after Exemptions				64a	1,000	64b
38		Loss transferred between Tax Accounts			65a	0	65b
39	Net Income / (Loss) after loss transfer between tax accounts				66a	1,000	66b
40	16 to 22	GROUP LOSS RELIEF					
41		Loss SURRENDERED to group company/companies		TRA 19	67a	0	67b

A set of final validations is present on all sheets to ascertain that the return is complete in all material respects before filing.

Currency

All the values in the spreadsheet will assume the currency indicated on page 1 of the tax return.

Data formats

- Percentages

  Percentage cells are formatted as such. This means that any data input for percentages must be a whole number. For example to indicate:

  To get 5% enter 5 and not ~~0.05~~

  For 17.25% enter 17.25 and not ~~0 .1725~~

- Dates

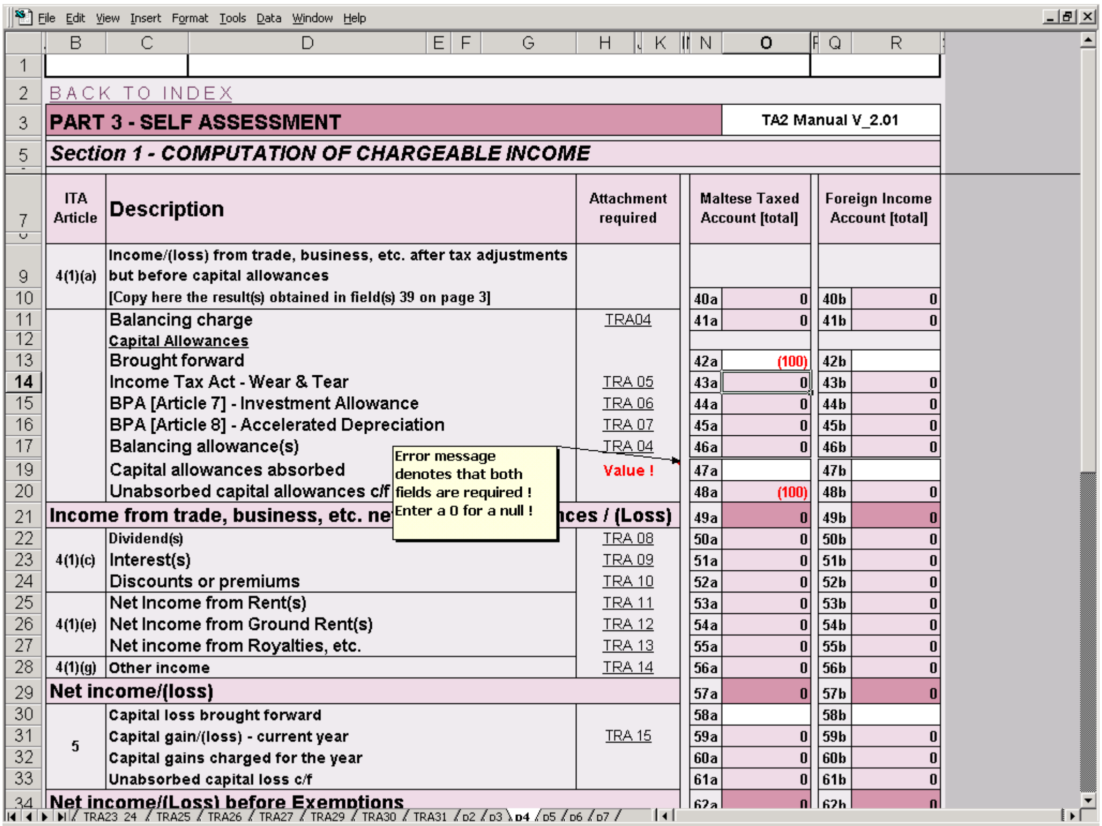
  Any date required in the workbook is in the format dd / mm / yyyy [i.e. the day, month and year are separated by a backslash ' / ']

Calculations

The workbook will not function properly and will not return the correct result if non-numeric or alphanumeric values are entered in cells where a numeric value is expected.

Comments

Comments are present [red placeholders] to indicate the type of data expected [e.g. to indicate that a year of assessment is required rather than the basis year].



Row	ITA Article	Description	Attachment required	Maltese Taxed Account [total]		Foreign Income Account [total]	
9	4(1)(a)	Income/(loss) from trade, business, etc. after tax adjustments but before capital allowances					
10		[Copy here the result(s) obtained in field(s) 39 on page 3]		40a	0	40b	0
11		Balancing charge	TRA04	41a	0	41b	0
12		Capital Allowances					
13		Brought forward		42a	(100)	42b	
14		Income Tax Act - Wear & Tear	TRA 05	43a	0	43b	0
15		BPA [Article 7] - Investment Allowance	TRA 06	44a	0	44b	0
16		BPA [Article 8] - Accelerated Depreciation	TRA 07	45a	0	45b	0
17		Balancing allowance(s)	TRA 04	46a	0	46b	0
19		Capital allowances absorbed	Value !	47a		47b	
20		Unabsorbed capital allowances c/f		48a	(100)	48b	0
21		Income from trade, business, etc. ne…ces / (Loss)		49a	0	49b	0
22		Dividend(s)	TRA 08	50a	0	50b	0
23	4(1)(c)	Interest(s)	TRA 09	51a	0	51b	0
24		Discounts or premiums	TRA 10	52a	0	52b	0
25		Net Income from Rent(s)	TRA 11	53a	0	53b	0
26	4(1)(e)	Net Income from Ground Rent(s)	TRA 12	54a	0	54b	0
27		Net income from Royalties, etc.	TRA 13	55a	0	55b	0
28	4(1)(g)	Other income	TRA 14	56a	0	56b	0
29		Net income/(loss)		57a	0	57b	0
30		Capital loss brought forward		58a		58b	
31	5	Capital gain/(loss) - current year	TRA 15	59a	0	59b	0
32		Capital gains charged for the year		60a	0	60b	0
33		Unabsorbed capital loss c/f		61a	0	61b	0
34		Net income/(Loss) before Exemptions		62a	0	62b	0

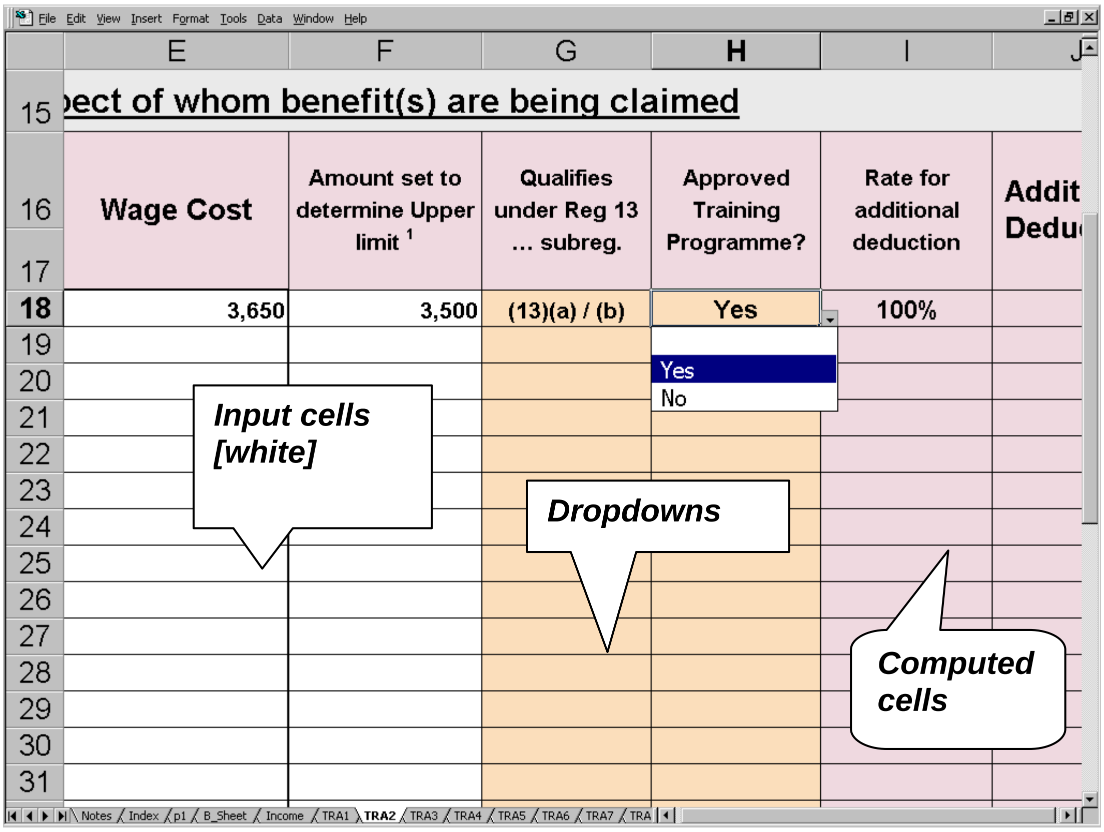
Macros

Macros are present to import TIFD data, to encrypt and finally to export the return through the web. [Electronic filing]

Macros are also present to set the print area of the TIFD coded financial data. [Manual filing]

Colour Schemes

Data entry is restricted to blank cells. Automated calculations are present in coloured cells [pink] that are also protected. Dropdown lists are coloured in light yellow. Error messages are either displayed in red fonts, or in white fonts with a red background.



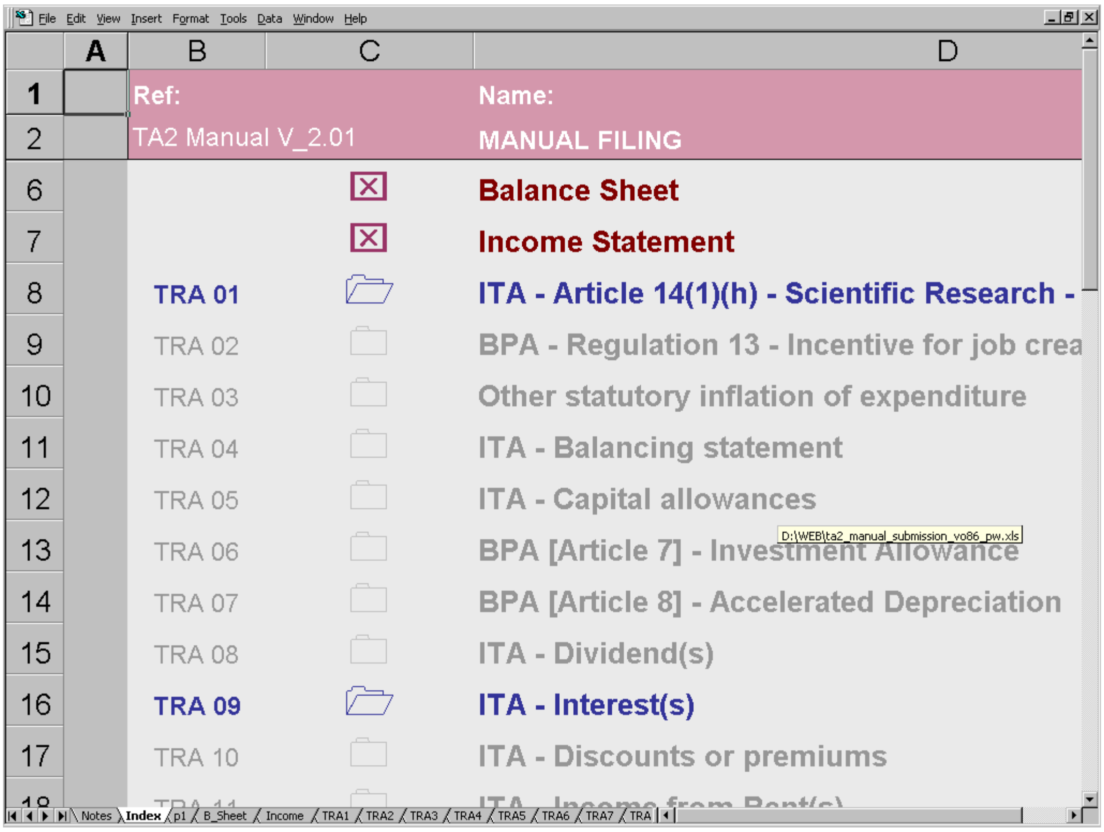
Workbook Contents

- Index Sheet
- TIFD component
- Tax Return Attachments [TRAs]
- Tax Return

The Index Sheet

The workbook provides an Index sheet with hyperlinks to the different sheets. Similarly, all sheets are hyperlinked to the Index Sheet.

The electronic version of the return also provides the tools to transcribe [import] TIFD coded financial data into the appropriate sheets. It also serves to encrypt the data before electronic transmission is effected [export].



An important feature of the Index sheet is its capability to identify worksheets:

- that have not been used;

[denoted by the sign and indicated in grey]

- that contain errors or that are incomplete;

[denoted by the sign ☒ and highlighted in plum colour]

- that have passed all validations.

[denoted by the sign and highlighted in blue]

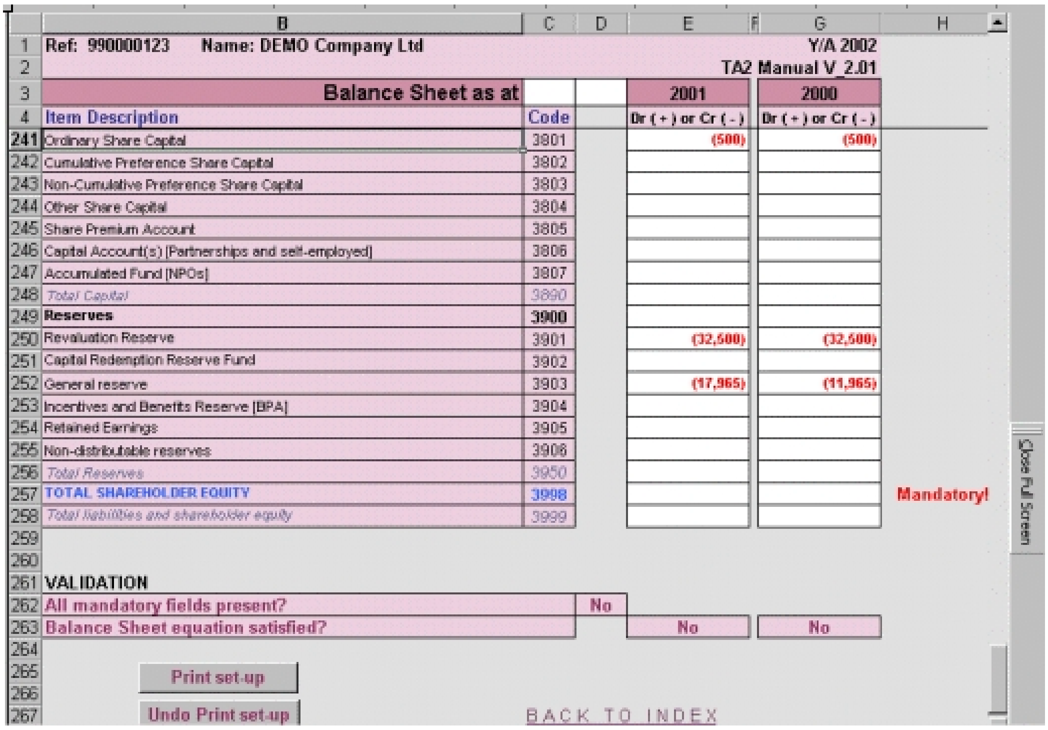
The TIFD component
[Manual filing]

The two sheets are ONLY intended to complement the signed set of audited financial statements that will accompany tax returns filed manually. It does in no way replace the audited accounts. The TIFD-coded Balance Sheet, the Income Statement and the Statement of Retained Earnings must be signed by the director(s).

- All debit amounts must be indicated as positive [+];

- Credit amounts must be distinguished by the minus [-] sign;
- Comparative figures are required.

Make sure that the correct data is inputted under the proper item description. A value for each mandatory field is always required [see TIFD guidelines page 17].



	B	C	D	E	G	H
1	Ref: 990000123 Name: DEMO Company Ltd				Y/A 2002	
2					TA2 Manual V_2.01	
3	Balance Sheet as at			2001	2000	
4	Item Description	Code		Dr (+) or Cr (-)	Dr (+) or Cr (-)	
241	Ordinary Share Capital	3801		(500)	(500)	
242	Cumulative Preference Share Capital	3802				
243	Non-Cumulative Preference Share Capital	3803				
244	Other Share Capital	3804				
245	Share Premium Account	3805				
246	Capital Account(s) [Partnerships and self-employed]	3806				
247	Accumulated Fund [NPOs]	3807				
248	*Total Capital*	*3890*				
249	**Reserves**	**3900**				
250	Revaluation Reserve	3901		(32,500)	(32,500)	
251	Capital Redemption Reserve Fund	3902				
252	General reserve	3903		(17,965)	(11,965)	
253	Incentives and Benefits Reserve [BPA]	3904				
254	Retained Earnings	3905				
255	Non-distributable reserves	3906				
256	*Total Reserves*	*3950*				
257	TOTAL SHAREHOLDER EQUITY	3998				Mandatory!
258	*Total liabilities and shareholder equity*	*3999*				
259						
260						
261	VALIDATION					
262	All mandatory fields present?		No			
263	Balance Sheet equation satisfied?			No	No	
264						
265	Print set-up					
266						
267	Undo Print set-up	BACK TO INDEX				

The two worksheets containing the TIFD component are protected. They include macros that will restrict the print area to value fields only.

Validations are present on both sheets.

In the case of the Balance Sheet these ensure that:

- all mandatory fields [D262] are present; and
- the balance sheet equation is satisfied [E263 and G263].

For the income statement checks are performed to ensure that:

- all mandatory fields [D262] are present;
- total revenue less total expenses = net income on ordinary activities before tax
- TIFD code 7600 = TIFD code 3905

An error message will also be displayed in any of the two sheets to indicate mandatory field(s) left blank.

Once data input is complete:

- click on the Print set-up button at the bottom of the sheet;

- the worksheets will list only the value fields that need to be printed.

You can now proceed with the print job - the print area has been pre-set. Each worksheet has another button to remove the print set-up.

Specification of TIFD coded financial statements import *[Applicable to the Electronic filing return spreadsheet]*

Accounting systems and **computerised audit tools** may avoid pointless copying of TIFD values into the IRD spreadsheet by reporting a data file with the financial values for the year.

Accounting systems able to report end-of-year financial items may do so in TIFD-coded transactions. The Inland Revenue acknowledges the benefit of an automated report but is firm on the need to format the submission file and authenticate the contents through the customised spreadsheet available per taxpayer.

The spreadsheet provides automated tools for the import of formatted line items of income statements and balance sheets. The code and value are delimited.

The effects of the import are

- Filled-in income statement and balance sheet straight from an automated source
- Feedback on the load.

List of activities involved within the import

- Identify file for importing
- Reject if identified with another taxpayer
- Position values in the income statement or the balance sheet depending on the relative TIFD code, and debit or credit depending on the sign of the value.
- Ignore lines whose TIFD code relates to subtotals.
- Ignore lines that do not have a delimiter.
- Ignore lines where the TIFD code is not made up of four digits.

The overall purpose of the process is to simplify the submission of financial details through automation. Secondary objectives are to confirm the quality of information and reassure the parties involved. Activities and outcomes within the process must be very visible.

Identify file for importing

The user has control on the organisation of data files. No information regarding the user system, other than critical details for the successful submission may be evaluated and retained by the process.

Reject if identified with another taxpayer

The user has to ensure that the data imported refers to the intended taxpayer company. He may use whatever measure to protect himself from erroneously interchanging import files.

Allocation of values

The spreadsheet is already formatted with blank areas where to accept values for TIFD codes. The TIFD itself may be referred to as one complete block. It is divided into an income statement and a balance sheet merely for the sake of visual representation.

The TIFD code is matched and the value finds itself next to the code in the relevant sheet. Industry standards for reporting trial balances are used to determine whether the value is debit or credit. Interpretation is not based on the nature of the transaction or its typical balance. In fact there is no assumption on the final balance for the financial item. Any item may be entered in either the debit or credit column (not in both).

Positive values are positioned in the debit column and negatives in the credit column. Financial information is reported to the Inland Revenue as integers.

Ignore lines whose TIFD code relates to subtotals.

Optional subtotals are ignored during import because they are redundant. The TIFD however does include subtotals that are derived from the summation of line items within the statement.

However one must distinguish between the mandatory and the optional subtotals. Electronic filers should ignore optional subtotals. They do not add value because the sole intent is to provide placeholders for manual filers.

Mandatory subtotals are ignored during import; they must be entered manually after the import. This serves as a check on the completeness and accuracy of the data imported.

Ignore lines that do not have a delimiter.

The file to be imported is generated by an external system. There are specific instructions on the format of this file. In particular it is comprised of a TIFD code and a numeric value separated by a comma.

Ignore lines where the TIFD code is not made up of four digits.

The use of the comma as in CSV files was suggested due to the ease for generation by external systems.
Consequently, if the identified reference preceding the delimiter is not made up of 4 digits, the line must be badly formatted and is completely ignored by the import facility.

Response on the import

The import facility generates a report on the outcome of the import, indicating any unexpected event, such as the rejection of the file.

The report briefs the user of the outcome through a short message and asks whether to write to disk a more detailed description of the import. The response file is optional and is intended to explain exceptions encountered while importing. The user has to assign the name of the response file.

The explanations in the response file are divided into the following three sections each announced in square brackets.

System

Exception messages that refer to the entire input file in a general context.

Balance sheet

Measures and features of the TIFD codes that relate to the balance sheet.

Income statement

The same nature of counters and notifications as in the balance sheet, but in relation to the income statement.

Whatever exceptions occur during the import, the messages and counts within the balance sheet and the income statement always feature in the response file. The message and value are separated with a colon ':' and a space. The value of some counters may be distorted due to the presence of duplicates.

The exceptions reported that are reported in the first part are:

- the input file is identified with a different taxpayer
- an excessive number of codes

- some of the lines had an incorrect format
- the presence of duplicate codes

Sample input file

```
7201,-14200
7202,1200
7203,663
7204,2200
7205,-5200
7500,-376367
```

Notice the comma that separates the TIFD code from its value, and the presence of positive and negative values. The first line shown in this excerpt assigns a credit value of 14200 as ‘extraordinary income’. The fourth line is a debit value of 2200 for ‘prior period adjustments’.

Should there be another 7204 later in the input, the value of 2200 would be overwritten by the latter value.

The list is shown here sorted but the input file need not follow a predetermined order.

Specification of the import file.

