



MALTA
INSTITUTE
OF TAXATION

MIT COURSE ON TAXATION

2023-2024 MODULE C ASSIGNMENT PAPER

INSTRUCTIONS:

1. The student is required to submit the answer in one document in PDF format
 2. Please include the below index no on the front cover of your document
 3. Word count: **2,000 to 3,000 words**
 4. Referencing for the assignment is **necessary**. Students are to use **APA** style of referencing
 5. Do not **include your name and surname in the PDF document**
 6. The assignment must reach us on educ@maintax.org by not later than ***Friday, 1st March at 5PM***
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Question

Eva Ltd, a company incorporated in Country A, is wholly owned by Mr Evans an individual resident in the Country A.

Eva Ltd wholly owns Eva Sub Ltd, a company incorporated in Country C.

Two Maltese resident Directors are appointed on the board of Eva Ltd, and board of Director Meetings start being held in Malta with all Directors being physically present in Malta. Given that the management and control of Eva Ltd is exercised in Malta, Eva Ltd is deemed to be resident in Malta.

Eva Sub Ltd is looking to distribute a dividend to Eva Ltd. The dividend would be distributed to Eva Ltd.'s bank account in Country A.

Upon the receipt of the dividend from Eva Sub Ltd, it is expected Eva Ltd will immediately make a dividend distribution to Mr Evans.

Assumptions:

- *In terms of its domestic law, Country C imposes a 20% withholding tax on the distribution of dividends to non-resident persons.*
- *There is no double tax treaty between Country A and Country C.*
- *There is a double tax treaty between Malta and the Country A and Malta and Country C.*
- *Article 10 of the Malta-Country C double tax treaty provides for a 5% WHT tax rate.*

Required:

Comment on the taxation of the dividend distribution from Eva Sub Ltd to Eva Ltd by referring to the applicable double tax treaties. Reference should be made to application of anti-avoidance provisions which may be found in the double tax treaty between Malta and Country C and the application of the Principal Purpose Test.
