

**INDIRECT  
TAXATION  
MANUAL**

THE DUTY ON DOCUMENTS AND TRANSFERS ACT

MALTA INSTITUTE OF TAXATION

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## FOREWORD

The Malta Institute of Taxation proudly presents a companion volume to its Direct Taxation Manual (The Income Tax Acts). It is hoped that this Indirect Taxation Manual, The Duty on Documents and Transfers Act, will have the same success as our first Manual. As far as can be ascertained, the Manual now being presented is the first publication concerning stamp duty in Malta though, it must be admitted, studies on taxation are not very numerous in our country.

The Duty on Documents and Transfers Act is a direct descendant of stamp duties which first appeared in the 17<sup>th</sup> century as a means of raising revenue by subjecting certain legal documents to a tax charge. The basic concept that unstamped legal documents are null and void for all legal purposes immediately formed part of the tax in the 17<sup>th</sup> century, though some quote even earlier versions in Roman times. It is still the basis of our system which is more or less based on U.K. legislation. There have been several stamp duty laws in our country, but the Duty on Documents and Transfers Act is the first to incorporate certain aspects of death duty legislation. This seems to render the DDTA unique world-wide. Grafting a law charging a direct tax such as one levying death duties on a law charging an indirect tax such as stamp duty, was not an easy task and has given rise to certain anomalies and difficulties which are indicated in the Manual.

It is appreciated that tax laws have to reflect on-going economic and fiscal realities, but recent years have seen a heavy seepage from income tax provisions into what was an already difficult amalgam of direct and indirect taxation in an entirely different context from income tax. Clearly, the much hoped for simplification of tax legislation is not round the corner.

This Manual would probably not have been prepared had lecture notes on the Duty on Documents and Transfers Act by Not. Pierre Attard, LL.D not been available. The actual task of compiling the Manual was assigned to our Life President, Mr Edwin A. Vella, but there have also been important contributions by Dr Antoine Fiott, LL.D and Dr Robert Taylor-East, LL.D. Excellent help was also provided by Ms Roseline Vodja during her internship with the Institute under

the Erasmus Programme of the European Union. Thanks must also go to the Commissioner for Revenue who has made available copies of decisions on the subject that had not been previously published.

I am grateful to all those who have contributed to the preparation of this Manual. I am sure that, together, we have made a valid and useful contribution to the tax literature in our country.

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Attard, 25<sup>th</sup> October 2012