Negative values	All items accept negative values, but negative values do not show in the spreadsheet. The load interprets negatives as credits and positives as debit values (even though many items are considered as pertaining solely to a category).
Decimal points	Financial values submitted to the Inland Revenue are quoted as whole integers. You should round your figures if you are currently reporting cents. The import routine rounds figures automatically. Subtotals may not agree with your values.
Multiple lines of business	You can import only the common parts of the main statement. You would need to specify the other lines of business separately.
Duplicate line items	Duplicate values are ignored. The last item reported is imported into the spreadsheet.
Transitory description codes	The Inland Revenue has provided T-codes that should accompany an income statement to explain a categorisation of the transitory lumped code. The summation of T-codes is equal to the transitory operating expenditure code and clarifies the value. T-codes cannot be imported.
Text	No text content may be imported. This should be entered manually. Attention is drawn to the trading activity name and description.
Delimiter	There are two pieces of information in every line. Both must be present. The first is always the TIFD code. The code is separated from the value using a comma. There must be no spaces. Any text (including spaces) invalidates the value for that code and gets rejected.

What activity follows the import of TIFD labelled financial values

In essence the import routine mimics the data capture in the worksheet. Consequently, the same interactive validation restrictions applied on the worksheet apply to the imported fields which is part of the self-assessment computation.

The self-assessment computation is an incremental process where information is introduced in the worksheet and can be reviewed and amended. The financial statements are just two sheets within the other content. The values may be altered following the import. The import may be repeated. However one should take care not to overwrite figures that have been adjusted using a previous or wrong version of financial details.

The import of financial details is not an end in itself. The user is required to review the contents of the statement and more importantly to determine and enter the values for mandatory fields. Mandatory fields are subtotals whose value is suggested by expressions to the right of the input area. To disagree with this value does not mean that the financial statements are incorrect, but that there must be some reason to justify the case.

You must not rely on the import routine. The import is not familiar with your reporting environment even though both are based on the standards set in the TIFD. There may be incorrect representations in your import files or distortions due to replicated codes, signed figures or decimal values. You must review the contents of the income statement and balance sheet before signing the tax return.

Tax Return Attachments

The spreadsheet incorporates a comprehensive range of worksheets that address the different computations and calculations required to derive the chargeable income and the tax thereon.

These attachments cover the broad spectrum of statutory calculations, workings and adjustments required by the Income Tax Acts and other peripheral legislation mainly the Business Promotion Act.

These attachments are used as and when required and it is statutorily impossible that a company utilises them all, to calculate its tax liability for any particular year of assessment.

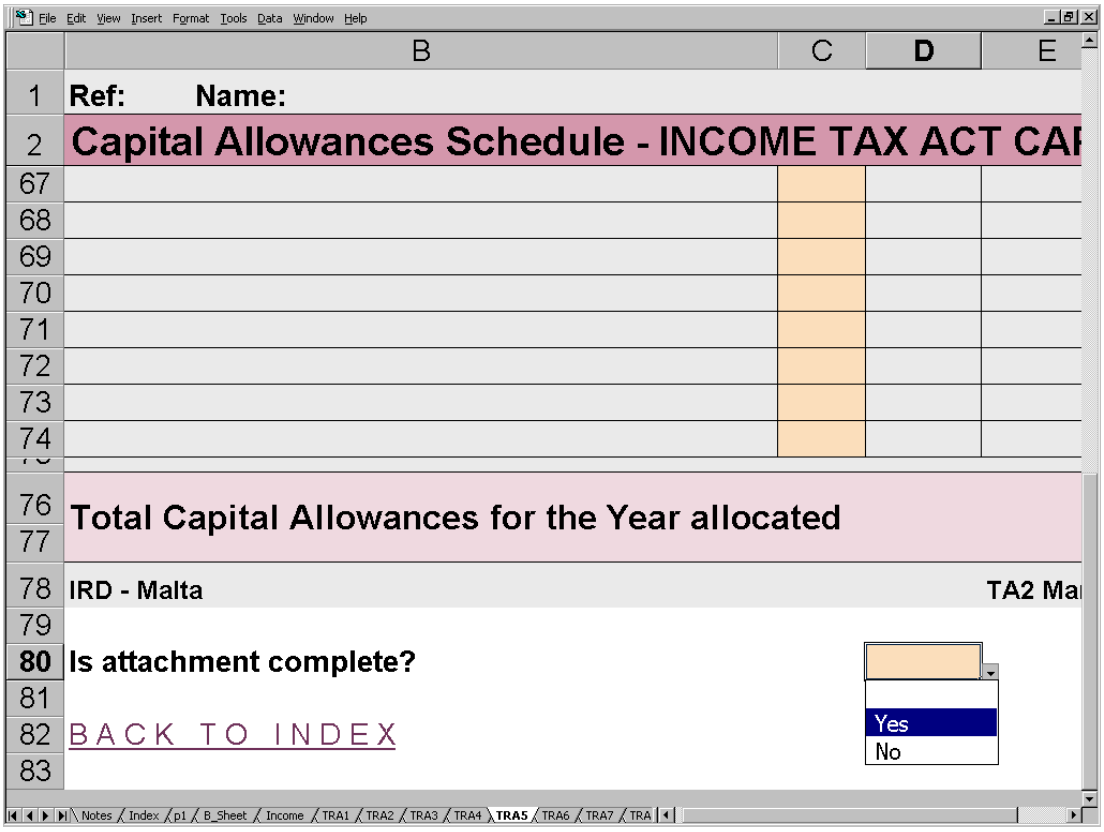
Tax return attachments are numbered in the sequence they appear in the tax return. The following is the full list of the tax return attachments present within the workbook.

TRA 01	**ITA - Article 14(1)(h) - Scientific Research - 20% increase over cost**
TRA 02	**BPA – Regulation 13 - Incentive for job creation**
TRA 03	**Other statutory inflation of expenditure**
TRA 04	**ITA – Balancing statement**
TRA 05	**ITA – Capital allowances**
TRA 06	**BPA [Article 7] - Investment Allowance**
TRA 07	**BPA [Article 8] - Accelerated Depreciation**
TRA 08	**ITA - Dividend(s)**
TRA 09	**ITA - Interest(s)**
TRA 10	**ITA - Discounts or premiums**
TRA 11	**ITA - Income from Rent(s)**
TRA 12	**ITA - Income from Ground Rent(s)**
TRA 13	**ITA - Income from Royalties, etc.**
TRA 14	**ITA - Other income**
TRA 15	**ITA - Capital gain/(loss) – Summary**
TRA 16	**ITA - Capital gain/(loss) - Immovable Property**

TRA 17	**ITA - Capital gain/(loss) – Shares**
TRA 18	**Total Exempt Income**
TRA 19	**ITA - Loss SURRENDERED to group company/companies**
TRA 20	**ITA - Group loss claimed - current year**
TRA 21	**BPA - Article 5**
TRA 22	**BPA - Article 5A**
TRA 23	**BPA - Article 6**
TRA 24	**BPA - Article 24B**
TRA 25	**BPA - Regulation 4 (Reduced Rates of Income Tax)**
TRA 26	**BPA - Regulation 6 (Value Added Incentive Scheme)**
TRA 27	**ITA - Article 56(20) (Double Taxation Treaties)**
TRA 29	**BPA - Regulation 5 (Investment Tax Credit)**
TRA 30	**Relief of double taxation**
TRA 31	**Tax paid**

Attachment completeness confirmation

At the end of each worksheet relating to attachments you are asked to indicate whether the relative attachment is complete. This is done through a dropdown list where you choose a ‘yes’ or a ‘no’ to indicate the worksheet status. The cell is set to blank by default.

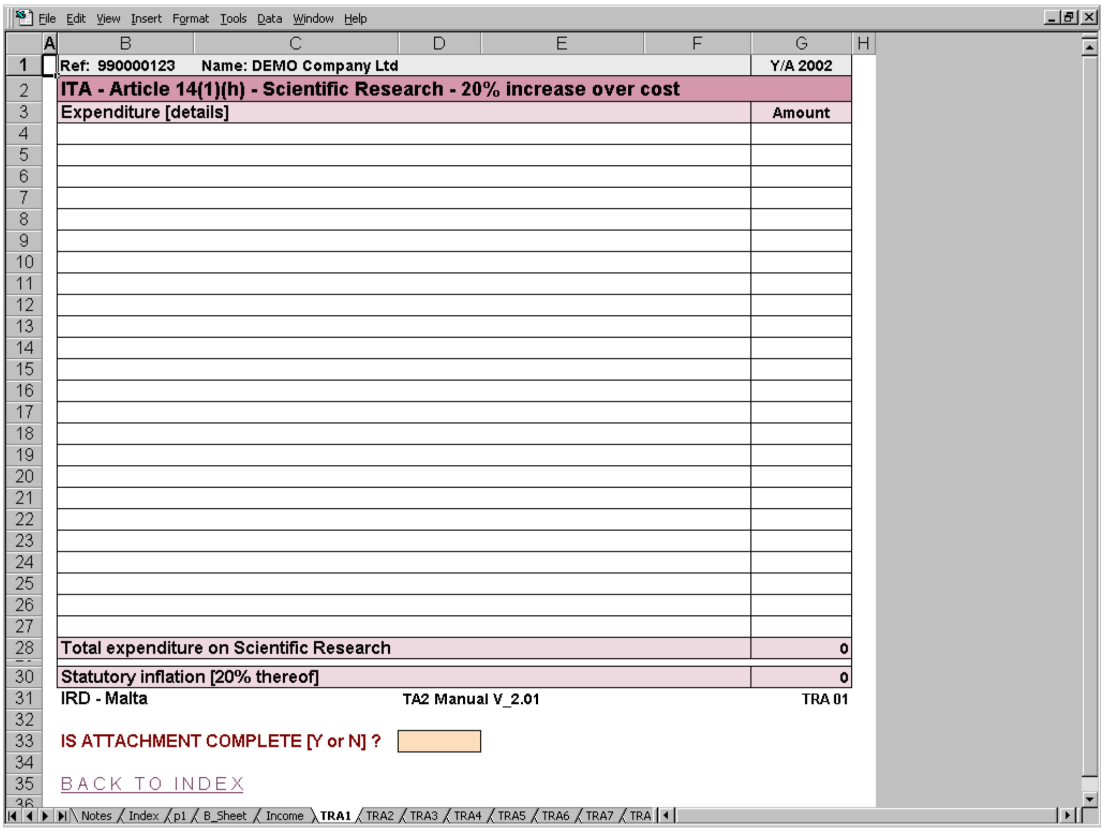


The spreadsheet cannot be exported unless all TRAs utilised are confirmed complete. However, the fact that a 'Yes' is indicated does not mean that the worksheet is ready for export; it has to pass other in-built validations that ensure the completeness and accuracy of the data inputted.

A walk-through the TRAs

TRA 01 ITA - Article 14(1)(h) - Scientific Research - 20% increase over cost

Input is restricted to the description of the different expense items and the amount attaching to each. The total expenditure and the 20% increase over cost are automatically calculated. The resulting increase over cost is posted in field 32a of Page 3 of the tax return.



TRA 02 BPA - Regulation 13 - Incentive for job creation

Claims under this regulation necessitate the following mandatory data entry:

Data Description	Position cell(s)	Error Message Display cell(s)
PE [employer] number(s)	E10:E13	F10
Qualifying employee details[1]	A18:H33	F34

[1] Cells G18:G33 contain dropdown lists that indicate the sub-regulation under which the benefit is claimed. Cells H18:H33 require that you indicate whether there is an approved training programme. Entry in any of these cells will determine the appropriate rate for the benefit to be applied. It is imperative that all details are filled in correctly.

The result derived in cell J34 is transcribed to field 33a of page 3 of the tax return.

The lower part of the attachment has to be filled in only where a Cash Grant is claimed instead of the additional deduction. Cells F38:I38 and F41:I41 are intended to cater also for individuals subject to different tax bands.

Error messages are displayed in:

- Cell D38 to indicate that the total in J38 is not equal to J34

- Cell J41 to indicate that the count for rate(s) of tax entered in cells F41:I41 does not equal the count of entries in cells F38:I38.

The result derived in cell J45 is transcribed to cell E18 in TRA18 [Exempt Income].

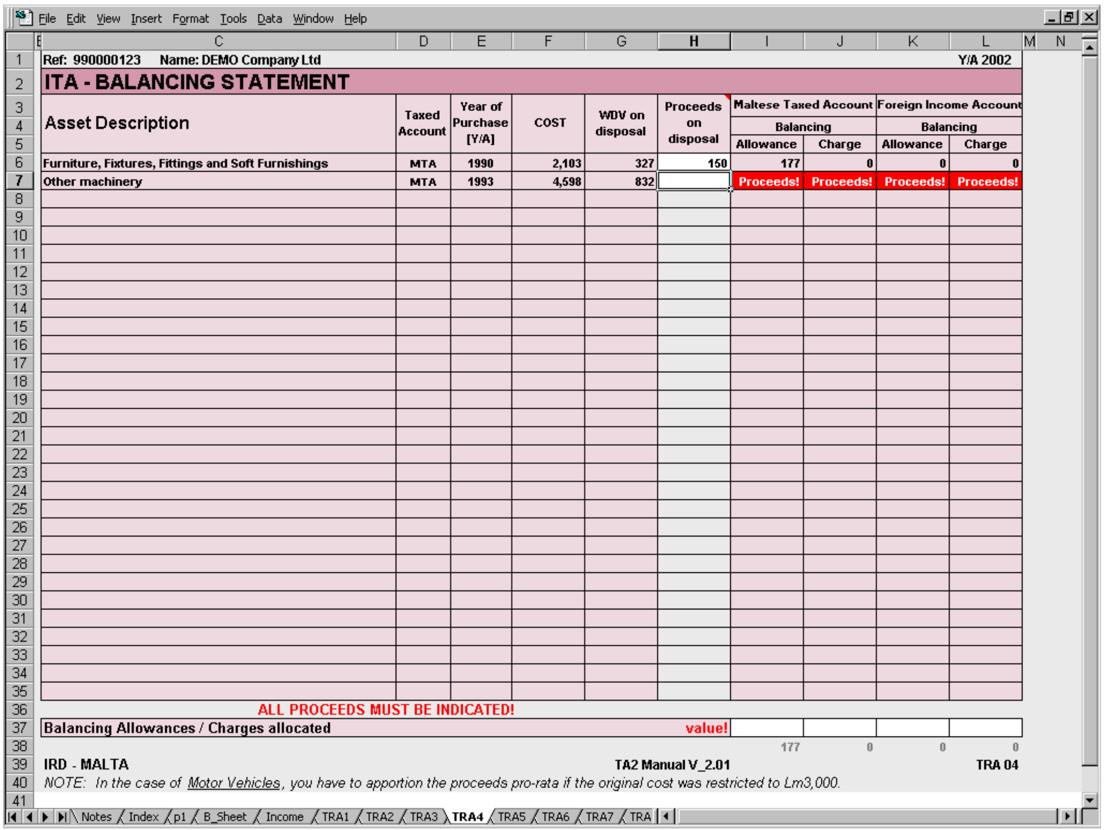
TRA 03 Other statutory inflation of expenditure

This attachment is present to cater for any other fiscal incentives that may entitle beneficiary to inflate any specified expenditure claimed. This worksheet operates in the same manner as TRA 01 except that details of the Act under which the claim is being made are required [D3]. The statutory percentage to be applied to derive the increase is also required [Cell D31].

The result derived in cell G31 is transcribed to field 34a of page 3 of the tax return.

TRA 04 ITA – Balancing Statement

The only input required in this worksheet is the sale proceeds of assets disposed of during the year [Cells H6:H35] and the total balancing charges or allowances [Cells I37:L37]. The other data is derived from TRA 05 – Capital Allowances. Whenever there are asset disposals it is important to start from TRA 05.



Ref: 990000123 Name: DEMO Company Ltd — Y/A 2002

ITA - BALANCING STATEMENT

Asset Description	Taxed Account	Year of Purchase [Y/A]	COST	WDV on disposal	Proceeds on disposal	Maltese Taxed Account Balancing Allowance	Maltese Taxed Account Balancing Charge	Foreign Income Account Balancing Allowance	Foreign Income Account Balancing Charge
Furniture, Fixtures, Fittings and Soft Furnishings	MTA	1990	2,103	327	150	177	0	0	0
Other machinery	MTA	1993	4,598	832		Proceeds!	Proceeds!	Proceeds!	Proceeds!
ALL PROCEEDS MUST BE INDICATED!									
Balancing Allowances / Charges allocated					value!				
						177	0	0	0

IRD - MALTA — TA2 Manual V_2.01 — TRA 04

NOTE: In the case of Motor Vehicles, you have to apportion the proceeds pro-rata if the original cost was restricted to Lm3,000.

Proceeds are automatically restricted where these exceed cost. However, the worksheet does not cater for apportionment in the case of motor vehicles the cost of which has been restricted to the statutory Lm3000 limit. You have to apportion proceeds accordingly.

Balancing charges or allowances are automatically computed. An error message is displayed in any cell I6:L35 where proceeds are required. If there is no disposal value you have to enter a '0' in the appropriate field. Cell C36 displays an error message to indicate the presence of empty fields in the proceeds cell(s).

Cells I37:L37 are mandatory. A message 'value' is displayed in cell H37 to indicate that a value / values is / are required in any or all of these fields. The same message appears whenever the values entered in cells I37:L37 do not agree with the computed values in cells I38:L38, indicated in grey.

The resulting balancing charge(s) is transcribed to field 41a or 41b of page 4 of the return, depending on the tax account. The same logic applies for balancing allowances, which are copied to field 46a or 46b of page 4 of the return.

TRA 05 ITA - Capital Allowances

This worksheet is divided in three parts, two relating to plant and machinery and another for industrial buildings and structures.   It takes full account of the changes brought about by ***The Deduction (Wear and Tear of Plant and machinery) Rules, 2001*** necessitating the division for plant and machinery to distinguish between:

- assets acquired before the year of assessment 2002 in which case capital allowances are computed on the written down values; and
- assets acquired in the year of assessment 2002 and after, where capital allowances are calculated on the straight-line basis based on cost.

The asset description for plant and machinery is available in the dropdown lists. Your own brief description is required in respect of industrial buildings, structures and hotels. The worksheet will not calculate the annual wear and tear without the asset description!

Once an item of plant and machinery is chosen, the number of years over which the asset is to be depreciated is automatically computed (hidden). The dropdown lists are not protected to allow asset descriptions of your choice. However, if you enter your own asset description, the number of years over which it is to be depreciated has to be indicated in cells K6:K23 and K28:K57. These same fields, together with cells K62:K74 applicable for industrial buildings etc, can be used if you opt to depreciate the assets over a number of years that exceeds the minimum prescribed by statute.

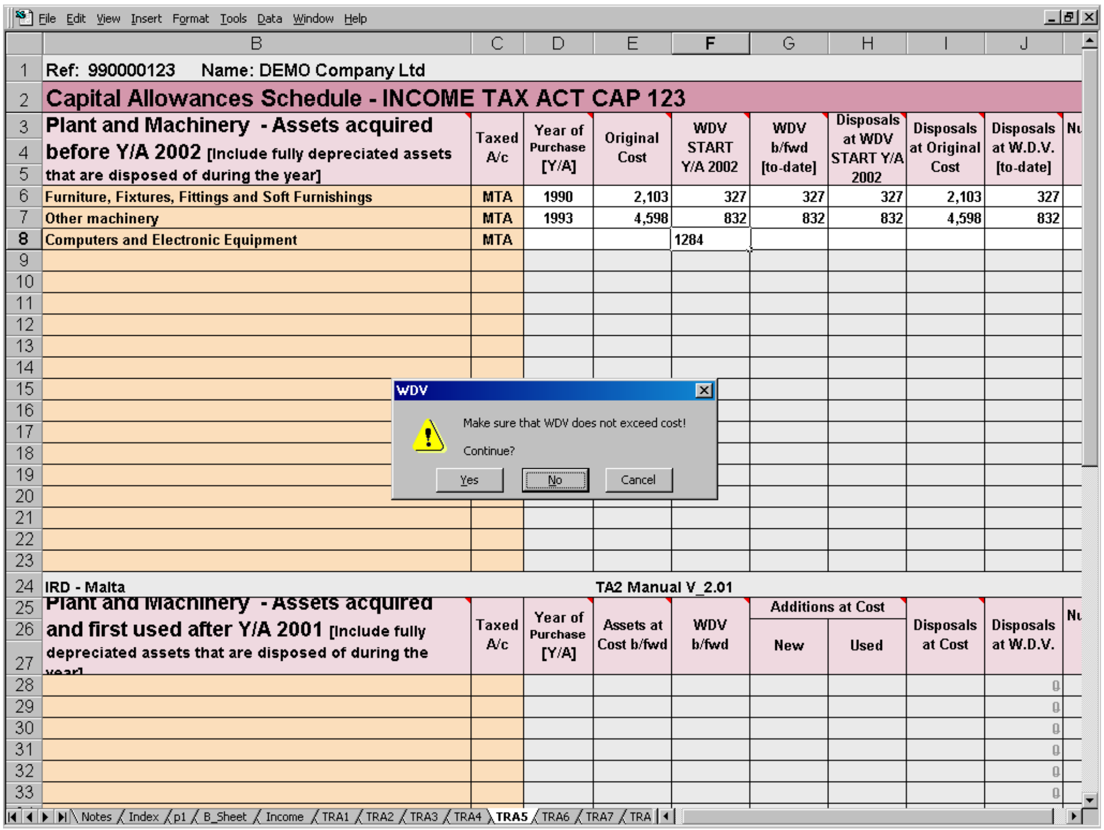
Assets that bear the same description or that are being depreciated over the same number of years can be lumped together. However, be cautious not to aggregate and include assets that have no written down value for tax purposes.

In all instances, the tax account (cells C6:C23, C28:C57 and C62:C74 for each asset or category of assets reported) to which the resulting capital allowances are to be allocated must be indicated in the dropdown list. If the tax account is not indicated an error message is displayed in the cell ranges P6:Q23, P28:Q57 and P62:Q74

Validations are present on all mandatory data input that varies for each part of the spreadsheet. Such validations ensure that all the required data is present and that the amounts inserted in different cells correlate with one another. As this worksheet updates TRA 04 [Balancing Statement], certain information is only mandatory where asset disposals are reported. The mandatory data fields present in each of the three parts of this worksheet are now examined.

Part 1 – Assets [plant and machinery] acquired and first used before Y/A 2002.

The year [of assessment] of purchase [cells D6:D23] and the original cost [cells E6:E23] are only mandatory when an asset is disposed of during the year. If the original cost is not inputted and there are no asset disposals, a warning message would still be displayed so that you can ensure that the written down value does not exceed cost.



The written down value [cells F6:F23] at the start of Y/A 2002 is mandatory. Capital allowances will be computed on this value.

The written down value brought forward [cells G6:G23] is also mandatory and is required even for Y/A 2002. The worksheet uses this balance to ascertain:

- that capital allowances on any particular asset do not exceed cost; and
- to calculate the written down value to be carried forward [can never be negative].

