

ANNUAL REPORT  
2024



TAX & CUSTOMS  
ADMINISTRATION  
MALTA

ANNUAL REPORT  
2024

# CONTENTS

<b>1. FOREWORD</b>	<b>4</b>	<b>6. TAX OPERATIONS</b>	<b>40</b>
<b>2. STRATEGY &amp; IDENTITY</b>	<b>10</b>	Taxpayer Register	42
Our Vision	12	Timely Submissions	43
Our Mission	14	Electronic Filing	43
Executive Committee	16	Personal Tax - Submissions	44
Organigram	18	Employer's Annual Declarations	46
<b>3. TRANSFORMATION &amp; ADMINISTRATION</b>	<b>20</b>	VAT Declarations	47
Project Management	22	VAT - Use of Electronic Filing Facilities	48
Administration	24	Employer Declarations	49
Setting up of the Large Taxpayer Office Directorate	26	Employers - Use of Electronic Filing Facilities	50
Collaboration and Risk Management	26	Collection of Tax Arrears	52
<b>4. STAKEHOLDER ENGAGEMENT</b>	<b>28</b>	Central Electronic System of Payment Information (CESOP)	53
Contact Points	30	Revenue Management	54
Financial Education	30	Capital Transfer Duty	57
Campaigns	32	<b>7. VERIFICATION &amp; AUDIT</b>	<b>58</b>
Outreach	32	International	62
Social Media	33	Objections & Appeals	63
<b>5. LEGISLATIVE &amp; INTERNATIONAL AFFAIRS</b>	<b>34</b>	<b>8. CUSTOMS</b>	<b>64</b>
Legislative Work	36	Customs Enforcement	66
International Affairs	36	Customs International	71
International	37	Facilitating Trade	71
SG Reform TSI Projects	37	<b>9. FINANCIALS</b>	<b>78</b>

PART

1

FOREWORD





## MESSAGE FROM THE **COMMISSIONER FOR TAX AND CUSTOMS**

Last year's Annual Report for 2023 was an opportunity for the Malta Tax and Customs Administration to showcase its intentions as outlined in the Strategic Plan for 2023-2025. The list of 52 projects was long and complex and it was clear that progress depended on the commitment and determination of all our staff.

Indeed, the MTCA achieved so much in the first two years of the Plan because they were willing to embrace change, to be flexible when unintended consequences arose, and to keep up with their day-to-day operations even when multiple projects were transforming every aspect of their work.

This year's Annual Report gives me the opportunity to highlight some of the projects concluded and the impact they have had on the transformative journey, taking the MTCA towards a new reality based on a customer-centric, risk-based approach. The aim remains to improve voluntary compliance by making our operations as efficient and effective as possible.

What does this mean for our stakeholders? Of course, we have continued to increase the amount of revenue that we collect, so vital for the ongoing work of the Government. In 2024, this increased by over 17.5%, only a small part of which came from additional economic activity.

We are also clearing up the arrears to get a clearer picture of the amounts which are actually collectable - as opposed to being based on estimates: this was a daunting task but one which was crucial to complete. The collectable amount is only 13% of the total, enabling us to get a much clearer picture.



**Mr Joseph Caruana**  
Commissioner for Tax and Customs

But this was not our only aim: we appreciate that if we want to improve compliance and collection, we need to be as efficient as possible, making the process as straightforward as possible for everyone from multinational companies to pensioners.

We have introduced new online functionalities and made higher service levels the fundamental principle guiding all that we do. As outlined in the Strategic Plan, we are also establishing a Large Taxpayer Office to offer expert guidance to eligible companies and individuals whose complex operations require specific assistance.

We have been working closely with the OECD, the IMF and the EU to ensure that we learn from international best practice, and we have been investing heavily in IT to digitise operations; as an example, an investment of €3.5 million in artificial intelligence software has provided preliminary insights by analysing various streams of data about our customers, reaching its full potential in the beginning of 2025.

Uppermost in our minds were our clients, whether individuals or corporates. We devoted considerable time to developing a new website, with more emphasis on intuitive design, with jargon-free guidelines, complemented by helpful explainers, an ongoing project that will reflect the numerous changes to legislation and digital innovation.



We are also investing continuously in financial literacy as this will empower people, giving them the tools to make better and more timely decisions, which will have a positive impact on all the people they interact with, whether as parents helping their family, entrepreneurs creating a new economic activity, established companies importing or exporting, or people reaching retirement age.

Another major thrust in 2024 has been to introduce outreach through social media, enabling us to complement reminder emails and text messages with regular educational and informative posts on various platforms, which should also have a positive impact on compliance.

This is the final year of our three-year Strategic Plan and there remains much to do: the list is still exhaustive and there is no room for complacency. But a recent customer satisfaction survey in 2024 showed a marked improvement over the previous round.

It is results like these that keep us all going, determined to become a beneficial partner to all our stakeholders.

**Mr Joseph Caruana**  
Commissioner for Tax and Customs

PART

2

STRATEGY  
& IDENTITY



# OUR VISION

“

TO BE AN EXCELLENT AND TRUSTED TAX AND CUSTOMS ADMINISTRATION THAT COLLECTS REVENUE FAIRLY AND EFFICIENTLY BY IMPLEMENTING BEST PRACTICES, USING LEADING TECHNOLOGY, AND BECOMING AN EMPLOYER OF CHOICE, IN ORDER TO PROTECT MALTA'S BORDERS AND CONTRIBUTE TO ITS ECONOMIC AND SOCIAL WELL-BEING.

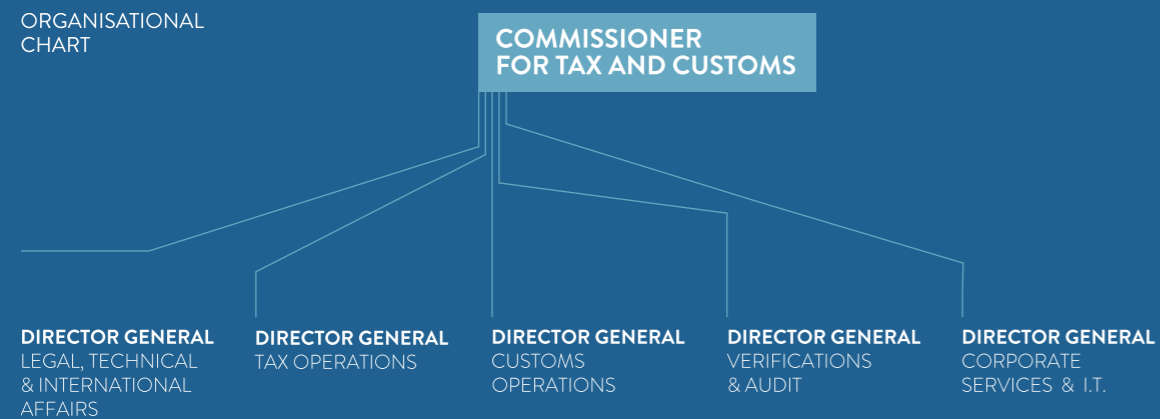
# OUR MISSION

“

TO SUSTAIN NATIONAL DEVELOPMENT BY COLLECTING ALL TAXES FAIRLY AND EFFICIENTLY THROUGH VOLUNTARY COMPLIANCE, WHILE ENSURING THAT CUSTOMS CONTROLS ARE EFFECTIVELY APPLIED TO PROTECT MALTA'S CITIZENS, ECONOMY AND ENVIRONMENT.

# EXECUTIVE COMMITTEE

The Executive Committee Meeting (EXCO) is set up by the Office of the Commissioner for Tax and Customs. Its role is to implement the strategy policies and objectives of the MTCA. EXCO is led by the Commissioner for Tax and Customs as the Chairperson and comprises the respective Directors General representing all the departments of the Malta Tax and Customs Administration.



**Mr Joseph Caruana**  
Commissioner  
for Tax and Customs



**Mr Joseph Schembri Kamm**  
DG - Corporate Services & IT

**Mr Shawn Agius**  
DG - Tax Operations

**Mr Manfred Barbara**  
DG - Verifications & Audit

**Mr Aldo Farrugia**  
DG - Legal, Technical & International Affairs



**Mr Christopher Magri**  
DG - Customs Operations

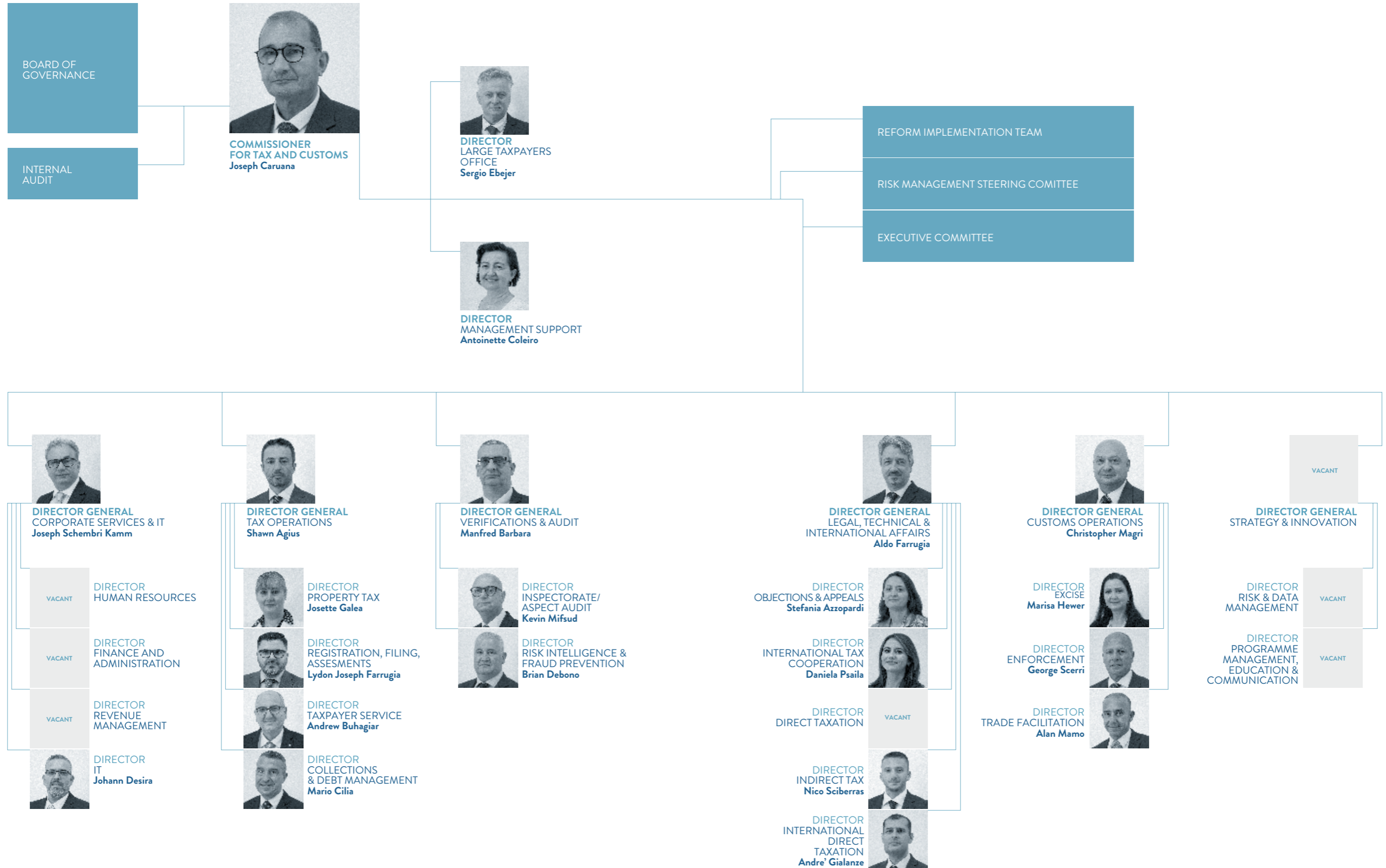
**Ms Kirsten Cutajar Miller**  
TAR Advisor

