



MALTA
INSTITUTE
OF TAXATION

MIT COURSE ON TAXATION

2024-2025 MODULE E EXAMINATION PAPER

DATE: MONDAY 16TH JUNE 2025

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 Regulation. 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

Kindly note that this question consists of four parts, and you are required to answer all of the questions included in each of the four parts.

Mr Vella has left employment to set up a marketing business (on a self-employed basis). He is established in Malta and expects to generate a total turnover of around €30,000 during his first year, which he hopes to steadily increase over the years. His clients will invariably be Maltese businesses. He will advise and assist his clients with social media marketing, web analytics and search engine optimisation.

Required:

Mr Vella has asked you to guide him on:

- a) The Malta VAT implications of his activities, including whether he has an obligation to register for Malta VAT purposes and whether he is required to charge VAT, and any VAT registration options available to him;
- b) Whether he can recover Malta VAT paid on business expenses, and whether there are any specific categories of expenses which are specifically blocked from VAT recovery;
- c) Whether there would be any Malta VAT implications if he were to supply advisory services to:
 - i. clients in EU MS 1;
 - ii. clients in a non-EU jurisdiction.
- d) Mr Vella is considering offering tuition in IT (courses based on school curriculum). He has asked you to explain the Malta VAT treatment of these services, should he offer them, and any other key VAT implications he should consider, including whether he would be able to recover the input tax incurred on the computer equipment he would need to purchase specifically to be able to offer these courses.

[TOTAL: 50 marks]

QUESTION 2

Kindly note that this question consists of five parts, and you are required to answer all of the questions included in each of the five parts.

Maritime Supplies Ltd (MSL) is a company established in Malta which is registered under article 10 of the VAT Act. MSL's business involves the chartering of sailing boats to customers (private individuals) for day trips and weekend charters in Maltese waters, as well as for longer charters.

Required:

You are required to advise MSL on the Malta VAT treatment of the following transactions:

- a) A weekend charter of a yacht to an individual resident in Malta. The charter will commence in Malta and the vessel will be sailed exclusively in Maltese waters.
- b) Will the reply to (a) be the same if the customer is:
 - i. An individual resident in EU MS 1 who is visiting Malta as a tourist?
 - ii. A company which is a taxable person established and registered for VAT in EU MS 2?
- c) A five-month charter (1 May until 30 September) of a yacht to an individual resident in EU MS 3. MSL will sail the yacht to EU MS 1 and the client will take possession of it in EU MS 4.
- d) Will the reply to (c) be the same if the customer takes possession of the yacht in Malta?
- e) MSL carries out regular maintenance on its yachts, and currently purchases parts and hardware from a supplier in Malta. As of next month, MSL will be ordering all parts and hardware from a supplier in EU MS 5. The goods will be dispatched by the supplier in EU MS 5 and delivered to Malta. MSL has asked you whether the supplier will charge VAT at the rate applicable in EU MS 5.

[TOTAL: 50 marks]

QUESTION 3

Kindly note that this question consists of four parts, and you are required to answer all of the questions included in each of the four parts.

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

- a) A 'Taxable Person' for VAT purposes;
- b) The notions of 'Intra-Community Supply' and 'Intra-Community Distance Sales of goods' for Malta VAT purposes, and the key Malta VAT considerations when each of the aforementioned take place in Malta;
- c) The simplification procedure for triangular transactions;
- d) The Malta VAT treatment of the rental of immovable property to an individual for accommodation purposes.

[TOTAL: 50 marks]

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