

Diploma in Law (Malta): Intake October 2022

Assessment Task: Written assignment based on chosen questions	
Module: <i>Award in Overview of Tax Law</i>	Tuition Centre: 21 Academy Licence Number: 2018-017
Level: Award MQF Level 5	Student Name:
Date:	ID Number: <same no. submitted in student profile>
Assignment Deadline: 25 April 2024	
<p>Task The purpose of this unit is to develop an understanding of a particular topic you will write about which forms part of Tax Law.</p> <p>Note This assessment provides students with an opportunity to put into practice the relevant provisions of the law in relation to the topic they choose to write about forming part of Tax Law.</p> <p><i>You should plan to spend approximately 20 hours researching, preparing for and writing each one of the assignments. The nominal word count for each assignment is 1,700 words. Please read the Assignment Guidelines made available in the course resource centre.</i></p>	
<p>Choose and answer 2 questions from the following:</p> <p>Question 1: The effective jurisdiction of the Income Tax Act depends on a combination of the location of the source of income, and on the personal status of the taxpayer. Explain how this is achieved, and comment on the factors which are taken into account for this purpose.</p> <p>Question 2: Paul Gauci, an individual ordinarily resident and domiciled in Malta, currently serves as the Chief Operations Officer of a company incorporated in Malta, Lexos Limited. Lexos Limited has decided to expand its operations abroad by establishing a new subsidiary, LX Sub Limited, located in Country X. Paul Gauci has been asked by his employer Lexos Limited to go on a one year-secondment to Country X to work at LX Sub Limited and train the staff there. During the period Paul Gauci will be abroad on his secondment, he will continue earning a salary paid by his employer Lexos Limited. Besides being employed by Lexos Limited, Paul Gauci was also appointed as a director of Lexos Limited in October 2023. As a result, Paul Gauci also currently receives a fee for his role as a director of Lexos Limited.</p> <p>Paul Gauci will be living in Country X, where he will live in a rented apartment, from Monday morning to Thursday evening, and will return to Malta every Thursday evening in order to attend the weekly board of directors meeting, which is held every Friday. Whilst in Malta, Paul Gauci also takes the opportunity to spend time with his wife and two daughters who will be remaining in Malta for the period of the secondment.</p> <p>Paul Gauci will be deemed to be resident in both Malta and Country X in terms of their respective domestic laws. Accordingly, both countries will want to tax Paul Gauci's salary and the fee derived for his role as a director. A tax treaty which is based on the OECD Model Tax Convention is in force between Malta and Country X.</p> <p>You are required to comment on the tax treaty issues related to Paul Gauci's residence, employment income and director fees.</p>	

Question 3:

Malta has committed to tax transparency with a view of combating tax fraud and evasion, thereby having entered into various arrangements to cooperate with other Member States on the exchange of information (on taxes, excluding VAT, customs duties, excise duties and social security contributions). Comment on the different methods through which the Maltese tax authorities exchange information, with specific focus on the exchange of information upon request as well as the automatic exchange of information (providing at least two examples of the mechanisms in place to exchange information automatically).

Question 4:

One of your clients, Natalie Portelli, has contacted you to request advice on a particular project she is considering venturing into. Natalie Portelli has just discovered that she has been named as the heir to her late aunt's property located in San Pawl Tat-Targa.

Natalie Portelli is considering developing the property into 4 apartments, with the intention of then listing these apartments on an online marketplace for short lets to foreign tourists. Nevertheless, Mrs. Portelli is also potentially open to renting out the apartments to Maltese residents working in Malta, instead, however for a longer term.

During your discussion, Mrs. Portelli has also mentioned that she is keen to understand how she would be taxed if some time in the future, she were to donate one of the apartments to her daughter who will be getting married in two years' time.

You are required to advise Mrs. Portelli on the following:

1. The applicable VAT treatment relating to:
 - (i) the rental of the four apartments to foreign tourists on a short-let basis;
 - (ii) the rental of the four apartments exclusively to Maltese resident persons, who are employed in Malta, on a long-term basis (1-2 years).

In formulating your advice, you are also required to consider any applicable registration requirements arising under the Value Added Tax Act (Chapter 406 of the laws of Malta).

2. Any income tax which Mrs. Portelli would be subject to, under the Income Tax Act (Chapter 123 of the laws of Malta):
 - (i) upon inheriting her late aunt's property;
 - (ii) upon donating one of the apartments to her daughter.

Pass Mark - 50% of total assignments weighting

Total Assignments Weighting - 100%

By submitting I confirm that this assessment is my own work

Mark:

Signature: <main assessor>

Date

Signature: <quality assurance>