Values entered in cells G6:G23 are validated to ensure that they do not exceed amounts reported in the adjacent cells F6:F23.

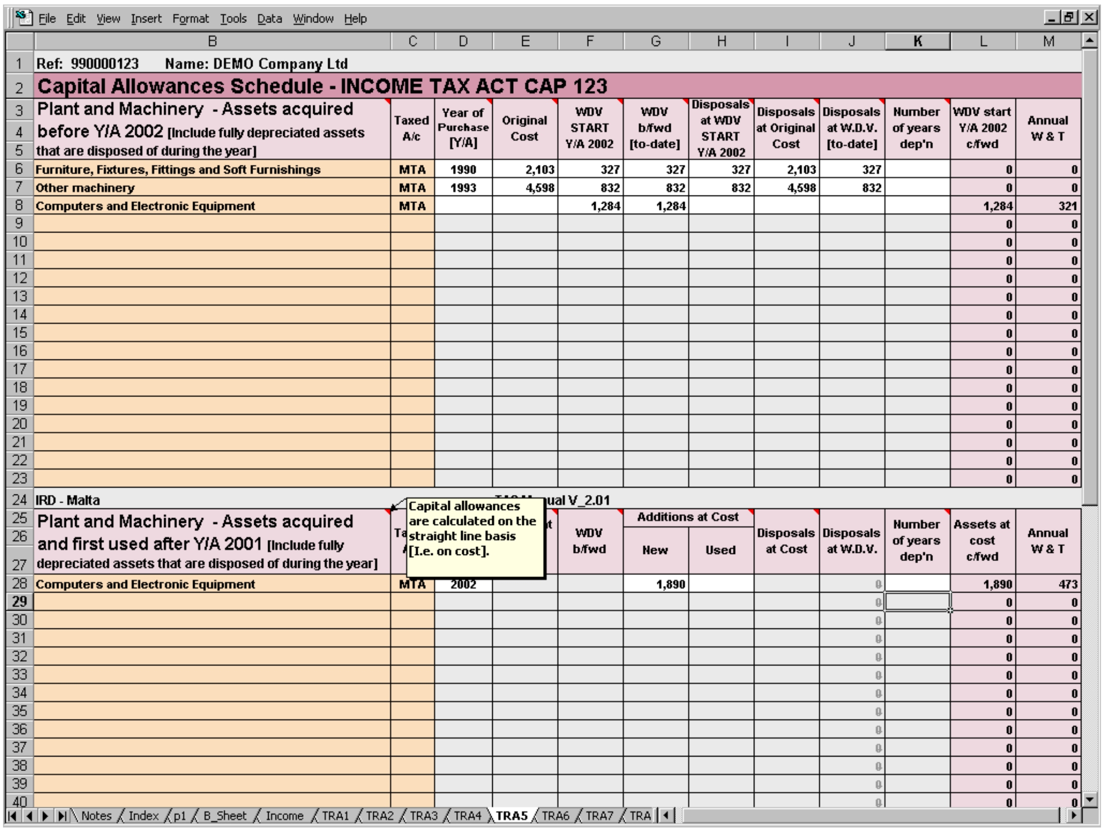
For asset disposals all value fields within the cell range H6:J23 are required to update:

- TRA 04 – Balancing Statement;
- the w.d.v. at the start of Y/A 2002 c/fwd [cells L6:L23]; and
- the w.d.v. to date c/fwd [cells N6:N23].

Error messages will be displayed in cells N6:N23 to indicate missing data for asset disposals.

Part 2 – Assets [plant and machinery] acquired and first used during Y/A 2002 and after

In this part the year of purchase [Y/A] is mandatory to ensure that assets included were all acquired and first used after Y/A 2001. It also determines and activates the relevant input fields that are required and dims the rest.



	B	C	D	E	F	G	H	I	J	K	L	M
1	Ref: 990000123 Name: DEMO Company Ltd											
2	Capital Allowances Schedule - INCOME TAX ACT CAP 123											
3–5	Plant and Machinery - Assets acquired before Y/A 2002 [Include fully depreciated assets that are disposed of during the year]	Taxed A/c	Year of Purchase [Y/A]	Original Cost	WDV START Y/A 2002	WDV b/fwd [to-date]	Disposals at WDV START Y/A 2002	Disposals at Original Cost	Disposals at W.D.V. [to-date]	Number of years dep'n	WDV start Y/A 2002 c/fwd	Annual W & T
6	Furniture, Fixtures, Fittings and Soft Furnishings	MTA	1990	2,103	327	327	327	2,103	327		0	0
7	Other machinery	MTA	1993	4,598	832	832	832	4,598	832		0	0
8	Computers and Electronic Equipment	MTA			1,284	1,284					1,284	321
9											0	0
10											0	0
11											0	0
12											0	0
13											0	0
14											0	0
15											0	0
16											0	0
17											0	0
18											0	0
19											0	0
20											0	0
21											0	0
22											0	0
23											0	0
24	IRD - Malta			ual V_2.01								
25–27	Plant and Machinery - Assets acquired and first used after Y/A 2001 [Include fully depreciated assets that are disposed of during the year]	Ta			WDV b/fwd	Additions at Cost: New	Additions at Cost: Used	Disposals at Cost	Disposals at W.D.V.	Number of years dep'n	Assets at cost c/fwd	Annual W & T
28	Computers and Electronic Equipment	MTA	2002			1,890			0		1,890	473
29									0		0	0
30									0		0	0
31									0		0	0
32									0		0	0
33									0		0	0
34									0		0	0
35									0		0	0
36									0		0	0
37									0		0	0
38									0		0	0
39									0		0	0
40									0		0	0

This means that all amounts relating to assets purchased during the year of assessment for which the tax return is being prepared can only be included in the cell range G28:H57. The other input cells in the row would be dimmed and any values entered will be indicated in red with a strikethrough. This means that a new row may have to be used for new assets even though they bear the same description of assets acquired in previous years. The worksheet ignores values entered in dimmed cells for the purpose of its calculations.

Likewise, the input of a year of assessment that precedes the current year will activate the input cells in the range E28:F57 and dims the whole cell range G28:H57. In such instances the written down value(s) of the asset(s) is mandatory to

- ensure that the original cost of the asset(s) is never exceeded

  and to update:

- the written down value carry forward;
- the written down value of assets disposed of, if applicable; and
- the balancing statement TRA 04.

This time only the cell range I28:I57 for the original cost of the asset(s) disposed of is required. The written down value of assets disposed of during the year, the cost of assets carried forward and the written down value carried forward is automated.

Part 3 – Industrial buildings or structures and hotels

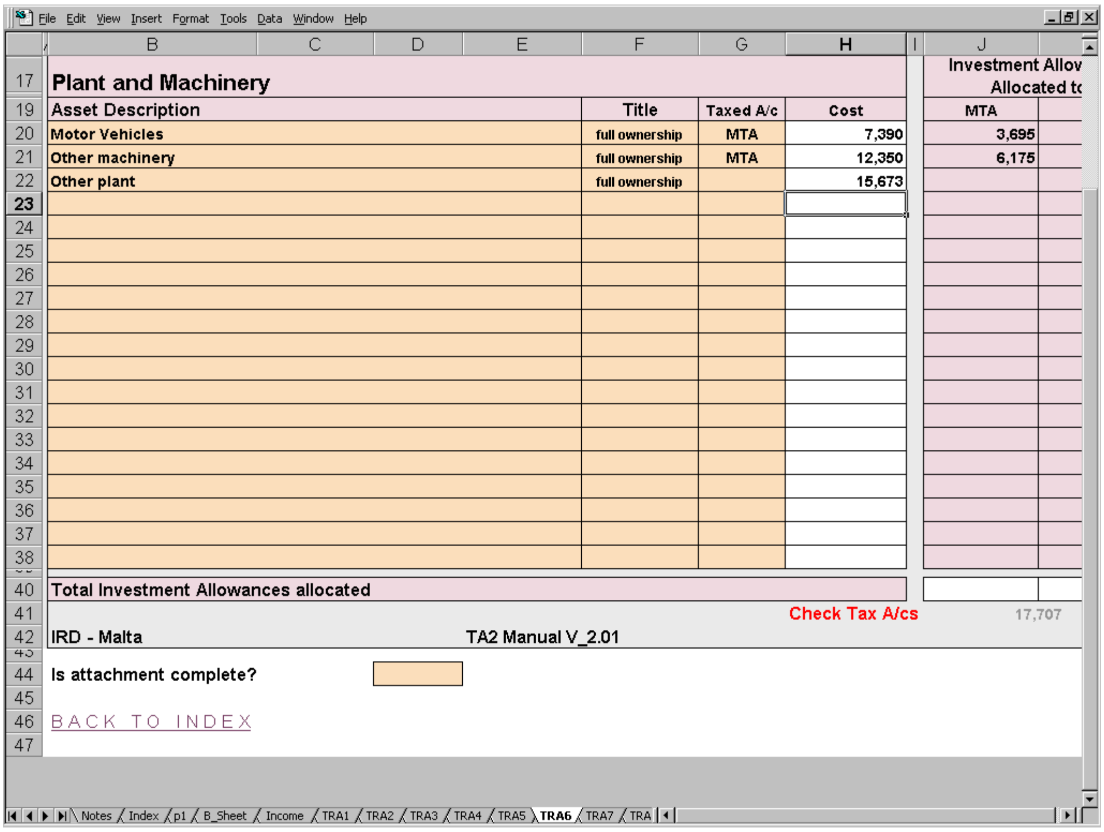
This last part of the worksheet is similar to Part 2 except that data entry in the cell range G62:H74 for new assets must be precise. The initial allowance is only calculated on assets indicated as new.

Cells M77 and N77 must both be filled in to conclude the exercise. These values will update fields 43a and 43b in page 4 of the tax return, depending on the tax accounts selected. An error message is displayed in cell L77 if one or both fields are left blank. The same message appears if the values inputted in these fields do not match the computed values in cells P77 and Q77.

TRA 06 BPA – Investment Allowance

This worksheet also requires the asset description for buildings, and provides a dropdown list for plant and machinery as in TRA 05. Other dropdown lists are available to indicate the title by which the asset is held and the tax account where to allocate the investment allowance.

Validations are present on tax accounts selected. If the cost of an asset is entered without indicating the tax account an error message is displayed in cell H41. Finally, the worksheet requires the cost of each asset or asset group upon which to calculate the allowance.



Cells J40 and K40 must be filled to indicate the total allowances claimed. Values entered, are transcribed to fields 44a and 44b in page 4 of the tax return. If both fields are blank or if the value or values entered do not agree with the sum total indicated in cell J41, an error message will be displayed in cell L40.

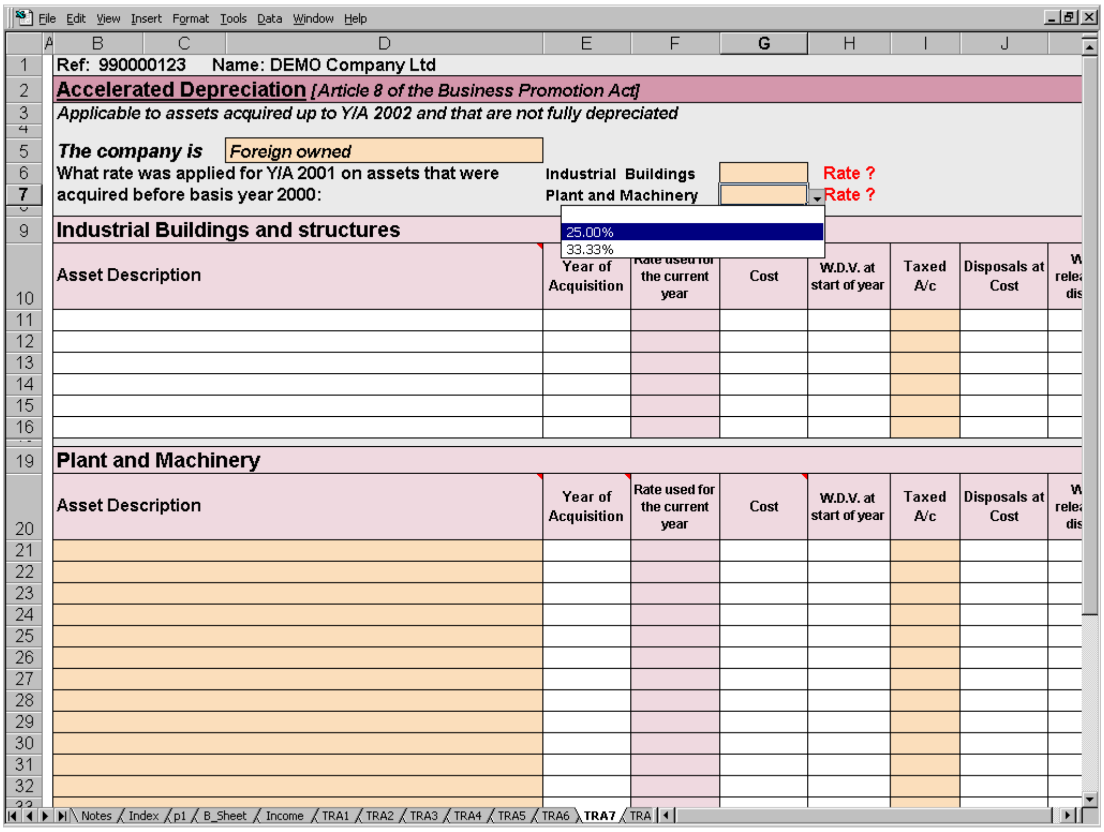
TRA 07 BPA – Accelerated Depreciation

This worksheet can be used for assets acquired up to the year of assessment 2002 and the input cells required are similar to part 2 and 3 of TRA 05.

The only features that are particular in this worksheet are the mandatory cells that relate to:

- the ownership of the company [whether it is foreign owned or Maltese owned – cell D5]; and
- the rates of accelerated depreciation applied by foreign owned companies for Y/A 2001 on assets acquired up to basis year 1999 [cells G6 and G7].

These cells are dropdown lists and error messages will be displayed next to any required cell that is left blank. This information is required as a consequence of the change in rates for foreign owned companies. It is used to determine the rate for the current year that will be calculated and displayed in the cell range F11:F16 for industrial buildings and cell range F21:F37 for plant and machinery.



Once all asset data is inputted you will be required to insert the total accelerated depreciation claimed for each tax account in cells M39 and N39. The expected total of both cells is displayed in cell M40.

Cell K39 displays error messages to indicate:

- missing tax accounts; or
- that cells M39 and / or N39 left blank; or
- the sum total of cells M39 and N39 is not equal to the expected value in cell M40.

Values entered will update fields 45a and 45b in page 4 of the tax return depending on the tax account selected.

TRA 08 to TRA 14

The next set of tax return attachments relate to the tax computation for different sources of income. The results in these worksheets will automatically update the relevant fields on page 4 of the tax return. Features common to this range of attachments is the inclusion of cells where to input:

- the grossed up element for the flat rate foreign tax credit; and

- expenditure directly related to the source.

TRA 08 ITA – Dividend Income

This worksheet is divided in two parts. The first part requires full information of the company paying the dividend and details of the dividend that are disclosed on dividend warrants. With the electronic submission of returns, dividend warrants will not be readily available to IRD.

You have to allocate each dividend to the tax account it pertains. Note the presence of the cell range G7:G27 that caters for untaxed dividends. Furthermore you are required to enter the net dividend [cell range L7:L28] that serves as a check on the data inputted with amounts in the dividend warrant. Validations are present for net dividends and the expected values are displayed in cells N7:N28.

The second part of the worksheet is prepared to derive the dividend income after deducting direct expenses. You have to input values for gross dividends received for each tax account cells C34:G34. An error message will be displayed in cell H34 if the sum total of values entered in cells C34:G34 is not equal to the sum total resulting in cells C28:G28.

Validations are also present on cells C44:G44 to ensure that data inputted is equal to the expected calculated value in cells C45:G45. An error message is displayed in cell H44 if there is a mismatch in any of these two sets of values or in their sum total.

Amounts entered in cells C44:F44 will be posted to the tax return as follows:

- amounts in C44 and F44 are copied to fields 50a and 50b respectively in page 4 of the tax return; and

- amounts in D44 and E44 will be added together and copied to cell E11 in TRA 18 – Exempt Income.

	A	B	C	D	E	F	G	H
17								
18								
19								
20								
21								
22								
23								
24								
25								
26								
27								
28		Totals >	4,670	7,890	0	1,230	0	0
30			Allocated					
31			Maltese Taxed Account			Foreign Income A/c	Untaxed A/c	
32	ITA - Dividends		Taxed	Exempt				
33				BPA	Other			
34	Gross Dividends Received		4,670	7,890		1,230		
35	Grossed up element for Flat rate foreign tax credit					308		
36	*Gross Dividends Received*		4,670	7,890	0	1,538	0	
37	*Less direct expenses [Details required]*							
38	Interest paid / payable							
39								
40								
41								
42								
43								
44	*Dividend income after deducting direct expenses*		4,670	7,890		1,538		
45			4,670	7,890	0	1,538	0	
46	IRD - Malta			TA2 Manual V_2.01				
47								

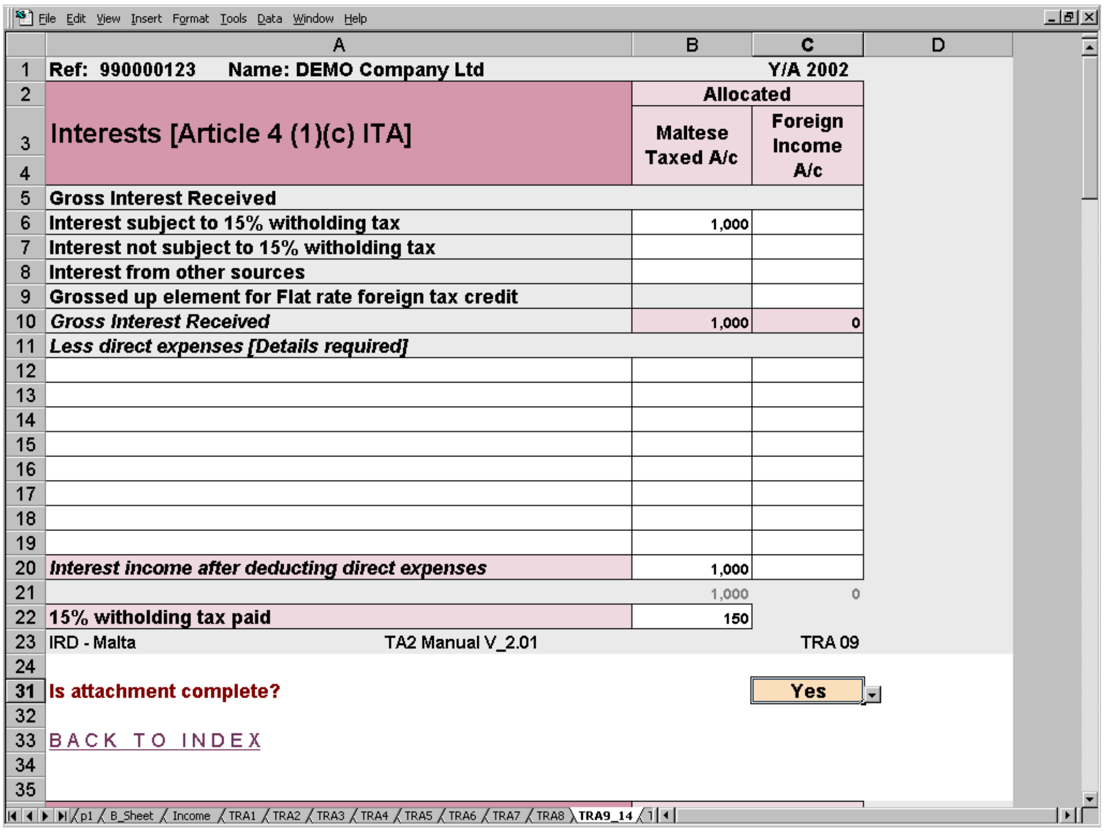
Index / p1 / B_Sheet / Income / TRA1 / TRA2 / TRA3 / TRA4 / TRA5 / TRA6 / TRA7 / TRA8 / TRA

Any resulting income from untaxed dividends should be posted in any of the fields 29a to 31a in page 3 of the tax return.

TRA 09 to TRA 14 share the same layout and pattern. The following are the locations of error messages present, the type of error and the placing of results in the tax return.

TRA	Cell	Error Message
09	D20	a loss has been entered in B20 or C20 or both
	D20	values entered in B20 or C20 not equal to expected total in B21 or C21
	C22	a check on the 15% withholding tax claimed [if B22 > ((B6+C6)*.15)]

Values entered in B20 and C20 are copied to fields 51a and 51b in page 4 of the tax return. The amount in cell C22 is posted to field 110a in page 5 of the tax return.



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	A	B	C	D
1	Ref: 990000123 Name: DEMO Company Ltd		Y/A 2002	
2		Allocated		
3	Interests [Article 4 (1)(c) ITA]	Maltese Taxed A/c	Foreign Income A/c	
4				
5	Gross Interest Received			
6	Interest subject to 15% witholding tax	1,000		
7	Interest not subject to 15% witholding tax			
8	Interest from other sources			
9	Grossed up element for Flat rate foreign tax credit			
10	*Gross Interest Received*	1,000	0	
11	*Less direct expenses [Details required]*			
12				
13				
14				
15				
16				
17				
18				
19				
20	*Interest income after deducting direct expenses*	1,000		
21		1,000	0	
22	15% witholding tax paid	150		
23	IRD - Malta TA2 Manual V_2.01		TRA 09	
24				
31	Is attachment complete?		Yes	
32				
33	BACK TO INDEX			
34				
35				

p1 / B_Sheet / Income / TRA1 / TRA2 / TRA3 / TRA4 / TRA5 / TRA6 / TRA7 / TRA8 / TRA9_14 / 1

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10 D51 a loss has been entered in B51 or C51 or both
D51 values entered in B51 or C51 not equal to expected total in B52 or C52

Values entered in B51 and C51 are copied to fields 52a and 52b in page 4 of the tax return.

---

11 D75 a loss has been entered in B75 or C75 or both
D75 values entered in B75 or C75 not equal to expected total in B76 or C76

Values entered in B75 and C75 are copied to fields 53a and 53b in page 4 of the tax return.

---

12 D97 a loss has been entered in B97 or C97 or both
D97 values entered in B97 or C97 not equal to expected total in B98 or C98

Values entered in B97 and C97 are copied to fields 54a and 54b in page 4 of the tax return.

---

13 D120 a loss has been entered in B120 or C120 or both

D120 values entered in B120 or C120 not equal to expected total in B121 or C121

Values entered in B120 and C120 are copied to fields 55a and 55b in page 4 of the tax return.

