

Tax Index of Financial Data

Guidelines

*This booklet explains in detail the use
of the Tax Index of Financial Data*

March 2002 - Inland Revenue Department



Tax Index of Financial Data

The Inland Revenue Department has launched the company income tax process redesign. This initiative aims to create a fully electronic process from the Taxpayer's desk through the Inland Revenue's processing systems.

The Tax Index of Financial Data, or the TIFD in short, is an extensive list of financial statement items where each item is assigned a unique four-digit code.

This tax index was developed to enable the department to collect and process financial information in a structured format. The TIFD is only part of a larger package of electronic interactive services, which the department is committed to provide.

All companies whose financial year-end is 31 December 2001 or later, must report financial statement information using the TIFD when they submit their tax return.

The guidelines in this booklet provide a number of frequently asked questions, a complete list of the TIFD and instructions on how to use it.

Any queries about the use of the TIFD should be directed to the Company Taxpayer Services Office at the Department of Inland Revenue.



Adrian Chetcuti
Commissioner of Inland Revenue
March 2002

INFORMATION

This guide together with other information relating to the TIFD will be available on the IRD's web site in due course.

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CONTENTS

PART 1 - GENERAL INFORMATION

What is the TIFD?	7
Why was the TIFD developed?	7
How was the TIFD developed?	7
Who can use the TIFD?	7
What are the Tax reporting requirements of non-trading companies?	8
When will the TIFD come into force?	8
Why are companies' financial statements to be submitted in TIFD format for financial years ending December 2001 and later?	8
Is the IRD shifting on others work that it currently does itself?	9
What are the benefits that can be reaped from these new arrangements?	9
Do accountants and auditors need to prepare two sets of financial statements: one for clients and one for the IRD?	9
Does the TIFD result in an increase to the reporting requirements?	9
If the IRD wants only the same information as is now being reported, why are 500 items included in the TIFD?	10
Has the IRD informed companies about the TIFD or is it the accountants' responsibility to inform clients?	10
Does the TIFD impair the present responsibilities between auditors and their clients?	10
How is the TIFD structured?	10
Why are mandatory fields included in the TIFD?	10
If I use a TIFD generic code, will the IRD call for more information?	11
What if one line on my financial statements matches more than one TIFD item?	11
Will TIFD codes change from year to year?	11
What ways are available to file financial statements in TIFD format?	11
How do I file the notes to the financial statements with electronic lodgement?	11
What about the audit report?	11
How do I present the notes if I file a paper copy of the return and financial statements?	12
Will there be any changes to the present company tax return?	12
What are the prescribed attachments and what purpose do they serve?	12
Where can I get more information on the TIFD?	12

PART 2 - USING THE TIFD

TIFD structure and design	13
How to select TIFD items	15
Reporting negative amounts	16
Reporting the money value irrespective of currency denomination	16
Group reporting	16
Mandatory items	17
Subtotals within the TIFD	18
Reporting multiple lines of business	19
Reporting an amount that combines two or more items	20
Notes to the financial statements	21

APPENDICES

Appendix I - Complete listing of the TIFD	22
Appendix II - Worked example on the application of the TIFD	37
Appendix III - Multiple lines of business	47
Appendix IV - Transitory arrangements	52

PART 1

GENERAL INFORMATION

What is the TIFD?

The **TIFD** stands for **Tax Index of Financial Data** and represents a listing of items commonly reported on balance sheets and income statements. The TIFD is a structured approach for the presentation of financial statement information that accompanies the tax return. It is a list or index, of balance sheet and income statement items that are used to create a unique financial statement combination.

The TIFD is a **TAX** index of financial statement information that is intended to regulate the reporting requirements for tax purposes. It provides a new way to collect financial information in a structured format that supports electronic filing. Having financial information in an ordered format allows the Inland Revenue Department (IRD) to process returns more quickly and enhances the development of tax policies and legislation by the Ministry of Finance.

Why was the TIFD developed?

Electronic lodgement has been on the agenda for a number of years. However, it could not be implemented due to the prevailing legal structure. The IRD announced its intention to introduce electronic filing during a seminar held on 24 February 2000. Later in the year a spreadsheet version of the 2000 tax return was developed and provided by IRD.

The outcome was very encouraging; more than half of the company tax returns filed were in the spreadsheet format. This meant that data processing was much smoother and the various validations incorporated within the spreadsheet helped to reduce mistakes in determining the tax liability.

The IRD developed the TIFD to standardise the preparation and presentation of financial statement information that supports electronic transmission.

How was the TIFD developed?

The IRD set up a project team to identify ways aimed at improving the internal processing system. The diversity of financial statement layouts encountered does in no way support electronic filing. A preliminary exercise, reviewing a number of financial statements filed with company tax returns, revealed that financial data was being presented in a multitude of formats.

The diversity of financial data presented, hinders data capture. Furthermore, certain data presented is very unclear, vague and subject to interpretation. This led the department to single out the most commonly used financial statement items, attaching a unique code number to each item.

Who can use the TIFD?

The TIFD is designed to cater for the reporting needs of *all persons* defined in the Income Tax Act, that are required to file some form of financial statements with their tax return. However, the TIFD is only mandatory in the case of persons falling within the definition of a company with some exceptions.

The TIFD does not meet the reporting needs of **Insurance Companies**. These have their particular reporting requirements that are regulated by the Insurance Business Act. Trusts are also excluded in view of pending legislative changes. These categories should continue to submit a paper copy of the financial statements along with their tax return and prescribed attachments.

The TIFD is not required from non-resident companies that do not normally attach financial statements to their tax return. This applies ONLY to those foreign companies having no income arising in Malta that is chargeable under Article 4(1)(a) of the Income Tax Act [income from any trade or business...]. However where such companies are registered for income tax purposes, they are still required to file their tax return and attachments relating to income arising in Malta [e.g. dividend warrants].

What are the tax reporting requirements of non-trading companies?

In the case of non-trading companies, including companies in liquidation, the TIFD is still required. Use the TIFD to file balance sheet information if there is no income statement to file. However, all inactive companies that have some form of income, or incurred expenses during the financial year, must still file the income statement coded in TIFD.

When will the TIFD come into force?

The use of the TIFD is mandatory for company tax returns due to be filed on 30 September 2002 and later. You must use the TIFD whether you file electronically or a paper copy. If a company opts for a manual tax return, a paper copy of the financial statements coded in TIFD, must accompany it. [For transitory arrangements see **Appendix IV**].

Implementation Schedule

Accounting year end		Return due filing date
31 January 2001	→	31 March 2002
28 February 2001	→	31 March 2002
31 March 2001	→	31 March 2002
30 April 2001	→	31 March 2002
31 May 2001	→	31 March 2002
30 June 2001	→	31 March 2002
31 July 2001	→	30 April 2002
31 August 2001	→	31 May 2002
30 September 2001	→	30 June 2002
31 October 2001	→	31 July 2002
30 November 2001	→	31 August 2002
31 December 2001	→	30 September 2002 ← mandatory

Why are companies' financial statements to be submitted in TIFD format for financial years ending December 2001 and later?

The IRD is committed to capture financial statement information from all companies in a format that supports electronic filing. To do so, the elements of the financial statements had to be encoded.

We designed the TIFD as an alternative means of submitting financial statement information. This means that it is a requirement that financial statement information be presented in TIFD format. Companies that do not comply with this requirement will

have their return rejected and the IRD will follow up with a request for TIFD-formatted financial statement information.

Is the IRD shifting on others work that it currently does itself?

Absolutely not! The TIFD is a tool to report balance sheet and income statement information in a uniform structure that allows the IRD to automate validation and processing.

The TIFD is only a part of a larger package within a platform establishing a number of electronic interactive services provided by the IRD for the benefit of its customers.

What are the benefits that can be reaped from these new arrangements?

When the whole arrangement is in place it will provide time saving opportunities, faster and higher quality processing, reduced paper costs and real time electronic acknowledgements .

Accountants, auditors and tax practitioners will be able to query returns, have access to tax information and will receive prompt attention from the IRD as more and more information is provided online.

IRD will also benefit from the arrangement. Electronic filing will reduce the manual data capture. Automation will include a series of front-end validations that allow us to process data more quickly and accurately. This will reduce paper handling and resolve, at least in part, the archiving problems including storage costs.

Taxpayers benefit because the IRD works more efficiently by employing technology to improve upon the services that it already provides.

Do accountants and auditors need to prepare two sets of financial statements: one for clients and one for the IRD?

We want exactly the same information as before, but in a coded format. The financial data must satisfy all the requirements set by the Companies Act, 1995. You will continue to determine how to structure and present the audited accounts. TIFD codes are then matched and applied to items on balance sheets and income statements.

Does the TIFD result in an increase to the reporting requirements?

Generally, the reporting requirements are not increased; you report the same level of detail as you did before. You only need to select TIFD codes for the usual information contained in the financial statements that are filed with the income tax return.

The TIFD is a tool to collect the same financial information that is presently being filed. We want nothing more than we receive now, but no less detail. All that is required is the code rather than words, and the corresponding amount for each item currently reported in the audited financial statements.

In the new processing redesign we endeavoured to keep text data to a minimum. The director's report, the audit report and the notes to the accounts are not immediately available with electronic filing. The IRD can still request a paper copy of the full set of audited accounts. It can also access these documents later on, when the annual audited accounts are provided to the Registrar of Companies.

The IRD is in no way compelling anyone to change, or to set up a new chart of accounts. Everyone is free to use TIFD codes when setting up charts. However, the TIFD by itself may not meet all the charting requirements.

If the IRD wants only the same information as is now being reported, why are 500 items included in the TIFD?

In designing the TIFD, we analysed a large sample of financial statements. Our goal was to provide companies with as much flexibility as possible, while still allowing us to receive and process financial statement information electronically.

The TIFD provides about 500 items to choose from. The level of granularity is primarily intended to provide an adequate number of items that cater for different circumstances and minimise reporting and allocation errors. It is expected that most companies will report between 40 and 80 items.

Has the IRD informed companies about the TIFD or is it the accountants' responsibility to inform clients?

The IRD has informed companies about the TIFD in a circular and held a number of seminars on the subject. In addition, information about the TIFD will soon be available on our web site.

Does the TIFD impair the present responsibilities between auditors and their clients?

The TIFD does in no way impair the present responsibility relationship between directors and auditors. The same will apply for the electronic filing of returns.

Audited financial statements must still be prepared with the same level of detail as before. They must be approved and signed before the electronic transmission of the tax return and financial data. Specific questions within the tax return must be answered to confirm full compliance with the statutory procedures. There will also be the necessary statutory safeguards that will enable the Commissioner to request within a short period of time, a signed set of audited financial statements to make any verifications he deems fit.

How is the TIFD structured?

The TIFD consists of items that are included in the balance sheet and the income statement. It is divided into sections and sub-sections comprising blocks of financial data. The item at the start of each block is bold written and represents the general term for descriptions of specific items included within the same block. [See *How to select TIFD items* under *Part 2 – Using the TIFD*]

Why are mandatory fields included in the TIFD?

Certain line items are required to validate financial statement information. These fields do not represent the minimum number of items that must be TIFD-coded and filed with the IRD. These mandatory fields must be included, along with all the other TIFD codes needed to represent a company's financial statements. [See *Mandatory Items* under *Part 2 – Using the TIFD*].

If I use a TIFD generic code, will the IRD call for more information?

It is very unlikely that a company is requested more information on the basis of the TIFD codes selected. Cases are selected for further review based on a wide range of criteria, just as they are now. We will analyse data in relation to the financial information reported, and not the codes used.

What if one line on my financial statements matches more than one TIFD item?

