

Guidelines on the application of the 12% VAT rate on the care of the human body

Date: 5th February 2024

Purpose and Background

Pursuant to the adoption of the VAT Rates Directive (Council Directive (EU) 2022/542 of 5 April 2022), Malta adopted Legal Notice 231 of 2023 which amends the Eighth Schedule to the VAT Act (Chapter 406, Laws of Malta) resulting, with effect from 1st January 2024, in the application of a 12% VAT rate on several services, including services consisting of the care of the human body required to be delivered by a person in the exercise of any profession regulated by the Health Care Professions Act (Cap. 464), including services supplied in the course of a health studio business or similar business, but not including exempt supplies referred to in item 11 of Part Two of the Fifth Schedule.

The reduced VAT rate of 12% shall apply on the afore-mentioned services where the date the tax on such services becomes chargeable in terms of the Fourth Schedule to the VAT Act falls on or after 1st January 2024.

The purpose of this document is for the Commissioner for Tax and Customs ('CfTC') to provide guidance, in conformity with article 75(2) of the VAT Act, on the application of the 12% reduced VAT rate on such supplies.

These guidelines shall apply only in respect of assessing the VAT treatment of supplies from a Maltese VAT perspective which take place in Malta.

Interpretation

Items 11(1) and (2) of Part Two of the Fifth Schedule to the VAT Act provide for an exemption on the supply of medical care which is provided either by a person in the exercise of any profession regulated by the Health Care Professions Act or the Psychology Act, as well as the supply of medical care provided by such a person through a hospital or institution approved by the Minister for this purpose.

It is pertinent to note that the above-mentioned items 11(1) and (2) do not cover all the supplies made by Health Care Professionals for the benefit of their patients and consequently, certain supplies made by Health Care Professionals may not qualify for the said exemption. Reason being that any such supplies must also qualify as "medical care" as defined in the [Guidelines for the VAT treatment of Health Care Services](#) published by the CfTC in order for the said exemption to apply. Further information in relation to the exemption on the supply of medical care can also be found in the aforementioned [Guidelines](#).

Where the above-mentioned exemption does not apply because the service involved does not qualify as “medical care”, a 12% reduced rate of VAT shall apply to those services that consist of the care of the human body provided that such services are required to be delivered by a person in the exercise of any profession regulated by the Health Care Professions Act in accordance with the provisions of item 15 of the Table in the 8th Schedule of the VAT Act.

Services consisting of the care of the human body that are not covered by the above-mentioned exemption and which do not qualify for the 12% reduced rate as aforesaid (as in those cases involving services that are not required to be delivered by a person who is required to be regulated in terms of the Health Care Professions Act) would be subject to the standard VAT rate of 18%.

Disclaimer

These guidelines shall not prejudice in any way any of the powers of the CfTC in terms of the VAT Act.

These guidelines shall replace and supersede any previously applicable guidelines on the same matter.

The CfTC reserves the right to substitute, alter or withdraw these guidelines as necessary at any time.