---

14 D147 a loss has been entered in B147 or C147 or both
D147 values entered in B147 or C147 not equal to expected total in B148 or C148

Values entered in B147 and C147 are copied to fields 56a and 56b in page 4 of the tax return.

TRA 15 to TRA 17 - CAPITAL GAINS

The different computations required to calculate capital gains necessitated three attachments that distinguish between transfers of immovable property from share transfers. TRA 16 and TRA 17 must be completed before concluding the summary statement in TRA 15. TRA 16 and TRA 17 provide space for three transfers under each category but the ensuing description and cell references will be restricted to the first. The same mandatory entries, validations and calculations are present in all three sheets.

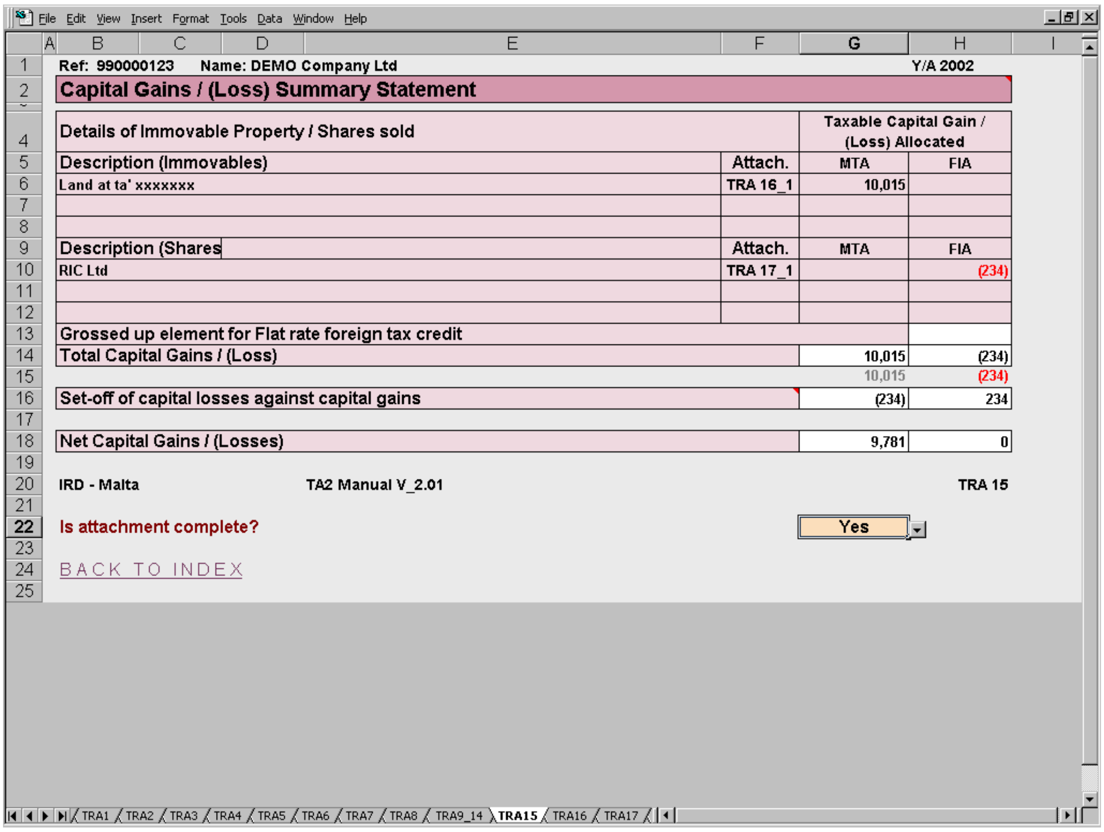
TRA 15 Summary Statement

Most of the data in this attachment is compiled from details entered in TRA 16 and TRA 17. Space is also provided to enter, where applicable, the grossed up element for flat rate foreign tax credit [cell H13].

The totals in cells G14 and H14 are required. If these are blank and values are present in TRA 16 or TRA 17, or both, an error message is displayed in cell I14. The same message appears if amounts entered in G14 and G15 do not equal the expected values displayed in cells G15 and H15.

Space is also provided [cells G16 and H16] to effect set-off of any resulting capital loss on one account against the capital gain on the other. Entry validations are active on both cells.

Data input is mandatory in cells G18 and H18 and amounts reported here are automatically copied to fields 59a and 59b in page 4 of the return. An error message will be displayed in cell I18 if any of these cells is blank and a value is expected. The same error message is displayed if the wrong values are entered.



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Ref: 990000123 Name: DEMO Company Ltd — Y/A 2002

Capital Gains / (Loss) Summary Statement

Details of Immovable Property / Shares sold		Taxable Capital Gain / (Loss) Allocated	
Description (Immovables)	Attach.	MTA	FIA
Land at ta' xxxxxxx	TRA 16_1	10,015	
Description (Shares	Attach.	MTA	FIA
RIC Ltd	TRA 17_1		(234)
Grossed up element for Flat rate foreign tax credit			
Total Capital Gains / (Loss)		10,015	(234)
		10,015	(234)
Set-off of capital losses against capital gains		(234)	234
Net Capital Gains / (Losses)		9,781	0

IRD - Malta TA2 Manual V_2.01 TRA 15

Is attachment complete? Yes

BACK TO INDEX

TRA1 / TRA2 / TRA3 / TRA4 / TRA5 / TRA6 / TRA7 / TRA8 / TRA9_14 / TRA15 / TRA16 / TRA17

TRA 16 Capital gains on transfer of immovable property

A description of the property transferred is required in cell E6 and will be automatically copied to TRA 15. It also provides space where to indicate the year of sale [cell E8] and selling expenses, if any [cell E12]. Any value in this latter cell will be automatically copied to cell F44 and will be deducted from the resulting capital gain.

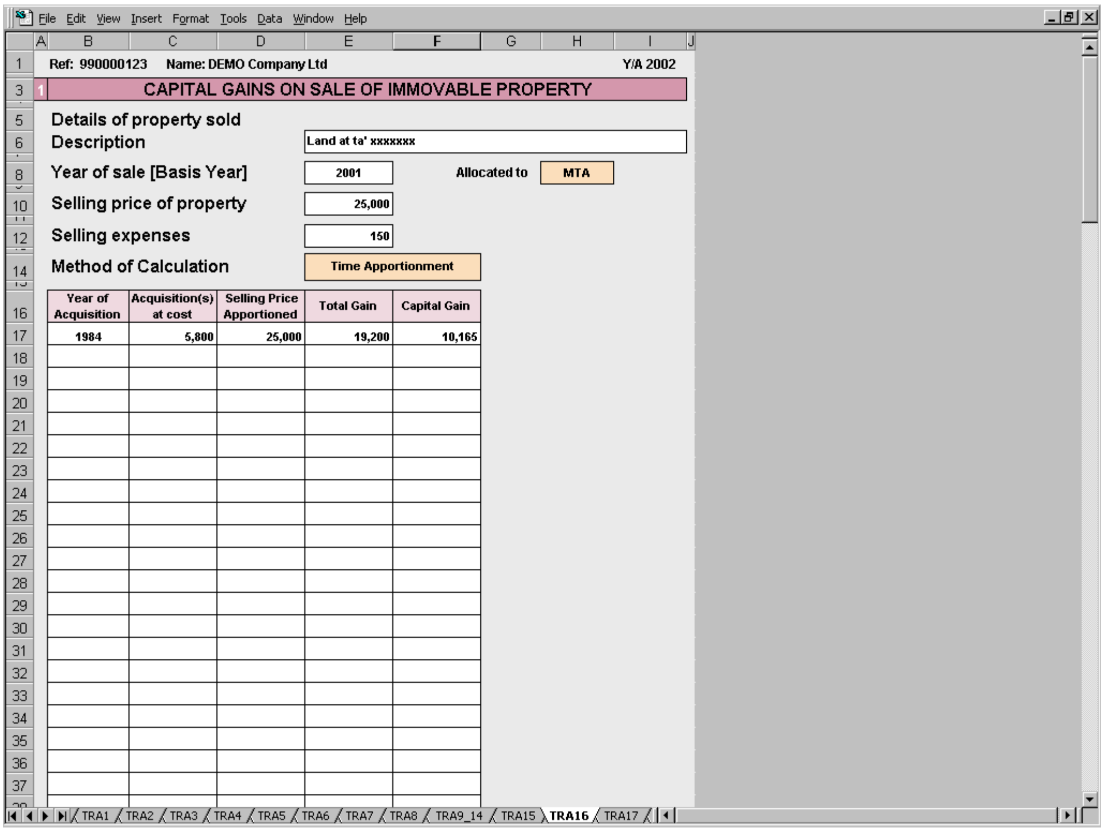
Data input for the selling price [cell E10] is mandatory. An error message is displayed if it is left blank and other values are present in the sheet. This value is required to calculate the gain and to serve as a check on cell D43.

Two other mandatory cells are present in the form of a dropdown list where to indicate:

- the tax account allocation; and
- the method of calculation [time apportionment or inflation].

Ample space is provided to account for the piecemeal acquisition, improvements, etc of property [cells B17:F42]. All details under each heading [B16:F16] are required for each row utilised. An error message is displayed adjacent to the row where details are absent.

The column totals [cells C43 to F43] and allocation to the tax account [cells H46 and I46] are automated. A final validation is present on cell D43. If the computed total in D43 is not equal to the selling price indicated in cell E10 an error message will be displayed in cell G43.



TRA 17 Capital gains on share transfers

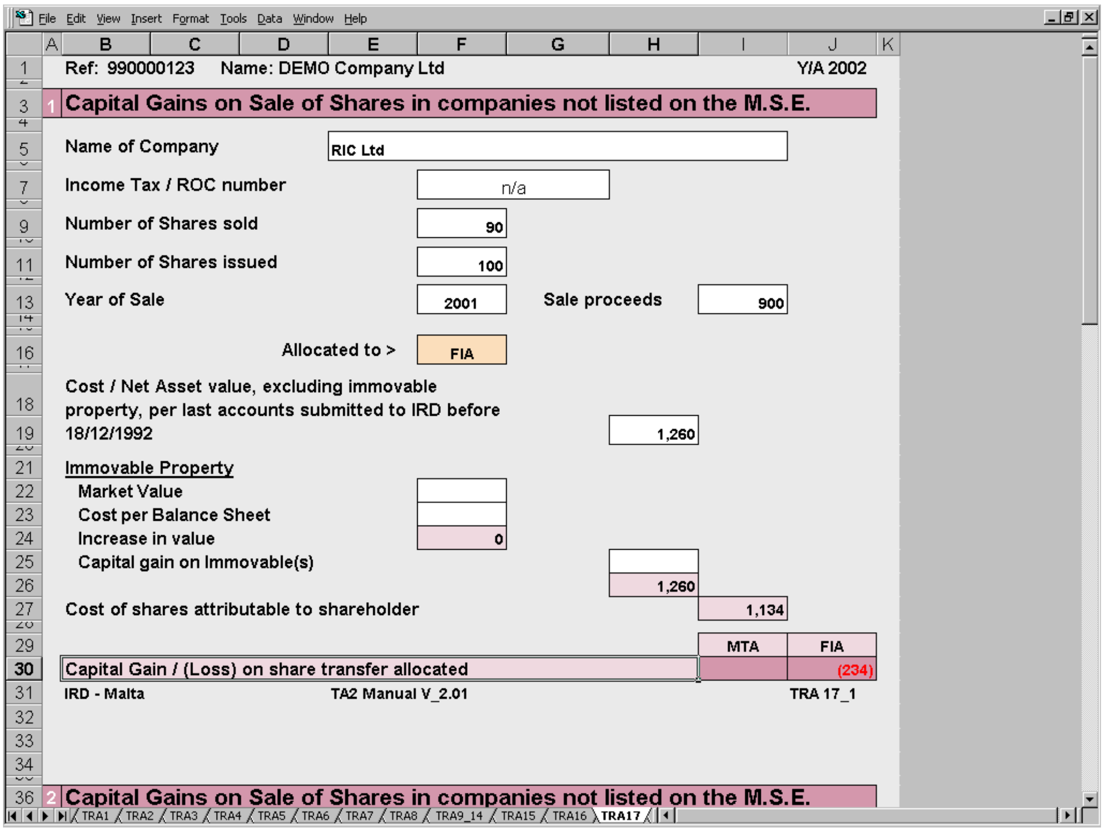
The name of the company whose shares have been transferred is required in cell E5. The name is copied to the summary statement TRA 15.

Data input is mandatory in a number of cells and an error message is displayed for each blank cell.

Input cell	Description	Error Message cell
F7	Income Tax / ROC number	H7
F9	Number of shares sold	G9
F11	Number of shares issued	G11
F13	Year of sale	E13
I13	Sale precedes	J13
F16	Tax Account [dropdown list]	G16
H19	Cost [or Net asset value 1992]	I16

Other space is provided [cells F22 and F23] where to input data relating to immovable property and the worksheet will calculate the increase in value [cell F24]. You have to calculate the capital gain on immovable property and insert the result in cell H25.

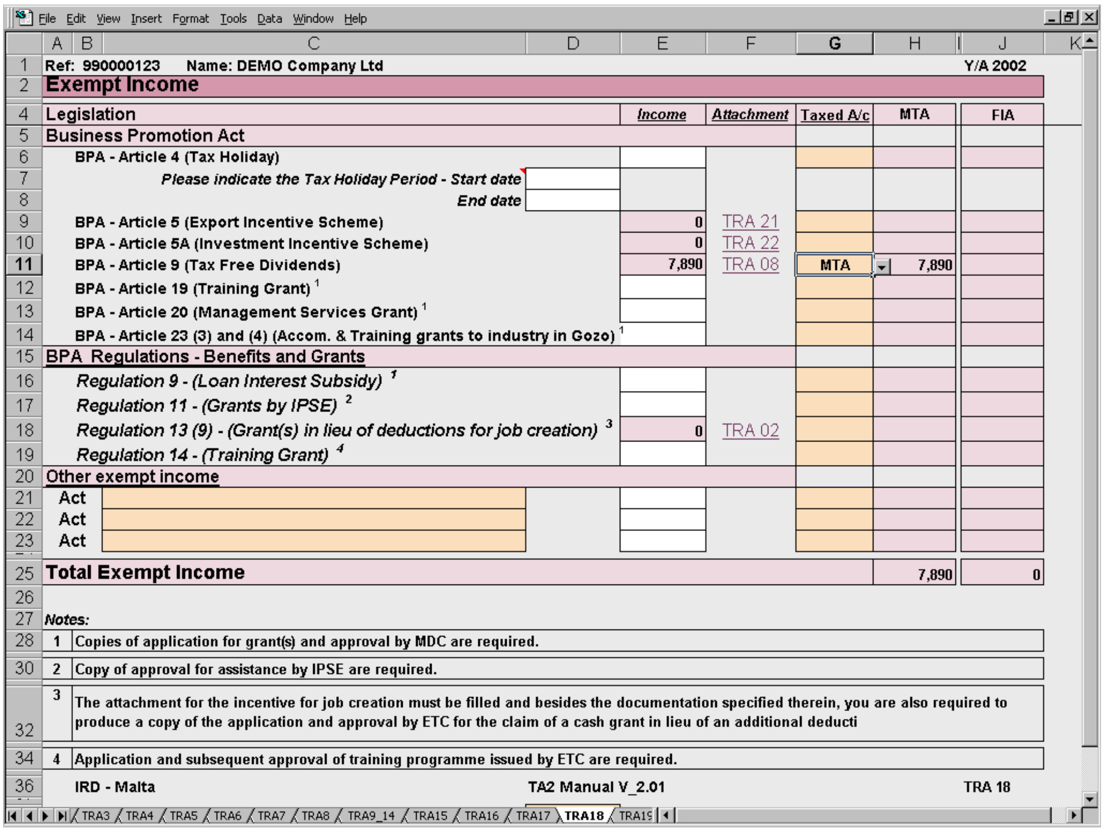
The cost of shares sold [cell I27] is worked out by the worksheet and the result is allocated to the appropriate tax account [cell I30 or J30]. The results in these latter cells update the summary statement TRA 15.



TRA 18 Exempt Income

All income from any source that is exempt from tax [i.e. exempt in the hands of shareholders if distributed by way of dividend] is included in this attachment. Part of the data in this attachment is derived automatically from other worksheets. For ease of reference this attachment is hyperlinked to the source worksheets in the sequence TRA 21, TRA 22, TRA08 and TRA 02.

Space is also provided in cell E6 to input any tax holiday income under the BPA. Dates are required in cells D7 and D8, covering the tax holiday period, whenever an entry is made in cell E6. Error messages are displayed in cells E7 and E8 if any of the cells D7 and D8 are blank. A data input validation [warning] is present in cell D8 if the dates indicated exceed the ten-year period. An error message to this same effect will also be displayed in cell F8.



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Ref: 990000123 Name: DEMO Company Ltd — Y/A 2002

Exempt Income

	Legislation	Income	Attachment	Taxed A/c	MTA	FIA
5	Business Promotion Act					
6	BPA - Article 4 (Tax Holiday)					
7	*Please indicate the Tax Holiday Period - Start date*					
8	*End date*					
9	BPA - Article 5 (Export Incentive Scheme)	0	TRA 21			
10	BPA - Article 5A (Investment Incentive Scheme)	0	TRA 22			
11	BPA - Article 9 (Tax Free Dividends)	7,890	TRA 08	MTA	7,890	
12	BPA - Article 19 (Training Grant) [1]					
13	BPA - Article 20 (Management Services Grant) [1]					
14	BPA - Article 23 (3) and (4) (Accom. & Training grants to industry in Gozo) [1]					
15	BPA Regulations - Benefits and Grants					
16	*Regulation 9 - (Loan Interest Subsidy)* [1]					
17	*Regulation 11 - (Grants by IPSE)* [2]					
18	*Regulation 13 (9) - (Grant(s) in lieu of deductions for job creation)* [3]	0	TRA 02			
19	*Regulation 14 - (Training Grant)* [4]					
20	Other exempt income					
21	Act					
22	Act					
23	Act					
25	**Total Exempt Income**				7,890	0

Notes:

1 Copies of application for grant(s) and approval by MDC are required.

2 Copy of approval for assistance by IPSE are required.

3 The attachment for the incentive for job creation must be filled and besides the documentation specified therein, you are also required to produce a copy of the application and approval by ETC for the claim of a cash grant in lieu of an additional deducti

4 Application and subsequent approval of training programme issued by ETC are required.

IRD - Malta TA2 Manual V_2.01 TRA 18

TRA3 / TRA4 / TRA5 / TRA6 / TRA7 / TRA8 / TRA9_14 / TRA15 / TRA16 / TRA17 / TRA18 / TRA19

Cells E12:E14, E16, E17 and E19 cater for any grants and / or subsidies that are statutorily exempt from tax. Cells E21 to E23 may be used to indicate other income that is statutorily exempt under different legislations. The legislation is required [Cells C21 to C23 – dropdown list] if any value is entered in cells E21 to E23. The list is not exhaustive; it is not protected to allow the input of any other Act that allows the exemption.

For each value of exempt income entered under column E there must be a corresponding tax account description [choice from dropdown list] in column G. An error message is displayed in cell G26 to indicate missing tax accounts.

The computed values in H25 and J25 are copied to fields 63a and 63b in page 4 of the tax return.

TRA 19 Loss surrendered to group companies

This worksheet is very straightforward. The only data required is the registration number [IT number or ROC number] and name of the claimant company, and the amount surrendered to each company allocated directly to the appropriate tax account.

Any missing detail will be indicated by an error message present throughout the cell range G6:G25.

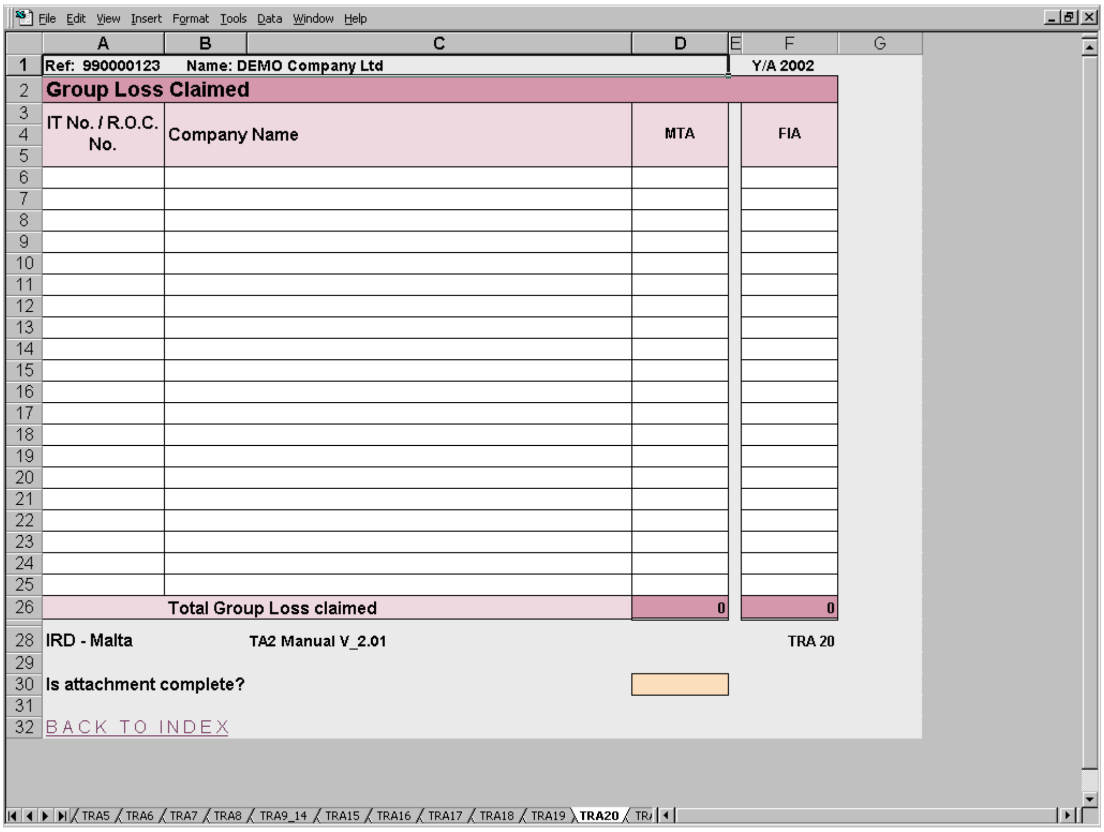
Computed values in cells D26 and F26 will be automatically transferred to fields 67a and 67b.

TRA 20 Loss claimed from group companies

This worksheet is a carbon copy of TRA 19. The only data required is the registration number [IT number or ROC number] and name of the surrendering company, and the amount claimed from each company allocated directly to the appropriate tax account.

Any missing detail will be indicated by an error message present throughout the cell range G6:G25.

Computed values in cells D26 and F26 will be automatically transferred to fields 70a and 70b.