When you find more than one code for your items, you should select the code for the most significant item. If three or more TIFD items are combined on one line, you may prefer to use the appropriate generic code from the TIFD to report the amount. [See *Reporting an amount that combines two or more items under Part 2 – Using the TIFD*].

Will TIFD codes change from year to year?

No; the TIFD has been designed to be flexible. If additions are necessary, [e.g. new statutory disclosure requirements] these can be made to the index without changing the current codes.

What ways are available to file financial statements in TIFD format?

The IRD will provide a spreadsheet(s) that include(s) the TIFD component. If you use an accounting software package, you can report your financial statement items in TIFD format by means of a translation table that you have to prepare. It is impossible for the IRD to support the whole range of accounting software packages in use. However, you can still prepare your return together with the financial statements using the spreadsheet(s) that will be provided by the IRD.

How do I file the notes to the financial statements with electronic lodgement?

The information that is normally disclosed by way of a note, is either:

- included within the TIFD itself [e.g. comprehensive list of fixed assets]; or
- through the extended questionnaire within the company tax return [e.g. whether there have been any changes in the accounting policies during the year, whether there were any contingent liabilities, etc.]; or
- in the prescribed attachments to the tax return [e.g. proceeds on the disposal of assets will be reported on prescribed balancing statements].

What about the audit report?

The extended questionnaire within the tax return will ask whether the audit report has been prepared and whether it is qualified. If the audit report is qualified you will be required to state the reason for the qualification.

How do I present the notes if I file a paper copy of the return and financial statements?

If you still prefer to file the paper copy of the return, the accompanying financial statements must be TIFD coded including all notes explaining the balance sheet and income statement details.

The IRD is still offering the spreadsheet option to manual filers. However, it would be futile to file manually when such spreadsheets are resorted to.

Will there be any changes to the present company tax return?

Yes, a new version of the company tax return, form TA2, together with the prescribed attachments, have been prepared. The new return has been adjusted to cater for the legislative changes, mainly brought about by the Business Promotion Act. Another slight adjustment relates to the reconciliation of profit per financial statements to chargeable income [previously under part 3]. This has been replaced by a similar exercise that will now precede the tax computation for the sake of continuity and data flow.

The major innovative feature of this year's return is the extended *yes* or *no* questionnaire dealing with the preparation and the audit of the financial statements. With electronic filing, the director's report, the audit report and the notes to the accounts will not be immediately available to the department. The IRD is still interested in all the financial information.

Otherwise, the new company tax return will retain the present structure and format with 8 pages and 7 parts.

What are the prescribed attachments and what purpose do they serve?

All sorts of tax schedules, statements and computations are attached to company returns, the most common being the capital allowance schedules. The information contained in these documents is vital to the department, but the different layouts and the level of content presented, create plenty of problems during the data capture stage.

This state of affairs, if left unchecked, would continue to slow down processing and will ultimately obstruct the electronic transmission of tax returns. To resolve this problem the department is preparing an extensive list of prescribed attachments to the tax return in order to get all the tax relevant information in a standard format.

Where can I get more information on the TIFD?

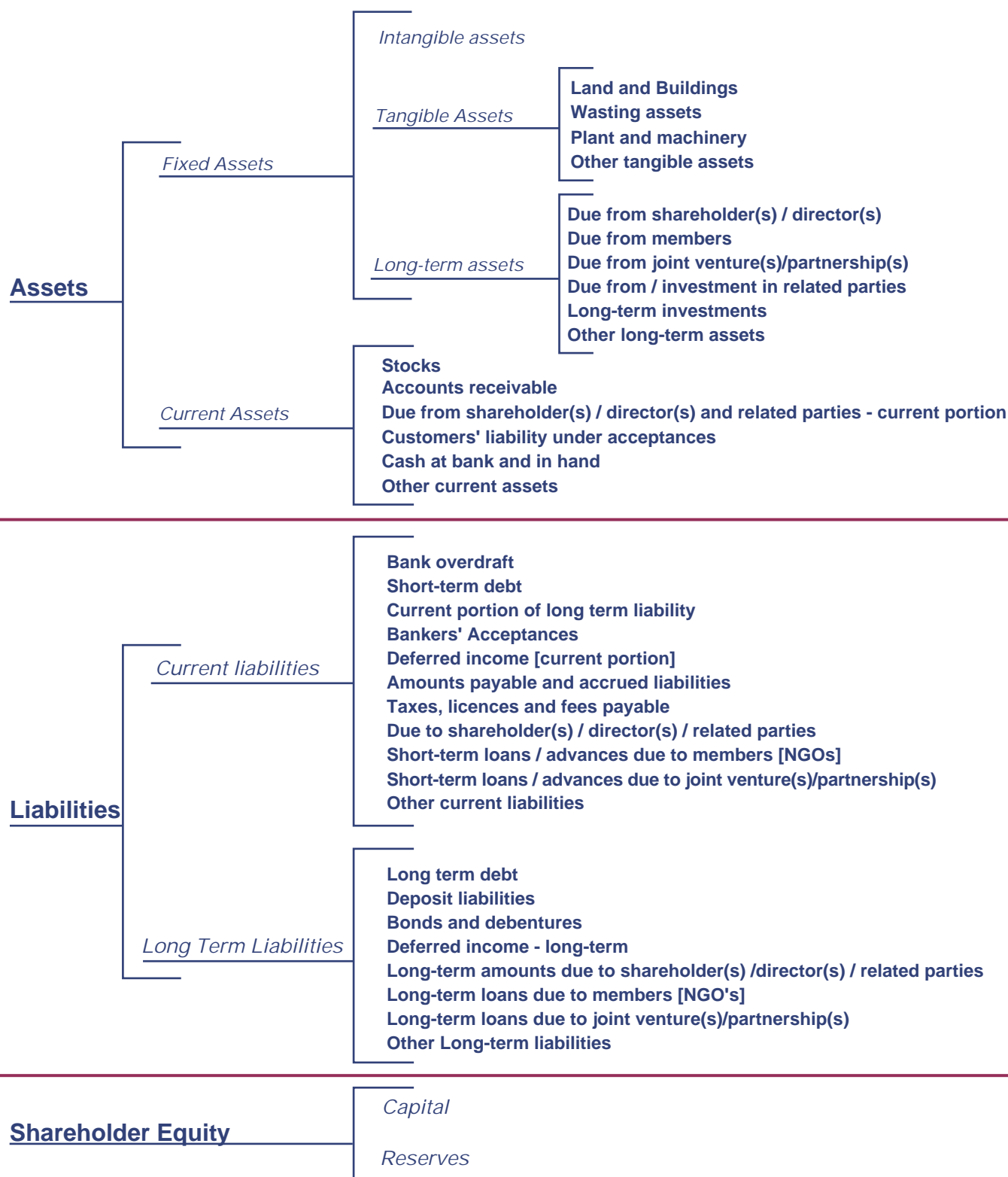
You can get printed copies of the guide from the Company Taxpayer Services Office Block 1, Floriana or visit our web site.

PART 2 USING THE TIFD

TIFD Structure and Design

The TIFD consists of items you find on a balance sheet, income statement and the statement of retained earnings.

The balance sheet section consists of items pertaining to assets, liabilities and shareholder equity. Each section is further subdivided into sub-sections.



Select the items usually reported on your balance sheet from the item range 1000 to 3999.

The income statement section consists of items you find under revenue, cost of sales and operating expenditure, to derive the net income or loss on ordinary activities before tax.

<u>Revenue</u>	<ul style="list-style-type: none"> Sale of goods and rendering of services Income from Investments Commission Income Rental income Amounts received by non-profit making organisations [NPOs] Realised Gains / (losses) on disposal of fixed assets Other Income
<u>Cost of sales</u>	<ul style="list-style-type: none"> Opening stock Purchases Direct Costs Closing stock
<u>Operating expenditure</u>	<ul style="list-style-type: none"> Advertising and promotion Wages, Salaries and Employee benefits Sub-contracting and Out-sourcing Travel Expenses Insurance Office Expenses Professional fees Licences, permits and membership Rental Repairs and maintenance Supplies Utilities Interest and bank charges Provisions Amortisation of intangible assets Depreciation of Immovable property Depreciation of Wasting assets Depreciation of Tangible Assets Other expenses

NET INCOME / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAX

The income statement also accounts for tax provision(s) and extraordinary items.

<u>Tax Provisions</u>	<ul style="list-style-type: none"> Current tax provision Deferred tax provision
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Extraordinary, exceptional and unusual items

Select the items usually reported on your income statement from the item range 5000 to 7499.

This leads to the statement of retained earnings....

NET INCOME OR LOSS FOR THE PERIOD

RETAINED EARNINGS BROUGHT FORWARD

Appropriation

Dividends proposed during the year
Dividends proposed and paid during the year
Transfer to General Reserve
Transfer to Revenue Reserve
Transfer to Capital Reserve
Transfer to the Incentives and Benefits Reserve [BPA]
Transfer to Other Reserve(s)

Select the items usually reported on your statement of retained earnings from the item range 7500 to 7600.

A complete listing of TIFD items and their codes is included in Appendix I

How to select TIFD items

The TIFD is divided into sections and each section is further sub-divided into blocks of items. The sequential numbering identifies each block. The item at the start of each block is bold written and represents the generic code for the group of items included in the same block. It also includes eight mandatory fields and a number of subtotals.

The exact match from the TIFD must always be selected. If there is no exact match, select the most appropriate description. The general coded item must only be used in the absence of an appropriate or suitable description within the index.

Assuming that you will prepare the TIFD from your own financial statements, use the following process when you select TIFD items:

1. Try to select an exact match from the TIFD to items on your financial statements.
2. If you cannot find an exact match, select the most suitable item.
3. If you cannot find a suitable item, select the generic item.

A financial statement item may represent two or more TIFD items. In such instances determine the greatest amount of the grouped component and report under the most appropriate TIFD item describing it.

Examples:

Balance Sheet		
generic code	2150	Cash at bank and in hand
specific codes	2151	Deposits in Maltese banks and institutions - Maltese currency
	2152	Deposits in Maltese banks and institutions - foreign currency
	2153	Deposits in foreign banks
	2154	Cash like instruments
	2155	Cash

Income Statement		
generic code	6220	Rental
specific codes	6221	Property rental
	6222	Occupancy costs
	6223	Condominium fees
	6224	Equipment rental
	6225	Motor vehicle rentals
	6226	Berthing and moorage (boats)
	6227	Storage
	6228	Quota rental

Note that the general coded item at the start of each block is not a sub-total of the items within the same block. There are specific codes for sub-totals within the TIFD. [See Subtotals within the TIFD below].

Reporting negative amounts

Any negative amounts must be indicated by brackets () or the minus sign “-”.

Reporting the money value irrespective of currency denomination

Report your financial statement amounts in full, not rounded in thousands (000s) or millions (000,000s). Report the whole value of the currency amount, excluding decimals [e.g. do not report cents in the case of the Maltese Lira].

Group reporting

Remember to report your financial statement information on a legal entity (unconsolidated) basis as you do today.

Mandatory Items

The TIFD information has to balance and therefore certain rules must be followed to verify the information that is received. A few mandatory items are included to validate the accuracy, completeness and integrity of the information that is transmitted. Where there is nothing to report under a mandatory field, a zero "0", has to be entered.