**Mr Pierre Vella**  
TAR Advisor

**Ms Antoinette Coleiro**  
Director Management Support

In 2024,  
the EXCO convened

**19 times**



PART

3

TRANSFORMATION  
& ADMINISTRATION

## PROJECT MANAGEMENT

The transformation of the MTCA, as outlined in the Strategic Plan, required a number of projects to be set in motion simultaneously. These 45 projects were constantly assessed to ensure that progress was smooth, relying on the cooperation and coordination of multiple directorates.

These were captured within Consolidated Change Management Strategies, with the bottom line being the optimisation of processes, improving efficiency, and finding solutions for challenges encountered along the way.

Achieving optimal results depends on the MTCA being able to rationalise processes for all the revenue types, which are currently based on legacy systems that cannot be integrated. This leads to inefficiencies, duplication of manual work, and a slow response to business initiatives.

To resolve this, an important investment was required to modernise the technology, thereby achieving one of the main objectives of the transformation: a comprehensive Tax Administration System for all tax types, benefitting all stakeholders concerned.

Designing the system – dubbed ITCAS – was an intensive process requiring considerable input but the resulting requirements were then put into the procurement system, ready for the next phase – award and implementation – in 2025.

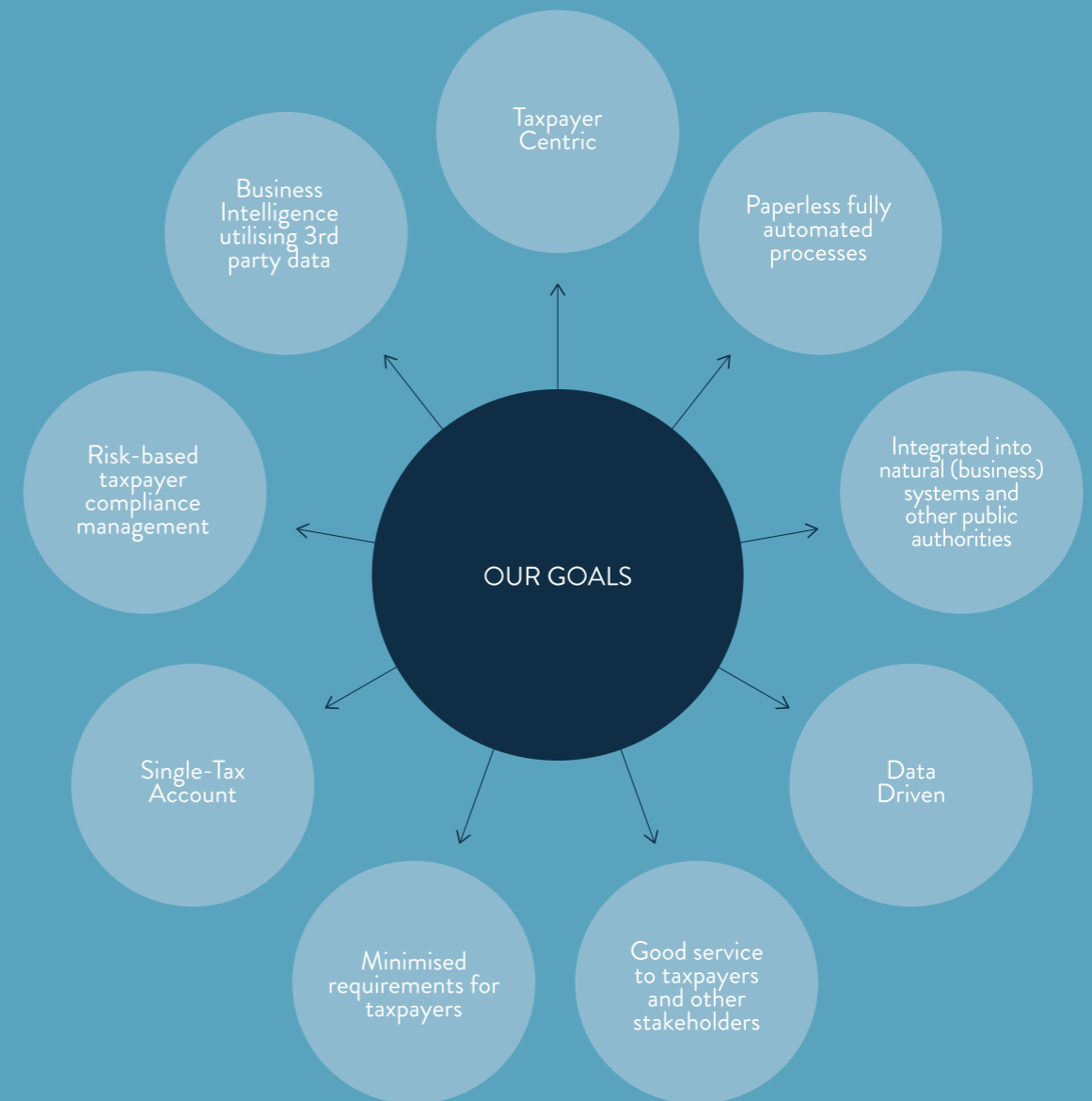
The new fully-automated new system will not only affect the MTCA systems but will also integrate with those of other government authorities, adding extensive self-service capabilities.

It will also offer real-time reporting which will assist with compliance and support strategic planning and operational management.

The future business model will enable a new business model based on nine pillars.

Another major thrust was for Objective Key Results and Key Performance Indicators to be key components of the operational plans set up by each directorate for 2025. These represent coherent progress towards the objectives outlined in the MTCA Strategy.

A NEW BUSINESS MODEL BASED ON NINE PILLARS



## ADMINISTRATION

The restructuring of the MTCA was an important aspect of its transformation journey, as outlined in the Strategic Plan. The intention of the restructuring was clearly stated: the organisation was dependent on having a workforce which was “empowered, motivated, connected and flexible”.

New departments were created, the main one being the Director General for Strategy & Innovation department, which covers Risk and Data Analytics, Project Management, the MTCA Learning Academy, Change Management and a Communications Directorate. Other departments were also restructured, and an HR Directorate and Research Unit were set up.

This latter Directorate marks a paradigm shift from traditional HR administration to a modernised HR management function, with a broader focus on strategic and proactive management of human capital.

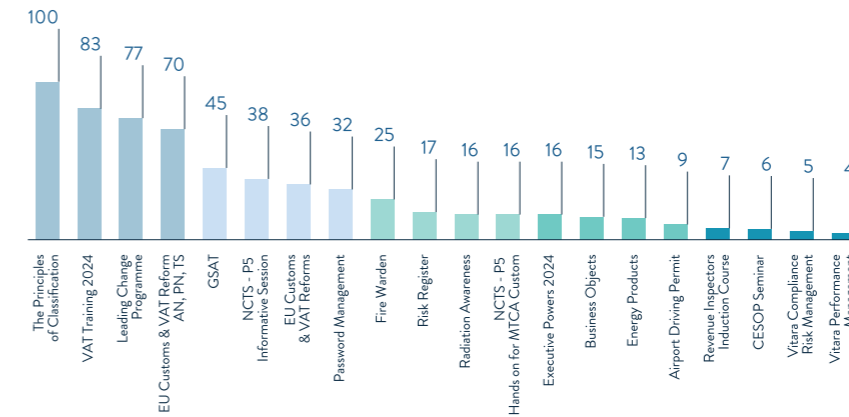
One of the major projects was aimed at Succession Planning. By collecting data from across the entity and incorporating insights from director interviews, the MTCA was able to identify critical roles, potential successors, and gaps across various departments. Phase one was completed in December 2024, and the results were presented to the Commissioner in early 2025.

This first consideration was to ensure that the existing workforce had appropriate training, through a Skills Gap Analysis. This assessed both soft and technical skills, and recommended targeted training programmes to address identified gaps. As a result, 20 training programmes were delivered in 2024, which were attended by almost two-thirds of the employees.

Work also started on the MTCA Learning Academy which will support continuous learning and development, promoting ongoing education and skill enhancement.

Any organisation is only as good as its leadership structure, so leadership training sessions were organised for 70 senior staff, with 16 leadership events organised by Directors and DGs.

Table 1. EMPLOYEES ATTENDED TRAINING IN 2024



Human resources management has also benefitted from raised awareness about employer branding, both with regards to recruitment and retention. The introduction of cutting-edge technology will provide employees with unique experiences, an aspect that was integrated into recruitment strategies to enhance MTCA’s attractiveness as an employer.