TRA 21 and TRA 22

Benefits under Articles 5 or 5A of the Business Promotion Act are included in the same worksheet as no company can claim both benefits. You have to indicate in cell K21 [dropdown list for Articles 5 or 5A] the Article of the Act under which you are claiming the benefit. The worksheet will adapt itself accordingly.

Both benefits rely on the same prescribed formula. The years comprised in the base period are calculated by the worksheet and you are only required to fill in data in the cell range E32:H33. Error messages are displayed in cells J32 and J33 to indicate empty fields.

All relevant data for the current period must be inserted in the cell range E37:H37. An error message is present in cell J37 indicating empty fields.

Once all data is in place the worksheet will return:

- the total sales [cell E34], the total export sales [cell F34], the total chargeable income [cell G34], total non-trading income [cell H34] and the total adjusted chargeable income [cell I34] for the base period;

- the average sales [cell E35], the average export sales [cell F35], the average chargeable income [cell G35] and the average adjusted chargeable income [cell I35] for the base period;

- the adjusted chargeable income for the year [cell I37];

TRA 21 Article 5 of the Business Promotion Act

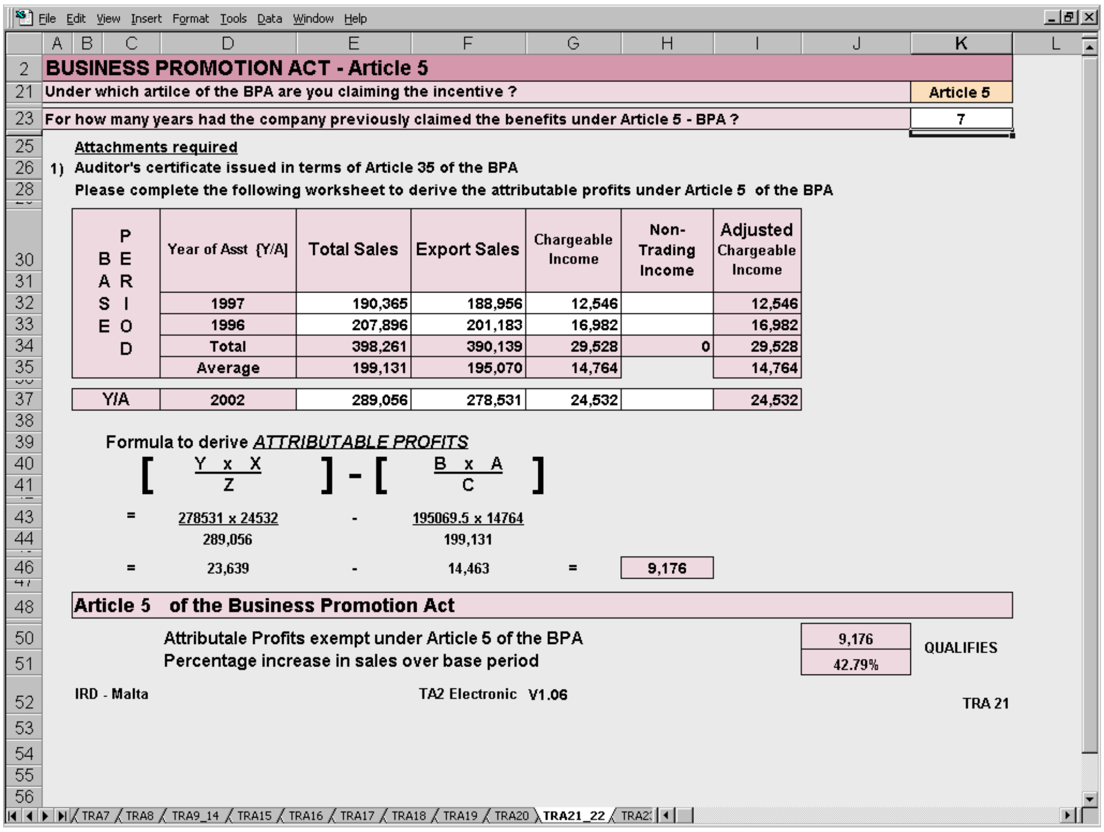
Once Article 5 is chosen in cell K21, the company is asked to indicate the number of years it has enjoyed the benefit in cell K23. An error message is displayed in cell L23 if the 10-year period is exceeded. The worksheet calculates:

- the attributable profit exempt under Article 5 [cell J50]; and

- the percentage increase in sales over the base period [cell J51].

Cell K50 will indicate whether the company qualifies for the benefit based on the amounts inputted.

The resulting exempt income figure is automatically transcribed to TRA 18 [cell E9].



BUSINESS PROMOTION ACT - Article 5

Under which artilce of the BPA are you claiming the incentive ? Article 5

For how many years had the company previously claimed the benefits under Article 5 - BPA ? 7

Attachments required

1) Auditor's certificate issued in terms of Article 35 of the BPA

Please complete the following worksheet to derive the attributable profits under Article 5 of the BPA

	Year of Asst (Y/A)	Total Sales	Export Sales	Chargeable Income	Non-Trading Income	Adjusted Chargeable Income
BASE PERIOD	1997	190,365	188,956	12,546		12,546
	1996	207,896	201,183	16,982		16,982
	Total	398,261	390,139	29,528	0	29,528
	Average	199,131	195,070	14,764		14,764
Y/A	2002	289,056	278,531	24,532		24,532

Formula to derive *ATTRIBUTABLE PROFITS*

$$\left[\frac{Y \times X}{Z}\right] - \left[\frac{B \times A}{C}\right]$$

$$= \frac{278531 \times 24532}{289{,}056} - \frac{195069.5 \times 14764}{199{,}131}$$

$$= 23{,}639 - 14{,}463 = 9{,}176$$

Article 5 of the Business Promotion Act

Attributale Profits exempt under Article 5 of the BPA 9,176 QUALIFIES

Percentage increase in sales over base period 42.79%

IRD - Malta TA2 Electronic V1.06 TRA 21

TRA 22 Article 5A of the Business Promotion Act

The lower part of the screen is activated to accommodate the data requirements that satisfy the provisions of Article 5A of the Business Promotion Act. The cell range E53:F59 caters for data entry relating to total sales and capital expenditure for the years of assessment indicated in the cell range D53:D59.

The start date of the seven-year period for the claim of this benefit has to be indicated in cell K58 and an error message is displayed if the cell is blank. If the seven year period is exceeded [impossible in Y/A 2002] an error message to this effect is displayed in cell J60.

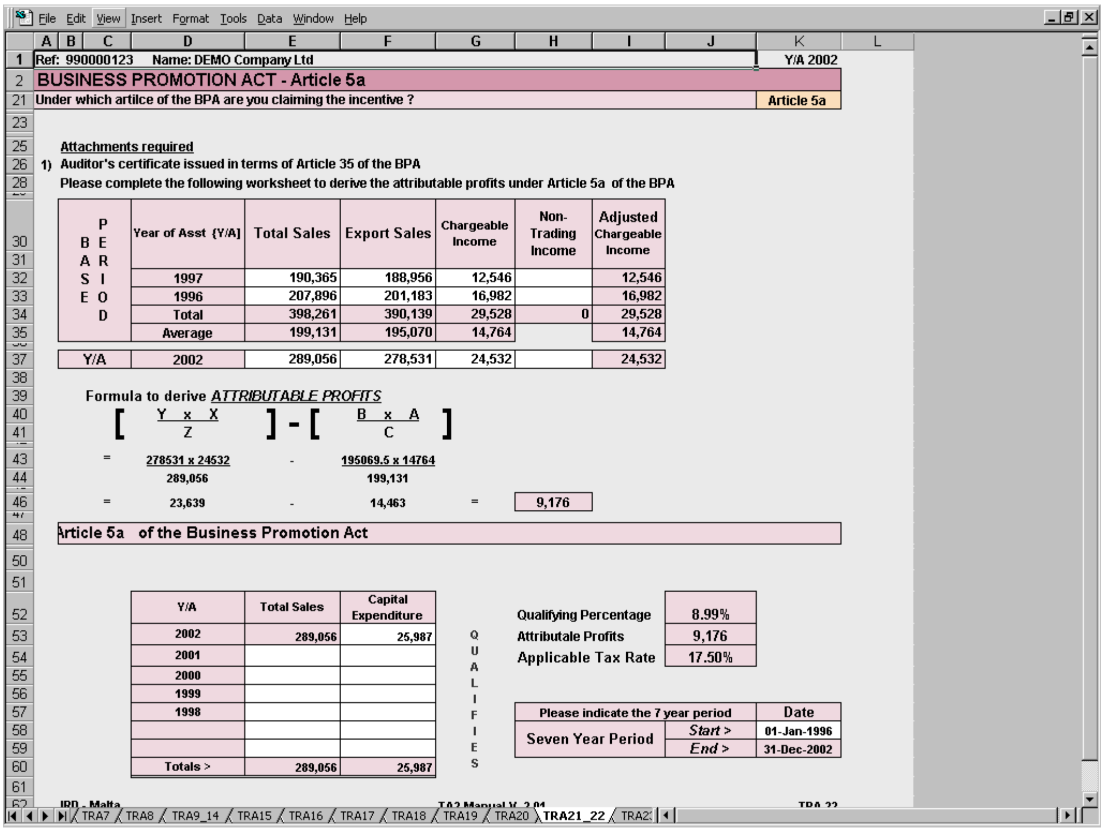
The worksheet will return:

- the qualifying percentage where applicable [cell J52]:
- the attributable profits [cell J53]; and
- the applicable tax rate [cellJ54].

Cell G53 will indicate whether the company qualifies for the benefit based on the data inputted. Once the company qualifies the allocation of the attributable profits depends on the resulting tax rate:

- if the applicable tax rate is O%, the attributable profits in cell J53 are allocated to cell E10 of TRA 18 [Exempt Income]

- if the applicable tax rate is more than 0%, the attributable profits in cell J53 are allocated to field 80a and the tax rate in cell J54 is copied to field 80b in page 5 of the tax return.



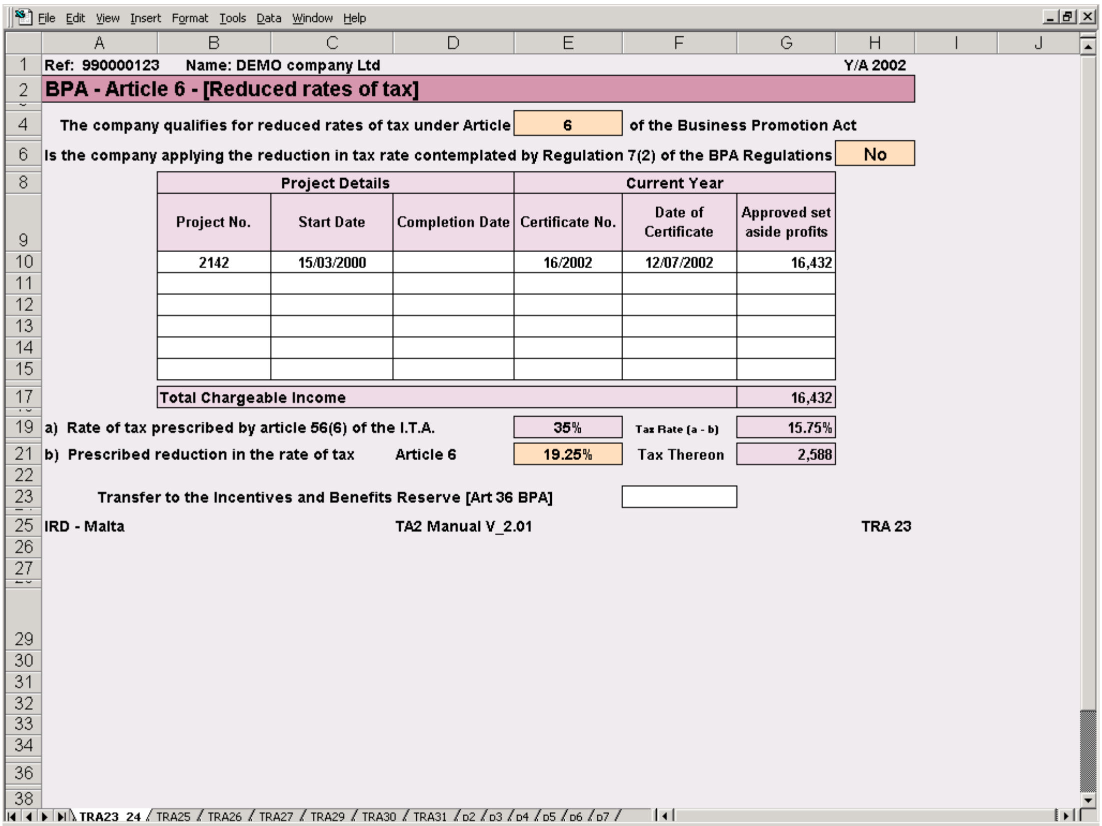
TRA 23 and TRA 24 — Reduced rates of tax

Benefits claimed under either Article 6 or Article 24B of the Business Promotion Act work out in the same manner and are included within the same worksheet. No company can claim both benefits.

You have to indicate from the dropdown list [Article 6 or 24B] in cell E4 the benefit you are claiming. You also have to indicate, from another dropdown list in cell H6 [Yes or No] whether the company is applying for a further reduction in tax rate contemplated by Regulation 7(2) of the Business Promotion Act Regulations.

The project details are required in the cell range B10:D15, whilst the certificate number, the date of the certificate and the amount of the approved set-aside profits for the current year has to be included in cells E10:G15, as required. If the certificate number for the current year is missing, an error message will be displayed in any of the cells H10:H15.

Finally you have to indicate the prescribed reduction in the tax rate depending on the benefit claimed from the dropdown list in cell E21 [19.25% or 17.5%].



If cell H6 reads *No* the whole exercise is ready. The resulting amount in G17 is copied to field 81a or 82a, depending on the benefit, in page 5 of the tax return. The rate of tax in G19 is transcribed in field 81b or 82b, again depending on the benefit.

The final data input is in cell F23, which is the amount, transferred to the Incentives and benefits Reserve.

If the answer in cell H6 is '*Yes*' the bottom part of the worksheet is activated. This part caters for a further reduction in tax rate under Regulation 7(2). Dropdown lists of relevant legislations are contained in cells A30:A34. The dropdown lists are not protected and allow other Act descriptions in the eventuality of a missed legislation.

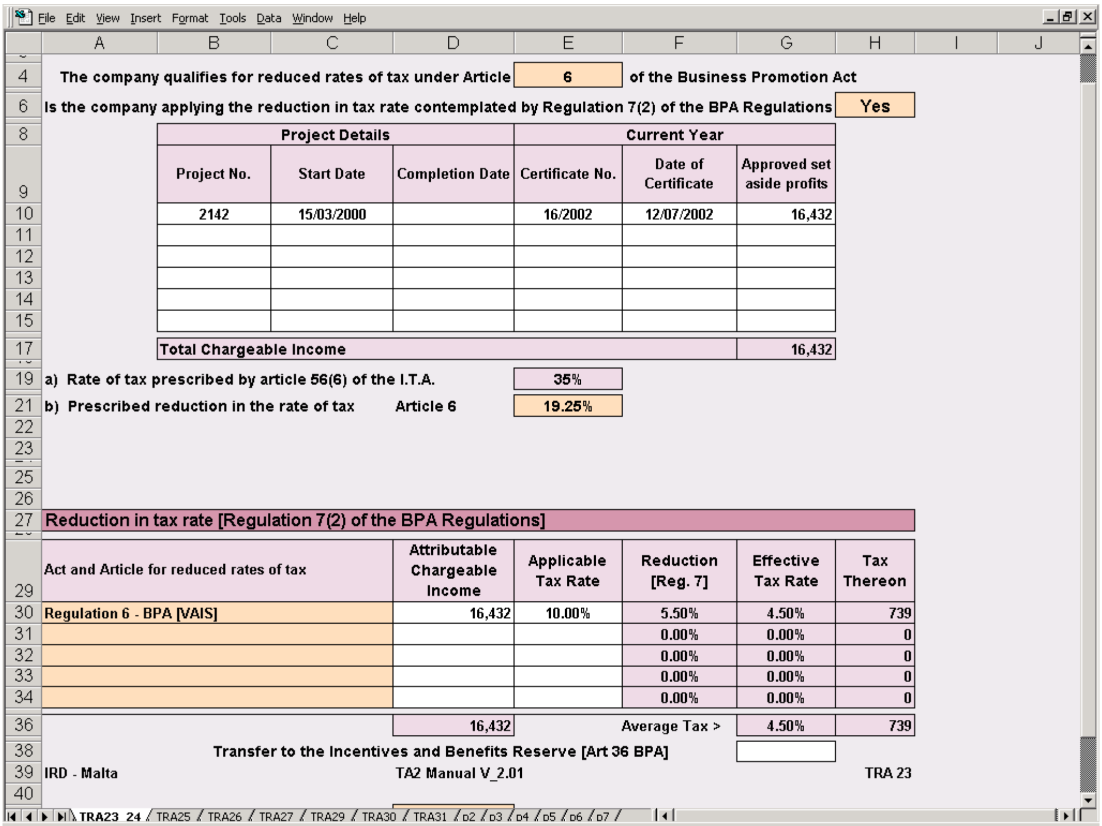
For each Act identified in cells A30:A34 you have to enter:

- the amount of attributable chargeable income in cells D30:D34; and
- the applicable tax rate in cells E30:E34.

If a cell in the range E30:E34 with an expected tax rate is blank an error message is displayed in cells I30 to I34. The calculated total in cell D36 is validated against the total in cell G17 [approved set aside profits]. If the totals do not agree an error message is displayed in cell A36.

The resulting total in D36 is copied to field 81a or 82a [page 5 of the tax return], depending on the benefit. The calculated average rate of tax in G36 is posted to field 81b or 82b, again depending on the benefit.

This time you have to input the amount transferred to the Incentives and benefits Reserve in cell G38.



File Edit View Insert Format Tools Data Window Help

The company qualifies for reduced rates of tax under Article 6 of the Business Promotion Act

Is the company applying the reduction in tax rate contemplated by Regulation 7(2) of the BPA Regulations Yes

Project Details			Current Year		
Project No.	Start Date	Completion Date	Certificate No.	Date of Certificate	Approved set aside profits
2142	15/03/2000		16/2002	12/07/2002	16,432
Total Chargeable Income					16,432

a) Rate of tax prescribed by article 56(6) of the I.T.A. 35%

b) Prescribed reduction in the rate of tax Article 6 19.25%

Reduction in tax rate [Regulation 7(2) of the BPA Regulations]

Act and Article for reduced rates of tax	Attributable Chargeable Income	Applicable Tax Rate	Reduction [Reg. 7]	Effective Tax Rate	Tax Thereon
Regulation 6 - BPA [VAIS]	16,432	10.00%	5.50%	4.50%	739
			0.00%	0.00%	0
			0.00%	0.00%	0
			0.00%	0.00%	0
			0.00%	0.00%	0
	16,432		Average Tax >	4.50%	739

Transfer to the Incentives and Benefits Reserve [Art 36 BPA]

IRD - Malta TA2 Manual V_2.01 TRA 23

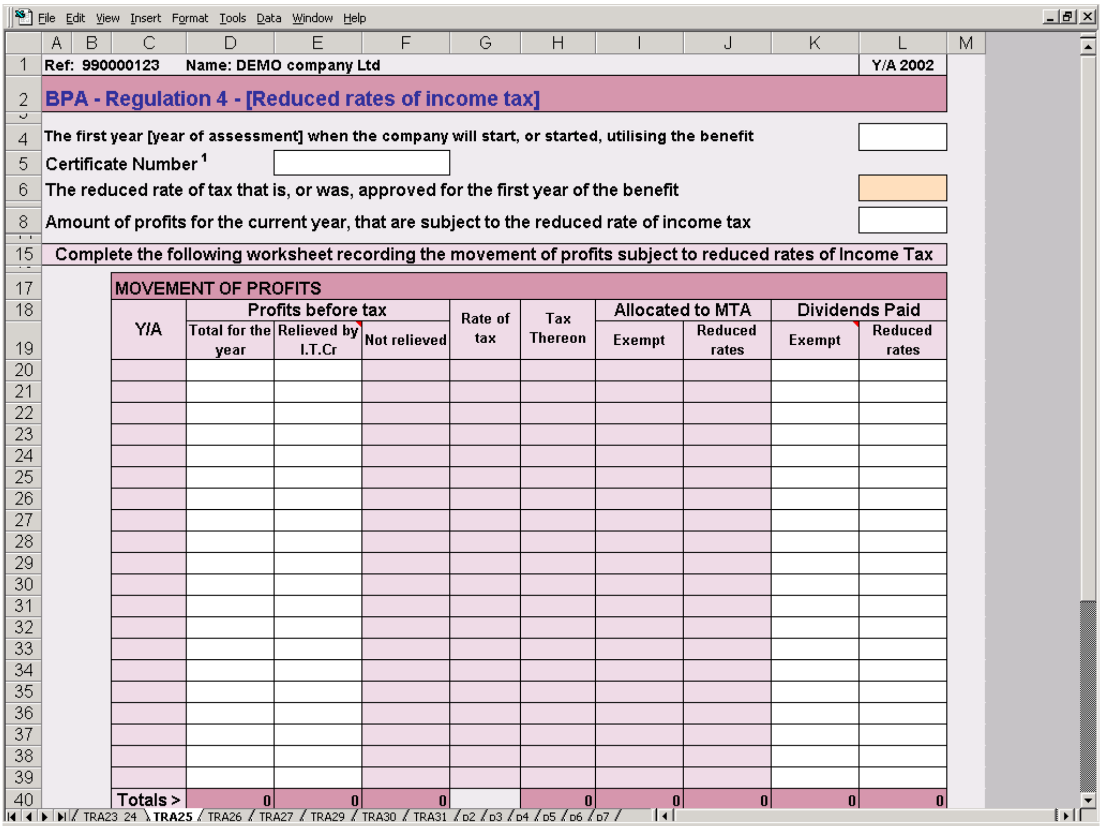
TRA23 24 / TRA25 / TRA26 / TRA27 / TRA29 / TRA30 / TRA31 / D2 / D3 / D4 / D5 / D6 / D7 /

TRA 25 Regulation 4 of the B. P. A. Regulations

The year of assessment when the company started to utilise the benefit is required in cell L4. The number of the certificate issued by the Malta Development Corporation has to be inserted in cell E5. An error message is displayed in cell G5 if E5 is blank.

Another mandatory field is cell L6 requiring the reduced rate of tax approved by the M.D.C. A dropdown list is available displaying only two rates [5% and 10%] for the time being. The percentage entered in this cell is transcribed to field 83b in page 5 of the tax return. An error message is displayed in cell K6 if the cell L6 is blank.

