



MALTA
INSTITUTE
OF TAXATION

MIT COURSE ON TAXATION

2025-2026 MODULE E EXAMINATION PAPER

DATE: MONDAY 15TH JUNE 2026

TIME: 17:00 - 19:15HRS (including 15 minutes reading time)

PREMISES: ST ALOYSIUS SIXTH FORM, B'KARA

INSTRUCTIONS:

1. The examination is held in accordance with the Course Regulations. No materials or reference books are to be brought into the examination hall save as allowed by the Regulations.
 2. Dark blue or black ball-point pens should be used.
 3. Use only one side of the writing paper provided. Insert your Index number, the Question number and the Page number on each page. Jottings and drafts are to be clearly cancelled. Please do not write underneath the last line on the writing paper.
 4. Candidates are to answer ANY TWO QUESTIONS.
 5. Each question carries 50 marks.
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The replies should reference the relevant provisions of the legislation on which they have been based. Where relevant, the Malta VAT treatment of the transactions should be detailed with reference to the provisions of Maltese VAT legislation. However, references to the provisions of Directive 2006/112/EC will be equally accepted.

(Note: In this paper, 'EU MS' means 'EU Member State').

QUESTION 1

Mediterranean Properties Ltd, a newly incorporated company established and VAT-registered in Malta, has purchased commercial and residential properties located in Malta, and a commercial building located in EU MS A.

The company wishes to understand the Maltese VAT treatment of the following activities that it plans to undertake with its property:

- (i) Rental of the commercial premises located in Malta to a private hospital operator to be used as a medical clinic;
- (ii) Use of a commercial unit located in Malta as a premises to host events – the premises will be rented out to event organisers;
- (iii) Rental of a 3-bedroomed apartment on an annual, renewable lease. The tenant will be charged a rental fee, a cleaning and maintenance fee and a fee to cover water and electricity consumption (the company will remain registered as the customer with the utilities provider, and will recharge the water and electricity consumption at cost);
- (iv) Rental of a one-bedroomed apartment to tourists;
- (v) Rental of the commercial building located in EU MS A to a client established and VAT-registered in EU MS A.

Required:

Explain the VAT treatment of each of the above by reference to the relevant provisions of the legislation. Explain whether any specific criteria and/or facts may impact the said VAT treatment. You are also required to comment on Mediterranean Properties Ltd.'s entitlement to deduct input tax.

[TOTAL: 50 marks]

QUESTION 2

ABC Trading Ltd is a company established and VAT-registered in Malta which trades in cosmetic products. The products are purchased from a manufacturer located in EU MS X and transported to Malta. It sells the products to beauty salons located in Malta, in EU MS Y and in EU MS Z. When goods are ordered by business clients in EU MS Y, these are dispatched from Malta to EU MS Y.

For one particular client, namely Estetika Operations - a company which operates multiple salons in EU MS Y - ABC Trading Ltd is considering sending a consignment of stock from Malta to EU MS Y and storing it at Estetika's premises, so that whenever Estetika places an order, the goods are readily available.

To address the increasing transportation costs from Malta to EU MS Z, ABC Trading Ltd is considering changing the transaction flows involving goods sold to salons in EU MS Z. Upon an order from a salon in EU MS Z, ABC Trading Ltd will purchase the goods from the manufacturer and will instruct the manufacturer to ship the goods directly from MS X to MS Z.

ABC Trading Ltd also offers tailored live training services (delivered online) to its clients on the use of one of its product lines.

Required:

You are requested to write a report detailing the Maltese and other EU MS VAT implications of the activities carried out and being considered by ABC Trading Ltd.

[TOTAL: 50 marks]

QUESTION 3

Write short notes on the following, referencing the specific provisions of the relevant legislation and, where applicable, case-law of the CJEU:

- (i) The concepts of establishment of a business and fixed establishment for VAT purposes.
- (ii) The 'use and enjoyment' principle when determining the place of supply of services.
- (iii) The principles underpinning the Malta VAT treatment of services of medical professionals and services offered by hospitals and clinics.
- (iv) The status of a holding company for VAT purposes, distinguishing between a 'passive' holding company and 'active' holding company.

[TOTAL: 50 marks]

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