Sectoral agreements were also finalised. These affected over a quarter of the employees and are an important step with regard to retention.

However, human resources were not the only aspect affected by the restructuring. The MTCA also strengthened and enhanced finance and administration. This was achieved through improved processes, records management, fleet management, and event logistics management.

Procurement and payments were also centralised, rationalising procedures, streamlining various processes and preventing overlaps. These projects have resulted in major changes: one example of this is the improved accessibility and security provided through a more structured document management system. Another is improving the MTCA’s environmental footprint by switching to an electric vehicle fleet, which also brought about cost-efficiencies. The majority of projects were completed by December 2024, with some 25% scheduled for completion in Q2 2025.

**20** different training programmes were delivered in 2024 which were attended by 623 employees



## SETTING UP OF THE LARGE TAXPAYER OFFICE DIRECTORATE

The Strategic Plan had laid out clearly that the focus has to move from the tax product “as an end-product in itself” to the environment and processes that lead up to tax return submissions. The “right from the start” approach is based on preventing compliance errors from occurring in the first place, rather than trying to find errors after they occur.

It is this approach which led to the establishment of the Large Taxpayer Office (LTO) Directorate in 2024, with the eligible companies and high net-worth individuals identified according to various sets of criteria. Preliminary research identified 283 large taxpayers and 226 high net-worth individuals which met these criteria.

The involvement of stakeholders at an early stage was vital throughout 2024. Meetings were held with key organisations such as the Institute of Financial Service Practitioners (IFSP) and the Malta Institute of Accountants (MIA) to ensure that the LTO’s functions were aligned with the needs of the large taxpayer community, resulting in an optimal design for this comprehensive one-stop shop, based on standard operating procedures.

The LTO, which is scheduled for launch in early 2025, will effectively serve the needs of large taxpayers, integrating various operational structures from other directorates, including customer care, collections, audit and verification, and the risk management unit, as well as legal and technical support.

The LTO’s collaborative approach means that large taxpayers will receive a holistic service experience, eliminating the challenges of navigating multiple contact points. As a result, the LTO will be able to offer a more efficient response to taxpayer inquiries, resulting in streamlined processes and enhanced service delivery.

A critical aim of the LTO is ensuring the timely submission of documents and payments, leading to improved compliance. This has been done by modifying the tools utilised by the Collections Directorate to incorporate analytical searches, specifically tailored for the large taxpayer population.

## COLLABORATION AND RISK MANAGEMENT

In line with the risk-based approach being adopted across the MTCA, the LTO spent the months prior to its launch setting up a suitable framework, assisted by the Risk Management Unit and Audit and Verification teams. Going forward, the new SAS software installed at the MTCA will link the audit and verification processes and workflow of these three directorates, creating a proactive and cohesive framework that enhances data sharing, improves risk identification and streamlines audit processes.



PART

4



STAKEHOLDER  
ENGAGEMENT



## CONTACT POINTS

The customer-centric approach outlined in the Strategic Plan is an important part of the MTCA’s transition, running parallel to the emphasis on boosting voluntary compliance.

The approach towards public contact has therefore been built around assisting them to be self-sufficient through digitisation and financial literacy. However, the MTCA understands that the complexity of tax and customs often leads to situations where help is required.

Although the scope of the taxpayer base is well known, it might come as a surprise to realise how many people require clarification or assistance. In 2024, no fewer than 220,000 people phoned the call centre, in addition to sending 130,000 emails. Over and above this, people also came in person: 79,000 to the MTCA and Servizz.gov hubs and 8,500 to Business First.

It was expected that the well-publicised increase in compliance and enforcement would result in additional touchpoints with the MTCA as more people came forward to regularise long-standing issues. There have also been a number of legislative changes as well as additional digital functions, all of which have resulted in a higher number of contacts.

The medium-term goal is to provide more tools to make taxpayers self-reliant, as well as to assist through explainer videos, a more intuitive website, bringing down the number of contacts.

In the short-term, however, the emphasis has to be on providing as helpful a service as possible, and the MTCA has organised training sessions to the customer help desks within the Servizz.gov hubs and Business First, updating agents with new legal initiatives and processes within the various taxes.

## FINANCIAL EDUCATION

Financial education is an important part of the Strategic Plan, and the MTCA has maintained a steady output of participation in targeted meetings aimed at particular segments of the population, as well as in radio and television programmes. The MTCA is also collaborating with government agency ĠEMMA, which falls under the remit of the Social Policy Ministry, as well as forming part of a FinanceMalta task force.

This task force includes ĠEMMA, JAYE, and various financial institutions working to integrate tax education into the school curriculum and broader financial literacy initiatives.

The MTCA is working on this in collaboration with the EU Tax EDU platform, aiming to enhance tax education among students in Malta. It is also worth noting that preparations are underway for Malta’s leadership in the Tax EDU project in 2026.

## IN 2024 THE MTCA HANDLED

**220,000**  
CALLS

**130,000**  
EMAILS

**79,000**  
VISITS

**8,500**  
VISITS AT BUSINESS FIRST



## CAMPAIGNS

Various campaigns were aimed at helping taxpayers to understand their obligations, with the main message being on how to fill income tax returns. Other advertising spots dealt with the payment of provisional tax and the social security contributions, filing of VAT returns, and the filing by employers of end-of-year declarations.

## OUTREACH

An effective outreach was participation in EXPO 2024 held from 15<sup>th</sup>-19<sup>th</sup> May 2024, which allowed the MTCA to disseminate its message to thousands of visitors. The Taxpayer Service Directorate focussed on two initiatives: the My Tax (Income Tax) and VAT Receipts (VAT).

It is important for the MTCA to understand whether the initiatives are achieving the desired outcomes. This was checked through a focus group, as well as through two surveys.

The focus group – the first to be organised by the MTCA – discussed “VAT receipting today and tomorrow”, bringing together MTCA officials, representatives of tax practitioners in Malta and others working within the VAT fiscal environment. The event was a great success, generating recommendations that the MTCA could then implement.

The surveys, carried out in September 2024, were aimed at taxpayers and at service providers, both of which showed an improvement over previous rounds. Once again, the results provided an important blueprint for ways to improve the taxpayers’ service.



## SOCIAL MEDIA

Social media has allowed the MTCA to promote its activities, providing a mix of messaging based on information, education and branding.

Reminders about deadlines, which were until now limited to its website, are now actively posted onto its social media, while educational messages and tips have also been very effective, resulting in a steady increase in its reach on both Facebook and LinkedIn.

Since 2024, the MTCA has also embarked on an exercise to increase the number of explainer videos, which will be posted onto its YouTube channel and disseminated through its social media platforms.

Branding is also an important part of the communications approach, promoting the customer-centric message that the MTCA is there to lend a helping hand by being more effective and efficient. Social media has therefore been an essential way to show internal improvements, whether through ongoing investment in IT, or through digitisation, for example.

Inspirational messages also help with recruitment as well as with motivation, an approach which has been complemented internally by an intranet channel to promote interaction and create a community.

PART

5

LEGISLATIVE &  
INTERNATIONAL AFFAIRS



## LEGISLATIVE WORK

Although the transformation of the MTCA generated a plethora of legislative changes, there is also work connected to ongoing changes to primary and secondary legislation and guidelines spanning the spectrum of Revenue Acts administered by the MTCA.

In total, 35 Legal Notices were published, of which 14 were under the Value Added Tax Act, 16 were under the Income Tax Act, 2 under the Duty on Documents and Transfer Act, and 2 under the Immovable Property (Acquisition by Non-Residents) Act.

Work was also carried out relating to Legal Notices concerning Individual Programmes and Audit Exemption Rules, which involved drafting and consultation with professional bodies – a key part of refining the draft legislation.

During 2024, tax officials within this Directorate responded to various requests for rulings or interpretation and issued 8 guidelines (which included guidance notes, manuals, clarifications and legislative updates) that were published by the MTCA. In line with the customer-centric objective outlined in the Strategic Plan, these documents provided instructions, clarified the interpretation of certain legal provisions, and summarised important legislative amendments in a more user-friendly manner.

The aim of such publications is to enhance understanding and compliance with existing and new tax legislation, and ensure consistency, transparency, and informed decision-making by stakeholders.

## INTERNATIONAL AFFAIRS

During 2024, a new Double Taxation Treaty with Rwanda was concluded.

MTCA was involved in the peer review relating to exchange of information with a successful outcome with an upgraded rating.

There are numerous international initiatives with regard to taxation, and the MTCA staff attended circa 100 meetings at various international forums, mostly within EU and OECD bodies, as well as participation in OECD Working Groups as part of Malta's membership in the OECD Inclusive Framework on BEPS. These groups dealt with important dossiers including VAT in the Digital Age, the OECD's Pillars 1 and 2 on fundamental taxation issues, and Mutual Assistance Procedures – a provision arising from double taxation agreements.

This Directorate also deals with Competent Authority-related duties on Mutual Agreement Procedures. Malta had a caseload of close to 30 cases at the end of 2024, 13 of which had been submitted that year.

## SG REFORM TSI PROJECTS

### Strategic Tax Administration Reform

The changes being made within the MTCA are being benchmarked against international standards on an ongoing basis. An important way to assess progress has been the Tax Administration Diagnostic Assessment Tool (TADAT), which is provided through the EU's Technical Support Instrument programme.

During 2024, considerable progress was made, with the project commencing with a training workshop in Czechia in June, led by IMF TADAT experts, which was attended by key MTCA personnel. This was followed by weekly meetings with the IMF-appointed expert for Malta in preparation for the self-assessment exercise, which was submitted to the TADAT secretariat by end September 2024.

The assessment was finalised in October, with the final report being presented to the MTCA on 11th December 2024.

In November 2024, the communication component of this project was launched.

### Real-Time Reporting In Malta

With the VAT in the Digital Age Package on the doorstep, the MTCA continued its efforts throughout 2024, aided by the EU Commission through the Technical Support Instrument programme, to set out a tailor-made plan to strengthen VAT compliance in Malta through the implementation of real-time reporting, as well as for payroll taxes.

During 2024, an analysis of the current state of VAT reporting in Malta was concluded, as well as an analysis of the best practices identified within other jurisdictions based on their experience in applying real-time reporting.