The final mandatory value is expected in cell L8 and this relates to the approved amount of profits. The value entered in this cell is transcribed to field 83a in page 5 of the tax return. If the cell is blank an error message will be displayed in cell K8.



The second part of the attachment is a tax accounting exercise intended to keep track of profits relieved from tax by an investment tax credit as distinct from other profits taxed at a reduced rate. It also keeps track of dividends paid.

Despite all the space provided, data entry is only expected for the years of assessment indicated. For Y/A 2002 only one row of data is required! Most of the exercise is automated and the input fields are self- explanatory and should not pose any particular problems.

TRA 26 Regulation 6 of the B. P. A. Regulations

The year of assessment when the company started to utilise the benefit is required in cell L4. A blank cell is indicated by a message in K4.

Input in cell L6 is also mandatory, requiring the reduced rate of tax approved by the M.D.C. A dropdown list is available displaying again only two rates [5% and 10%]. An error message is displayed in cell K6 if the cell L6 is blank.

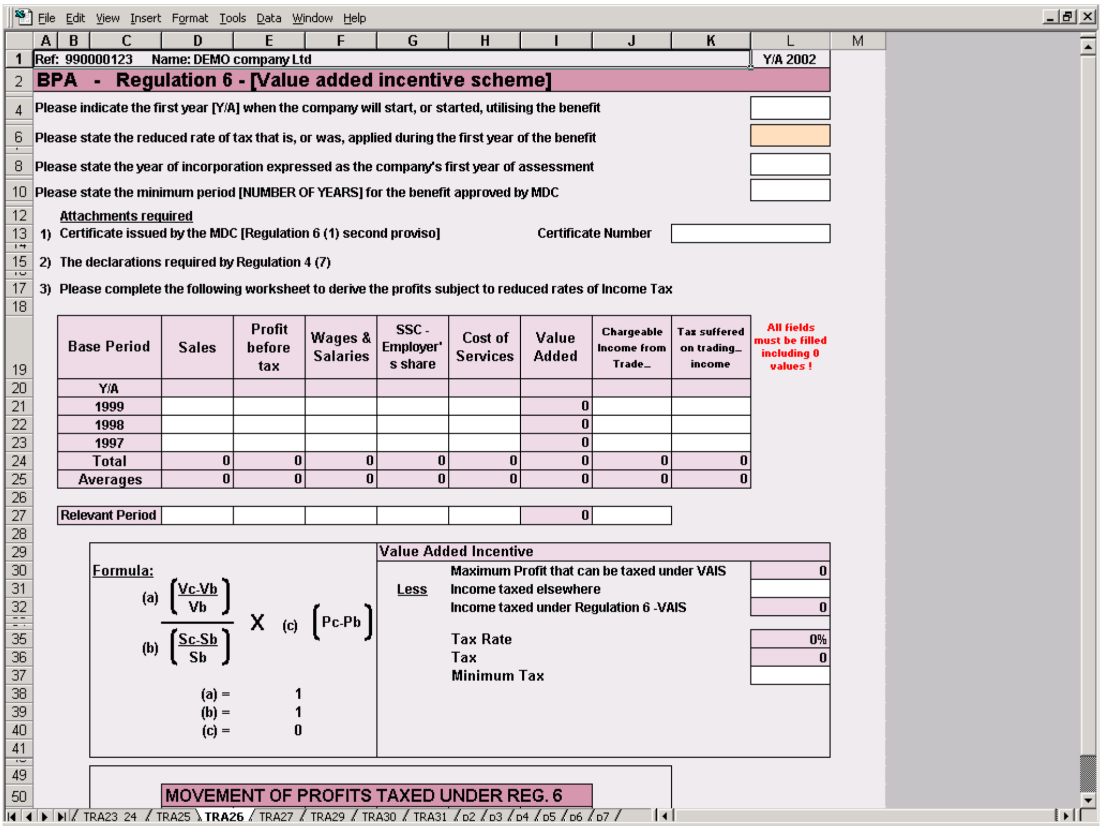
The company's first year of assessment is required in cell L8, with a corresponding message in K8 to indicate an empty field. The inception date is required to activate cells and execute calculations for the base period.
Similarly, the number of years approved for the benefit has to be included in cell L10, with the empty field indicator in K10.

The number of the certificate issued by the Malta Development Corporation has to be inserted in cell K13. If this cell is left blank an error message is displayed in cell I13.

The worksheet determines the years for the base period. If the inception date in cell L8 is blank or if the company was not in existence during the base period, the input cells in the cell range D21:K25 are dimmed. A missing inception date will be indicated [cells L21:L23] if any values are present in the input cells for the base period.

No input field can be left blank for the base period and the relevant period. A '0' should indicate null values. Empty cells will be indicated by messages in cell L19 for the base period and cell K27 for the relevant period.

Once all the required data is inserted, the worksheet works out the maximum profit that can be taxed under this Regulation [cell L30] on the basis of the prescribed formula to calculate the value added incentive. That part of the income that is taxed elsewhere [e.g. under Article 6 of the BPA] has to be indicated in cell L31. The worksheet will now return the income that will be taxed under this regulation [cell L32] and the tax [cell L36]. The minimum tax has to be inserted in the mandatory input field cell L37.



File Edit View Insert Format Tools Data Window Help

Ref: 990000123 Name: DEMO company Ltd — Y/A 2002

BPA - Regulation 6 - [Value added incentive scheme]

Please indicate the first year [Y/A] when the company will start, or started, utilising the benefit

Please state the reduced rate of tax that is, or was, applied during the first year of the benefit

Please state the year of incorporation expressed as the company's first year of assessment

Please state the minimum period [NUMBER OF YEARS] for the benefit approved by MDC

Attachments required

1) Certificate issued by the MDC [Regulation 6 (1) second proviso] — Certificate Number

2) The declarations required by Regulation 4 (7)

3) Please complete the following worksheet to derive the profits subject to reduced rates of Income Tax

Base Period	Sales	Profit before tax	Wages & Salaries	SSC - Employer's share	Cost of Services	Value Added	Chargeable Income from Trade...	Tax suffered on trading... income
Y/A								
1999						0		
1998						0		
1997						0		
Total	0	0	0	0	0	0	0	0
Averages	0	0	0	0	0	0	0	0

All fields must be filled including 0 values !

Relevant Period						0	

Formula:

$$\frac{(a)\ \left(\frac{Vc-Vb}{Vb}\right)}{(b)\ \left(\frac{Sc-Sb}{Sb}\right)} \times (c)\ \left(Pc-Pb\right)$$

(a) = 1
(b) = 1
(c) = 0

Value Added Incentive

	Maximum Profit that can be taxed under VAIS	0
Less	Income taxed elsewhere	
	Income taxed under Regulation 6 -VAIS	0
	Tax Rate	0%
	Tax	0
	Minimum Tax	

MOVEMENT OF PROFITS TAXED UNDER REG. 6

TRA23 24 / TRA25 / TRA26 / TRA27 / TRA29 / TRA30 / TRA31 / D2 / D3 / D4 / D5 / D6 / D7

.

The worksheet will now copy the result in cell L32 to field 84a [page 5 of the tax return] and the tax rate in L35 to field 84b. The resulting tax in L36 is transcribed to field 84c of the return, if it is higher than the minimum tax in

L37. If the minimum tax is higher than the resulting tax, field 84c will be indicated by a ‘0’, whilst the value in L37 is posted to field 85a of the return.

The bottom part of the attachment is another part of the tax accounting exercise to keep track of the movement of profits under this regulation. Again data entry is expected in those rows where the year of assessment is indicated

TRA 27 ITA – Income taxed at Double Taxation Treaty rates

This worksheet calculates the tax on income based on DT treaty rates. The income value is mandatory [cell K5] and if left blank a message is displayed in cell L5.

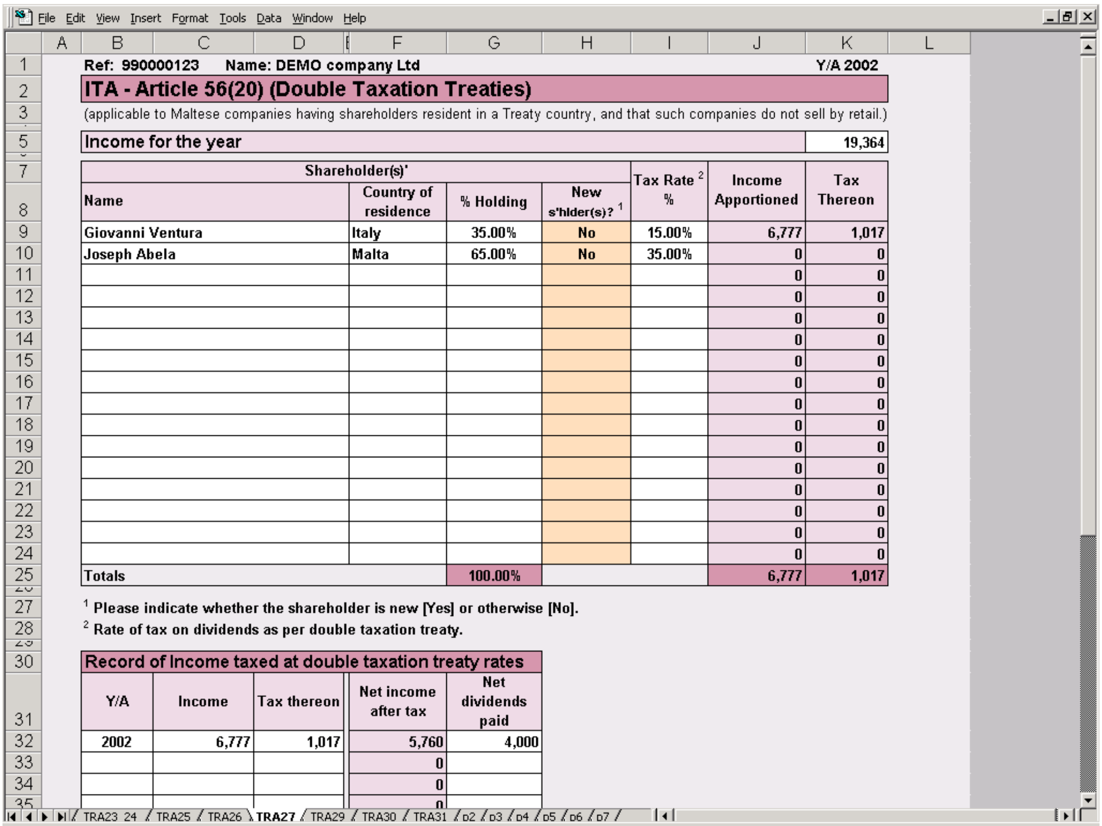
The worksheet apportions the income value according to the percentage shareholding indicated anywhere in cells G9:G24. The total percentage shareholding must be equal to 100%. If the 100% shareholding test is not satisfied a message is displayed in cell F25.

This implies that any Maltese shareholders must also be included indicating their %holding and the tax rate at 35%. The worksheet will automatically exclude all income taxable at 35% for the purpose of this exercise. However, that part of the income taxable at 35% must be entered, together with any other income chargeable at the same rate, in field 94a of the return [page 5].

All the details must be entered in the cell range B9:I24 even the new shareholder indicator [dropdown lists with a Yes or No in cells H9:H124]. Any message displayed in cells L9:L24 indicates missing details in the particular row.

The worksheet will post the income figure derived in cell J25 to field 89a of the return [page 5]. It will also calculate the average tax and transcribes it to field 89b.

The bottom part of the worksheet is a part of the tax accounting exercise that keeps track of income taxed at double taxation treaty rates and dividends paid. Cell H46 will display a message where no data is inputted in this part of the attachment.



Ref: 990000123 Name: DEMO company Ltd Y/A 2002

ITA - Article 56(20) (Double Taxation Treaties)

(applicable to Maltese companies having shareholders resident in a Treaty country, and that such companies do not sell by retail.)

Income for the year	19,364

Shareholder(s)'				Tax Rate [2] %	Income Apportioned	Tax Thereon
Name	Country of residence	% Holding	New s'hlder(s)? [1]			
Giovanni Ventura	Italy	35.00%	No	15.00%	6,777	1,017
Joseph Abela	Malta	65.00%	No	35.00%	0	0
					0	0
					0	0
					0	0
					0	0
					0	0
					0	0
					0	0
					0	0
					0	0
					0	0
					0	0
					0	0
					0	0
					0	0
Totals		100.00%			6,777	1,017

[1] Please indicate whether the shareholder is new [Yes] or otherwise [No].
[2] Rate of tax on dividends as per double taxation treaty.

Record of Income taxed at double taxation treaty rates

Y/A	Income	Tax thereon	Net income after tax	Net dividends paid
2002	6,777	1,017	5,760	4,000
			0	
			0	
			0	

TRA23 24 / TRA25 / TRA26 / TRA27 / TRA29 / TRA30 / TRA31 / D2 / D3 / D4 / D5 / D6 / D7 /

TRA 29 Regulation 5 of the B.P.A. Regulations

This worksheet caters for the investment tax credit. A number of fields are mandatory and a number of input validations are present to ensure that the correct results are returned. The following are the salient input requirements:

Cell	Description	Input Validation	Error message display [cell]
C4	Certificate number	none	E4 – empty field
C6	Dropdown [SME?]	list	tied to input validation H8 and H9
H8	Q.E. Reg 5(1)a	yes	I8 – empty field
H9	Q.E. Reg 5(1)b	yes	I9 – empty field
H12	Project start date	none	G12 – empty field
H14	Project end date	none	none
H16	Emp. Qual. Period	none	E16 – means that H16 is empty when H9 is more than 0
C19	ITCr for the year	yes	see below
C20:C25	Various	yes	see below

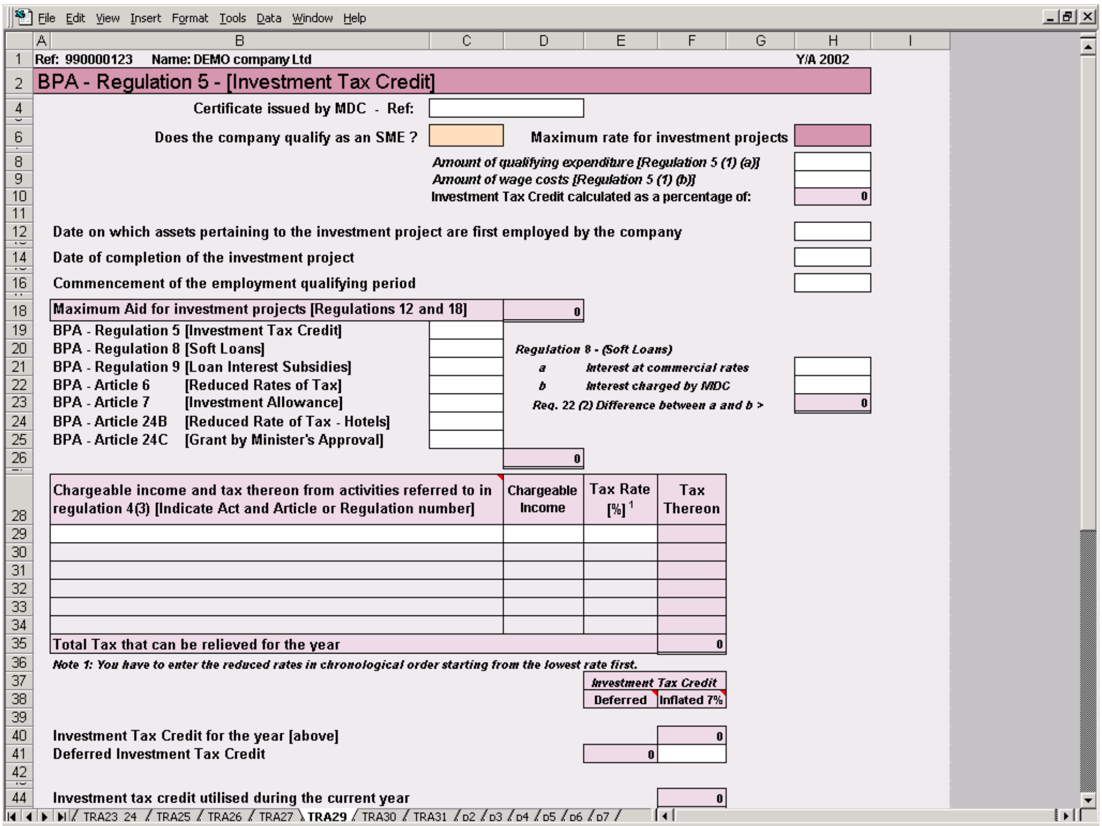
The aggregate total of cells C19 to C25 in cell D26, must be equal to the maximum aid computed in cell D18. An error message will be displayed in cell E26 if the sum total of values in cells C19:C25 is less than or exceeds the maximum aid.

If a value is present in C20 [soft loans], data input is expected in cells H21 and H22. If the computed result in cell H23 is not equal to the value entered in C20 an error message is displayed in cell G20.

In the next part [cell range B29:E34] you have to indicate the income and the tax rate to ascertain the tax that stands to be relieved by the investment tax credit. Any missing data for any row will be indicated in cells G29:G34. Input first the income chargeable at the lowest rate, followed by the second lower, and so. It is imperative that you follow this chronology.

The next part works out the utilisation of the investment tax credit. A maximum of four values are inputted in this part. The rest is catered for by the worksheet. For the year of assessment 2002 input is restricted to cell F41 where you indicate the amount of tax credit that is being deferred for utilisation in later years. Such amount is not inflated by 7%.

The resulting tax credit utilised during the current year [cell F44] is posted in field 102a of the tax return [page 5].

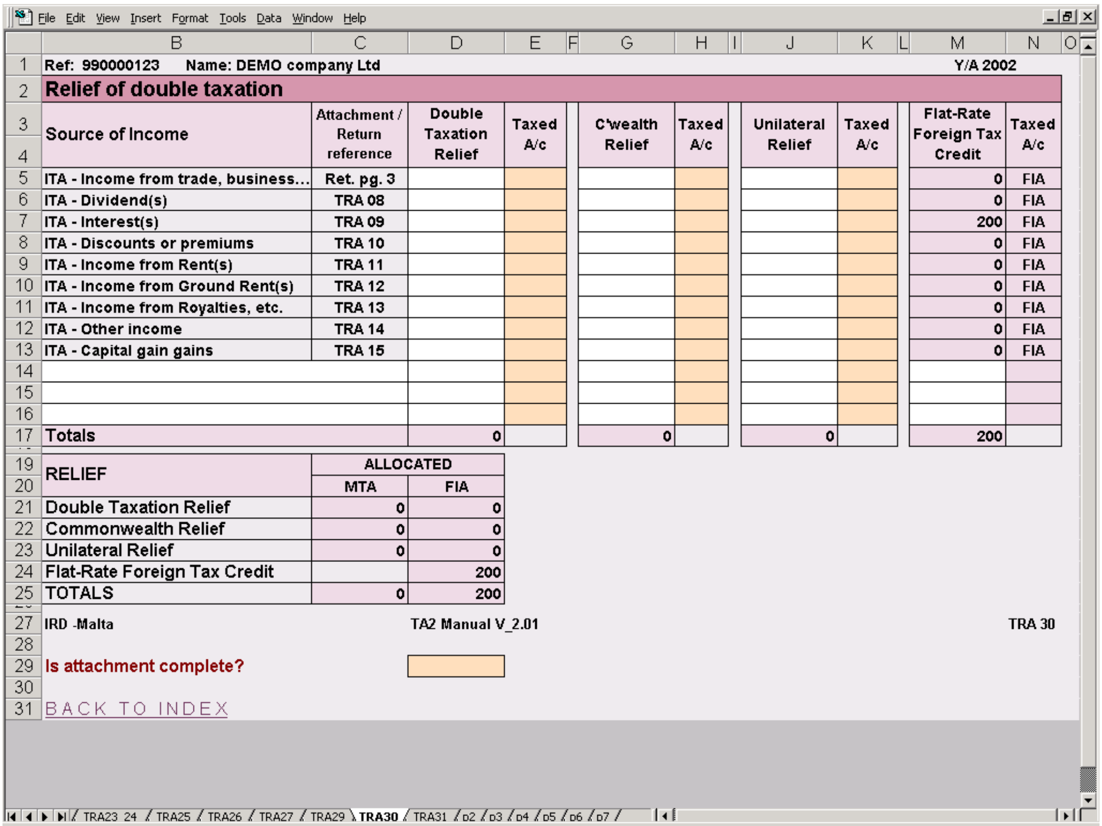

Ref: 990000123 Name: DEMO company Ltd Y/A 2002
BPA - Regulation 5 - [Investment Tax Credit]
Certificate issued by MDC - Ref:
Does the company qualify as an SME ? Maximum rate for investment projects
Amount of qualifying expenditure [Regulation 5 (1) (a)]
Amount of wage costs [Regulation 5 (1) (b)]
Investment Tax Credit calculated as a percentage of: 0
Date on which assets pertaining to the investment project are first employed by the company
Date of completion of the investment project
Commencement of the employment qualifying period
Maximum Aid for investment projects [Regulations 12 and 18] 0
BPA - Regulation 5 [Investment Tax Credit]
BPA - Regulation 8 [Soft Loans]
BPA - Regulation 9 [Loan Interest Subsidies]
BPA - Article 6 [Reduced Rates of Tax]
BPA - Article 7 [Investment Allowance]
BPA - Article 24B [Reduced Rate of Tax - Hotels]
BPA - Article 24C [Grant by Minister's Approval]
0
Regulation 8 - (Soft Loans)
a Interest at commercial rates
b Interest charged by MDC
Req. 22 (2) Difference between a and b > 0
Chargeable income and tax thereon from activities referred to in regulation 4(3) [Indicate Act and Article or Regulation number] | Chargeable Income | Tax Rate [%] 1 | Tax Thereon
Total Tax that can be relieved for the year 0
Note 1: You have to enter the reduced rates in chronological order starting from the lowest rate first.
Investment Tax Credit
Deferred | Inflated 7%
Investment Tax Credit for the year [above] 0
Deferred Investment Tax Credit 0
Investment tax credit utilised during the current year 0

The bottom part is fully automated and returns the chargeable income relieved by the investment tax credit.

TRA 30 Relief of Double Taxation

In this worksheet data entry is restricted to values representing the relief under any of the three forms for each source of income. The part relating to the flat rate foreign tax credit is derived from the different attachments. The tax account must always be indicated; otherwise a message is displayed in cell E19.

Any resulting values in cells C21:D23 are posted to fields 104a to 106b accordingly. The result in cell D24 is transcribed to field 107a of the tax return [page5].