You have to provide certain line items so that we can verify the following equations:

1. **total assets = total liabilities + total shareholder equity**
2. **total revenue - total expenses = net income on ordinary activities**
3. **retained earnings carried forward (item code 7600) in the statement of retained earnings = retained earnings (item code 3905) in the balance sheet - this validation links the income statement to the balance sheet**
4. **net income/(loss) on ordinary activities before tax (item code 7050) = field 1a in the company tax return - this final validation ensures that the financial statement information transmitted connects to the company filing the return**

Therefore, each set of financial statements *must* include the following required items:

MANDATORY BALANCE SHEET ITEMS

CODE	DESCRIPTION
2299	TOTAL ASSETS
3799	TOTAL LIABILITIES
3998	TOTAL SHAREHOLDER EQUITY

MANDATORY INCOME STATEMENT ITEMS

CODE	DESCRIPTION
5499	TOTAL REVENUE
5998	COST OF SALES
6997	TOTAL OPERATING EXPENSES
7050	NET INCOME / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAX

MANDATORY ITEM IN THE STATEMENT OF RETAINED EARNINGS

CODE	DESCRIPTION
7600	RETAINED EARNINGS CARRIED FORWARD

These mandatory fields do not represent the minimum number of items that need to be TIFD-coded and filed with the IRD. These are codes that must be included, along with all the other TIFD codes needed to represent a company's financial statements.

APPENDIX II SETS OUT A COMPREHENSIVE EXAMPLE ON HOW TO USE AND APPLY THE TIFD

Subtotals within the TIFD

TIFD Code	DESCRIPTION	
Balance sheet		
1198	Total intangible assets	
1199	Total accumulated amortisation of intangible assets	
1698	Total tangible assets	
1699	Total accumulated depreciation of tangible assets	
1998	Total long-term assets	
1999	Total fixed assets	
2298	Total current assets	
2299	TOTAL ASSETS	Mandatory
3499	Total current liabilities	
3798	Total long term liabilities	
3799	TOTAL LIABILITIES	Mandatory
3890	Total capital	
3950	Total reserves	
3998	TOTAL SHAREHOLDER EQUITY	Mandatory
3999	Total liabilities and shareholder equity	
Income statement and Statement of Retained Earnings		
5099	Total sales of goods and services	
5498	Total revenue from other sources	
5499	TOTAL REVENUE	Mandatory
5998	COST OF SALES	Mandatory
5999	Gross profit / (loss)	
6997	TOTAL OPERATING EXPENSES	Mandatory
6998	Total expenses	
7050	NET INCOME / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAX	Mandatory
7500	Net income / (loss) for the period	
7600	RETAINED EARNINGS CARRIED FORWARD	Mandatory

The mandatory subtotals are always required in order to validate the accuracy of the data transmitted. The other subtotals are primarily intended to support manual filers who would need TIFD codes for their financial statement presentation.

Subtotals should not be mixed up with the generic items. Consider the case where your accounts include a class of reserves that are not mentioned in the TIFD.

- In the absence of a suitable code, the value should be entered under the generic item code 3900 – Reserves.
- The sum total of item codes 3900 to 3906 is then reported as a subtotal in item code 3950 – Total Reserves.

This particular subtotal is not a mandatory item. Nevertheless, it is advisable that you make full use of the TIFD coded subtotals that serve as a check on the data reported.

Reporting multiple lines of business

A number of companies receive income from different sources and file supplementary income statements for each operation. The TIFD should be used to report information from these supplementary statements distinct from the main income statement.

When completing a main income statement supported by supplementary statements the following reporting criteria should be observed:

- the name of the operating establishment must be provided for each statement - Item **4500**;
- a brief description of the operation is required on each statement - Item **4501**;
- each statement must be differentiated by a sequence number - Item **4502**. The main income statement must be denoted as 01 and the supplementary statements numbered consecutively from 02;
- a TIFD item can be reported on more than one statement ensuring that amounts reported on one statement are not included on another;
- each income statement should include items within the code range 5000 [Sale of goods and rendering of services] to 7050 [Net Income / (Loss) on ordinary activities before tax];
- ensure that the main income statement does not include any amounts reported in the supplementary statements;
- a summary statement is required reporting:
 - the sum total of the amounts in Item 7050 [Net Income / (Loss) on ordinary activities before tax] on each income statement;
 - the current tax provision [Item 7060] if any
 - the deferred tax provision [Item 7080] if any
 - any extraordinary, exceptional and unusual items etc [Items 7200 to 7207]
 - the Statement of Retained Earnings [Items 7500 to 7600]

APPENDIX III SETS OUT AN EXAMPLE ON TIFD REPORTING IN THE CASE OF MULTIPLE LINES OF BUSINESS.

Reporting an amount that combines two or more items

An amount in your financial statement information may combine two or more TIFD items. To report this amount, determine which item is the greater/greatest amount and choose the most appropriate TIFD item.

Example: A Company incurred Lm2,100 as advertising and promotion. Two situations are now considered.

In the first situation, Lm2,000 has been recorded as advertising and Lm100 has been entered as promotion in the company's books.

There is an exact match for Advertising and for Promotion in the TIFD listing.

TIFD Code	Item Description
6000	Advertising and promotion
6001	Advertising
6002	Promotion

In this case you choose the exact TIFD code that matches each item:

TIFD Code	Item Description	Amount
6001	Advertising	2,000
6002	Promotion	100

This is what you get when the data is filed electronically with the return:

6001 2000
6002 100

In the second instance the company recorded Lm2,100 as advertising and promotion in its books of account. It is known that the expense is mostly made up of advertising. The company may either use:

a) The Generic Code

TIFD Code	Item Description	Amount
6000	Advertising and promotion	2,100

In which case the accounting data filed electronically with the return would read:

6000 2100

b) the coded item known to represent the highest amount

TIFD Code	Item Description	Amount
6001	Advertising	2,100

In this case the accounting data filed electronically with the return would read:

6001 2100

Notes to the financial statements

If you intend to file a paper copy of the return and financial statements you must also apply the TIFD code to the notes to the financial statements. If you file electronically, the TIFD transmission will include the breakdowns normally disclosed by way of a note.

Example

Your balance sheet shows fixed assets in the amount of Lm101,258 with a breakdown disclosed by way of a note.

Balance Sheet extract...

Fixed Assets	Cost [Lm]	Dep'n to date [Lm]	Net [Lm]
<i>Land and Buildings</i>	85,000	0	85,000
<i>Motor vehicles</i>	18,350	7,340	11,010
<i>Furniture and Fittings</i>	4,950	990	3,960
<i>Office Machinery and Equipment</i>	3,220	1,932	1,288
Total	111,520	10,262	101,258

Using the TIFD, you report the information from the notes as follows:

TIFD Code	Item Description	Amount
1200	<i>Land and Buildings</i>	85,000
1352	Motor vehicles	18,350
1353	Accumulated depreciation of motor vehicles	(7,340)
1393	Furniture, fixtures, fittings and soft furnishings	4,950
1394	Accumulated depreciation of furniture, fixtures, fittings and soft furnishings	(990)
1397	Other machinery	3,220
1398	Accumulated depreciation of other machinery	(1,932)
1698	Total Tangible Assets	111,520
1699	Total accumulated depreciation of tangible assets	(10,262)

See **Appendix II** for a comprehensive example on the application of the TIFD when paper copies of the financial statements, including notes, are filed.

Appendix I

COMPLETE LIST OF TIFD ITEMS

BALANCE SHEET FIXED ASSETS

Intangible assets

Items 1000 to 1199 - Intangible Assets.

Item 1198 - Total intangible assets, represents the sum total of all intangible capital assets reported.

Item 1199 - Total accumulated amortisation of intangible capital assets, represents the sum total of all the accumulated amortisation of the intangible capital assets reported under this block. When reporting this breakdown, the net final amount of the intangible assets is not to be shown anywhere on the TIFD.

Code

Item Description

1000

Intangible assets

Any amortisation of intangible assets reported under the generic Item 1000 should be entered under Item 1001

1001

Accumulated amortisation of intangible assets

Item 1001 should only be used if entries are made in item 1000

1002

Goodwill

1003

Accumulated amortisation of goodwill

1004

Formation expenses

1005

Accumulated amortisation of formation expenses

1006

Royalties, trademarks, patents, rights, etc.

1007

Accumulated amortisation of royalties, trademarks, patents

1008

Research and development (capitalised)

1009

Accumulated amortisation of research and development

1198

Total Intangible assets

1199

Total accumulated amortisation of Intangible assets

Tangible Assets

Items 1200 to 1699 - Tangible Assets.

Item 1698 - Total Tangible assets represents the sum total of all Tangible Assets reported.

Item 1699 - Total accumulated depreciation of Tangible Assets, represents the sum of all the accumulated depreciation of the Tangible Assets reported.

When reporting this breakdown, the net final amount of the Tangible Assets is not to be shown anywhere on the TIFD.

1200

Land and Buildings

Any depreciation charged against assets included under the generic Item 1200 should be entered under Item 1201

1201

Accumulated depreciation of land and buildings

Item 1201 should only be used if entries are made in Item 1200

1202

Land improvements

1203

Accumulated depreciation of land improvements

1204

Industrial Buildings and structures

1205

Accumulated depreciation of industrial buildings and structures

1206

Non-industrial buildings [offices, showrooms, etc]

1207

Accumulated depreciation of non-industrial buildings

1208

Parking areas

1209

Accumulated depreciation of parking areas

1210

Buildings under construction

1300	Wasting assets <i>Any depreciation charged against wasting assets included under the generic Item 1300 should be entered under Item 1301</i>
1301	Accumulated depreciation of wasting assets <i>Item 1301 should only be used if entries are made in Item 1300</i>
1302	Petroleum and natural gas properties
1303	Accumulated depreciation of petroleum and natural gas properties
1304	Deferred exploration and development charges
1305	Accumulated depreciation of deferred expl'n and dev't charges
1306	Quarries
1307	Accumulated depreciation of quarries

1350	Plant and machinery <i>Any depreciation charged against plant and machinery included under the generic Item 1350 should be entered under Item 1351</i>
1351	Accumulated depreciation of plant and machinery <i>Item 1351 should only be used if entries are made in Item 1350</i>
1352	Motor vehicles <i>cars not used for the transportation of goods such as company cars used by directors, managers, employees, etc.</i>
1353	Accumulated depreciation of motor vehicles
1354	Construction and excavating equipment
1355	Accumulated depreciation of construction and excavating equipment
1356	Production machinery and equipment
1357	Accumulated depreciation of production machinery and equipment
1358	Tools and dies
1359	Accumulated depreciation of tools and dies
1360	Catering Equipment
1361	Accumulated depreciation of catering equipment
1362	Cable Infrastructure
1363	Accumulated depreciation of Cable Infrastructure
1364	Pipeline Infrastructure
1365	Accumulated depreciation of Pipeline Infrastructure
1366	Communication and Broadcasting Equipment
1367	Accumulated depreciation of Communication and Broadcasting Equipment
1368	Medical Equipment
1369	Accumulated depreciation of Medical Equipment
1370	Lifts and Escalators
1371	Accumulated depreciation of Lifts and Escalators
1372	Air-conditioners
1373	Accumulated depreciation of Air-conditioners
1374	Equipment mainly designed or used for the production of water or electricity
1375	Accumulated depreciation of Eq't for the production of water or electricity
1376	Electrical & Plumbing Installations and Sanitary Fittings
1377	Accumulated depreciation of Electrical and Plumbing Installations etc.
1378	Exploration equipment
1379	Accumulated depreciation of exploration equipment
1380	Ships and vessels
1381	Accumulated depreciation of ships and vessels
1382	Shipping equipment
1383	Accumulated depreciation of shipping equipment
1384	Aircraft
1385	Accumulated depreciation of aircraft
1386	Machinery and equipment under construction

