
Final Settlement System (FSS) Notice

SUBMISSION OF ANNUAL RECONCILIATION DATA FOR 2007
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IRD Online Services

The end of year reconciliation information (FS7 & FS3s) for basis year 2007, is due to for filing by not later than 15 February 2008. Late submissions are subject to the penalties contemplated by the FSS Rules.

Last year the Inland Revenue Department launched the full scale initiative whereby it identified a number of taxpayers who were not required to file their annual income tax return. This scheme affects positively those taxpayers who derive their income from employment. The success of this initiative is fully dependent upon employers' compliance both as to timely filing and correctness of the end of year documentation. Compliance will benefit your own employees who will avoid the inconvenience of filling and filing their income tax return.

Employers, who have enrolled to use the online services, are encouraged to use the service regularly to ensure that there are no access problems prior to the actual submission. Online users, have to renew the digital certificate every year. This should only be done after a notification has been issued by the Department through an e-mail.

The Department had introduced a spreadsheet to facilitate the submission process for employers. Through this facility an employer can validate his data and correct any errors on his desktop. This spreadsheet and related further information may be downloaded from: <http://www.ird.gov.mt/services/fss/fssonline.asp>

The online service will be available as from 9 January 2008 to employers for both testing and filing of FSS end of year information.

In case of difficulties to access the online services (*login, passwords, digital certificates etc...*); an e-mail, specifying the problems and any related error messages may be sent, to ird.services@gov.mt.

Data Validation

It is important to include all FS3s of each PE number in a single submission, as every submission overwrites the previous information for the PE number and year. Employers who have two sets of information for the same PE number should merge the files using the spreadsheet indicated above. Furthermore, company directors in receipt of a salary or fee, should include their FS3 with the rest of the data being submitted.

Personal and accounting data must be filled correctly and all required fields should be completed. Particular attention should be given to the Social Security Contribution (SSC) information where the basic wage and the number of weeks worked together with the contribution paid by both the employer and employee must be completed. The contribution paid must relate to the rate of the applicable category that is derived from the basic wage and age of the employee. More information on the calculation of Social Security Contributions and an on-line calculator are available at the Inland Revenue website at www.ird.gov.mt.

All information submitted shall be verified according to the electronic lodgment specifications as stipulated by the Department. While an acknowledgement will be issued to employers who file correct data, incorrect or incomplete information will generate an online report that can be viewed by the employer. Unless data will be resubmitted correctly in the stipulated time, the employer will be considered as a defaulter and penalties as contemplated by the FSS Rules shall be applied. Employers who need support in resolving submission errors are to send an e-mail to taxpayerservice.ird@gov.mt showing details of the problem as shown by the website and providing also a contact telephone number.

Some important validations to remember:

- ❑ Whenever a female employee notifies the employer in changes of her civil status (e.g. : marriage, separation etc.....), two FS3s must be compiled for the same year, with the data split accordingly. The FS3 of a married female (prior to separation, prior to husband's death or after marriage), should have her spouse's ID reported in the allocated field.

Example: In the case of a women marrying in September, two FS3s should be prepared to cover the periods:

1. from January to September as a **single person (with spouse ID left blank)**, and
 2. from October to December as a **married person (with spouse ID quoted in the allocated field)**.
- ❑ The Department will not accept duplicate FS3s pertaining to the same individual under a particular PE number for the same year (except cases explained above). That is one line for each employee in the 'F3' file. However, whenever the basic weekly wage or category change, these must all be reported in separate lines in the 'SS' file.
 - ❑ Whenever part time emoluments exceed the Lm3000 threshold, the surplus amount should be reported in the same FS3 as main emoluments. The relative 15% withholding tax must be split just the same (maximum of Lm450) part time tax).
 - ❑ The whole list of all the validations is available on the Department's website.

Overseas Employment

Employees who satisfy the conditions stipulated in article 56(17) of the Income Tax Act may opt to have their income from overseas employment taxed at a flat rate of 15%.