Ref: 990000123 Name: DEMO company Ltd Y/A 2002

Relief of double taxation

Source of Income	Attachment / Return reference	Double Taxation Relief	Taxed A/c	C'wealth Relief	Taxed A/c	Unilateral Relief	Taxed A/c	Flat-Rate Foreign Tax Credit	Taxed A/c
ITA - Income from trade, business...	Ret. pg. 3							0	FIA
ITA - Dividend(s)	TRA 08							0	FIA
ITA - Interest(s)	TRA 09							200	FIA
ITA - Discounts or premiums	TRA 10							0	FIA
ITA - Income from Rent(s)	TRA 11							0	FIA
ITA - Income from Ground Rent(s)	TRA 12							0	FIA
ITA - Income from Royalties, etc.	TRA 13							0	FIA
ITA - Other income	TRA 14							0	FIA
ITA - Capital gain gains	TRA 15							0	FIA
Totals		0		0		0		200	

RELIEF	ALLOCATED	
	MTA	FIA
Double Taxation Relief	0	0
Commonwealth Relief	0	0
Unilateral Relief	0	0
Flat-Rate Foreign Tax Credit		200
TOTALS	0	200

IRD -Malta TA2 Manual V_2.01 TRA 30

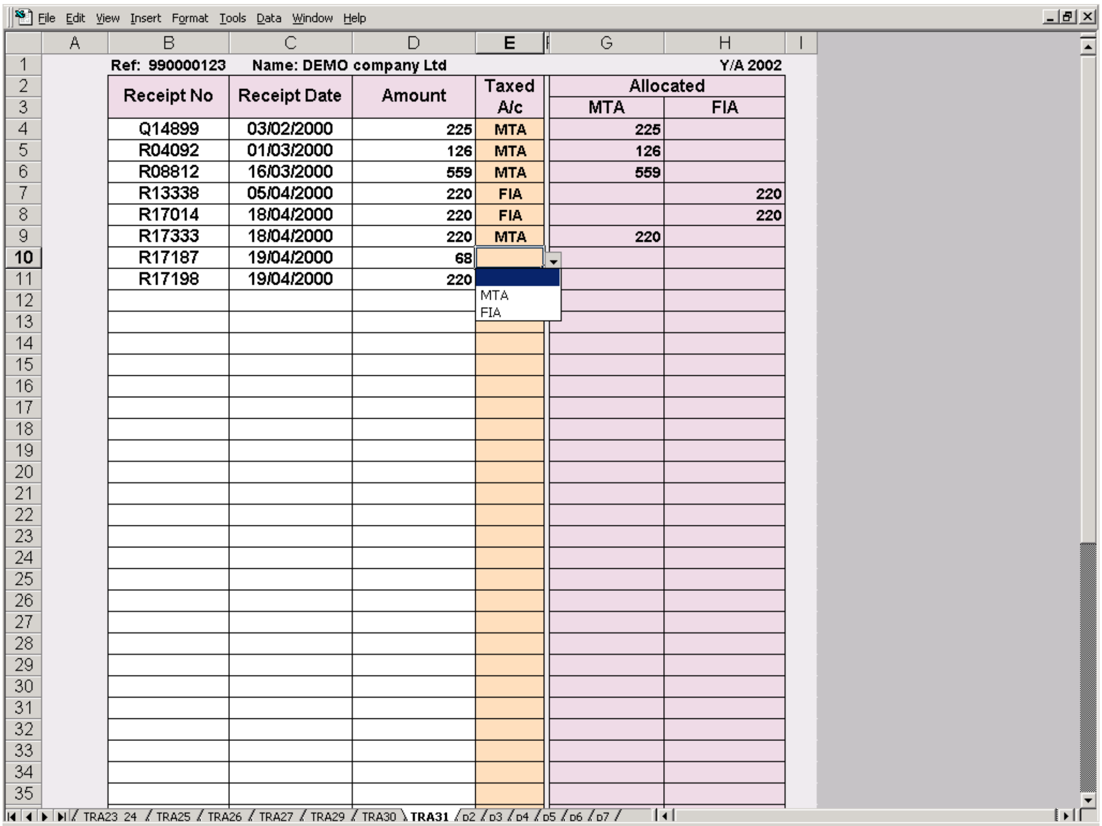
Is attachment complete?

BACK TO INDEX

TRA 31 Tax paid

All receipt details including the number, date and the amount paid, are required. The tax account for the allocation of each receipt is mandatory. An error message in cell D59 denotes missing tax accounts.

The receipt totals in G59 and H59 are copied to fields 112a and 112b in page 5 of the tax return.



Ref: 990000123 Name: DEMO company Ltd Y/A 2002

Receipt No	Receipt Date	Amount	Taxed A/c	Allocated MTA	Allocated FIA
Q14899	03/02/2000	225	MTA	225	
R04092	01/03/2000	126	MTA	126	
R08812	16/03/2000	559	MTA	559	
R13338	05/04/2000	220	FIA		220
R17014	18/04/2000	220	FIA		220
R17333	18/04/2000	220	MTA	220	
R17187	19/04/2000	68			
R17198	19/04/2000	220			

The Tax Return

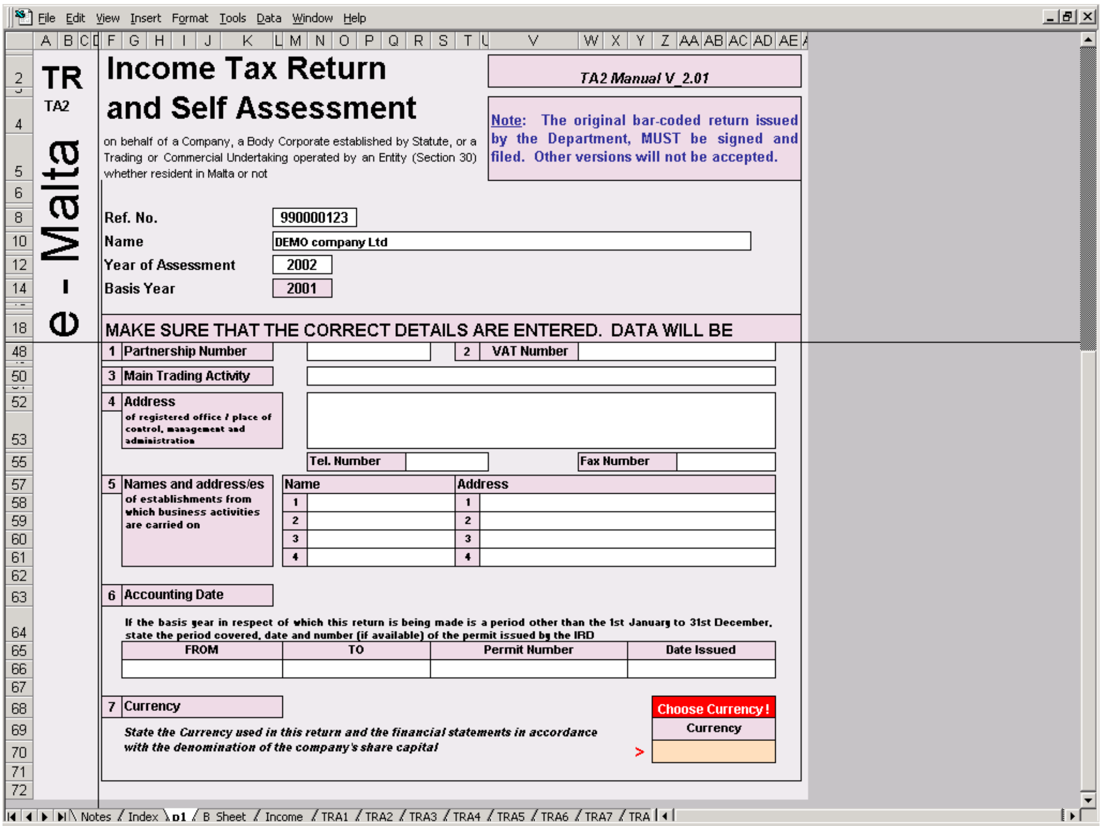
The electronic filing version of the return retains the main features comprised within the manual version. The major difference lies in pages 4 and 5 where many field data represents results and calculations transcribed from the tax return attachments. Consequently most of the conditional formatting and certain data input validations have been removed.

The following are the salient validations present in the electronic version of the company tax return.

Page 1

There are four mandatory fields in page 1:

- the reference number [cell L8] - a validation is present on data entry to ensure that a valid 9 digit number has been entered.
- the company name [cell L10];
- the year of assessment [cell L12] - a validation is present to endorse that the year indicated, in 4 digit format, is not less than 2002; and
- the currency [all values in the workbook are expressed in the currency indicated on page 1].

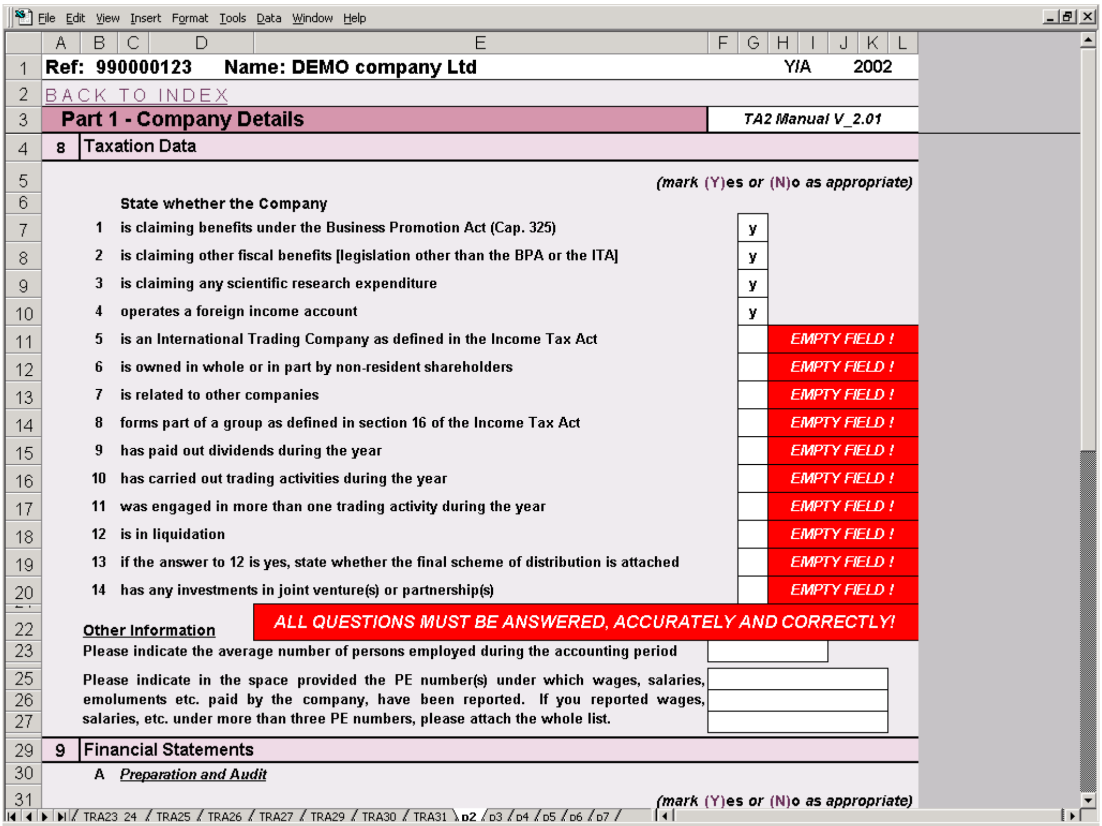


These four fields are mandatory as they update the rest of the workbook. The other input cells are required to the extent that they are applicable to the company.

Page 2

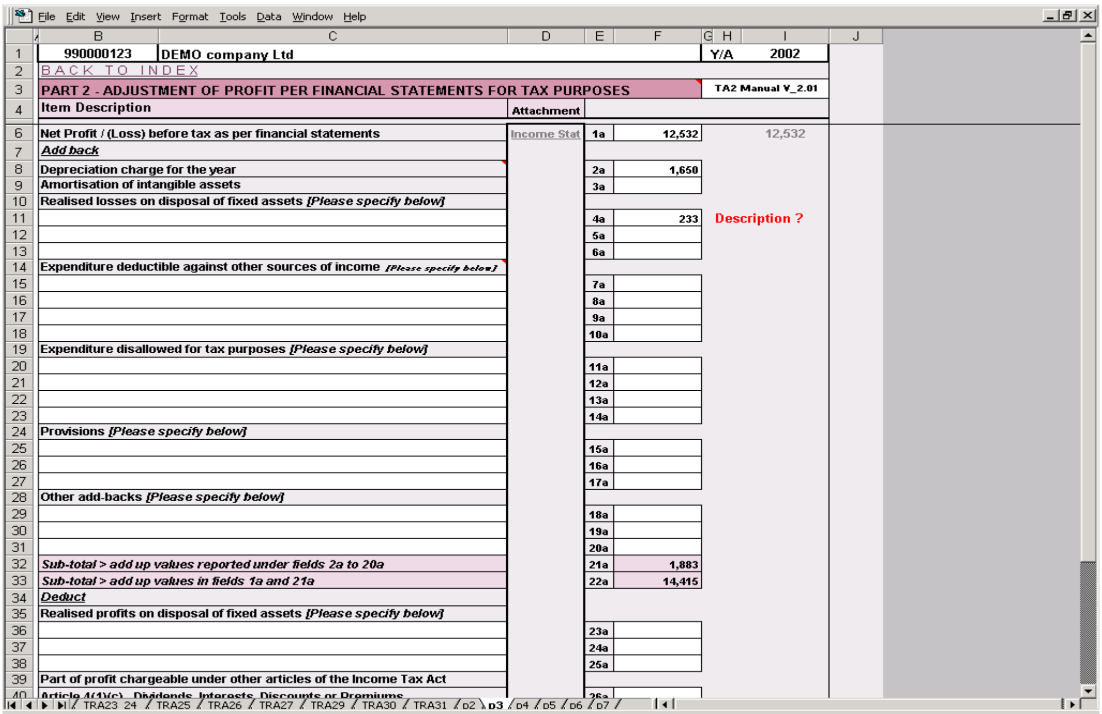
This part of the return has to be fully filled in. Nearly all cells in this sheet are validated to ensure that no fields are blank. Any message displayed adjacent to the input cells indicates the presence of empty fields. If the message appears in cell A60, the sheet is not ready for export.

The answers entered in this questionnaire will determine what the rest of the return will expect. For example, if a company states that it is not claiming any benefits under the Business Promotion Act [first question under paragraph 8 – taxation data], and claims an investment allowance a message will be displayed in cell F15, page 4!



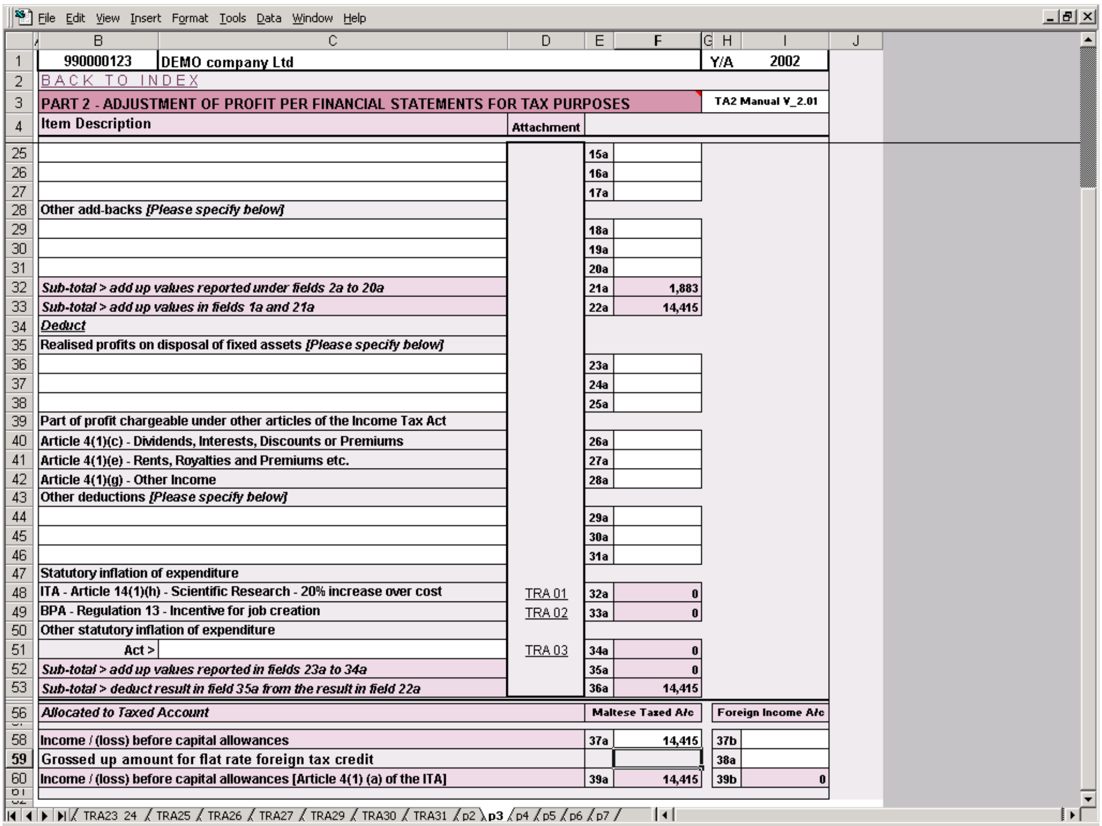
Page 3

This part of the return has to be filled in properly and accurately. Error messages will be displayed in other parts of the return, if the data in page 2 is not compatible with other data entered or derived in the remaining parts of the return.



Cell I6 returns the value entered in TIFD code 7050 Net Income or loss on Ordinary activities before tax. ***NOTE THAT FOR THE PURPOSES OF THE TAX RETURN NEGATIVE SIGN DENOTES A LOSS AND A POSITIVE SIGN IS SYNONYMOUS WITH A PROFIT.***

When the message ‘Description!’ appears anywhere under column H, a brief narrative of the adjustment is required. This message is displayed whenever a value is entered without a corresponding item description.



Row	B / C	D	E	F	H	I
1	990000123 DEMO company Ltd				Y/A	2002
2	BACK TO INDEX					
3	PART 2 - ADJUSTMENT OF PROFIT PER FINANCIAL STATEMENTS FOR TAX PURPOSES				TA2 Manual V_2.01	
4	Item Description	Attachment				
25			15a			
26			16a			
27			17a			
28	Other add-backs *[Please specify below]*					
29			18a			
30			19a			
31			20a			
32	*Sub-total > add up values reported under fields 2a to 20a*		21a	1,883		
33	*Sub-total > add up values in fields 1a and 21a*		22a	14,415		
34	*Deduct*					
35	Realised profits on disposal of fixed assets *[Please specify below]*					
36			23a			
37			24a			
38			25a			
39	Part of profit chargeable under other articles of the Income Tax Act					
40	Article 4(1)(c) - Dividends, Interests, Discounts or Premiums		26a			
41	Article 4(1)(e) - Rents, Royalties and Premiums etc.		27a			
42	Article 4(1)(g) - Other Income		28a			
43	Other deductions *[Please specify below]*					
44			29a			
45			30a			
46			31a			
47	Statutory inflation of expenditure					
48	ITA - Article 14(1)(h) - Scientific Research - 20% increase over cost	TRA 01	32a	0		
49	BPA - Regulation 13 - Incentive for job creation	TRA 02	33a	0		
50	Other statutory inflation of expenditure					
51	Act >	TRA 03	34a	0		
52	*Sub-total > add up values reported in fields 23a to 34a*		35a	0		
53	*Sub-total > deduct result in field 35a from the result in field 22a*		36a	14,415		
56	*Allocated to Taxed Account*		Maltese Taxed A/c		Foreign Income A/c	
58	Income / (loss) before capital allowances		37a	14,415	37b	
59	Grossed up amount for flat rate foreign tax credit				38a	
60	Income / (loss) before capital allowances [Article 4(1) (a) of the ITA]		39a	14,415	39b	0

Fields 37a and / or 37b are mandatory. If the sum total of these two fields is not equal to the computed value in field 36a, an error message is displayed in cell B58. The grossed up element for the flat rate foreign tax credit, attributable to income chargeable under Article 4(1) a of the Income Tax Act, has to be entered in field 38a.

The computed result in fields 39a and 39b will be copied to fields 40a and 40b in page 4.

Page 4

Most of the validations in the tax computation are tied to the data entered in pages 2 and 3 of the return. Generally the data in this page is transcribed from the different attachments. Where this is the case there is a hyperlink to the source sheet. Certain validations are also present on derived data.

Data input is restricted to the following fields:

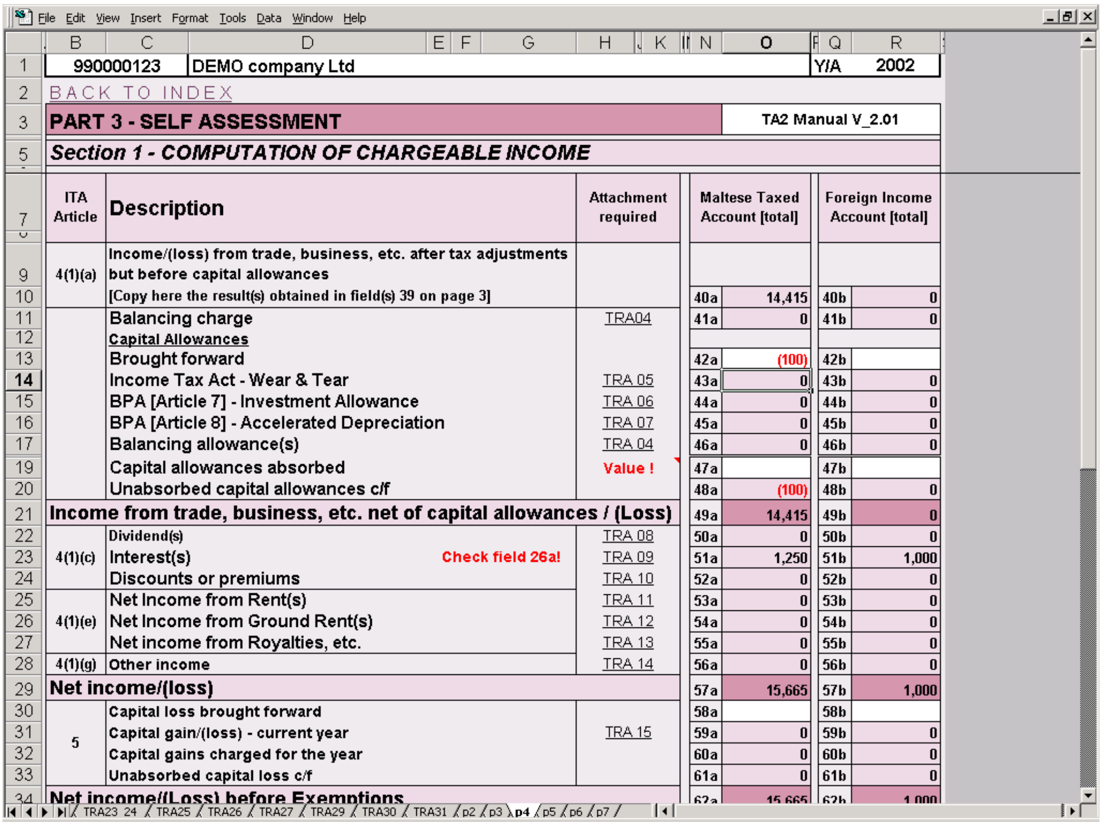
Field(s)	Description	Validation type
42a/42b	Capital Allowances b/f	Input - negative value required
47a/47b	Capital Allowances absorbed	Input a. positive value required b. value cannot exceed income c. value cannot exceed total capital allowances

Fields 47a and 47b are mandatory to the extent that values are present in fields 42a/42b to 46a/46b. The user has to determine and input the amount of capital allowances that will be absorbed for the year. If these fields are left blank a message appears in cell H19 'Value!'.

