
FS3 and FS7 Forms for 2011

The year 2011 is nearing its end and therefore you are required to submit the end-of-year documents (FS3 and FS7) to the Department.

Please be reminded that a timely submission of these documents will benefit your employees by exempting them from filing their annual income tax return. We thank you for your co-operation in this regard.

It is important that the FS3 and FS7 forms should be correctly filled and should reach the Department by not later than the **15th February 2012**. Late submissions are subject to penalties as contemplated in the FSS rules.

Submission of documents

If you employ more than 29 employees you are requested to make use of our online service. For more detailed information please visit our website at www.ird.gov.mt. Please note that in order to have access to this service you must have the electronic I.D (e-ID).

In the case that the number of employees is less than 30, you may either submit the information manually by using the appropriate forms or by means of a CD. In both instances a bar-coded FS7 is needed as this will facilitate the processing of the information in a more efficient and correct way.

Verification of data submitted

It is important to include all FS3s of each PE number in a single submission.

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 weekly 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.

As from 2011, changes have been introduced as to establish the highest amount of SSC in categories C and D paid by individuals who were born on 1st January 1962 or onwards. Consequently our Department has introduced more system validations in order to ascertain the correctness of the data being submitted. Therefore you are being requested to submit accurate information so as to facilitate the timely processing of such data.

More information on Social Security Contributions and an on-line calculator are available on the Inland Revenue website www.ird.gov.mt.

All information submitted will be verified and incorrect or incomplete documents will be rejected and you will be considered as a defaulter until these are re-submitted in the correct manner. The following are some important validations to remember:

- Whenever a female employee notifies the employer regarding changes of her civil status (e.g. marriage), two FS3s must be compiled for the same year, with the data split accordingly. If for example she married 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 for cases explained above). This applies also when data is submitted electronically, 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 €7000 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 € 1050 part time tax).
- In the case where a couple has separated, one FS3 is to be issued to each individual covering the year as from 1st January to 31st December and single tax rates are to be applied for such employees.

Income derived from part time employment

May we remind you that in the case of a married couple where one of the spouses has a main employment and the other spouse is employed on a part-time basis, the 15% withholding tax should be paid on the part-time work in order for the employee to profit from this benefit.

You should effect these payments by the end of January 2012 (attached to the December 2011 monthly remittance).

Also please note that an important requisite found in the Part-Time Rules states that the employer has to register his part-time employee/s with the ETC. Employees cannot benefit from this option if they are employed concurrently with the same employer on a full and part time basis.

Childcare Facilities

Please mark whether you have paid or reimbursed the cost of childcare facilities for the benefit of your employees. If a 'yes' is denoted, 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 employee is not considered as fringe benefits as long as the employee receiving the benefit does not claim a deduction against his income. If an employee elects to claim the deduction for childcare services, then the payment or reimbursement by the employer constitutes a taxable fringe benefit and must be reported on form FS3.

Deregistering your PE number

If during the year you have ceased employing personnel, you are required to inform the Commissioner in order for your P.E number to be de-registered. In order to do so you are requested to comply with the following:

- a) furnish a statement of earnings (FS3) to all your employees;
- b) remit to the Commissioner all outstanding tax deductions and forward the relative monthly payment advice (FS5);
- c) submit to the Commissioner the end-of-year documents of all employees up to the date of termination;
- d) submit the De-registration form duly filled and signed.

IMPORTANT NOTICE

As explained recently in the Budget speech, a new tax rate category entitled 'Parent Rates' has been introduced. This becomes effective as from 1st January 2012. This new category will apply to income derived from parents having children in their custody that are under 18 years of age, or up to 21 years if in tertiary education and are not gainfully employed. For more information you are invited to visit the 'FSS 2012 update' on this same website.

C. Conti
Commissioner of Inland Revenue