However, notwithstanding the 15% flat rate, such emoluments should be reported on the FS3 as main employment and not as part-time.

Payments due

Every FSS Tax and Social Security Contribution payment effected by an employer should be supported by the prescribed FS5 form. An FS5 is also to be submitted where the payment is a discrepancy resulting from the yearly reconciliation data. **Cheques supported by FS5 forms should be sent to the Cash Office Block 5, whilst all FS7 and FS3 documentation should be sent directly to the FSS Section Block 3.**

Income derived from part time employment

As from 1 January 2005, there was a major change in the part time rules (Legal Notice 110/2005). This change affects those married persons, where one of the spouses has a full time employment income, and the other is employed on a part time basis. In order for part time employees to benefit from the new rules, the 15% withholding tax should be deducted from the total yearly emoluments. These payments should reach the Department through the employer by the end of January 2008 (attached to the December 2007 monthly remittance). If the employer fails to effect the payment, the employee is still eligible for this benefit by paying personally the 15% withholding tax by not later than the 15 February 2008 using the prescribed form TA23.

Adoption of the euro currency

There will only be a few minor reporting changes in view of the adoption of the euro on 1 January 2008. **The Annual Reconciliation data for basis year 2007, and for previous years, must always be reported in the Maltese Lira.**

The monthly payment form FS5 for December 2007 has to be prepared in Maltese Lira. However, any payments whether online or by cheque effected after 31/12/2007, must be in euro, irrespective of the year/s covered by such payments .

As from 2008, all cheques showing the Lm denomination, must have the currency symbol crossed out, endorsed with a full signature, and the euro sign written in front of the amount in figures.

Detailed information about the euro arrangements will be provided through a Reference Guide that will soon be published.

Share Options (LN 47/07):- As from basis year 2006

When an employee exercises the option to acquire shares in the company in which he/she is employed the taxable value of the fringe benefit is calculated at 42.85% of the excess, if any, of the market value of the shares on the date of the exercise of the option over the option price of the same shares.


Childcare Facilities (Rule 39 (2) (r) of the Fringe Benefits Rules)

Employers will be asked to indicate on Form FS7 whether they have paid or reimbursed the cost of childcare facilities for the benefit of their employees. If a 'yes' is indicated, the aggregate amount paid or reimbursed by the employer and the total number of employees enjoying the benefit have to be indicated.

The payment or reimbursement of the cost of childcare facilities for the benefit of the employees is not considered as fringe benefits so long as the employees receiving the benefit do not claim a deduction against their income. If an employee elects to claim the deduction for childcare services under Article 14C of the Income Tax Act, then the payment or reimbursement by the employer constitutes a taxable fringe benefit and must be reported on form FS3.

Deregistration of PE number

Whenever an employer has ceased to employ individuals, the proper Deactivation Form should be completed. If employments were terminated within a particular year, the end of year data for that year should still be submitted. Failing to submit the Deactivation Form will hold employers liable to continue submitting FSS documentation.



Commissioner of Inland Revenue
January 2008

Avviż dwar il-Final Settlement System (FSS)**IS-SOTTOMISSJONI TAR-RIKONĊILJAZZJONI ANNWALI GĦALL-
2007****Servizzi "Online"**

L-informazzjoni ta' Rikonċiljazzjoni Annwali (FS7 u FS3) g'jas-sena bażi 2007 għandha tintbagħat lid-Dipartiment tat-Taxxi Interni sa mhux aktar tard mill-15 ta' Frar, 2008. Formoli mibgħuta tard huma suġġetti għall-penali hekk kif stipulat fir-regoli ta' I-FSS.