Field(s)	Description	Validation type
58a/58b	Capital losses b/f	Input - negative value required
69a/69b	Unabsorbed group loss b/f	Input - negative value required
74a/74b	Unabsorbed losses b/f	Input - negative value required
77a/77b	Chargeable income	Input - positive value required
78a/78b	Unabsorbed losses c/f	Input - negative value required

These last four fields are mandatory. Two other validations are present on fields 77a, 77b, 78a and 78b and a message is displayed in cell B54:

1. if the required fields are blank; or
2. if the sum total of the 4 fields is not equal to the computed sum total that is displayed in cells O54 and R54.



990000123 DEMO company Ltd Y/A 2002

BACK TO INDEX

PART 3 - SELF ASSESSMENT TA2 Manual V_2.01

Section 1 - COMPUTATION OF CHARGEABLE INCOME

ITA Article	Description	Attachment required		Maltese Taxed Account [total]		Foreign Income Account [total]
4(1)(a)	Income/(loss) from trade, business, etc. after tax adjustments but before capital allowances [Copy here the result(s) obtained in field(s) 39 on page 3]		40a	14,415	40b	0
	Balancing charge	TRA04	41a	0	41b	0
	Capital Allowances					
	Brought forward		42a	(100)	42b	
	Income Tax Act - Wear & Tear	TRA 05	43a	0	43b	0
	BPA [Article 7] - Investment Allowance	TRA 06	44a	0	44b	0
	BPA [Article 8] - Accelerated Depreciation	TRA 07	45a	0	45b	0
	Balancing allowance(s)	TRA 04	46a	0	46b	0
	Capital allowances absorbed	Value !	47a		47b	
	Unabsorbed capital allowances c/f		48a	(100)	48b	0
Income from trade, business, etc. net of capital allowances / (Loss)			49a	14,415	49b	0
4(1)(c)	Dividend(s)	TRA 08	50a	0	50b	0
	Interest(s) Check field 26a!	TRA 09	51a	1,250	51b	1,000
	Discounts or premiums	TRA 10	52a	0	52b	0
4(1)(e)	Net Income from Rent(s)	TRA 11	53a	0	53b	0
	Net Income from Ground Rent(s)	TRA 12	54a	0	54b	0
	Net income from Royalties, etc.	TRA 13	55a	0	55b	0
4(1)(g)	Other income	TRA 14	56a	0	56b	0
Net income/(loss)			57a	15,665	57b	1,000
5	Capital loss brought forward		58a		58b	
	Capital gain/(loss) - current year	TRA 15	59a	0	59b	0
	Capital gains charged for the year		60a	0	60b	0
	Unabsorbed capital loss c/f		61a	0	61b	0
Net income/(Loss) before Exemptions			62a	15,665	62b	1,000

A whole range of other validations is present on data transcribed from the different attachments.

Cell	Message	Reason
E11	No asset disposals	Balancing charge results and no asset disposals reported on page 3 of the return [i.e. no profit or loss on disposals of assets reported]
E14	Check field 2a!	There has been no add-back of depreciation charged for the year in page 3 of the return and there are capital allowances for the year. If there are no add-backs, just insert a 0 in field 2a.
F15	No BPA page 2	A 'No' was given as an answer in page 2 [Section 8 of part 1 Question 1]
F16	No BPA page 2	A No was given as an answer in page 2 [Section 8 of part 1 Question 1]
E17	No asset disposals	Balancing allowance results and no asset disposals reported on page 3 of the return [i.e. no profit or loss on disposals of assets reported]

E22	Check field 26a	Investment income results in page 4 when no such income has been indicated in field 26a page3.
E23	Check field 26a	
E24	Check field 26a	
E25	Check field 27a	Income is reported from these sources when field 27a in page 3 is blank [i.e. any trading income under Article 4(1)(a) not adjusted for income from other sources]
E26	Check field 27a	
E27	Check field 27a	
E28	Check field 28a	Other income is included in page 4 and no such income adjusted in field 28a page 3
E32	Set-off effected	For information purposes only. Set-off automatically carried out by worksheet when one tax account is positive and the other is negative.
E35	CHECK!!!	Emphasises that there is something wrong with the result derived in field 63a or 63b. Exempt income in two fields cannot exceed the values in 62a and / or 62b. [See note below *]
E36	No incentives page2	The company answered No to the first two questions in page 2 Section 8 Part 1
E40 [related to N40 & N41 below]	CHECK!!!	Emphasises that there is something wrong with the result derived in field 67a or 67b. [See note below *]
N40 & Q40	Check!	Loss surrendered exceeds actual loss!
	No Loss!	There are no losses to surrender!

* ***THE TAX COMPUTATION AND THE SELF-ASSESSMENT DETERMINATION WILL BE BASED ON ERRONEOUS DATA IF NO CORRECTION IS EFFECTED!***

E45	No Group Relief page 2!	The company is claiming losses under the group loss relief provisions when it stated that it does not form part of a group in question 8 of Section 8 of Part 1, page 2.
N40	No Group Relief page 2!	
Q40	No Group Relief page 2!	

Page 5

A good part of the self-assessment computation is derived from other attachments. Input validations are present and most of them relate to the sign. Indeed positive values are required for all input fields except fields 115a and 115b [tax refundable].

There are other checks on data inputted and messages would be displayed to denote missing or incorrect data input. The following are the salient validations:

Cell	Message	Reason
D18	Amount	No value entered in field 87a
J18	Rate	No tax rate indicated in field 87b
D21	Amount	No value entered in field 90a
J21	Rate	No tax rate indicated in field 90b
D22	51a Blank	No income reported in this field in Page 4 of the return
D23	Amount	No value entered in field 92a
J23	Rate	No tax rate indicated in field 92b
D24	Description	Act description in cell C25 left blank
D25	Amount	No value entered in field 93a
J25	Rate	No tax rate indicated in field 93b
D32	Amount	No value entered in field 96a
J32	Rate	No tax rate indicated in field 96b
D33	Amount	No value entered in field 97a
J33	Rate	No tax rate indicated in field 97b
D34	Description	Act description in cell C35 left blank
D35	Amount	No value entered in field 98a
J35	Rate	No tax rate indicated in field 98b

B27 The error message, if displayed, is self-explanatory.
B37 The validations for each tax account ensure that the data input is complete and correct and ready for export.

Once there are no errors displayed in cells B27 and B37 the user can proceed with the remaining inputs, namely tax credits, relief, tax set-offs, etc.

Cell	Message	Reason
G44	CHECK!!!	The investment tax credit resulting from TRA29 exceeds the total tax that can be relieved [field 101a]. This means that there is something wrong with the chargeable income and the tax rate indicated in the cell range D29:E34 in TRA29.

		Note that there are built-in checks in field 103a of Page 5 that will return a 0 if the computed value in field 102a is more than the result in 101a! No refund can result from an Investment Tax Credit!
D52	Refund!	This message is displayed if a negative amount is entered in either of fields 108a or 108b. An input validation is also present on these two latter fields and a pop-up window warns the user that the value entered does not agree with the expected value displayed in cells G52 or H52.
G54	CHECK!	The value inputted in fields 109a or 109b is either negative, or no dividend income is reported in fields 50a or 50b in page 4 or TAS claimed may be excessive in relation to gross dividends declared. An input validation is also present to check the value entered. However, the pop-up window just displays a warning and the worksheet will accept the value inputted if the user opts to continue! The remaining part of the self-assessment will be based on the values entered in these two fields!

Data input in fields 114a, 114b, 115a and 115b is mandatory. The expected sum total of the four fields is displayed in grey in cell G63. An error message is displayed in cell B66 if any of these mandatory fields is left blank, or if the sum total of the values inputted does not agree with the expected value in G63!

Ref: 990000123 Name: DEMO company Ltd — Y/A 2002

BACK TO INDEX

SECTION 2 - SELF ASSESSMENT COMPUTATION

TA2 Manual V_2.01

			MTA				FIA	
Chargeable Income for the year		79a	25,665			79b	1,000	

MALTESE TAXED ACCOUNT	Attachment required		Income		Tax rate %		Tax
BPA - Article 5a (Inv. Incentive Scheme)	TRA 22	80a	0	80b	0.00	80c	0
BPA - Article 6 (Reduced Rate of Tax)	TRA 23	81a	16,432	81b	4.50	81c	739
BPA - Article 24B (Red. Rates of Tax - Hotels)	TRA 24	82a	0	82b	0.00	82c	0
BPA - Regulation 4 (Reduced Rates of Income Tax)	TRA 25	83a	0	83b	0.00	83c	0
BPA - Regulation 6 (Value Added Incentive Scheme)	TRA 26	84a	0	84b	0.00	84c	0
BPA - Regulation 6 (Minimum Tax)	TRA 26					85a	0
MFSC Act - Article 30		86a		86b	5.00	86c	0
ITA - Article 56(7) (Collective Investment Scheme)		87a		87b		87c	0
ITA - Article 56(8) (Dividends from ITC's)		88a		88b	27.50	88c	0
ITA - Article 56(20) (Double Taxation Treaties)	TRA 27	89a	6,777	89b	15.00	89c	1,017
Stock Exchange Act - Article 31		90a		90b		90c	0
Investment income subject to 15% withholding tax		91a		91b	15.00	91c	0
Dividends not subject to further tax		92a		92b		92c	0
Other income at reduced rates of tax:							
Act	yes	93a		93b		93c	0
Income subject to normal rate of tax		94a		94b	35.00	94c	0
AMOUNT in 79a <> TO THE SUM TOTAL OF FIELDS 80a TO 94a!		95a	23,209			95b	1,756

FOREIGN INCOME ACCOUNT			Income		Tax rate %		Tax
ITA - Section 56(7) (Collective Investment Scheme)		96a		96b		96c	0
Dividends not subject to further tax		97a		97b		97c	0
Other income at reduced rates of tax:							
Act	yes	98a		98b		98c	0
Income subject to normal rate of tax		99a	1,000	99b	35.00	99c	350
TOTALS		100a	1,000			100b	350

			MTA				FIA
Total Tax due		101a	1,756			101b	350

TRA23 24 / TRA25 / TRA26 / TRA27 / TRA29 / TRA30 / TRA31 / p2 / p3 / p4 / p5 / p6 / p7

Ref: 990000123 Name: DEMO company Ltd — Y/A 2002

BACK TO INDEX

SECTION 2 - SELF ASSESSMENT COMPUTATION

TA2 Manual V_2.01

			MTA				FIA
Chargeable Income for the year		79a	25,665			79b	1,000

FOREIGN INCOME ACCOUNT			Income		Tax rate %		Tax
ITA - Section 56(7) (Collective Investment Scheme)		96a		96b		96c	0
Dividends not subject to further tax		97a		97b		97c	0
Other income at reduced rates of tax:							
Act	yes	98a		98b		98c	0
Income subject to normal rate of tax		99a	1,000	99b	35.00	99c	350
TOTALS		100a	1,000			100b	350

			MTA				FIA
Total Tax due		101a	1,756			101b	350
Deduct							
BPA - Regulation 5 (Investment Tax Credit)	TRA 29	102a	0				
Tax due after deducting the Investment tax credit		103a	1,756				
Relief of double taxation	TRA 30						
Double Taxation Relief		104a	0			104b	0
Commonwealth Relief		105a	0			105b	0
Unilateral Relief		106a	0			106b	0
Flat-Rate Foreign Tax Credit						107a	200
Tax chargeable		108a	1,756	#####	150	108b	150
Tax set off							
Tax at source on dividends	TRA 08	109a				109b	
15% withholding tax on investment income	TRA 09	110a	0				
Total Tax Set off		111a	0			111b	0
Tax paid	TRA 31	112a	1,418			112b	440
Total Tax Payments		113a	1,418			113b	440
TAX BALANCE DUE IN TERMS OF SECTION 42 OF THE ITMA		114a	338		48	114b	0
TAX REFUNDABLE IN TERMS OF SECTION 48 OF THE ITMA		115a	0			115b	(290)

TRA23 24 / TRA25 / TRA26 / TRA27 / TRA29 / TRA30 / TRA31 / p2 / p3 / p4 / p5 / p6 / p7

Page 6

The tax accounting exercise has a number of input validations to regulate signs [+ or -] and to ensure that the whole exercise makes sense. It does not allow the input of negative values for undistributed profits brought forward and profits for the current year allocated to the foreign income account and to the Maltese taxed account.

It does neither permit the input of dividends paid expressed in positive amounts or dividends that exceed the sum total of the profit b/fwd and the profit for the current year in each respective row. This means that the computed totals in fields 116d to 133d can never be negative. The amount of dividends paid out is expected in fields 116c to 135c. Any proposed dividends should be reported in field 137a!

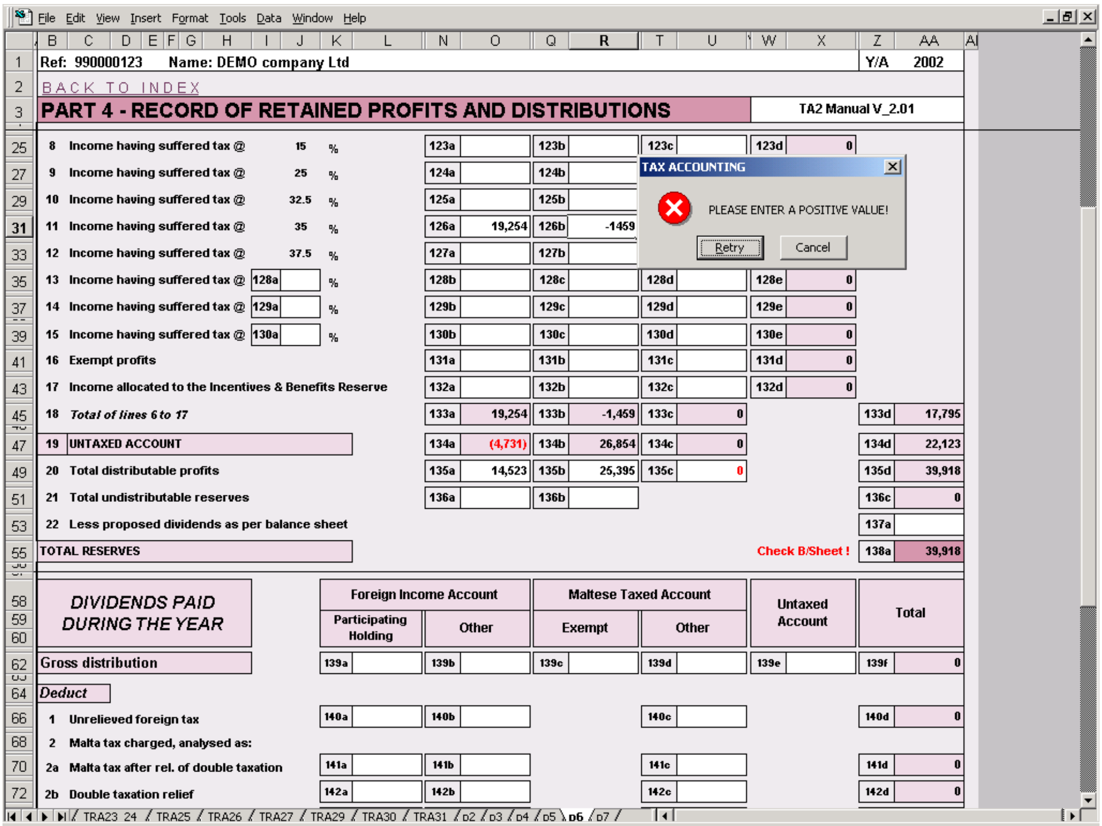
FIELDS 135a, 135b AND 135c ARE MANDATORY. An error message is displayed in cell I49 if any of these fields is blank. The protected field 135d returns the net sum total of the three fields. Any result yielded in field 136c reflects the balance of undistributable reserves at year-end.

Field 138a returns the total reserves figure derived by adding fields 135d and 136c and deducting any input in field 137a [proposed dividends]. The result yielded in field 138a **MUST** be equal to the derived Total Reserves figure in the Balance Sheet under TIFD code 3950 Total Reserves [cell G253 or H253]. If these figures do not agree an error message is displayed in cell W55 – Check Balance Sheet!

The bottom part of the exercise has to be completed if dividends have been paid during the year in which case data input is mandatory and expected in any of the fields 139a to 139e. Please note that the Gross amount of dividends is required in these fields and if no input is effected an error message is displayed in cell K64.

The statutory deductions and imputable tax is expected [as appropriate] in fields 140a to 145b such that the computed result returned in field 146f is equal to the amount inputted in field 135c. If the figures do not agree an error message to this effect is displayed in cell K82!

Any further tax deducted from the dividends [e.g. topping up and withholding tax on untaxed dividend] must be indicated in fields 147a to 149a to get the amount of net dividend effectively received by the shareholders in cell 150a. The result derived in this cell is used to validate data in the next page.



Page 7

This page of the return should pose no problems. Most of the data relating to shareholders' and directors' details is already posted in the case of electronic filers. This is the official data obtained from the Registrar of Companies. You are only required to select a 'No' from the dropdown lists if a person indicated in the return is no longer a shareholder or director of the company. The default is set to 'Yes'.

For each shareholder you are required to indicate:

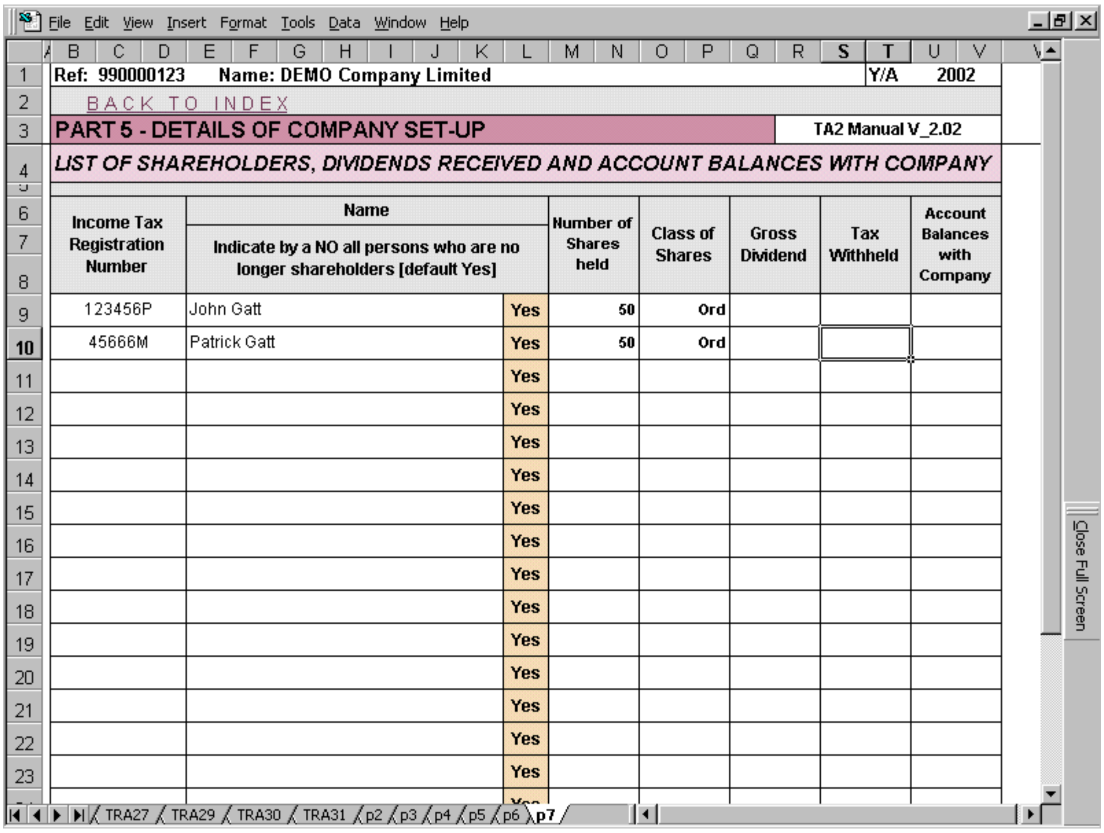
- the number and class of shares held;
- the amount of gross dividend if any, and tax withheld; and
- the account balances held with the company at year end.

The sum total of net dividends paid to all shareholders [cell U35] is matched to field 150a in page 5. If the amounts disagree an error message is displayed in cell B35.

There may be instances where shareholder(s) or director(s) are not indicated in the personalised return in which case the user has to input the registration number and name. An error message is also displayed for each missing shareholder's or director's tax registration number. It is expected that the correct ID number of an individual shareholder or the tax registration number in the case of a company, is quoted. The correct ROC number will also do in the latter instance.

The only exception to this rule is where a person [shareholder or director] is not resident or domiciled in Malta, and has no income arising, in Malta. In such instances you can mark the space allocated for the registration number as ‘N/A’.

In the case of directors you should clearly distinguish between wages and salaries paid to directors’ from director’s fees, and report under the appropriate heading.



Ref: 990000123 Name: DEMO Company Limited Y/A 2002

BACK TO INDEX

PART 5 - DETAILS OF COMPANY SET-UP TA2 Manual V_2.02

LIST OF SHAREHOLDERS, DIVIDENDS RECEIVED AND ACCOUNT BALANCES WITH COMPANY

Income Tax Registration Number	Name Indicate by a NO all persons who are no longer shareholders [default Yes]		Number of Shares held	Class of Shares	Gross Dividend	Tax Withheld	Account Balances with Company
123456P	John Gatt	Yes	50	Ord			
45666M	Patrick Gatt	Yes	50	Ord			
		Yes					
		Yes					
		Yes					
		Yes					
		Yes					
		Yes					
		Yes					
		Yes					
		Yes					
		Yes					
		Yes					
		Yes					
		Yes					

Page 8 [available only on the electronic version]

The mandatory data input in this sheet is highlighted in white fonts on a red background.