Appendix I

1387	Commercial vehicles
1388	Accumulated depreciation of commercial vehicles
1389	Computers and Electronic Equipment
1390	Accumulated depreciation of computers and electronic equipment
1391	Computer software
1392	Accumulated depreciation of computer software
1393	Furniture, Fixtures, Fittings and Soft Furnishings
1394	Accumulated depreciation of furniture, fixtures, fittings and soft furnishings
1395	Other plant
1396	Accumulated depreciation of other plant
1397	Other machinery
1398	Accumulated depreciation of other machinery

1600	Other tangible assets <i>Any depreciation charged against other tangible assets included under the generic Item 1600 should be entered under Item 1601</i>
1601	Accumulated depreciation of other tangible assets <i>Item 1601 should only be used if entries are made in Item 1600</i>
1602	Capital leases - buildings
1603	Accumulated depreciation of capital leases - buildings
1604	Capital leases - machinery and equipment
1605	Accumulated depreciation of capital leases - machinery & equipment
1606	Capital leases - vehicles
1607	Accumulated depreciation of capital leases - vehicles
1608	Capital leases - others
1609	Accumulated depreciation of capital leases - others
1610	Leasehold improvements
1611	Accumulated depreciation of leasehold improvements
1612	Capital assets under construction

1698	<i>Total Tangible Assets</i>
1699	<i>Total accumulated depreciation of tangible assets</i>

	<i>Long-term assets</i>
	Items 1700 to 1714 - represent long-term amounts, such as loans and advances due from shareholder(s) and director(s).
1700	Due from shareholder(s) / director(s)
1701	Due from individual shareholder(s)
1702	Due from corporate shareholder(s) <i>due from parent company</i>
1703	Due from director(s)

1715	Due from members <i>advances, loans etc. to members of cooperatives</i>
1720	Due from joint venture(s)/partnership(s) <i>long-term amounts such as advances and loans due from joint venture(s) and / or partnerships</i>

	<p>Items 1730 to 1739 - related parties include associated and subsidiary companies. Any long-term investment in a parent company should be reported in the appropriate description in this block. However, any long-term amounts due from a parent company should be reported under item 1702.</p> <p>Due from / investment in related parties</p>
1730	
1731	Shares in local related Companies
1732	Loans / advances to Maltese related companies
1733	Due from / investment in Maltese related parties
1734	Shares in foreign related Companies
1735	Loans / advances to foreign related companies
1736	Due from / investment in foreign related parties
1740	<p>Loans to third parties</p>
1750	<p>Soft loans</p> <p><i>Includes subsidised loans by Government Corporations</i></p>
1760	<p>Long-term investments</p>
1761	<p>Provision(s) for loss in value of investments</p> <p>Items 1762 to 1799 - Investments are to be stated at cost. Provision(s) for the diminution in value of such investments should be reported in item 1761.</p>
1762	Shares in Local Companies - Quoted
1763	Shares in local Companies
1764	Shares in foreign Companies
1765	Investment in joint venture(s)/partnership(s)
1766	Long Term Investments in Local Institutions
1767	Securities purchased under resale agreements
1768	Government of Malta debt
1769	Other Maltese investments
1770	Other Foreign investments
1800	<p>Other long-term assets</p> <p><i>Tax credits, deferred charges etc</i></p>
1801	Deferred unrealised exchange losses
1802	Other deferred items / charges
1803	Accumulated depreciation of deferred charges
1998	<i>Total long-term assets</i>
1999	<i>Total Fixed Assets</i>
2000	<p><i>Current Assets</i></p> <p>Stocks</p>
2001	Stock of finished goods
2002	Stock of goods held for resale
2003	Stock of raw materials
2004	Stock of parts and supplies
2005	Stock of properties
	<i>This item is intended for companies engaged in real estate, construction, etc. that hold immovable property for resale.</i>
2006	Stock of securities
	<i>This item is intended for companies such as brokers, stockbrokers or investment companies that hold shares and securities for sale</i>
2007	Work in progress

Appendix I

2050	Accounts receivable <i>Debtors, claims receivable, dividends receivable, subsidies receivable, etc</i>
2051	Provision for doubtful accounts
2052	Trade debtors
2053	Provision for doubtful trade debtors
2054	Trade accounts receivable from related parties
2055	Provision for doubtful trade accounts receivable from related parties
2056	Interest receivable
2057	Holdbacks receivable
2058	Leases receivable
2059	Provision for doubtful amounts in leases receivable
2060	Subscriptions due from members [NGOs]
	Items 2100 to 2106 - the current portion of amounts due from shareholder(s), director(s) and related parties
2100	Due from shareholder(s) / director(s) and related parties - current portion
2101	Due from individual shareholder(s) - current portion
2102	Due from corporate shareholder(s) - current portion <i>Due from parent company</i>
2103	Due from individual director(s) - current portion
2104	Due from related parties - current portion
2105	Loans, advances and demand notes from related parties - current portion <i>Call loans, day loans or demand loans</i>
2106	Interest receivable from related parties
2130	Due from third parties - current portion
2140	Customers' liability under acceptances
2150	Cash at bank and in hand
2151	Deposits in Maltese banks and institutions - Maltese currency
2152	Deposits in Maltese banks and institutions - foreign currency
2153	Deposits in foreign banks
2154	Other cash like instruments
2155	Cash <i>Bank drafts, bank notes and coins, cheques, money orders and post-dated cheques</i>
2200	Other current assets
2201	Accrued investment income
2202	Deferred income tax
2203	Income Tax refundable
2204	VAT refundable
2205	Prepaid expenses, advances, tender deposits, etc..
2298	<i>Total current assets</i>
2299	TOTAL ASSETS <i>This item represents the total of all fixed and current assets and must be reported.</i>

3000	<i>Current Liabilities</i> Bank overdraft
3020	Short-term debt <i>Corporate loans, demand loans, loans from foreign banks, and notes payable shown as short term</i>
3021	Corporate loans
3022	Local bank loan(s) - Current portion
3023	Liability for securities sold short
3024	Liability for securities sold under repurchase agreements
3040	Current portion of long term liability
3050	Bankers' Acceptances
3080	Deferred income - current portion <i>Deferred capital or book gain, unearned income, unearned interest, unearned service charges, and unrealised foreign exchange gain shown as current</i>
3100	Amounts payable and accrued liabilities <i>Accrued liabilities, agreements payable, claims payable, rent payable and utilities payable</i>
3101	Trade creditors
3102	Trade accounts payable to related parties
3103	Holdbacks payable
3104	Wages and salaries payable
3105	Management fees payable
3106	Withholding taxes payable
3107	Interest payable
3108	Amounts payable to members of NGOs
3200	Taxes, licences and fees payable
3201	CIR - Corporation Tax payable
3202	CIR - FSS / SSC payable
3203	VAT payable
3204	Registrar of Companies - Registration fee
3205	Licences payable
3206	Fees payable <i>Accountancy fees, audit fees, architects' fees, legal fees payable</i>
3300	Due to shareholder(s) / director(s) / related parties
3301	Short-term loans / advances due to individual shareholder(s)
3302	Short-term loans / advances due to corporate shareholder(s)
3303	Short-term loans / advances due to director(s)
3304	Short-term loans / advances due to related parties
3305	Interest payable to shareholder(s) / director(s)
3306	Interest payable to related parties
3370	Short-term loans / advances due to members [NGOs]
3380	Short-term loans / advances due to joint venture(s)/partnership(s)
3390	Short-term loans due to third parties

Appendix I

3400	Other current liabilities
3401	Deposits received
3402	Dividends payable (<i>Includes patronage refunds by cooperative society</i>)
3403	Deferred income tax
3404	Provisions for guarantees, warranties, or indemnities
3405	General Provisions (<i>Contingent liabilities, provision for losses on loans, etc</i>)
3499	<i>Total Current liabilities</i>
	<i>Long Term Liabilities</i>
3500	Long term debt
3501	Bank loan(s)
3502	Soft Loans - MDC
3503	Supply company loan
3504	Third party loans
3520	Deposit liabilities (<i>Represents deposits made by customers</i>)
3530	Bonds and debentures
3540	Deferred income - long-term <i>Deferred capital or book gain, unearned income, unearned interest, unearned service charges, and unrealised foreign exchange gain shown as long term</i>
3550	Long-term amounts due to shareholder(s) /director(s) / related parties
3551	Long-term loans due to individual shareholder(s)
3552	Long-term loans due to corporate shareholder(s)
3553	Long-term loans due to director(s)
3554	Long-term loans due to Maltese related parties
3555	Long-term loans due to foreign related parties
3570	Long-term loans due to members [NGO's]
3580	Long-term loans due to joint venture(s)/partnership(s)
3600	Other Long-term liabilities
3601	Long term obligations/commitments/capital leases
3602	Provision for guarantees, warranties, or indemnities
3603	Deferred revenue from incomplete contracts
3604	Deferred tax
3798	<i>Total long term liabilities</i>
3799	TOTAL LIABILITIES <i>This item must be reported.</i>
	<i>Capital and Reserves</i>
3800	Capital
3801	Ordinary Share Capital
3802	Cumulative Preference Share Capital
3803	Non-Cumulative Preference Share Capital
3804	Other Share Capital
3805	Share Premium Account
3806	Capital Account(s) [Partnerships & self-employed]
3807	Accumulated Fund [NGOs]
3890	<i>Total Capital</i>

3900	Reserves
3901	Revaluation Reserve
3902	Capital Redemption Reserve Fund
3903	General reserve
3904	Incentives and Benefits Reserve [BPA]
3905	Retained Earnings
3906	Non-distributable reserves
3950	<i>Total Reserves</i>
3998	TOTAL SHAREHOLDER EQUITY <i>This item must be reported.</i>
3999	<i>Total liabilities and shareholder equity</i>
	INCOME STATEMENT
4500	NAME OF THE OPERATING ESTABLISHMENT <i>This part should be completed where the operating or trade name(s) differ from the company name.</i>
4501	OPERATION DESCRIPTION <i>This part should be completed to indicate the trading activities undertaken. Where a person has multiple trading activities the operation description for each activity must be indicated.</i>
4502	ACTIVITY NUMBER <i>To be used where multiple trading activities are reported. The main activity should be numbered as 01. Any supplementary income statements are to be numbered consecutively from 02.</i>
	<i>Revenue</i>
	Items 5000 to 5098 must be used by persons whose main source of income derives from the sale of goods and the rendering of services. Amounts in this item may be reported net of discounts allowed, bulk discounts, returns and allowances.
5000	Sale of goods and rendering of services
5001	Export Sales
5002	Wholesale Sales
5003	Retail Sales
5004	Sale of goods to related parties
5005	Interdivisional sales
5006	Income from production and / or processing - local
5007	Income from production and / or processing - foreign
5008	Income from production and / or processing - related parties
5009	Income from the rendering of services - local
5010	Income from the rendering of services - overseas
5011	Income from the rendering of services to related parties
5099	<i>Total sales of goods and services</i> <i>This item represents the sum of total sales and services rendered as the main activity.</i>

Appendix I

5100

Income from Investments

5101	Interest from Maltese banks
5102	Interest received / receivable from shareholders / directors
5103	Interest received / receivable from related parties
5104	Loan interest - from local sources
5105	Securities interest - from local sources
5106	Interest from other Maltese sources
5107	Interest from foreign banks
5108	Loan interest - from foreign sources
5109	Securities interest - from foreign sources
5110	Interest from other foreign sources
5111	Dividends from Maltese sources
5112	Dividends from foreign sources

5190

Commission Income

Refers to commissions earned by businesses such as advertising agencies, stock brokers, insurance agents, sales representatives and travel agents. Compensation for debt collection can also be reported under this heading. Some persons may report sales and cost of sales. In such instances the net amount may be reported as Item 5190 - Commission income.