Is-sena l-oħra d-Dipartiment tat-Taxxi Interni nieda inizjattiva fejn numru ta' *taxpayers* ma kellhomx għalfejn jimlew u jibagħtu l-Formola Annwali tat-Taxxa. Din l-iskema taffetwa b'mod pożittiv lil dawk li d-dhul tagħhom ġej minn impjeg. Is-suċċess ta' din l-inizjattiva jiddependi mill-koperazzjoni ta' min iħaddem, billi d-dokumenti jintbagħtu kompluti u korretti sa-żmien stipulat. Bil-koperazzjoni tagħkom ser jibbenefikaw l-impjegati tagħkom stess, peress li jiffrankaw l-inkonvenjent li jimlew u jibagħtu l-Formola tat-Taxxa.

Kull min juża s-servizz *online* tad-Dipartiment, huwa mfakkar sabiex iġedded iċ-ċertifikat diġitali kull sena. Dan għandu jsir biss wara li jkun intbagħat avviż permezz ta' *e-mail* mid-Dipartiment. Tajjeb li kull min għandu aċċess għas-servizz, minn żmien għal żmien, jipprova jidhol bil-*password* tiegħu sabiex jiġu evitati problemi ta' aċċess fl-aħħar perijodu tas-sottomissjoni.

Id-Dipartiment diġa introduċa *spreadsheet* fil-websajt tiegħu, fejn kull min iħaddem jista' jirranġa xi żbalji u jissottometti l-informazzjoni minnha stess. Dan sar sabiex jiffaċilita l-proċess ta' sottomissjoni lil min iħaddem. Din l-*spreadsheet* wiehed jista' isibha fuq: <http://www.ird.gov.mt/services/fss/fssonline.asp>

Kull min għandu dan is-servizz elettroniku jista' jibda jittestja u jissottometti l-informazzjoni elettronika mid-9 ta' Jannar 2008 'l quddiem.

F'każ ta' problemi ta' aċċess (*login*, *passwords*, ċertifikati diġitali eċċ...) wiehed jista' jibgħat *e-mail* lil ird.services@gov.mt għal aktar għajjnuna.

Verifika ta' l-informazzjoni

Hu importanti li tinkludi l-FS3s kollha għal kull numru ta' PE f'sottomissjoni waħda. Kull sottomissjoni li ssir għal sena partikolari permezz tas-servizz *online*, tkun qed tħassar dik diġa mibgħuta għall-istess sena. Għaldaqstant, kull min għandu aktar minn sett wiehed ta' informazzjoni, irid jgħaqqad il-*files* billi juża l-faċilità ta' l-*spreadsheet*. Minbarra hekk, diretturi ta' kumpanniji, kemm jekk irċevew paga jew ħlas onorarju, xorta jridu jinkludu l-informazzjoni (FS3) tagħhom fis-sottomissjoni.

L-informazzjoni personali u dik numerika jridu jkun mimlija sewwa. Fil-*file* 'SS' trid tingħata attenzjoni sabiex il-paga bażika, in-numru ta' kontribuzzjonijiet, il-kategorija u l-ammonti mħallsa ma jithallew barra. Minbarra hekk, il-kontribuzzjoni trid tkun maħduma korretta, skond il-paga bażika, l-età u n-numru ta' ġimgħat li persuna tkun ħadmet. Aktar informazzjoni rigward il-kalkolazzjoni tal-Kontribuzzjonijiet tas-Sigurtà Soċjali jinstab fuq il-websajt www.ird.gov.mt.

Kull informazzjoni mibgħuta ser tiġi vverifikata skond l-ispeċifikazzjonijiet tas-Sottomissjoni Elettronika maħruġa mid-Dipartiment. Jekk l-informazzjoni mibgħuta tkun kompluta u korretta, tinħareġ riċevuta, filwaqt li jekk din tkun żbaljata, jiġi ġġenerat rapport '*online*' li min qed juża s-servizz jista' jara. Sakemm l-informazzjoni tibqa' ma tintbagħatx tajjeb sa-żmien stipulat, din titqies qisha qatt ma ntbagħtet, u tiġi imposta l-penali hekk kif stipulat fir-Regoli ta' I-FSS. Kull min għandu bżonn għajjnuna rigward problemi ta' sottomissjoni jista' jibgħat *e-mail* lil taxpayerservice.ird@gov.mt u jikkwota x'hinuma d-diffikultajiet kif murija mill-websajt u jagħti ukoll numru fejn jist għa jiġi kkuntatjat bit-telefon.

