

Lecture 8

Payroll Calculations & the Working Time Regulations

Fringe Benefits





www.21Academy.education



Time and Attendance



Very important note is to remember that a part time employee has no less rights than a full time employee. The only thing that changes is that everything is calculated pro rata



www.21Academy.education



Time and Attendance



To understand how to calculate payroll through T&A for a given company, one has to first and foremost know the WRO that we are speaking about.



www.21Academy.education



Time and Attendance

Let's Discuss:

- What is T&A?
- What is it used for?
- Identify those who use it





www.21Academy.education

Time and Attendance

What systems are used to record T&A?





www.21Academy.education

Time and Attendance

How is T&A used to calculate overtime?





www.21Academy.education

Time and Attendance

How do we calculate overtime in the following scenarios?

On a Daily basis vs on a weekly basis





www.21Academy.education

Time and Attendance



Part time

What is the extra hours rate for a part timer and when does overtime start?

What is the rate for overtime?





www.21Academy.education

Time and Attendance



Full Time

When does overtime start for a full time employee?

What is the rate used?





www.21Academy.education

Time and Attendance



Full Time

Is the overtime of an office employee calculated in the same way as that of a hospitality employee?





www.21Academy.education



Time and Attendance

Do the number of hours worked affect the following:

1. COLA
2. Government bonus
3. Leave/sick leave



www.21Academy.education



Fringe benefits

Category 1 – Car Benefits

- **Private Use Value**
- The taxable benefit of the Private use value of a car is calculated by as follows:
- **Vehicle Use Value + Maintenance Value + Fuel Value x % of Private**



www.21Academy.education



Fringe benefits

Category 1 – Car Benefits

The percentage of private use depends on the value of the car. The higher the value of the car, the higher the percentage use and therefore, the higher the taxable benefit. The percentage of private use was revised from 20% to 0% when the value of the vehicle is less than € 16,310 and it is used for point to point services as approved by the Commissioner. Thus in such situations, no taxable fringe benefit shall be deemed to arise.



www.21Academy.education



Fringe benefits

Category 1 – Car Benefits

The list of vehicles which when used for private purposes do not give rise to a taxable fringe benefit now also includes vans, defined as mechanically propelled road panel vehicle or utility or any other commercial vehicle whose construction is primarily suited for the conveyance of goods with no seating capacity for passengers except for seating adjacent to the driver. In this regard, the rule providing that the annual value of a benefit consisting in the private use of a van is €465 was completely removed.



www.21Academy.education



Fringe benefits

Car Cash Allowance

- Employees in Malta may receive car cash allowances if they use their vehicle while on official business. This type of perk is considered a fringe benefit in terms of taxation law. However, the fringe benefit component is calculated at 50% of what the company pays the employee. This is as long as the total allowance does not exceed €1,170.
- The total amount deductible is capped at €1,170.



www.21Academy.education



Fringe benefits

Car Cash Allowance

- The tax contribution also includes any reimbursement for fuel, including signup schemes, vouchers and repaid receipts. Note that the fuel reimbursement will count towards the threshold mentioned above of €1,170.
- The car cash allowance in Malta is given provided that the employee uses their own vehicle and not a company-owned vehicle.



www.21Academy.education



Fringe benefits

Car Cash Allowance

- The said allowance criteria must be laid out in terms of any collective agreement that the employee signs up to. The same applies to the case of niche and non-union affiliated employees in their written contract.
- To benefit from the car cash allowance in Malta, employees must not use another car owned by the employer. If the employee breaches the laid out conditions, the Tax Department will tax the benefit amount in full.



www.21Academy.education



Fringe benefits

Car Cash Allowance

- When a car cash allowance beneficiary receives more than one car cash allowance, whether from the same employer or a different one, the employee can only use the 50% deduction once.
- For example, when an employee exhausts the €1,170 threshold, the remaining of the other allowance becomes 100% taxable. It is up to the employee to declare any additional car cash allowances to their employers to apply for the allowance correctly.



www.21Academy.education



Fringe benefits

Rate Per Kilometer Basis

- Some reimbursements are made on a rate per kilometre basis.
- This form of reimbursement is not treated as a fringe benefit, provided that the rate agreed on is 35 cents per kilometre or less. This covers only business travel in the employee's car.
- All business travel must be recorded in a logbook that the tax authorities can verify and is held securely by the employer for a six-year period. If the above criteria are not adhered to, the full value will be treated as a fringe benefit and taxed under the same criteria as a car cash allowance.



www.21Academy.education



Fringe benefits

Category 2 – Use of Property

- In determining the cost of immovable property, when property is held by a person under a title of perpetual or temporary emphyteusis the price for the acquisition thereof shall be deemed to be the price or premium, if any, paid or payable in accordance with the deed of emphyteusis, without the requirement to increase the amount by five times the annual ground rent payable, as was previously required under the old rules.
- When it comes to the Annual value of the private use of property, where the property is owned by the provider of the benefit or by a related person and where the property is held under a title of emphyteusis, the total taxable value shall be the said value shall be the higher of:
 - (A) 5% of the market value; and
 - (B) the total of 5% of the cost of the property and an amount equivalent to the relative annual ground rent.



www.21Academy.education



Fringe benefits

Category 3 – Other Benefits

- With reference to Beneficial loan arrangements, the benchmark rate of interest on a loan set out in the Rules has now been brought down to 6.5%.
- When it comes to the Value of free or discounted transfer of property and provision of services, the following provision has been included. When the benefit consists in the transfer of a motor vehicle and the beneficiary had, before the transfer, made private use of that motor vehicle as provided in Category 1 of the Rules, the value determined shall be reduced by the total value of the fringe benefit that was deemed to have been provided to that beneficiary as a result of the private use of that motor vehicle; provided that the value so reduced shall not be less than zero.



www.21Academy.education



Fringe benefits

Category 3 – Other Benefits

- The value of share option scheme benefit, now also includes share award schemes. The benefit shall be deemed to be provided on each date that shares are issued or transferred to the beneficiary in terms of the share award scheme in question. The value of the share option scheme benefit shall be the excess, if any, of the price which the shares in question would fetch if sold in the open market on the date when the benefit is provided over the price paid or payable by the beneficiary for those shares. The income represented by the value of the benefit shall be subject to tax at the rate of 15%.



www.21Academy.education



Fringe benefits

Fringe benefits which are tax exempt

- When it comes to what Fringe Benefits are deemed to be exempt and not subject to tax, the list was expanded further and now includes also the following.
- The costs of traveling between Malta and Gozo for business purposes will now also include the relocation costs and costs of journeys between shifts;
- The costs of traveling between Malta and Gozo now also includes travel by air;
- The costs incurred by and charged in the name of an employee, as evidenced by receipts produced to the employer, or by his employer for the provision of fixed or mobile telephony services, now also includes the cost of a mobile phone or a facsimile machine, used by the employee for the purpose of the business of the employer;



www.21Academy.education



Fringe benefits

Fringe benefits which are tax exempt

- Health-related costs have also been included as an exempt fringe benefit.
- Health-related costs mainly refer to:
 - (i) the cost of a medical examination, test or screening which an employee is required to undergo in order to take a new employment or to take up a new post with the same employer or to gain entry to a superannuation fund;
 - (ii) the cost of medical care, medicine and other medical treatment provided as a prevention against injury or illness related to an employment as part of a programme available generally to employees exposed to the same work-related health risks;
 - (iii) the cost of individual or group counselling relating to safe work practices, health, fitness, stress management or drug or alcohol abuse that is given as part of a programme available generally to employees exposed to the same work-related health risks.

Questions?

