



THE MALTA CHAMBER

PRESS RELEASE

12th November 2021

Businesses that honour their tax obligations are being discriminated against

The Malta Chamber calls for change in these unfair practices

The Malta Chamber of Commerce, Enterprise and Industry has taken note of Legal Notice 419 published on 5th November 2021 entitled 'Exemption from Tax on Property Transfers (Set-off of Tax Arrears) Rules'. According to this legal notice, those who have tax arrears that were due by January 2021 will be allowed to pay any tax due on the transfer of property purchased before March 2021 against their arrears and thereby be exempt from tax on property transfers to the extent that they are in arrears.

Like every other scheme intended to bring taxpayers in order, this scheme benefits only the defaulters, and does not consider those who have their tax payments in order. This in itself is unfair on those employers and businesses who pay their taxes when and as due. This legal notice seeks only to proliferate an unlevel playing field in favour of those who are in default and who are in the habit of using their due tax monies as their overdraft facility.

With its attachment to property transfers, this legal notice indicates that Government believes that tax monies have been used to purchase property, and that defaulters do not have the cash to settle tax arrears promptly and can only do so if they liquidate some of their property. If we do not want to see any more of this cavalier behaviour in the future, we should make sure that people are not able to purchase additional property before they settle their tax arrears. Only then will the exemption from tax on property transfers, which will only be allowed until 31 December 2022 according to said legal notice, be effective in curbing old habits.

The Chamber feels compelled to draw attention to the fact that those who default on tax payments to finance speculative activities may also end up delaying settlement of trade credit indefinitely to the detriment of businesses that supply them. Such practices are extremely damaging and need to be discouraged. It would be good to see schemes designed to help businesses recover their dues from defaulting unrelated parties who are heavily invested in property.

Finally, the Chamber reiterates its call to blacklist businesses that do not honour their tax payment obligations and hold them back from participating in public procurement. There is no level playing field between businesses that honour their obligations and those who do not. Competitive calls must factor this in to encourage more compliance and curb unfair practices.

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