VERIFIKI IMPORTANTI

- ❑ F'każ li xi impjegata tkun avżat li matul is-sena kellha xi bdil fl-istat ċivili tagħha (eż: żwieġ, separazzjoni, eċċ..), iridu jsiru żewġ FS3's, bil-figuri maqsuma skond il-każ. Id-Dipartiment jesiġi li fl-FS3 ta' mara miżżewġa jrid jtniżżel in-numru ta' l-identità tal-konjuġi fil-post allokat.

Eżempju: F'każ li mara żżewġet f'Settembru, iridu jsiru 2 formoli FS3 li jkopru l-perjodi:

1. minn Jannar sa Settembru bħala persuna **waħidha (mingħajr ID tar-raġel)**, u
 2. minn Ottubru sa Diċembru bħala **persuna miżżewwġa (bl-ID tar-raġel fil-post allokat)**.
- ❑ *Mhux ser jiġu aċċettati aktar minn FS3 waħda ta' persuna partikolari ma' numru ta' PE wieħed fl-istess sena (flief fil-każ imsemmi fil-paragrafu t'hawn fuq). Dan jgħodd ukoll għal min jibgħat l-informazzjoni b'mod elettroniku. Jiġifieri linja waħda għal kull individwu fil-file F3'. Xorta trid tintwera aktar minn linja waħda fil-file SS' f'każ li l-paga bażika jew kategorija nbidlu matul is-sena.*
 - ❑ *F'każ li dħul minn impjieg part time jaqbeż Lm3,000 f'sena, il-kumplament ta' emolumenti jridu jiġu ddikjarati bħala dħul prinċipali fl-istess formola FS3. It-taxxa bil-15% trid tinqasam ukoll bl-istess mod (jiġifieri massimu ta' Lm450 taxxa part time).*
 - ❑ *Lista sħiħa tal-verifiki kollha tinsab fuq is-sit elettroniku tad-Dipartiment.*

Impjieg barra minn Malta

Meta impjegat li jaħdem barra minn Malta jissodisfa l-kundizzjonijiet stipulati f'Artikolu 56(17) ta' l-Att dwar it-Taxxa fuq l-Income jista' jagħżel li d-dħul jiġi ntaxxat b'rata fissa ta' 15%.

Minkejja din ir-rata ta' 15% huwa importanti li dawn l-emolumenti jiġu rrapportati fl-FS3 bħala dħul prinċipali u mhux bħala *part-time*.

Pagamenti

Min iħaddem għandu jagħmel kull pagament permezz tal-formola preskritta FS5. Dan jgħodd ukoll għal xi diskrepanza li tirriżulta fl-aħħar tas-sena. **Il-Formoli ta' Rikonċiljazzjoni (FS7 u FS3) m'għandhomx jintbagħtu l-Cash Office blokk 5 flimkien mal-pagamenti, iżda direttament lis-Sezzjoni FSS blokk 3.**

Taxxa fuq xogħol Part Time

B'seħħ mill-1 ta' Jannar 2005, permezz ta' l-Avviż Legali 110/2005, inbidlu xi regoli dwar taxxa fuq dħul minn xogħol *part time*. Din il-bidla affettwat lil dawk il-koppji miżżewwġa fejn persuna minnhom għandha mpjieg prinċipali, u l-parti l-oħra mpjieg *part time*. Sabiex l-impjegati jibbenefikaw minn din l-iskema trid tkun tħallset il-15% taxxa fuq l-emolumenti. Dawn il-pagamenti jridu jithallsu minn min iħaddem sa l-aħħar ta' Jannar 2008 (ma' l-FS5 ta' Diċembru 2007). Jekk it-taxxa fuq il-*part time* ma tkunx tħallset minn min iħaddem, l-impjegat xorta jista' jibbenefika billi jħallas personalment fuq il-formola preskritta TA23 (li tingabar u timtela mill-impjegat) sa mhux aktar tard mill-15 ta' Frar 2008.