5191	Commission income on real estate transactions
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5200

Rental income

This includes revenue from the renting of immovable property, boats and water-sports facilities, machinery or equipment, and storage bunkers.

5201	Real estate rental Income <i>Represents income from renting of apartments, commercial buildings, land, office space, residential housing and shopping centres.</i>
5202	Income from ground rents / laudemium
5203	Film rental
5204	Vehicle leasing

Items 5250 to 5259 are to be filled in by non-profit making organisations such as clubs and similar institutions.

5250

Amounts received by non-profit making organisations [NGOs]

5251	Membership fees received
5252	Donations and gifts received
5253	Gross sales and Income from organizational activities

5280

Realised Gains / (losses) on disposal of fixed assets

Represents the amount of proceeds less the net book value on disposal of the asset.

5281	Realised gains / (losses) on disposal of intangible assets
5282	Realised gains / (losses) on disposal of tangible assets
5283	Realised gains / (losses) on disposal of immovable property
5284	Realised gains / (losses) on sale of investments

Items 5300 to 5320 are intended to cater for secondary sources of income only and should not be used to report sales of goods or the rendering of services that are the main activity.

5300

Other Income

- 5301 Realised Profit / (Loss) on exchange
- 5302 Unrealised Profit / (Loss) on exchange
- 5303 Profit / (loss) from joint ventures and partnerships
- 5304 Realisation of deferred Income
- 5305 Income from royalties, patents, rights, etc.
- 5306 Management and administration fees (received / receivable)
- 5307 Consultancy fees (received / receivable)
- 5308 Subsidies and grants
- 5309 Insurance recoveries
- 5310 Waiver of amounts payable
- 5311 Bad debt recoveries

5498

Total revenue from other sources
This item represents the sum total of other sources of revenue listed as items 5100 to 5497

5499

TOTAL REVENUE

This item represents the sum total of Items 5099 and 5498 and must be reported.

5500

Cost of sales

Opening stock

- 5501 Opening stock of raw materials / semi-finished goods
- 5502 Opening Stock of Work-in-Progress
- 5503 Opening Stock of Finished Goods
- 5504 Property held for Development & Resale at beginning of period

5550

Purchases

- 5551 Imports of Raw Materials / Semi-Finished Goods
- 5552 Local Purchases of Raw Materials / Semi-Finished Goods
- 5553 Imports of Finished Goods
- 5554 Freight, Insurance & Duty on Imported Goods
- 5555 Local Purchases of Finished Goods
- 5556 Carriage Inwards
- 5557 Foreign Purchases

5600

Direct Costs

- 5601 Direct productive wages (*Production wages, bonuses and supervision*)
- 5602 Subcontracting (*Contract labour, sub-contract labour, outworkers, etc.*)
- 5603 Hire of Machinery & Equipment
- 5604 Rent of factory premises
- 5605 Development expenses
- 5606 Royalty costs (*Royalty payments directly related to output.*)
- 5607 Stock write down (*Inventory adjustments.*)
- 5608 Depreciation of Industrial Building or Structure
- 5609 Depreciation of production machinery and equipment
- 5610 Depreciation of Factory Plant
- 5611 Overhead expenses allocated to cost of sales
Other direct operating expenses reported under cost of sales

Appendix I

5700	Closing stock
5701	Closing stock of raw materials / semi-finished goods
5702	Closing Stock of Work-in-Progress
5703	Closing Stock of Finished Goods
5704	Property held for Development & Resale at end of period
5998	COST OF SALES <i>This item represents the net cost of sales and must be reported.</i>
5999	<i>Gross Profit / (Loss)</i> <i>The gross contribution or margin represents the difference between Total Sales of goods and services [Item 5099] and Cost of Sales [Item 5998]</i>
6000	<i>Operating expenditure</i> Advertising and promotion
6001	Advertising <i>Catalogues, media expenses and publications</i>
6002	Promotion <i>Samples, trade fair expenses, demonstrations, displays and seminars given.</i>
6003	Meals and entertainment
6004	Donations
6020	Wages, Salaries and Employee benefits <i>Amounts not reported under cost of sales including administrative salaries, labour costs, vacation pay, allowances and other benefits</i>
6021	Wages - Regular
6022	Wages - Casual
6023	Fringe benefits
6024	Bonuses and similar incentive compensation
6025	Directors' salaries and remuneration
6026	Directors' fees
6027	Management salaries
6028	Employer's share of Social Security Contributions
6029	Social Security Contributions - Self
6030	Social Security Contributions - Partners
6031	Social Security Contributions - Directors
6032	Staff Training & Education
6033	Staff Safety
6034	Staff Welfare
6035	Staff Uniforms
6036	Group insurance benefits <i>Medical and life insurance plans</i>
6037	Commissions
6099	Sub-contracting and Out-sourcing <i>Contract labour, contract work, custom work and hired labour</i>
6100	Travel Expenses <i>Airfare, hotel, travel allowance and accomodation</i>
6101	Meetings and conventions <i>Seminars attended</i>

<p>6120</p> <p>6121</p> <p>6122</p>	<p>Insurance <i>Property insurance, bonding, fire insurance, liability insurance etc.</i></p> <p>Life insurance on executives <i>Insurance policies where the beneficiary is the company</i></p> <p>Motor Vehicle(s) Insurance(s)</p>
<p>6140</p> <p>6141</p> <p>6142</p> <p>6143</p>	<p>Office Expenses</p> <p>Office stationery and supplies</p> <p>Office utilities</p> <p>Data processing</p>
<p>6170</p> <p>6171</p> <p>6172</p> <p>6173</p> <p>6174</p> <p>6175</p> <p>6176</p> <p>6177</p> <p>6178</p> <p>6179</p> <p>6180</p>	<p>Professional fees</p> <p>Legal fees</p> <p>Accountancy fees</p> <p>Audit fees</p> <p>Consultancy fees</p> <p>Architect fees</p> <p>Appraisal fees</p> <p>Brokerage fees</p> <p>Management and administration fees</p> <p>Restructuring costs</p> <p>Security and exchange commission fees</p>
<p>6200</p> <p>6201</p> <p>6202</p> <p>6203</p> <p>6204</p>	<p>Licences, permits and membership <i>Business or trade licences and other business charges</i></p> <p>Membership and subscription fees <i>Dues and subscriptions</i></p> <p>Franchise fees</p> <p>Company registration fee</p> <p>Motor Vehicle(s) Licence(s)</p>
<p>6220</p> <p>6221</p> <p>6222</p> <p>6223</p> <p>6224</p> <p>6225</p> <p>6226</p> <p>6227</p> <p>6228</p>	<p>Rental <i>Rental expenses for boat, safety deposit boxes, parking charges, etc.</i></p> <p>Property rental <i>Land, building, showroom and office rentals</i></p> <p>Occupancy costs</p> <p>Condominium fees</p> <p>Equipment rental <i>Rental expenses for computer equipment, office machines, etc.</i></p> <p>Motor vehicle rentals</p> <p>Berthing and moorage (boats)</p> <p>Storage <i>Rental expense for garages and warehouses</i></p> <p>Quota rental</p>

Appendix I

6250

6251

Repairs and maintenance

Repairs and maintenance - buildings

Premises upkeep

6252

Repairs and maintenance - motor vehicles

6253

Repairs and maintenance - boats

6254

Repairs and maintenance - aircraft

6255

Repairs and maintenance - machinery and equipment

6290

6291

Supplies

Loose tools

6292

Shop expense

6293

Uniforms

6294

Laundry

6295

Computer-related expenses

6310

6311

Utilities

Water and Electricity

6312

Fuel costs

6313

Telephone and telecommunications

6314

Garbage removal

6340

6341

Interest and bank charges

Finance charges, bank charges and interest payments

6342

Hire Purchase Interest

6343

Overdraft Interest

6344

Bank Loan Interest

6345

Loan Interest to third parties

6346

Bank Charges

6347

Realised Loss/(Gain) on Exchange

6348

Finance Charges

Credit card charges

6380

6381

Provisions

Allowances and provisions for bad debts, loan losses, loss in value of investments and other provisions

6382

Unrealised Loss/(Gain) on Exchange

6383

Increase / (Decrease) in Provision for Bad / Doubtful Debts

6384

Provision for Slow Moving or Obsolete Stock

6385

Provision for Diminution in value of Investments

Provision for loan losses

6400

6401

Amortisation of intangible assets

Amortisation of intangible assets such as deferred charges, goodwill, formation expenses, patents, franchises, copyrights, trademarks and Research & Development costs

6402

Amortisation of goodwill

6403

Amortisation of formation expenses

6404

Amortisation of royalties, trademarks, patents

Amortisation of research and development

6410	Depreciation of Immovable property <i>Depreciation of immovable property including hotels, business outlets, leasehold improvements, offices and showrooms</i>
6411	Depreciation of industrial buildings and structures
6412	Depreciation of non-industrial buildings
6413	Depreciation of parking areas

6420	Depreciation of Wasting assets
6421	Depreciation of petroleum and natural gas properties
6422	Depreciation of deferred exploration and development charges
6423	Depreciation of quarries

6430	Depreciation of Tangible Assets <i>Depreciation of plant and machinery employed in the business and not included under direct production costs</i>
6431	Depreciation of motor vehicles
6432	Depreciation of construction and excavating equipment
6433	Depreciation of tools and dies
6434	Depreciation of catering equipment
6435	Depreciation of cable infrastructure
6436	Depreciation of pipeline infrastructure
6437	Depreciation of communication and broadcasting equipment
6438	Depreciation of medical equipment
6439	Depreciation of lifts and escalators
6440	Depreciation of air-conditioners
6441	Depreciation of Eq't for the production of water or electricity
6442	Depreciation of electrical and plumbing installations and sanitary fittings
6443	Depreciation of exploration equipment
6444	Depreciation of ships and vessels
6445	Depreciation of shipping equipment
6446	Depreciation of aircraft
6447	Depreciation of commercial vehicles
6448	Depreciation of computers and electronic equipment
6449	Depreciation of computer software
6450	Depreciation of furniture, fixtures, fittings and soft furnishings
6451	Depreciation of other plant
6452	Depreciation of capital leases - buildings
6453	Depreciation of capital leases - machinery & equipment
6454	Depreciation of capital leases - vehicles
6455	Depreciation of capital leases - others
6456	Depreciation of leasehold improvements
6457	Depreciation of other machinery

6600	Other expenses
6601	Bad debts written off
6602	Loan losses
6603	Cash over/short
6604	Warranty expenses
6605	Royalty expenses - resident
6606	Royalty expenses - non-resident
6607	Research and development

Appendix I

6608	General and administrative expenses
6609	Transport Expenses
6610	Formation Expenses written-off
6611	Motor vehicles running costs
6612	Grants
6613	Subsidies
6997	TOTAL OPERATING EXPENSES <i>This item must be reported and represents the sum total of all operating expenses incurred [items 6000 to 6996]</i>
6998	<i>Total Expenses</i> <i>This item should be equal to the sum of the amounts reported at item 5998 - Cost of Sales, and item 6997 - Total operating expenses.</i>
7050	NET INCOME/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAX <i>This item must be reported</i>
7060	Current tax provision
7080	Deferred tax provision
7100	NET INCOME/(LOSS) ON ORDINARY ACTIVITIES AFTER TAX
7200	Extraordinary, exceptional and unusual items
7201	Extraordinary income
7202	Extraordinary charges
7203	Exceptional and unusual items
7404	Prior period adjustments
7205	Unrealised gain/(loss) on revaluation of assets
7206	Extraordinary profit or loss
7207	Tax on extraordinary profit or loss <i>Any tax resulting from Items 7200 to 7206 must be reported here</i>
7500	<i>Statement of Retained Earnings</i> Net Loss for the period <i>This item represents the difference between Net Income / (loss) on ordinary activities after tax [Item 7100] and the net sum total of extraordinary, exceptional and unusual items, etc. [Items 7200 to 7207] if any.</i>
7501	Retained earnings brought forward
7502	Dividends proposed during the year <i>Includes patronage refunds</i>
7503	Dividends proposed and paid during the year <i>Includes patronage refunds</i>
7504	Transfer to General Reserve
7505	Transfer to Revenue Reserve
7506	Transfer to Capital Reserves
7507	Transfer to the Incentives and Benefits Reserve [BPA]
7508	Transfer to Other Reserve(s)
7600	RETAINED EARNINGS CARRIED FORWARD <i>This item must be reported and should equal the amount entered as Item 3905 in the Balance Sheet.</i>

