

# Budget 2006 Highlights

by MGI Malta



1. Entry into Euro Zone remains targeted for 1st January 2008.
2. Commission appointed to prepare report by June 2006 to ensure the best taxation system to increase economic growth.
3. Cost of living increase of Lm 2.25 per week.
4. Taxation of sale of property inherited before 1992 will remain unchanged: 7% final and withholding tax on the selling price.
5. Change in the taxation of sale of property inherited after 1992: from 35%, a reduction of 12% on the capital gain following deductions and exemptions.
6. With effect from 1st November 2005, taxation on capital gains from immovable property will be changed to 12% final and withholding tax on the selling price. Transitional arrangements are being provided on promises of sale presented in front of a Notary Public before 20th November 2005.
7. Exemptions regarding capital gains as currently stand in the law remain unchanged.
8. Inter-group transfer of assets in group companies did not constitute any changes.
9. Liberalisation of fuel distribution in Malta.
10. Privatization of Maltacom plc, Bank of Valletta plc, Yacht Marinas and diversification plan for Maltapost plc.
11. Implementation of accrual accounting system in Government Departments – tender for system design to be published in 2006.
12. Tax credits on back-office operations, research and development, further studies and the film industry (legal notices already published).
13. Reduction in registration tax for commercial vehicles exceeding 5000 tonnes from 36% to 24%.
14. Reforms in public sector administration.
15. Reforms in means testing of social benefits.
16. Enforcement of measures to further curb tax evasion.
17. The incentive for installation of solar products will be increases. Currently a refund of 15% subject to a maximum of LM50 on the expenditure made is being granted. This refund limit will be increased to 25% subject to a maximum of LM100. Other incentive schemes were introduced relating to

photovoltaics, whereby Enemalta will install new meters free and pay 3c per k/watt

18. A total of 11.8 million have been budget for road works relating to Regional Road Bridge, Hal-Far Road and other arterial and residential roads.

## Disclaimer

The above information is being provided as a general guide only and should not be considered as a substitute for professional advice.



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