Work is currently ongoing on finalising a feasibility study for the possible modalities for real-time reporting, with a corresponding action plan. The project is expected to be finalised by mid-2025.

### Exchange of Information on Request

MTCA was involved in the peer review relating to 'exchange of information on request', with a successful outcome in the form of an upgraded rating.

During the third quarter of the year, another peer review in relation to the jurisdictional effectiveness of the automatic exchange of information standard was also initiated.

Throughout 2024, further progress was made in relation to the EU Technical Support Instrument project of enhancing the quality and use of exchanged tax information in the context of the various EU Directives on Administrative Cooperation. The extensive work carried out during the year resulted in 50% progress being made, with the project entering its second phase in the last quarter of 2024.



### Fighting Aggressive Tax Planning

A project was initiated in 2024 aimed at fighting aggressive tax planning, which is to be achieved through building capacity in Cyprus and Malta.

The inception phase was held in September 2024, with the information subsequently collated and submitted to the appointed training expert, in October 2024.

In-person meetings, attended by the Commissioner for Tax and Customs and other key MTCA personnel were held in November at the Malta offices with the appointed contractor, the International Bureau of Fiscal Documentation. Workshops have been scheduled for early 2025 in Cyprus and Malta respectively, with the agenda set for the first training session set for February 2025. This project is expected to last 18-24 months.



PART

6

TAX  
OPERATIONS



The emphasis in 2024 was a continuation of the journey embarked upon in the first year of the Strategic Plan: to improve metrics for timely filing of returns and reports, to encourage on-time payments, and for compliance to increase. In parallel, the MTCA also undertook various measures to collect arrears, with the deterrent factor having an important medium-term impact.

The approach has been to assume that the majority of taxpayers want to comply with their obligations, and to make it as easy and cost-effective for them to do so, through the provision of guidance notes, online platforms and reminders. The MTCA has been pro-active in its approach, and apart from conducting surveys with the public, has also consulted with stakeholders to identify bottlenecks.

## TAXPAYER REGISTER

Any system is only as robust as its data and, in the case of the MTCA, the starting point is the taxpayer register database. Achieving optimal results for tax administration and compliance would be impossible without a database that offers complete, accurate, and up-to-date information. This allows tax authorities to enhance transparency, improve enforcement, and provide better taxpayer support, ultimately strengthening the overall tax system and ensuring fair and efficient revenue collection.

The taxpayer register is constantly being changed, reflecting new registrations, deactivations and updates to existing records, business openings and closures, individual registrations, changes in taxpayer status, and compliance improvements. However, the MTCA is aware of the need to capture information that is not automatically available.

For this reason, in 2024, the MTCA implemented various measures to enhance the accuracy and reliability of the taxpayer register. These included regular data validation and cleansing, ensuring taxpayer records remained up to date, and mandatory periodic updates, requiring taxpayers to verify their registration details.

The exercise was not limited to individuals: compliance checks were also conducted to verify business existence. Public awareness campaigns ensured that the importance of accurate data was disseminated to the public.

Data matching exercises with other government databases were carried out to improve accuracy, while proactive taxpayer outreach through text messages, emails and calls encouraged timely updates.

## TIMELY SUBMISSIONS

The MTCA aims to ensure that all taxpayers, regardless of their type or size, consistently submit their tax returns on time, minimising delays and errors by fostering a culture of compliance through clear guidelines, user-friendly digital platforms, and effective communication. Increased on-time submissions enhance revenue predictability, reduce administrative burdens, and promote fairness in the tax system, ultimately strengthening public trust.

In 2024, the MTCA sent over

**250,000 nudging letters, emails and text messages**

to taxpayers, reminding them about deadlines for submission. This year services were also extended to corporate taxpayers in addition to individuals. Social media campaigns also actively promoted compliance awareness and the importance of timely returns.

Personalised telephone calls were made to high-risk defaulters, providing guidance and assistance on submissions. Additionally, official letters were dispatched, reinforcing the consequences of non-compliance and encouraging prompt action.

This proactive exercise was successful, and the MTCA noted an increase in the number of taxpayers who filed their return on time. For personal income tax returns and VAT returns, there was an increase of 3% compared to 2023.

## ELECTRONIC FILING

The use of Electronic Filing (e-filing) facilities for tax returns has significantly enhanced efficiency within the tax administration. By providing a seamless, secure, and user-friendly platform, e-filing simplifies the tax return submission process for both individuals and businesses. It reduces paperwork, minimises errors, and ensures faster processing times, leading to improved compliance rates. Additionally, automated validation checks help taxpayers correct mistakes before submission, reducing the likelihood of audits or penalties.

To further promote the use of online services, the tax administration undertook various initiatives, including awareness campaigns, guidance through social media, email, and helpline support. These efforts have contributed to greater digital engagement, making technology-driven tax compliance more accessible, transparent and efficient for all stakeholders.

The data demonstrates a significant increase in the use of online tax filing services, reflecting the success of initiatives aimed at promoting digital compliance. The percentage of taxpayers utilising electronic filing facilities has grown from 73.34% to 76.68%, an overall increase across all taxpayer types of 3.34%.

## PERSONAL TAX - SUBMISSIONS

Table 2.  
PIT DECLARATIONS  
FOR [YA 2024]

ON-TIME FILING	LATE FILING	UNFILED
<b>64,071</b>	<b>9,125</b>	<b>11,441</b>

Table 3.  
PIT DECLARATIONS

**13%**  
Unfiled

**11%**  
Late filing

**76%**  
On Time filing

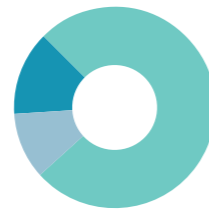


Table 4.  
PIT DECLARATION  
SUBMISSION TYPE

ELECTRONIC FILING	MANUAL FILING
<b>43,713</b>	<b>29,274</b>

Table 5.  
PIT DECLARATIONS

**59.5%**  
Electronic  
Submission

**40.5%**  
Manual  
Submission



Personal Income Tax compliance data, starting from June and extending through to December 2024, demonstrate a steady increase in taxpayer engagement. Starting at 73.88% in June, the compliance rate gradually improved, reaching 85.1% by the end of December.

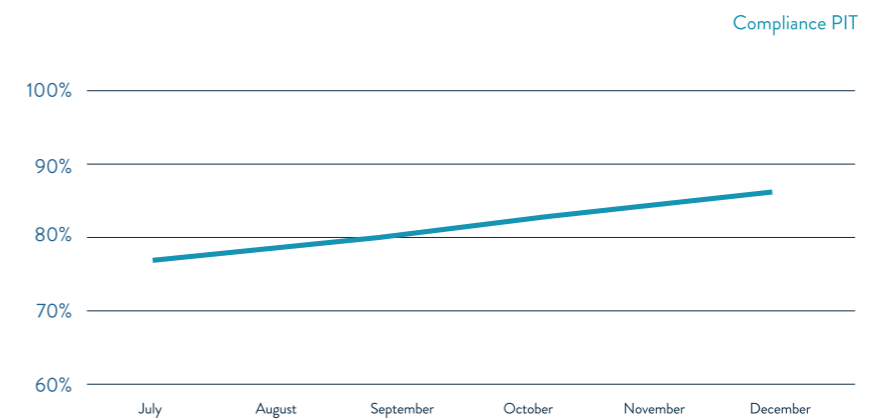
This rise highlights the effectiveness of targeted initiatives, such as awareness campaigns, timely reminders, and accessible filing options, which have contributed to increased participation and adherence to tax obligations.

The consistent growth in compliance, reflects a growing understanding of the importance of timely personal income tax filings and the success of efforts to support taxpayers throughout the year.

This rise highlights the effectiveness of targeted initiatives, such as awareness campaigns, timely reminders, and accessible filing options, which have contributed to increased participation and adherence to tax obligations.

The consistent growth in compliance reflects a growing understanding of the importance of timely personal income tax filings and the success of efforts to support taxpayers throughout the year.

Table 6.  
MANAGEMENT OF PIT DEFAULTERS -  
INDIVIDUAL TAX COMPLIANCE DATA



### CORPORATE SUBMISSIONS Employer's Annual Declarations

Table 7.  
CIT DECLARATIONS  
FOR [YA 2024]

ON-TIME FILING	LATE FILING	UNFILED
23,399	2,890	28,458

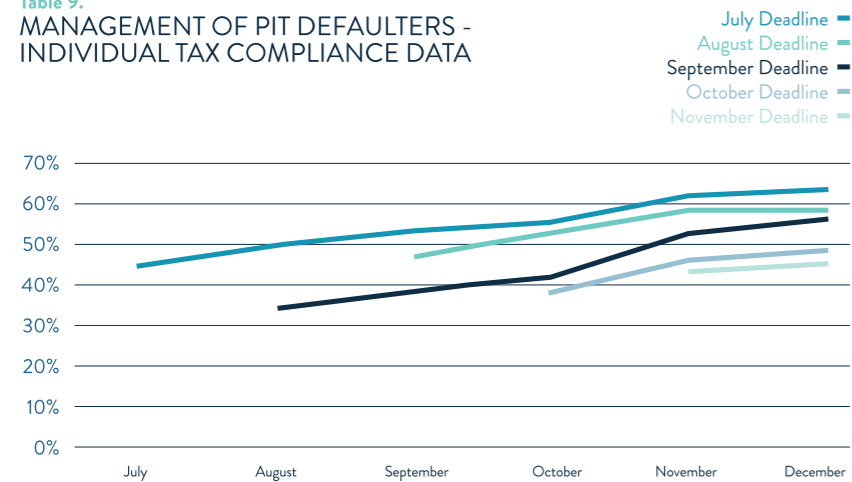
Table 8.  
CIT DECLARATIONS

**43%** Unfiled  
**5%** Late filing  
**52%** On Time filing



Corporate tax compliance has remained consistently low, with an overall average of **49.5%** throughout the period. Despite various initiatives to improve adherence, the data indicates minimal progress, highlighting ongoing challenges in ensuring timely and accurate filings from corporations. This stagnant compliance rate suggests the need for more interventions, enhanced engagement strategies, stricter enforcement measures, and tailored support programs to address barriers faced by corporate taxpayers.