A WORKED EXAMPLE ON THE APPLICATION OF THE TIFD XYZ LIMITED - TRIAL BALANCE AS AT 31 DECEMBER 2001

Ac Ref	Account Description	Book Balances 31/12/2001		Year end Adjustments			Adjusted Balances 31/12/2001		
		Dr	Cr		Dr	Cr	Dr	Cr	
		Lm	Lm		Lm	Lm	Lm	Lm	
aa 01	Bank Current Account	776.00					776.00		
aa 02	Cash [Petty]	897.77					897.77		
aa 03	Profit and loss Account		5,402.87					5,402.87	
aa 04	Share Capital		500.00					500.00	
aa 05	Auditor X				J1	400.00		400.00	
aa 06	Registrar of Companies				J2	50.00		50.00	
aa 07	CIR - [Coy. Taxation]	2,450.00			J3	3,508.00	2,450.00	3,508.00	
aa 08	C.I.R. - FSS/SSc		149.60					149.60	
aa 09	Promise of Sale - Creditor		2,400.00					2,400.00	
aa 10	Current Instalment - Bank Loan		5,997.00					5,997.00	
aa 11	VAT Dept.		889.10					889.10	
aa 12	Shareholder's Current Account		12,890.00					12,890.00	
aa 13	Shareholder's loan Account		20,000.00					20,000.00	
aa 14	Loan		49,241.00					49,241.00	
aa 15	Stocks	774.00		J5	876.00	J4	774.00	1,650.00	774.00
aa 16	Debtors	8,070.00						8,070.00	
aa 17	Garages	26,885.00						26,885.00	
aa 18	Motor Vehicles	7,643.00						7,643.00	
aa 19	Machinery and Equipment	5,089.00						5,089.00	
aa 20	Computer	887.00						887.00	
aa 21	Tools	1,995.00						1,995.00	
aa 22	Property at xxx held for resale	24,000.00						24,000.00	
aa 23	Land at xxx held for development	38,240.00						38,240.00	
aa 24	Motor Vehicle-dep'n		3,057.20		J6	1,529.00			4,586.20
aa 25	Machinery and Equipment-dep'n		4,071.20		J7	1,018.00			5,089.20
aa 26	Computer-dep'n		354.80		J8	177.00			531.80
aa 27	Tools - dep'n		1,496.00		J9	299.00			1,795.00
aa 28	Architect's fees	360.00						360.00	
aa 29	Audit fees			J1	400.00			400.00	
aa 30	Accountancy Fees	150.00						150.00	
aa 31	Bank Charges	60.00						60.00	
aa 32	Dep'n for year - motor vehicles			J6	1,529.00			1,529.00	
aa 33	Dep'n for year - machinery and eqt			J7	1,018.00			1,018.00	
aa 34	Dep'n for year - computer			J8	177.00			177.00	
aa 35	Dep'n for year - tools			J9	299.00			299.00	
aa 36	Director's Remuneration	5,600.00						5,600.00	
aa 37	Fuel, Oil, etc.	334.00						334.00	
aa 38	Insurance	295.00						295.00	
aa 39	Licences and fees	40.00						40.00	
aa 41	Loan - interest	5,377.00						5,377.00	
aa 42	Materials - purchased	3,995.00						3,995.00	
aa 43	NI [Employer]	397.00						397.00	
aa 44	Registration fee			J3	50.00			50.00	
aa 45	Repairs	796.00						796.00	
aa 46	Stock of Materials - 01/01/2000			J4	774.00			774.00	
aa 47	Stock of Materials - 31/12/2001					J5	876.00		876.00
aa 48	Taxation charge for year			J5	3,508.00			3,508.00	
aa 49	Telecommunications	226.00						226.00	
aa 50	Wages	4,588.00						4,588.00	
aa 51	Water and Electricity	27.00						27.00	
aa 52	Work Completed		33,503.00						33,503.00
Totals >		139,951.77	139,951.77		8,631.00	8,631.00	148,582.77	148,582.77	

Appendix II

XYZ LIMITED - TRIAL BALANCE AS AT 31 DECEMBER 2001

Ac Ref	Account Description	Adjusted Balances 31/12/2001		Profit and Loss A/c 31/12/2001		Balance Sheet 31/12/2001	
		Dr	Cr	Dr	Cr	Amount	Allocated
		Lm	Lm	Lm	Lm	Lm	
aa 01	Bank Current Account	776.00				776.00	current assets
aa 02	Cash [Petty]	897.77				897.77	current assets
aa 03	Profit and loss Account		5,402.87			(9,782.00)	equity
aa 04	Share Capital		500.00			(500.00)	equity
aa 05	Auditor X		400.00			(400.00)	current liabilities
aa 06	Registrar of Companies		50.00			(50.00)	current liabilities
aa 07	CIR - [Coy. Taxation]	2,450.00	3,508.00			(1,058.00)	current liabilities
aa 08	C.I.R. - FSS/SSc		149.60			(149.60)	current liabilities
aa 09	Promise of Sale - Creditor		2,400.00			(2,400.00)	current liabilities
aa 10	Current Instalment - Bank Loan		5,997.00			(5,997.00)	current liabilities
aa 11	VAT Dept.		889.10			(889.10)	current liabilities
aa 12	Shareholder's Current Account		12,890.00			(12,890.00)	current liabilities
aa 13	Shareholder's loan Account		20,000.00			(20,000.00)	long-term liabilities
aa 14	Loan		49,241.00			(49,241.00)	long-term liabilities
aa 15	Stocks	1,650.00	774.00			876.13	current assets
aa 16	Debtors	8,070.00				8,070.00	current assets
aa 17	Garages	26,885.00				26,885.00	fixed assets
aa 18	Motor Vehicles	7,643.00				7,643.00	fixed assets
aa 19	Machinery and Equipment	5,089.00				5,089.00	fixed assets
aa 20	Computer	887.00				887.00	fixed assets
aa 21	Tools	1,995.00				1,995.00	fixed assets
aa 22	Property at xxx held for resale	24,000.00				24,000.00	current assets
aa 23	Land at xxx held for development	38,240.00				38,240.00	current assets
aa 24	Motor Vehicle-dep'n		4,586.20			(4,586.20)	fixed assets
aa 25	Machinery and Equipment-dep'n		5,089.20			(5,089.20)	fixed assets
aa 26	Computer-dep'n		531.80			(531.80)	fixed assets
aa 27	Tools - dep'n		1,795.00			(1,795.00)	fixed assets
						0.00	
aa 28	Architect's fees	360.00		360.00			
aa 29	Audit fees	400.00		400.00			
aa 30	Accountancy Fees	150.00		150.00			
aa 31	Bank Charges	60.00		60.00			
aa 32	Dep'n for year - motor vehicles	1,529.00		1,529.00			
aa 33	Dep'n for year - machinery and eqt	1,018.00		1,018.00			
aa 34	Dep'n for year - computer	177.00		177.00			
aa 35	Dep'n for year - tools	299.00		299.00			
aa 36	Director's Remuneration	5,600.00		5,600.00			
aa 37	Fuel, Oil, etc.	334.00		334.00			
aa 38	Insurance	295.00		295.00			
aa 39	Licences and fees	40.00		40.00			
aa 41	Loan - interest	5,377.00		5,377.00			
aa 42	Materials - purchased	3,995.00		3,995.00			
aa 43	NI [Employer]	397.00		397.00			
aa 44	Registration fee	50.00		50.00			
aa 45	Repairs	796.00		796.00			
aa 46	Stock of Materials - 01/01/2001	774.00		774.00			
aa 47	Stock of Materials - 31/12/2001		876.00		876.00		
aa 48	Taxation charge for year	3,508.00		3,508.00			
aa 49	Telecommunications	226.00		226.00			
aa 50	Wages	4,588.00		4,588.00			
aa 51	Water and Electricity	27.00		27.00			
aa 52	Work Completed		33,503.00		33,503.00		
Totals >		148,582.77	148,582.77	30,000.00	34,379.00		

SAME DATA TRANSLATED INTO TIFD

A/c Ref	Account Description	TIFD CODE	TIFD DESCRIPTION
aa 01	Bank Current Account	2151	Deposits in Maltese banks and institutions - Maltese currency
aa 02	Cash [Petty]	2155	Cash
aa 03	Profit and loss Account	3905	Retained earnings brought forward
aa 04	Share Capital	3801	Ordinary Share Capital
aa 05	Auditor X	3206	Fees payable
aa 06	Registrar of Companies	3204	Registrar of Companies - Registration fee
aa 07	CIR - [Coy. Taxation]	3201	CIR - Corporation Tax payable
aa 08	C.I.R. - FSS/SSc	3202	CIR - FSS / NI payable
aa 09	Promise of Sale - Creditor	3401	Deposits received
aa 10	Current Instalment - Bank Loan	3022	Local bank loan(s) - [Current portion]
aa 11	VAT Dept.	3203	VAT payable
aa 12	Shareholder's Current Account	3301	Short-term loans / advances due to individual shareholder(s)
aa 13	Shareholder's loan Account	3551	Long-term loans due to individual shareholder(s)
aa 14	Loan	3501	Bank loan(s)
aa 15	Stocks	2000	Stocks
aa 16	Debtors	2052	Trade debtors
aa 17	Garages	1206	Non-industrial buildings [offices, showrooms, etc]
aa 18	Motor Vehicles	1387	Commercial vehicles
aa 19	Machinery and Equipment	1354	Construction and excavating equipment
aa 20	Computer	1389	Computers and Electronic Equipment
aa 21	Tools	1358	Tools and dies
aa 22	Property at xxx held for resale	2005	Stock of properties
aa 23	Land at xxx held for development	2005	Stock of properties
aa 24	Motor Vehicle-dep'n	1388	Accumulated depreciation of commercial vehicles
aa 25	Machinery and Equipment-dep'n	1355	Accumulated depreciation of construction and excavating equipment
aa 26	Computer-dep'n	1390	Accumulated depreciation of computers and electronic equipment
aa 27	Tools - dep'n	1359	Accumulated depreciation of tools and dies
aa 28	Architect's fees	6175	Architect fees
aa 29	Audit fees	6173	Audit fees
aa 30	Accountancy Fees	6172	Accountancy fees
aa 31	Bank Charges	6345	Bank Charges
aa 32	Dep'n for year - motor vehicles	6447	Depreciation of commercial vehicles
aa 33	Dep'n for year - machinery and eqt	6432	Depreciation of construction and excavating equipment
aa 34	Dep'n for year - computer	6448	Depreciation of computers and electronic equipment
aa 35	Dep'n for year - tools	6433	Depreciation of tools and dies
aa 36	Director's Remuneration	6025	Directors' salaries and remuneration
aa 37	Fuel, Oil, etc.	6312	Fuel costs
aa 38	Insurance	6120	Insurance
aa 39	Licences and fees	6200	Licences, permits and membership
aa 41	Loan - interest	6343	Bank Loan Interest
aa 42	Materials - purchased	5550	Purchases
aa 43	NI [Employer]	6028	Employer's share of Social Security Contributions
aa 44	Registration fee	6203	Company registration fee
aa 45	Repairs	6250	Repairs and maintenance
aa 46	Stock of Materials - 01/01/2001	5500	Opening stock
aa 47	Stock of Materials - 31/12/2001	5700	Closing stock
aa 48	Taxation charge for year	7060	Current tax provision
aa 49	Telecommunications	6313	Telephone and telecommunications
aa 50	Wages	5601	Direct productive wages
aa 51	Water and Electricity	6311	Water and Electricity
aa 52	Work Completed	5006	Income from production and / or processing - local

Appendix II

The next step is to include the mandatory fields and calculate the values.

