

FREQUENTLY ASKED QUESTIONS FOR LARGE TAXPAYERS OFFICE

1. Who qualifies as a “large taxpayer”?

A taxpayer qualifies as a ‘large taxpayer’ by meeting specific criteria established by the MTCA. This classification is based on one or more of the following factors:

- **Annual Turnover:** Companies with an annual turnover that exceeds a certain threshold (as per policy document +link).
- **Number of Employees:** Businesses with a significant number of employees who exceed a certain threshold (as per policy document+ link) qualify as large taxpayers, as they tend to have larger payroll obligations and other tax contributions.
- **Tax Contribution:** Entities that contribute a high amount in taxes, such as corporate income tax, VAT, or other applicable taxes and exceed established thresholds (as per policy document + link) are classified as large taxpayers.

Qualifying as a large taxpayer often means that your business will receive specialised support and be subject to specific compliance requirements tailored for large entities.

2. Who qualifies as a High Net Worth Individual (HNWI)?

An individual qualifies as a HNWI, based on specific financial and investment criteria set by the tax administration. This classification applies if an individual meets one or more of the following conditions:

- **Shareholding:** Holds significant shareholding in companies or multiple businesses, with ownership stakes that meet established thresholds (as per policy document + link) set by the tax administration.
- **Declared Income:** Declares a high annual income that exceeds a specific threshold (as per policy document + link), including income from salaries, business activities, investments, and other sources.

- **Property Sales:** Engages in property sales or transactions that surpass a designated monetary threshold (as per policy document +link), often indicating substantial involvement in high-value real estate.

3. Does a taxpayer need to inform the tax administration if they qualify as a large taxpayer?

No, a company or individual does not need to inform the tax administration if they satisfy the criteria for large taxpayers' status. The tax administration will formally notify taxpayers and will also inform them if or when they no longer meet the criteria.

Once a taxpayer is classified as a large taxpayer, this status is generally retained for the following three years. During this period, there is no requirement for the taxpayer to re-verify or notify the tax administration that they continue to meet the established criteria.

4. What services does the LTO provide?

The LTO serves as a one-stop shop for all core tax services, dedicated to meeting the needs of large taxpayers. The LTO is responsible for managing all key tax-related functions for large companies and high-net-worth individuals. The LTO offers specialized services, including assistance with complex tax filings, audits, dispute resolution, VAT refunds, and compliance guidance tailored to large entities.

Key services include:

- **Registration:** Facilitate registration of large taxpayers and ensures accurate records are maintained.
- **Compliance and Payments:** Assist with timely tax compliance and payment processing, ensuring all obligations are met and reducing the risk of penalties.
- **Queries:** Timely reply to queries of large taxpayers to facilitate voluntary compliance.
- **Audits and Verification:** Conduct audits and verifies tax filing and declarations.
- **Liaison with Tax Administration:** Serves as a central point of contact, linking large taxpayers with different Directorates within the MTCA, facilitating efficient communication and issue resolution.

The LTO's comprehensive support aims to simplify tax management, enhance compliance, and provide dedicated assistance for the unique needs of large taxpayers.

5. What is expected from a large taxpayer?

Large taxpayers are expected to meet certain responsibilities to ensure efficient and compliant tax management. These expectations include:

- **Timely Filing and Payment:** Large taxpayers must strictly adhere to the due dates for filing all required documents and ensure timely submission of tax payments to avoid penalties and maintain good standing in line with international best practices
- **Use of Electronic Services:** Large taxpayers are expected to utilize the electronic services provided by the MTCA. This includes filing all documents and making payments electronically, which helps streamline the process and enhance accuracy.

By meeting these expectations, large taxpayers contribute to a more efficient tax administration process, benefiting both the taxpayer and the MTCA.

6. How does a large taxpayer communicate with the LTO?

Large taxpayers are required to communicate with the LTO using the email: largetaxpayer@gov.mt.