Table 9.  
MANAGEMENT OF PIT DEFAULTERS -  
INDIVIDUAL TAX COMPLIANCE DATA



### VAT DECLARATIONS

Table 10.  
VAT DECLARATIONS  
FOR [YA 2024]

ON-TIME FILING	LATE FILING	UNFILED
164,113	28,069	49,129

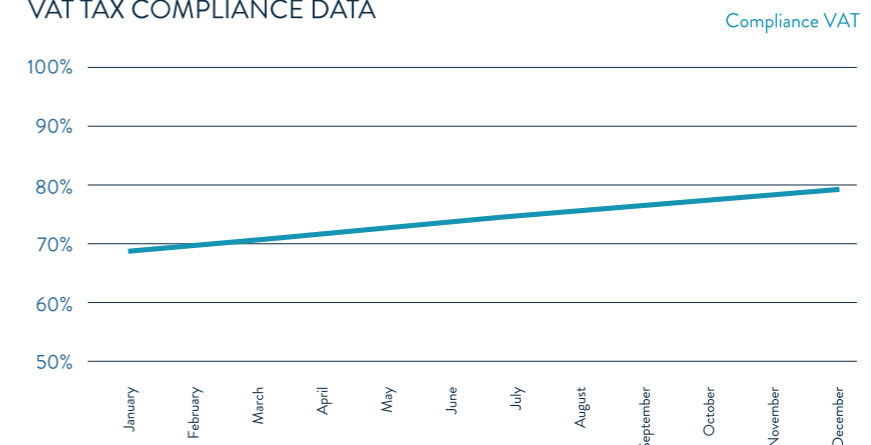
Table 11.  
VAT DECLARATIONS

**20%** Unfiled  
**12%** Late filing  
**68%** On Time filing



Data reveal the overall average of monthly deadline returns, incorporating the compliance rates for all relevant periods. By calculating the monthly averages, a consistent upward trend could be seen in the submission of returns. This aggregated data provides a comprehensive view of compliance patterns over time, illustrating the collective impact of targeted initiatives and reminders. The average percentage, starting at **60%** ultimately reaching **77.81%**, serves as an indicator of the effectiveness of these efforts in encouraging timely submissions, ensuring a steady increase in return filings throughout the year.

Table 12.  
MANAGEMENT OF VAT DEFAULTERS -  
VAT TAX COMPLIANCE DATA



### VAT - USE OF ELECTRONIC FILING FACILITIES

Table 13. VAT DECLARATION SUBMISSION TYPE UNDER ARTICLE 11

ELECTRONIC FILING	MANUAL FILING
12,092	7,021

Table 14. VAT ARTICLE 11 SUBMISSION TYPE

**63.3%** Electronic Submission  
**36.7%** Manual Submission



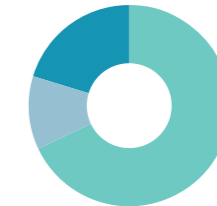
### EMPLOYER DECLARATIONS

Table 15. EMPLOYER'S ANNUAL DECLARATIONS FOR 2024

ON-TIME FILING	LATE FILING	UNFILED
20,728	6,531	7,301

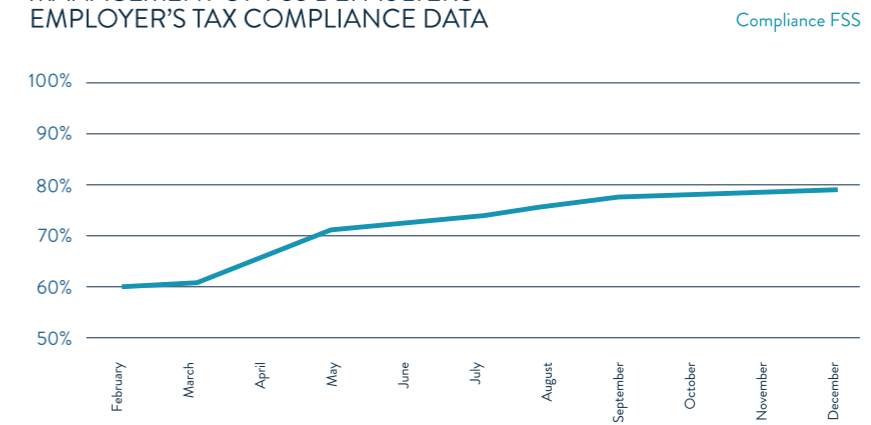
Table 16. EMPLOYER'S DECLARATIONS

**21%** Unfiled  
**12%** Late filing  
**60%** On Time filing



The Employers Compliance Data, spanning from the initial deadline up to December 2024, shows a steady increase in compliance rates. Starting at 59.99%, the data shows gradual progress over time in employers meeting their obligations, ultimately reaching 78.21% by the end of the period. This slow but consistent rise indicates the positive impact of ongoing efforts to encourage compliance, including reminders and support to employers. The upward trend reflects improved awareness and engagement with compliance requirements, contributing to a more efficient and reliable tax system.

Table 17. MANAGEMENT OF FSS DEFAULTERS - EMPLOYER'S TAX COMPLIANCE DATA



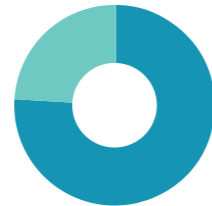
EMPLOYERS - USE OF ELECTRONIC FILING FACILITIES

Table 18. EMPLOYER'S ANNUAL DECLARATION SUBMISSION TYPE

	ELECTRONIC FILING	MANUAL FILING
	<b>13,910</b>	<b>13,436</b>

Table 19. FSS SUBMISSION TYPE

**76%** Electronic Submission  
**24%** Manual Submission



IN 2024 THE MTCA COLLECTED

**€431,316,085**  
TAX ARREARS

An increase of **€56,465,162** over 2023



### COLLECTION OF TAX ARREARS

During 2024, tax arrears collected amounted to €431,316,085, an increase of €56,465,162 over 2023.

This was achieved through various enforcement actions held during the year:

<b>3,708</b> Demand notices Income tax (companies/individuals), VAT	<b>93</b> FSS judicial letters (employers)
<b>2,114</b> Judicial letters Income tax (companies/individuals), VAT	<b>946</b> FSS repayment plans (employers)
<b>667</b> Instalment plans Income tax (companies/individuals), VAT	<b>492</b> Notices of repayment plan in default (letters)
<b>6,401</b> Provisional tax enforcement letters	<b>956</b> Notices of repayment plan in default (emails/text messages)
<b>3,239</b> VAT payment defaulters (text messages)	<b>3,448</b> Notices of payments for basis year 2023 in default (emails/text messages)
<b>6,589</b> VAT Tax Deferral reminder (emails)	<b>100</b> Number of Court sittings
<b>955</b> Remission agreements	<b>890</b> Number of Court cases
<b>525</b> FSS default notices (employers)	<b>66</b> Garnishees issued
<b>243</b> FSS demand notices (employers)	<b>10</b> Counter garnishees

### CENTRAL ELECTRONIC SYSTEM OF PAYMENT INFORMATION (CESOP)

During the 2024, the MTCA launched new regulations to introduce certain new reporting requirements for Payment Service Providers, mainly concerning cross-border payments originating from EU Member States.

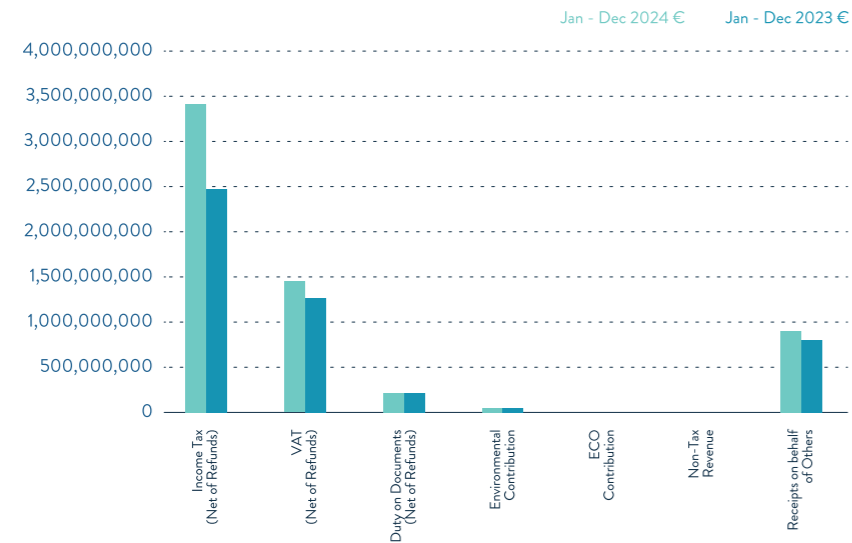
Information will feed into a centralised European database – the Central Electronic System of Payment Information where it will be stored, aggregated and cross-checked with other European databases.

This new reporting requirement is effective in the fight against cross-border VAT fraud, particularly in the area of e-commerce. It gives tax authorities the necessary tools to detect and control fraudulent businesses who seek to exploit e-commerce opportunities in order to gain unfair market advantages by evading their VAT obligations.