TIFD CODE	DESCRIPTION	Amount
		Lm
Balance Sheet		
2299	TOTAL ASSETS ¹	103,357
3799	TOTAL LIABILITIES ²	93,075
3998	TOTAL SHAREHOLDER EQUITY ³	10,282
Income Statement and Statement of Retained Earnings		
5499	TOTAL REVENUE ⁴	33,503
5998	COST OF SALES ⁵	8,481
6997	TOTAL OPERATING EXPENSES ⁶	17,135
7050	NET INCOME / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAX ⁷	7,887
7600	RETAINED EARNINGS CARRIED FORWARD ⁸	9,782

Notes

We use the following rules to ensure that the balance sheet equation is respected:

Total Assets = Total liabilities + Total Shareholder Equity

$$\begin{array}{l} \text{TIFD Codes} \\ \text{Amounts} \end{array} \quad \begin{array}{l} 2299 = 3,799 + 3998 \\ \mathbf{103,357 = 93,075 + 10,282} \end{array}$$

1. Sum total of values entered in item codes 1999 and 2298.
2. Sum total of values entered in item codes 3499 and 3798.
3. Sum total of values entered in item codes 3890 and 3950.

For the income statement we use the following rules to verify the information you provide:

Total Revenue less Total Expenses = Net Income / (Loss) on Ordinary activities before Tax

$$\begin{array}{l} \text{TIFD Codes} \\ \text{Amounts} \end{array} \quad \begin{array}{l} 5499 - (5998 + 6997) = 7050 \\ \mathbf{33503 - (8,481 + 17,135) = 7,887} \end{array}$$

4. Sum total of values entered in item codes 5099 and 5498.
5. Sum total of values entered in item codes 5500 to 5997.
6. Sum total of values entered in item codes 6000 to 6996.
7. Result obtained by subtracting the sum total of values in item codes 5998 and 6997 from the sum value entered in item code 5499.
8. Represents the net aggregate result of values entered in items 7500 and 7508. The result must be equal to the value reported in item code 3905. This consolidates the link between the balance sheet and the income statement.

This is how the Balance Sheet information is presented

Balance Sheet as at 31 December 2001

TIFD CODE	DESCRIPTION	Amount
		Lm
1206	Non-industrial buildings [offices, showrooms, etc]	26,885
1354	Construction and excavating equipment	7,643
1355	Accumulated depreciation of construction and excavating equipment	(4,586)
1358	Tools and dies	5,089
1359	Accumulated depreciation of tools and dies	(5,089)
1387	Commercial vehicles	1,995
1388	Accumulated depreciation of commercial vehicles	(1,795)
1389	Computers and Electronic Equipment	887
1390	Accumulated depreciation of computers and electronic equipment	(532)
1698	Total Tangible Assets	42,499
1699	Total accumulated depreciation of tangible assets	(12,002)
1999	Total Fixed Assets	30,497
2000	Stocks	876
2005	Stock of properties	62,240
2052	Trade debtors	8,070
2151	Deposits in Maltese banks and institutions - Maltese currency	776
2155	Cash	898
2298	Total current assets	72,860
2299	TOTAL ASSETS	103,357
3022	Local bank loan(s) - [Current portion]	5,997
3201	CIR - Corporation Tax payable	1,058
3202	CIR - FSS / NI payable	150
3203	VAT payable	889
3204	Registrar of Companies - Registration fee	50
3206	Fees payable	400
3301	Short-term loans / advances due to individual shareholder(s)	12,890
3401	Deposits received	2,400
3499	Total Current liabilities	23,834
3501	Bank loan(s)	49,241
3551	Long-term loans due to individual shareholder(s)	20,000
3798	Total long term liabilities	69,241
3799	TOTAL LIABILITIES	93,075
3801	Ordinary Share Capital	500
3905	Retained Earnings	9,782
3998	TOTAL SHAREHOLDER EQUITY	10,282

...and the Trading, Profit and Loss Account

Trading Profit and Loss Account for the year ended 31 December 2001

TIFD CODE	DESCRIPTION	Amount
		Lm
4500	XYZ Limited	
4501	Construction and property development	
4502	01	
5006	Income from production and / or processing - local	33,503
5499	TOTAL REVENUE	33,503
5500	Opening stock	774
5550	Purchases	3,995
5601	Direct productive wages	4,588
5700	Closing stock	(876)
5998	COST OF SALES	8,481
5999	Gross Profit / Loss	25,022
6025	Directors' salaries and remuneration	5,600
6028	Employer's share of Social Security Contributions	397
6120	Insurance	295
6172	Accountancy fees	150
6173	Audit fees	400
6175	Architect fees	360
6200	Licences, permits and membership	40
6203	Company registration fee	50
6250	Repairs and maintenance	796
6311	Water and Electricity	27
6312	Fuel costs	334
6313	Telephone and telecommunications	226
6343	Bank Loan Interest	5,377
6345	Bank Charges	60
6432	Depreciation of construction and excavating equipment	1,018
6433	Depreciation of tools and dies	299
6447	Depreciation of commercial vehicles	1529
6448	Depreciation of computers and electronic equipment	177
6997	TOTAL OPERATING EXPENSES	17,135
7050	NET INCOME / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAX	7,887
7060	Current tax provision	(3,508)
7500	Net income / (loss) for the period	4,379
7501	Retained earnings brought forward	5,403
7600	RETAINED EARNINGS CARRIED FORWARD	9,782

Note the inclusion of codes 4500, 4501 and 4502.

4500 NAME OF THE OPERATING ESTABLISHMENT

4501 OPERATION DESCRIPTION

4502 ACTIVITY NUMBER

Filing Paper Copies of the Financial Statements

The full set of the audited financial statements must be filed with the tax return. These should be signed by the director(s) and auditor. In the following example the same data is used. The following is an abstract of the financial statements filed manually that include the TIFD codes.

XYZ LIMITED

Profit and Loss Account for the year ended 31 December 2001

	Notes	TIFD Code	2001 Lm	2000 Lm
Total Revenue		5499	33,503	28,263
TURNOVER	1	5006	33,503	28,263
Cost of sales		5998	(8,481)	(9,017)
GROSS PROFIT		5999	25,022	19,246
Operating and Administrative Expenses		6997	(17,135)	(15,870)
Profit for the year before Taxation	2	7050	7,887	3,376
Tax Provision	3	7060	(3,508)	(1,823)
Net Profit for the year after Tax		7100	4,379	1,553
Balance at beginning of year		7501	5,403	3,850
Balance at end of year		7600	9,782	5,403

BALANCE SHEET AS AT 31 DECEMBER 2001

		TIFD Code	2001 Lm	2000 Lm
Fixed Assets				
Property, Plant and Machinery [Net]	4	1999	30,497	30,918
Current Assets				
Stocks	5	2000	63,116	63,014
Trade and other amounts receivables		2052	8,070	2,654
Cash at bank and in hand		2150	1,674	832
Total current assets		2298	72,860	66,500
Total Assets		2299	103,357	97,418
Current Liabilities				
Creditors: amounts falling due within 1 year	6	3499	23,834	27,611
			23,834	27,611
Long-term Liabilities				
Creditors: amounts falling due after more than 1 year	7	3798	69,241	63,904
			69,241	63,904
Total Liabilities		3799	93,075	91,515
Capital and Reserves				
Ordinary Share Capital	8	3801	500	500
Retained Earnings	9	3905	9,782	5,403
Total Shareholder Equity		3998	10,282	5,903
Total Equity and Liabilities			103,357	97,418

Appendix II

XYZ Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2001

1. ACCOUNTING POLICIES

- a. Basis of accounting...
- b. Tangible fixed assets...
- c. Taxation...
- d. Turnover...
- e. Stock...

2. PROFIT FOR THE YEAR BEFORE TAXATION

The profit on ordinary activities is stated after charging...

3. TAX PROVISION

	TIFD Code	2001	2000
Malta tax at 35% Current	7060	Lm 3,508	Lm 1,823

4. TANGIBLE FIXED ASSETS

Cost

	TIFD Code	Cost 01/01/2001 Lm	Additions during year Lm	Cost 31/12/2001 Lm
Property	1206	26,885	-	26,885
Motor Vehicles	1387	5,041	2,602	7,643
Machinery and Equipment	1354	5,089	-	5,089
Tools	1358	1,995	-	1,995
Computer	1389	887	-	887
Totals	1698	39,897	2,602	42,499

Depreciation

	TIFD Code	At 01/01/2001 Lm	Charge for the year Lm	At 31/12/2001 Lm
Property	1207	-	-	-
Motor Vehicles	1388	3,057	1,529	4,586
Machinery and Equipment	1355	4,071	1,018	5,089
Tools	1359	1,496	299	1,795
Computer	1390	355	177	532
Totals	1699	8,979	3,023	12,002

Net Book Value

	TIFD Code	31/12/2001 Lm	31/12/2000 Lm
Property		26,885	26,885
Motor Vehicles		3,057	1,984
Machinery and Equipment		0	1,018
Tools		200	499
Computer		355	532
Total Fixed Assets	1999	30,497	30,918

5. Stocks

	TIFD Code	2001 Lm	2000 Lm
Land held for development and resale	2005	38,240	38,240
Property held for resale	2005	24,000	24,000
Stock of materials	2000	876	774
Totals		63,116	63,014

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	TIFD Code	2001 Lm	2000 Lm
Current Instalment - Bank Loan	3022	5,997	6,783
CIR - [Coy. Taxation] [see note below]	3201	1,058	(152)
C.I.R. - FSS/SSc	3202	150	137
VAT Dept.	3203	889	386
Registrar of Companies	3204	50	50
Auditor X	3206	400	400
Shareholder's Current Account	3301	12,890	20,007
Promise of Sale - Creditor	3401	2,400	0
<i>Total Current liabilities</i>	3499	<u>23,834</u>	<u>27,611</u>
<i>Note [Taxation]</i>			
Balance b/fwd		(152)	625
Provision for the year	7060	<u>3,508</u>	<u>1,823</u>
		3,356	2,448
Tax Refunds		152	0
Tax Paid		<u>(2,450)</u>	<u>(2,600)</u>
Balance c/fwd	3201	<u>1,058</u>	<u>(152)</u>

7. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	TIFD Code	2001 Lm	2000 Lm
Bank Loan	3501	49,241	48,904
Shareholder's loan Account [see note]	3551	<u>20,000</u>	<u>15,000</u>
<i>Total long-term liabilities</i>	3798	<u>69,241</u>	<u>63,904</u>

Note: The loan is unsecured, interest-free and has no fixed date of repayment.