For efficient processing, it is important for large taxpayers to include 'LTO' as part of the subject line in all correspondence. This abbreviation ensures that requests and inquiries are fast-tracked and directed to the appropriate team within the LTO.

7. How is my tax assessed if I am classified as a large taxpayer?

Tax assessments for large taxpayers are handled by a dedicated team within the Large Taxpayers Office, focusing on accurate and timely assessment through thorough analysis of complex tax positions, transactions, and financial statements.

8. How do I file my taxes as a large taxpayer?

Large taxpayers file their returns electronically through a designated e-filing portal, where they can upload necessary documents and manage their tax account. The Large Taxpayers Office offers direct assistance to help ensure accurate filings.

9. What are my tax obligations as a large taxpayer?

Large taxpayers are responsible for corporate income tax, value-added tax (VAT), payroll taxes, withholding taxes, and other applicable national or international tax obligations. Compliance with these obligations requires accurate reporting, timely payments, and sometimes additional documentation.

10. What if I disagree with my tax statement

If you disagree with a tax assessment, you can file an objection and request a review within 30 days of receipt of your tax assessment typically outlined in the assessment notice. The LTO will facilitate the timely treatment of the objection by the Objections Section within the Legal Directorate and may offer a mediation or arbitration service to help resolve disputes.

11. How does the audit process work for large taxpayers?

Audits for large taxpayers are risk-based and may cover several aspects of compliance, such as transfer pricing, VAT, and payroll tax. The audit team may conduct an aspect audit or where required a detailed examination of financial statements, transactions, and supporting documentation.

12. How will I get a tax refund if I overpay?

The issue of refunds is an automatic process and refunds are generally issued within a stipulated time frame as provided in the law. However, if a refund is delayed for some reason the LTO may act as an intermediary to communicate to the large taxpayer the reason for the delay and monitor the process until the refund is eventually issued or for some other reason withheld.

13. How are international tax obligations handled?

For multinational entities, the Large Taxpayers Office can provide guidance on international tax issues, including transfer pricing, withholding taxes, double taxation, and tax treaties. Ensure all cross-border transactions comply with local and international tax laws.

14. Are there penalties for late filings or payments?

Yes, late filings and payments generally incur penalties and interest. Large taxpayers should monitor deadlines closely, as penalties can accumulate significantly given the larger tax amounts involved.

15. How does the Large Taxpayers Office address transfer pricing?

Large taxpayers must comply with transfer pricing regulations, have available documentation of all intra-group transactions. Transfer pricing adjustments or audits may be conducted to ensure prices align with market rates and avoid profit shifting. The LTO will offer guidance to ensure correct and accurate reporting.

16. Can the Large Taxpayers Office assist my company to be compliant?

Yes, the office may offer workshops, webinars, or dedicated training sessions for large taxpayers to improve understanding of compliance obligations and reporting requirements.

17. Is the Large Taxpayer Office responsible for the customs obligations of large taxpayers?

No, the Large Taxpayer Office is not directly responsible for managing the customs obligation of large taxpayers. The Customs Department within the MTCA handles all customs-related processes, including import/export duties and customs compliance.

However, the LTO serves as the primary contact point for large taxpayers regarding customs matters, ensuring that any customs-related requirements or inquiries are fast-tracked and efficiently coordinated with the Customs Department. This helps streamline communication and expedite customs processes for large taxpayers.

CONCLUSION

We hope that these FAQs have provided clarity on the services, responsibilities, and processes involved in working with the Large Taxpayer Office. The LTO is committed to offering comprehensive support and streamlined services tailored to meet the unique needs of large taxpayers, helping them navigate complex tax and compliance requirements efficiently. Should you have any further questions or require assistance, please do not hesitate to contact the LTO via the email: largetaxpayer@gov.mt. Our team is here to help ensure your compliance and facilitate a smooth experience with all tax-related obligations.



**TAX & CUSTOMS
ADMINISTRATION**

M A L T A

Malta Tax and Customs Administration
<https://mtca.gov.mt/>