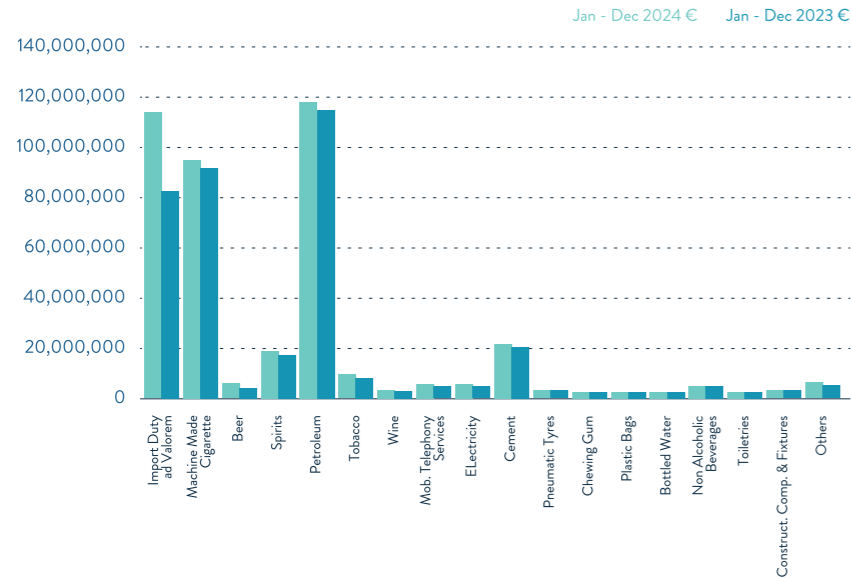


## REVENUE MANAGEMENT

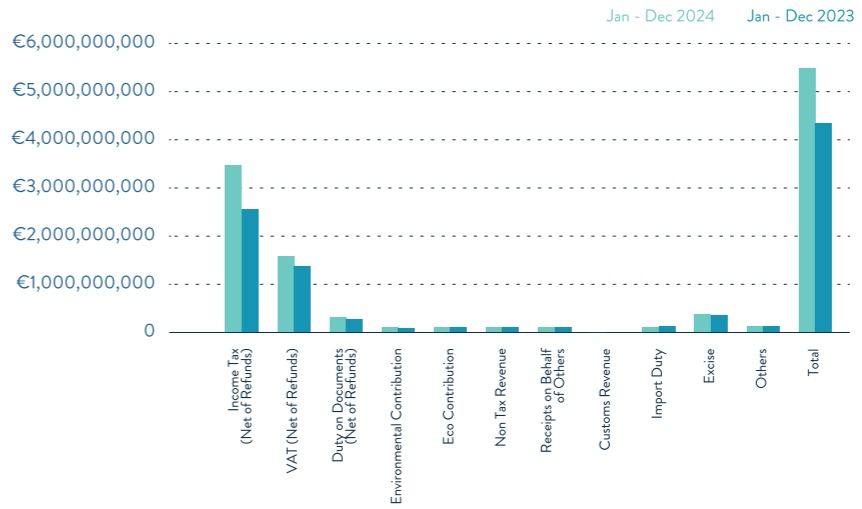
**Table 20.**  
TAX REVENUE



**Table 21.**  
CUSTOMS REVENUE



**Table 22.**  
TOTAL REVENUE



**Table 23.**  
VAT / INCOME TAX REFUNDS

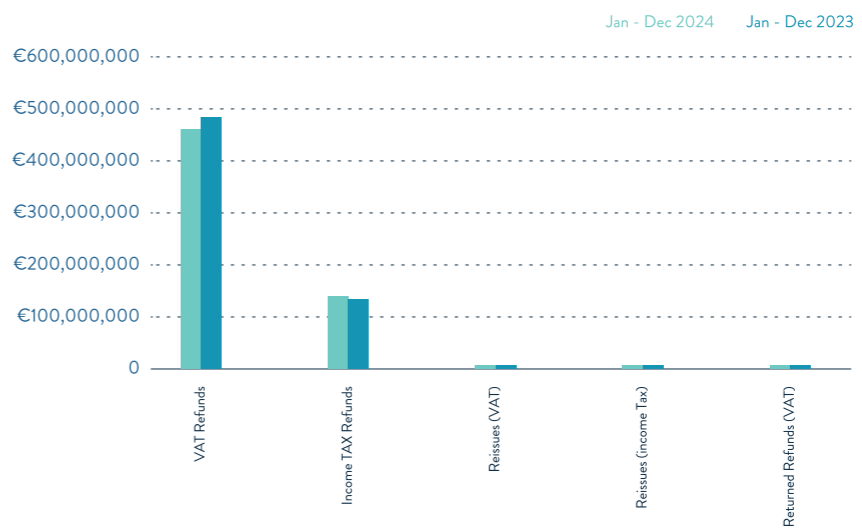
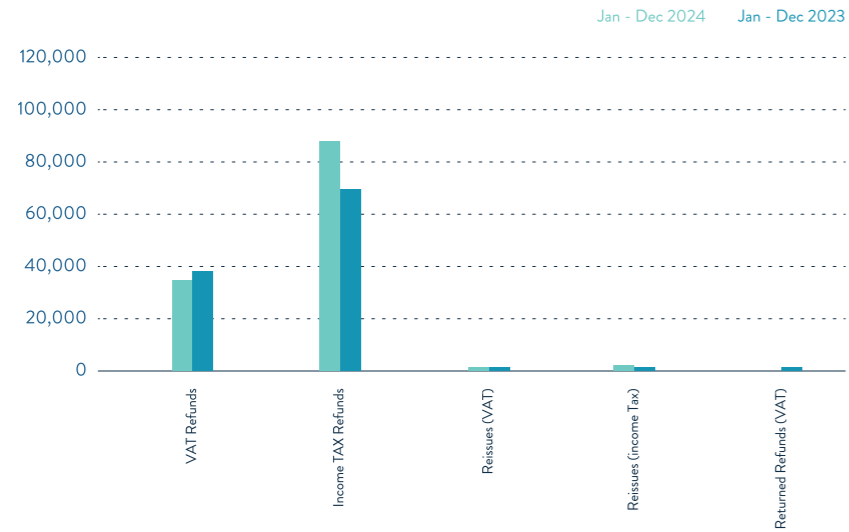


Table 24.  
VAT / INCOME TAX REFUNDS  
TRANSACTIONS



## CAPITAL TRANSFER DUTY

The property market was stable in 2024, with the Property Tax Directorate handling **16,837** (2023: 16,773) promise of sales registrations and **19,164** (2023: 18,766) sales contracts.

This was in part due to the extension of Budget measures by the Government, including that for first time buyers (**2024: 2,644 contracts**; 2023: 2736), second time buyers (**2024: 165 contracts**; 2023: 174), purchasers of vacant properties (**2024: 118 contracts**; 2023: 86), and purchasers in Urban Conservation Area (**2024: 1,992 contracts**; 2023: 1,619). The number of contracts in Gozo almost halved, however, to 1,623 contracts with the scheme being phased out.

Apart from the registration of contracts, the MTCA is also responsible for the risk management aspect. Its architects carried out 4,338 inspections to verify declared amounts on contracts (2023: 4,790)

A total of 538 Acquisition of Immovable Property permits were issued, up from 411 of the previous year.

The directorate also handles causa mortis declarations, which – at 4,933 – saw negligible differences from the 4,957 in the previous year, as one would expect given the stability of the mortality rate.

The directorate also handled 1,903 share transfers on which duty was paid, up from 2,112 of the previous year. There was a slight increase in contracts for transfer of business as the result of a Budget measure announced by the Government, with 125 contracts compared to 96 in 2023.

Over  
**€1.9m**  
of arrears of revenue due for duty on documents was collected in 2024.

REMINDERS	DEMAND NOTES	LETTER FROM LEGAL UNIT	LEGAL ACTION WARNING	GARNISHEE ORDERS
<b>1,132</b>	<b>599</b>	<b>427</b>	<b>235</b>	<b>65</b>

PART

7

VERIFICATIONS  
& AUDIT



Any system is only as robust as its checks and balances; and in tandem with the drive to improve voluntary compliance, the MTCA is also duty bound to ensure that it applies all the objectives of the Strategic Plan, such as improving efficiency and adopting a risk-based approach.

The aim was to base decision-making on Compliance Risk Management. With this in mind, the Verifications and Audit department adopted a systems approach model to gain efficiency, based on the interconnection between the outputs of the Risk Management Unit and those of the Tax Audits Directorate and Aspect Audits Directorate with regards to Audits and to a lesser extent to the Field Operations work.

Based on the above, for example, the Risk Management Unit was able to create a Consolidated Risk Register for all the departments.

The adoption of SAS software was another milestone, helping the department to identify various improvements. By the end of 2024 the Risk Management Unit, together with the SAS Production Team and MITA implemented no fewer than 15 VAT Risk Rules and 60 Corporate Income Tax Risk Rules. Work is currently underway on various other rules that can be coded within the SAS.

These rules result in practical solutions: for example, all VAT refund control cases are now being selected from SAS, and rather than focussing on the Refund Due Date, the department now selects cases for control based on the Return Due Date, which is five months prior. This has made it possible to reduce the number of days for the issue of a VAT refund to as little as 30 days – a performance metric that falls within the IMF's good practice.

Workflows are also now in place for both audits and aspect audits, a major step forward for the accountants and revenue inspectors in the department, which has allowed processes to be standardised.

The SAS system is also generating ad hoc reports enabling field inspections to become more targeted than previously, aiming to increase voluntary compliance and not only to catch fiscal receipt defaulters. The Field Operations Unit carried out 5,436 field inspections at establishments to verify whether they were compliant for tax purposes. Almost a quarter had issues, with 696 cases either issued with a fine or taken to court.

It is worth noting that some of the inspections were carried out jointly with the Customs Officers, Police and other government enforcement agencies – with bilateral standard operating procedures now also in place.

An aspect which may not be widely known is that all new VAT registration and reactivation applications are vetted with the aim of preventing fraudsters from registering in Malta. To this effect 3,975 new applications and 548 reactivations were checked by the Fraud Prevention and Intelligence Unit, resulting in 166 Pre/Post registration meetings being held and 68 VAT numbers being blocked from using VIES. The Unit is also monitoring 372 companies that are suspected of being involved in fraud.

The Aspect Audits and Inspectorate Directorate was also very active, concluding 198 limited Scope/Aspect Audits. These resulted in the verification of almost €164 million in VAT refund claims, out of which nearly €15 million worth of provisional assessments were raised. There were also 6,606 corrections to VAT returns (94.5% of which were done online) amounting to an €11 million increase in VAT revenue.

The Directorate was also involved with the issue of 19,674 compliance letters to taxpayers that were deemed to be at a low to moderate risk of non-compliance. These nudging letters led to €1.8 million of income tax adjustments in favour of the MTCA.

The Inspectorate Unit also processed 275 "Tax in Danger" applications with a value of €430 million in VAT and 285 extensions. 67 of these applications were refused and five withdrawn by the applicants themselves.

During 2024, the Unit also processed 320 set offs between VAT credits and VAT dues pertaining to different companies owned by the same shareholders, thus reducing VAT refunds by €388 million.