Adozzjoni tal-munita ewro

Mhux ser ikun hemm tibdil drastiku rigward dikjarazzjoni ta' figuri minħabba l-introduzzjoni tal-munita ewro fl-1 ta' Jannar 2008. **Il-formoli/informazzjoni elettronika (FS7 u FS3) tas-sena bażi 2007, u snin ta' qabel, iridu jiġu rapurtati bil-Lira Maltija.**

Il-formola FS5 ta' Diċembru 2007 trid timtela' bil-Lira Maltija. Minkejja dan, jekk il-pagament ser isir online jew permezz ta' ċekk wara 31/12/2007, il-ħlas irid isir bl-ewro (irrelevanti għal liema perjodu qed isir dan il-ħlas).

Mill-2008, kull ċekk li għandu 'Lm' stampat fuqu, dan is-simbolu jrid jinqatà u jinkiteb '€' quddiem il-figuri. Importanti li ssir firma sħiħa ħdejn kull bidla li ssir fuq ċekk.

Aktar informazzjoni dwar kif l-adozzjoni tal-munita ewro ser taffetwa d-dokumenti ta' l-FSS ser tkun fuq ir-'Reference Guide' li ser jiġi ppublikat fil-futur qrib.

Share Options (Avviż Legali 47/07) mis-sena bażi 2006

Meta persuna impjegata tixtri azzjonijiet tal-kumpannija fejn qed taħdem, l-ammont tal-*'Fringe Benefit'* taxxabli għandu jittqies bħala 42.85% ta' dak l-ammont li bih il-prezz li jgħibu l-azzjonijiet kieku kellhom jinbiegħu fis-suq miftuħ fid-data ta' meta jsir l-eżerċizzju ta' l-għażla jaqbeż, jekk jaqbeż, il-prezz ta' dawk l-azzjonijiet taħt l-għażla.

Facilitajiet ta' *Childcare* (Regola 39(2)(r) tar-Regoli dwar il-*Fringe Benefit*)

Kull min iħaddem ser jiġi mitlub li jindika fuq il-formola FS7 jekk ħallasx jew irrifonda l-ispejjeż marbuta ma' facilitajiet ta' *Childcare* għall-benefiċċju ta' l-impjegati. Jekk ser jiġi ndikat 'IVA', trid titnizzel is-somma totali li min iħaddem ħallas jew irrifonda, u n-numru ta' impjegati li ibbenefikaw minn din il-facilità.

Dan il-ħlas jew rimborż, mhux ser jiġi meqjus bħala *Fringe Benefit*, ladarba l-impjegat li qed jibbenefika minn din il-facilità ma' jittlobx tnaqqis ta' dan fuq il-Formola tat-Taxxa. Jekk mill-banda l-oħra l-impjegat jiddeciedi li jttlob dan it-tnaqqis, skond Ariklu 14C ta' l-Att dwar it-Taxxa, dan il-ħlas ser jiġi meqjus bħala *Fringe benefit* u jrid jiġi dikjarat fuq il-formola FS3 ta' l-impjegat.

Direġistrazzjoni tan-numru tal- PE

Huwa importanti li d-Dipartiment ikun avżat meta persuna ma tibqax tħaddem sabiex in-numru tal-PE li mhux qed jintuza jiġi nnutat. Jekk dan isir matul sena partikolari, xorta jibqa' l-obbligu li jintbagħtu d-dokumenti dovuti sad-data ta' l-għeluq. Din in-notifika hi importanti għaliex b'hekk biss ma' jibqgħux jintalbu dokumenti ta' l-FSS.



Kummissarju tat-Taxxi Interni
Jannar 2008