8. SHARE CAPITAL

	TIFD Code	2001 Lm	2000 Lm
Authorised			
2,500 Ordinary Shares of Lm 1 each		2,500	2,500
Allotted, Called-Up And Fully Paid			
500 Ordinary Shares of Lm 1 each	3801	500	500

Appendix II

9. PROFIT AND LOSS ACCOUNT

	TIFD Code	2001 Lm	2000 Lm
Balance 1 January	7501	5,403	3,850
Profit for the year	7500	4,379	1,553
Balance 31 December	7600	9,782	5,403

XYZ LIMITED PROFIT AND LOSS ACCOUNT SCHEDULE For the year ending 31 December 2001

	TIFD Code	2001 Lm	2,000 Lm
Work Completed	5006	<u>33,503</u>	<u>28,263</u>
<i>Cost of Work Completed</i>			
Stock of Materials - 01/01/2000	5500	774	1,186
Materials - purchased	5550	3,995	3,011
Stock of Materials - 31/12/2001	5700	<u>(876)</u>	<u>(774)</u>
		3,893	3,423
Wages	5601	4,588	4,200
Subcontracting	5602	0	1,180
NI [Employer]	6028	397	214
Cost of Sales	5998	<u>8,878</u>	<u>9,017</u>
Gross Profit	5999	<u>24,625</u>	<u>19,246</u>
<i>Other Operating Expenses</i>			
Architect's fees	6175	360	213
Water and Electricity	6311	27	59
Fuel, Oil, etc.	6312	334	169
Dep'n for year - motor vehicles	6447	1,529	877
Dep'n for year - machinery and eqt	6432	1,018	1,018
Dep'n for year - tools	6433	299	299
		<u>3,567</u>	<u>2,635</u>
<i>Administrative Expenses</i>			
Director's Remuneration	6025	5,600	4,900
Insurance	6120	295	263
Accountancy Fees	6172	150	120
Audit fees	6173	400	400
Licences and fees	6200	40	40
Registration fee	6203	50	50
Repairs	6250	796	384
Telecommunications	6313	226	259
Loan - interest	6343	5,377	6,567
Bank Charges	6345	60	75
Dep'n for year - computer	6448	177	177
		<u>13,171</u>	<u>13,235</u>
Total Expenses	6997	<u>16,738</u>	<u>15,870</u>
Net profit on ordinary activities before tax	7050	<u>7,887</u>	<u>3,376</u>

Multiple Lines of Business

The following example represents the statements of a company whose main activity is the operation of a retail outlet but also runs a video rental shop. The following is an abridged Income statement and a statement of retained earnings:

ABC Limited

Profit and Loss Account for the year ended 31 December 2001

	Notes	Lm
Turnover	1	388,378
Cost of Sales		<u>322,471</u>
Gross Profit		65,907
Other Income	2	<u>4,898</u>
		70,805
Operating Expenses		<u>35,689</u>
Net Profit before Tax	3	35,116
Taxation	4	<u>(11,847)</u>
Net Profit after Tax		<u><u>23,269</u></u>

Statement of Retained Earnings

Balance 1 January 2001	23,418
Profit for the year	23,269
Dividends Proposed	<u>(6,500)</u>
Balance 31 December 2001	<u><u>40,187</u></u>

Notes

1	Turnover represents the invoiced value of goods sold and services rendered	
2	Other Income	Lm
	Net income from video rentals [see attached schedule]	3,578
	Investment income	1,320
3	The profit on Ordinary activities before tax is stated after charging	
	Wages	13,724
	Social Security Cost	1,278
	Depreciation	6,037
	Auditors' Remuneration	450
	Directors' Remuneration	2,000
4	Taxation	
	Malta Income Tax	13,264
	Deferred Taxation	<u>(1,417)</u>
		<u><u>11,847</u></u>

The company attaches detailed income statements for each of its activities.

Appendix III

Detailed Profit and Loss Account for the year ended 31 December 2001

	Lm	Lm
Sales		388,378
Opening Stock	137,429	
Purchases	291,635	
Closing Stock	<u>(106,593)</u>	
Cost of sales		<u>322,471</u>
Gross margin		65,907
Net income from video shop [Statement 2]		3,578
Investment Income		1,320
Operating Expenditure		
Advertising and promotion	1,438	
Wages and Salaries	9,768	
Directors' fees	2,000	
Employer's share of SSC	910	
Staff Welfare	156	
General office expenses	184	
Accountancy fees	250	
Audit fees	450	
Licences and permits	159	
Motor Vehicles expenses	2,874	
Company registration fee	50	
Repairs and maintenance	1,197	
Water and Electricity	644	
Telephone and telecommunications	769	
Garbage removal	274	
Overdraft Interest	1,498	
Bank Loan Interest	7,079	
Depreciation of motor vehicles	653	
Depreciation of Lifts	1,932	
Depreciation of Air-conditioners	891	
Depreciation of delivery vans	1,342	
Depreciation of electronic equipment	296	
Depreciation of furniture and fixtures	<u>875</u>	
Total operating expenditure		<u>35,689</u>
Net Profit before tax		35,116
Tax Provision for the year		<u>(11,847)</u>
Net Profit after tax		<u><u>23,269</u></u>
STATEMENT OF RETAINED EARNINGS		Lm
Balance 1 January 2001		23,418
Profit for the year		23,269
Dividends Proposed		<u>(6,500)</u>
Balance 31 December 2001		<u><u>40,187</u></u>

Statement 2

Video Shop

Profit and Loss Account for the year ended 31 December 2001

		Lm
Film rentals (Gross)		8,670
Shop running expenditure		
Wages - Regular	3,956	
SS Contributions	368	
Licences	91	
Repairs and maintenance	166	
General shop expense	189	
Water and Electricity	95	
Telephone and telecommunications	179	
Depreciation of Air-conditioners	48	
Total Shop Expenditure	<u> </u>	<u>5,092</u>
Net income		<u><u>3,578</u></u>

In this example statement 1 [the main income statement] includes the net income figure that results in statement 2 [the supplementary statement].

When you report using the TIFD, the main income statement should not include the net income figure reported in the supplementary statement.

- q In this example the net income from video rentals has to be excluded from the main income statement and included in the supplementary statement only.
- q As a result, some total lines and perhaps gross profit will be different from that shown in the financial statements.
- q However, the resulting net income figure before and after tax should be the same.

You can report the same TIFD items in both statements. However, any amounts you report for an item in the supplementary statement should not be included in the main income statement.

The next part shows how this same information is reported using the TIFD and how to balance the financial information.

Please note that the IRD will only receive the name of the operating establishment, description of the operation and the sequence number along with the TIFD code and amount.

MAIN INCOME STATEMENT

4500	NAME OF THE OPERATING ESTABLISHMENT	xxx superM Marketing
4501	OPERATION DESCRIPTION	Supermarket
4502	ACTIVITY NUMBER	1
5003	Retail Sales	388,378
5101	Interest from Maltese banks	1,320
5499	TOTAL REVENUE	389,698
5503	Opening Stock of Finished Goods	137,429
5553	Imports of Finished Goods	152,374
5555	Local Purchases of Finished Goods	139,261
5703	Closing Stock of Finished Goods	(106,593)
5998	COST OF SALES	322,471
5999	Gross Profit / Loss	67,227
6000	Advertising and promotion	1,438
6020	Wages, Salaries and Employee benefits	9,768
6026	Directors' fees	2,000
6028	Employer's share of Social Security Contributions	910
6034	Staff Welfare	156
6140	Office expenses	184
6172	Accountancy fees	250
6173	Audit fees	450
6200	Licences, permits and membership	159
6203	Company registration fee	50
6250	Repairs and maintenance	1,197
6311	Water and Electricity	644
6313	Telephone and telecommunications	769
6314	Garbage removal	274
6342	Overdraft Interest	1,498
6343	Bank Loan Interest	7,079
6431	Depreciation of motor vehicles	653
6439	Depreciation of Lifts and Escalators	1,932
6440	Depreciation of Air-conditioners	891
6447	Depreciation of commercial vehicles	1,342
6448	Depreciation of computers and electronic equipment	296
6450	Depreciation of furniture, fittings and soft furnishings	875
6611	Motor Vehicles Running Costs	2,874
6997	TOTAL OPERATING EXPENSES	35,689
7050	NET INCOME / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAX	31,538

SUPPLEMENTARY INCOME STATEMENT

4500	NAME OF THE OPERATING ESTABLISHMENT	xxx Vision
4501	OPERATION DESCRIPTION	Video Rentals
4502	ACTIVITY NUMBER	2
5203	Film rental	8,670
5499	TOTAL REVENUE	8,670
5998	COST OF SALES	0
5999	Gross Profit / (Loss)	8,670
6021	Wages - Regular	3,956
6028	Employer's share of Social Security Contributions	368
6200	Licences, permits and membership	91
6250	Repairs and maintenance	166
6292	Shop expense	189
6311	Water and Electricity	95
6313	Telephone and telecommunications	179
6440	Depreciation of Air-conditioners	48
6997	TOTAL OPERATING EXPENSES	5,092
7050	NET INCOME / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAX	3,578

Note the inclusion of the same TIFD codes, including the mandatory fields, in both statements.

5499	TOTAL REVENUE
5998	COST OF SALES
5999	Gross Profit / (Loss)
6028	Employer's share of Social Security Contributions
6200	Licences, permits and membership
6250	Repairs and maintenance
6311	Water and Electricity
6313	Telephone and telecommunications
6440	Depreciation of Air-conditioners
6997	TOTAL OPERATING EXPENSES
7050	NET INCOME / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAX

SUMMARY INCOME STATEMENT

7050	NET INCOME / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAX	35,116
7060	Current tax provision	(13,264)
7080	Deferred tax provision	1,417
7500	NET INCOME / (LOSS) FOR THE PERIOD	23,269
7501	Retained earnings brought forward	23,418
7502	Dividends proposed during the year	(6,500)
7600	RETAINED EARNINGS CARRIED FORWARD	40,187

The summary statement links the two statements together. The resulting amount in item 7050 in the main and supplementary statements is added up and reported in the summary income statement. [35,116 = 3,578 + 31,538]

TIFD - TRANSITORY ARRANGEMENTS

There will be an initial transitory period during which the implementation of the TIFD will be restricted. This interim period applies to tax returns due to be filed between 30 September 2002 and 31 August 2003.

Accounting year end	Return due filing date	T R A N S I T O R Y
31 December 2001	30 September 2002	
31 January 2002	31 March 2003	
28 February 2002	31 March 2003	
31 March 2002	31 March 2003	
30 April 2002	31 March 2003	
31 May 2002	31 March 2003	
30 June 2002	31 March 2003	
31 July 2002	30 April 2003	
31 August 2002	31 May 2003	
30 September 2002	30 June 2003	
31 October 2002	31 July 2003	
30 November 2002	31 August 2003	
Accounting year end	Return due filing date	
01 December 2002	01 September 2003	

During the transitory interval the IRD will accept the aggregation of certain items of expenditure normally included within the Profit and Loss Account. A provisional TIFD Code 6996 (Transitional Aggregation of Operating Expenses) will be provided for this arrangement. The value of Code 6996 will be reflected in the mandatory TIFD code 6997 (Total Operating Expenses).

We also intend to provide ten temporary codes (T001 – T010) that may be used to enter the description of each expense item aggregated within TIFD Code 6996, together with the corresponding amount(s).

These provisional arrangements apply for the transitory period only and will not be available for tax returns due to be filed after 31 August 2003.

Please note that the provisional code 6996 and the temporary codes should not be used to report:

- q Provisions and expense items that are not allowed or require adjustments for tax purposes; and
- q Expense items that must satisfy any statutory disclosure requirements.

These items should always be reported under the appropriate TIFD code. If there is no exact or close match, the generic code should be used.