A total of 248 applications through the 8th & 13th Directive were processed where €2,598,087 VAT refunds claimed by businesses established in another country were verified. From these €509,586 were refused.

In the meantime, the Tax Audits Directorate carried out 105 Administrative Audits that yielded over €14 million in taxes, interest and penalties. Another significant metric that improved is the average time taken to conclude such audits, which was reduced from 720 days in 2023 to 260 days in 2024, a reduction of 64%.

With regards to Criminal Assistance Audits, during 2024, the Directorate carried out 76 such audits (an increase of 26 cases from the previous year) where a total of €30.5 million in proposed tax evaded were reported to the Police.

Another unit – since 2024 falling within the remit of the Verifications and Audit department – is the Income Tax Refunds Unit which verifies and processes all the 6/7ths Income Tax refund applications received, as well as some excess tax refunds in terms of Article 48(1) of the Income Tax Management Act. During 2024, this unit processed circa 2,200 requests leading to the payment of €2 billion of shareholder refunds.

### INTERNATIONAL

The international nature of fraud necessitates cooperation with the MTCA's peers in other jurisdictions. The Fraud Prevention and Intelligence Unit received 75 requests for information from the EU's Standing Committee on Administrative Cooperation (SCAC) and also generated 24 requests of its own.

Furthermore, 155 TNA Qualifications were carried out and 2 OLAF Requests were also answered.

In 2024, the Fraud Prevention and Intelligence Unit worked with other agencies such as the FIAU, MSS, FCID and EPPO, and successfully identified a serious case of potential fraud.

The Tax Audits Directorate was also involved in Exchange of Information requests, working hand in hand with the Legal, Technical and International Affairs department. During 2024 a total of 205 Exchange of Information Requests (EOIRs) were processed by the department, an increase from 171 requests processed the year before. The information requested is obtained from Maltese Taxpayer and then transmitted to the Requesting Member State's Tax Administration through the Legal, Technical and International Affairs department.

A team from the MTCA was also involved in meetings with the Finnish Tax Authority, assisting with an audit that resulted in €47 million worth of tax being charged in Finland.

### OBJECTIONS & APPEALS

In 2024, the Objections and Review Section concluded 101 reviews and objections following VAT provisional assessments and income tax Assessments. Of these, 82 resulted in an agreement for a total tax amount of EUR 3,615,094 and 19 in refusals for a total tax amount of EUR 2,451,410, resulting in a total increase in tax of EUR 6,066,504.

In 2024, 361 cases were being disputed before the Civil Courts, the Court of Appeal, the Constitutional Court, and the Administrative Review Tribunal covering all the Revenue Acts. Approximately 650 individuals were prosecuted criminally for failing to submit FSS and VAT returns and failed to issue VAT receipts in terms of the Income Tax Act, the Income Tax Management Act, and the Value Added Tax Act, defaulted in terms of the Import Duties Act, the Excise Duty Act, and the Customs Ordinance.



PART

8

CUSTOMS



## CUSTOMS ENFORCEMENT

The 12 offices that fall under the Enforcement Directorate play a crucial role in maintaining compliance and safeguarding revenue, but also protecting society from drugs, counterfeits and other restricted goods.

Its work to protect against AML/CFT is wide-reaching and in 2024, the Directorate identified 10 non-EU cases and five intra-EU cases of undeclared cash, with a total value of €247,278.

Its work with drug enforcement in 2024 set new records, with huge amounts withheld:

- 2,346.5 Kgs Cocaine
- 4,305 Kgs Cannabis Resin
- 216 Kgs Herbal Cannabis
- 7 Kgs Liquid Cocaine
- 285.5 Kgs Magic Mushroom

The Directorate also seized 15 million counterfeit cigarettes, and over 700 bottles of alcohol and wine, 497.5 Kgs of tobacco and 55,567 tobacco HEETS sticks on which excise had not been paid.

Its surveillance also resulted in 12 stolen vehicles being identified, as well as 16 containers containing various IPR goods.

Table 25. CONTRIBUTION TO THE NATIONAL AML/CFT AND TFS STRATEGY

	2023	2024
<b>TOTAL CASES OF UNDECLARED CASH</b>	<b>28</b>	<b>15</b>
<b>TOTAL ASSETS RESTRAINED</b>	<b>€1,007,494</b>	<b>€247,278</b>
<b>FINES COLLECTED</b>	<b>€122,569</b>	<b>€49,433</b>
<b>DETAINED CASH IN DEPOSITORY WERE REFERRED TO OTHER COMPETENT AUTHORITIES</b>	<b>7</b>	<b>1</b>





Table 26.  
WITHHELD ITEMS BY THE ENFORCEMENT  
DIRECTORATE PERSONNEL

	2023	2024
COCAINE (KGS)	<b>28</b>	<b>2,346.5</b>
CANNABIS RESIN (KGS)	<b>-</b>	<b>4,305</b>
HERBAL CANNABIS (KGS)	<b>56.1</b>	<b>216</b>
LIQUID COCAINE (KGS)	<b>-</b>	<b>7</b>
HEROIN (KGS)	<b>3.8</b>	<b>-</b>
MAGIC MUSHROOM (KGS)	<b>-</b>	<b>285.5</b>
TOBACCO (KGS)	<b>12.7</b>	<b>497.5</b>

Table 27.  
MORE ITEMS WITHHELD BY  
THE ENFORCEMENT  
DIRECTORATE PERSONNEL

	2023	2024
TOBACCO HEETS STICKS	<b>-</b>	<b>55,567</b>
STOLEN VEHICLES	<b>14</b>	<b>12</b>
CONTAINERS IPR GOODS	<b>7</b>	<b>16</b>
COUNTERFEIT CIGARETTES	<b>162,146</b>	<b>15,350,000</b>
BOTTLES ALCOHOL AND WINE	<b>565</b>	<b>707</b>



## CUSTOMS INTERNATIONAL

The data from Customs operations, complemented by operational insights from its personnel play an important role in local and international enforcement. The Directorate is the national contact point with local and foreign law enforcement agencies and other related authorities such as the Malta Police Force, Malta Security Services, EPPO, NCC, OLAF and WCO among others.

Over the course of 2024, units within this Directorate participated actively in various Joint Customs Operations organised by the WCO, EUIPO, Europol and OLAF.

## FACILITATING TRADE

Customs procedures have a major role to play in Malta's vibrant economy, affecting everyone from individuals ordering online, to manufacturers and retailers who need to import and export. With this in mind – the Trade Facilitation Directorate has been scrutinising ways to streamline processes and procedures to improve efficiency, compliance and collaboration, and has made significant progress in 2024.

An important aspect of the Directorate's work was to ensure a smooth transition – particularly when it comes to updated procedures. This was achieved by facilitating training and knowledge-sharing initiatives between Customs officers, trade representatives and other government entities.

As one would expect, technology played a major role internally. The new Union Customs Code (UCC) IT system is being rolled out which will modernise and facilitate the trade process. Considerable preparatory work on this aspect was completed in 2024.

However, the Directorate also worked on the interface with its users. 2023's integration of Customs into the broader tax administration strategy is being reflected on the Servizz.gov platform, as well as on the MTCA's website.

The overarching approach during 2024 has been to reduce the number of physical inspections, relying instead on post-audit controls, which improved turnaround times while maintaining regulatory oversight. Meanwhile, the Authorised Economic Operator (AEO) Programme has ensured faster clearance processes, an important factor when promoting voluntary compliance.

Work will not stop here: the Centralised Clearance Concept, which is scheduled for 2025, is expected to drive economic growth, increase customs revenue, and generate new job opportunities.

Of course, specific sectors required particular services. The TFD-CO collaborated with key stakeholders to develop guidelines that simplified the importation process of aircrafts and yachts, an important economic activity, resulting in a more efficient and user-friendly experience for businesses. Another sector requiring a risk-based approach was the importation of second-hand vehicles. The Directorate was able to reduce the number of physical checks, improving efficiency and minimising costs, all while maintaining compliance.

The Directorate was also able to help companies importing time sensitive shipments, particularly medical supplies, by establishing guidelines to minimise delays in the clearance process, while prioritising critical goods.

Table 28.  
REVENUE GENERATED FROM  
EXCISE COMMODITIES

	2023	2024	
Machine Made Cigarettes	92,459,771	95,424,321	
Beer	3,897,170	4,690,480	
Spirits	17,331,036	18,016,342	
Petroleum	114,504,876	118,038,401	
Tobacco	7,892,268	8,311,093	
Wine	2,336,231	2,336,440	
Electricity	3,700,234	4,287,932	
	2023	2024	
Mob. Telephony Services	3,886,961	4,211,146	
Cement	19,982,153	20,726,084	
Pneumatic Tyres	1,870,367	1,916,901	
Chewing Gum	625,614	716,922	
Plastic Bags	1,220,458	1,315,645	
Bottled Water	997,487	998,145	
Non Alcoholic Beverages	3,011,526	3,386,707	
Toiletries	1,042,010	1,138,136	
Construct. Comp. & Fixtures	1,880,647	1,639,476	
	2024	2023	2022
Number of manually closed movements	1804	1406	944

Table 31.  
TOTAL IMPORTS PER YEAR  
ACCORDING TO CONCLUSION COLOUR

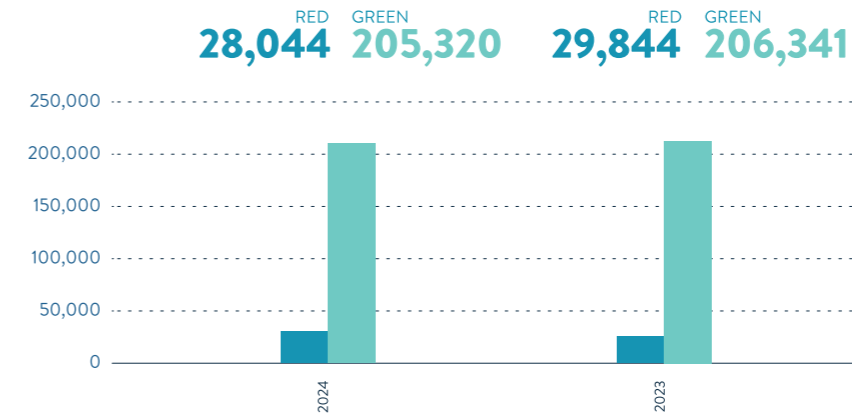


Table 32.  
TOTAL IMPORTS  
PER YEAR

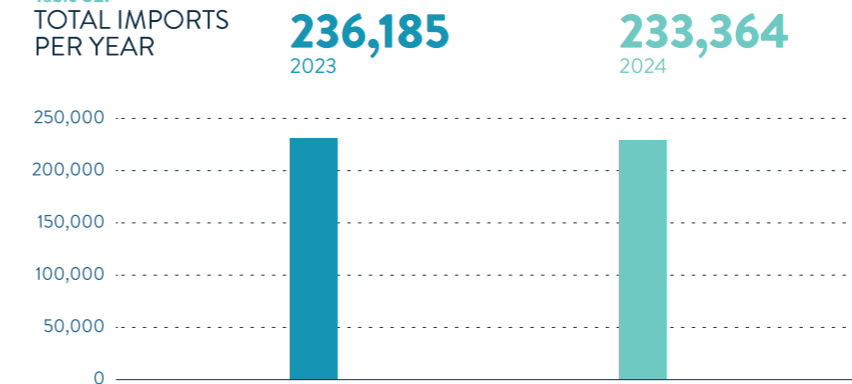


Table 33. CUSTOMS OFFICE WHERE THE RELEASE WAS EFFECTED

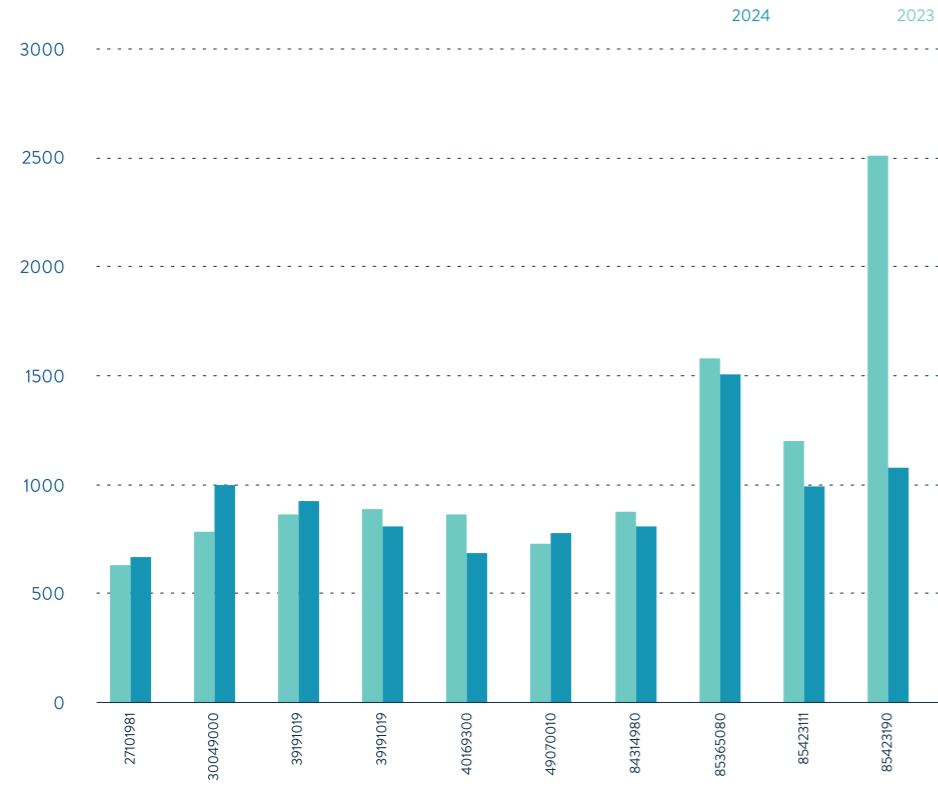
	2023 Green	2023 Red	2024 Green	2024 Red
MT000100	25	13	59	5
MT000102	9,344	838	9,372	885
MT000103	361	234	284	310
MT000104	71	24	79	16
MT000107	315	650	360	655
MT000108	75	5	50	2
MT000109	1,096	1,492	1,090	1,480
MT000112	4	6	1	10
MT000113	12,973	4,442	13,298	3,403
MT000114	37,086	7,179	41,566	8,180
MT000117	127,391	11,790	121,617	10,332
MT000118	60	3	34	4
MT000120	71	3	56	2
MT000122	107	7	105	7
MT000123	-	-	-	3
MT000502	-	4	-	2
MT000600	16,477	3,140	16,402	2,738
MT000702	885	14	946	10
MT000910	-	-	1	-

Codes reflect the customs office where the release was effected.

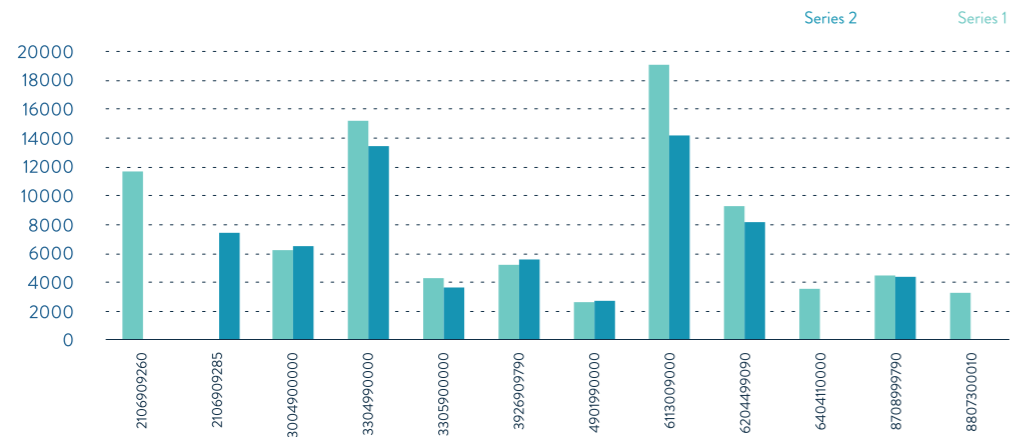
Table 33. ENTRIES SELECTED WITH OR WITHOUT CONTROL, BASED ON THE CUSTOMS OFFICE.



**Table 34.**  
TOP COMMODITIES  
EXPORTED IN 2023  
AND 2024



**Table 35.**  
TOP COMMODITIES  
IMPORTED IN 2023  
AND 2024



PART

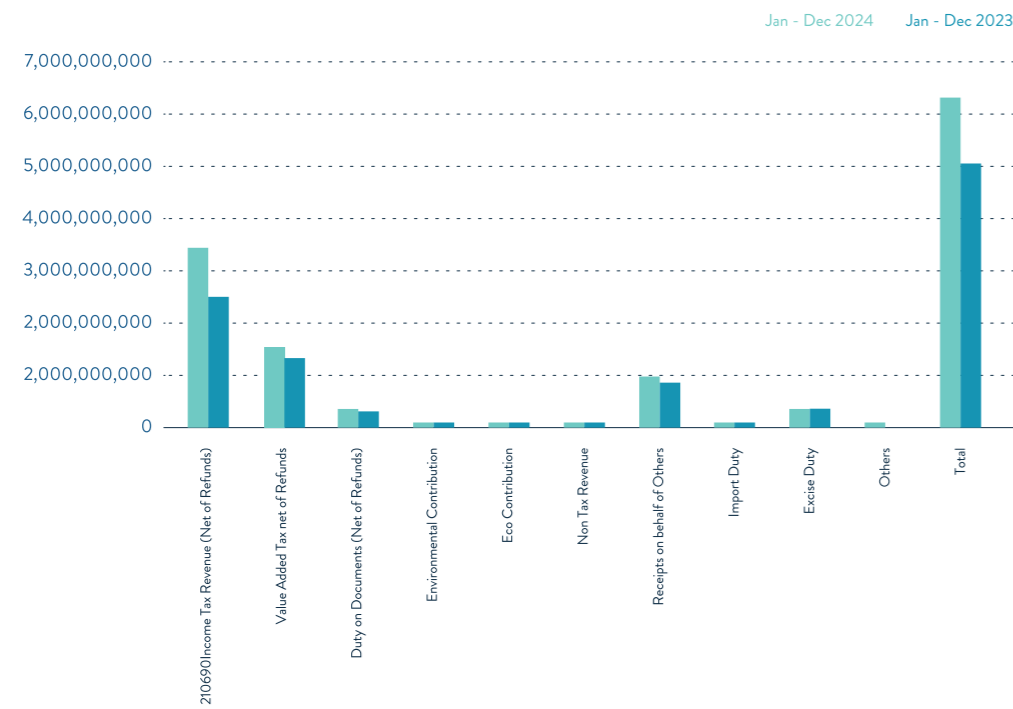
9

FINANCIALS

Table 36. TAX AND CUSTOMS REVENUE

	Jan-Dec 2024	Jan-Dec 2023	Variance	%Variance
<b>Income Tax Revenue (net of Refunds)</b>	3,416,662,185	2,459,652,560	957,009,625	39
<b>Value Added Tax net of Refunds</b>	1,469,418,934	1,281,759,776	187,659,158	15
<b>Duty on Documents (Net of Refunds)</b>	225,317,729	206,453,331	18,864,398	9
<b>Environmental Contribution</b>	5,128,438	4,712,318	416,120	9
<b>Eco Contribution</b>	42,529	15,050	27,479	183
<b>Non Tax Revenue</b>	920,312	1,257,257	-336,945	-27
<b>Receipts on behalf of Others</b>	898,794,932	797,305,332	101,489,600	13
<b>Import Duty</b>	26,536,604	28,887,899	-2,351,295	-8
<b>Excise Duty</b>	287,154,171	276,638,809	10,515,362	4
<b>Others</b>	4,991,165	3,455,769	1,535,396	44
<b>Total</b>	<b>6,334,966,999</b>	<b>5,060,138,101</b>	<b>1,274,828,898</b>	<b>25</b>

Table 36. TAX AND CUSTOMS REVENUE







**Malta Tax and Customs Administration**  
Vincenzo Dimech Street, Floriana, Malta

T +356 2296 2296

[www.mtca.gov.mt](http://www.mtca.gov.mt)

