

VAT GENERAL INFORMATION FOR BUSINESSES

NEW MEANS OF TRANSPORT AND EXCISE GOODS

What are New Means of Transport?

A “new means of transport” is a means of transport that is:

- (a) a vessel exceeding 7.5 metres in length which was supplied not more than three months after the date of first entry into service or has not sailed for more than 100 hours. Provided it is not a sea-going vessel which is used for navigation on the high seas and carrying passengers for reward, or for the purpose of commercial, industrial or fishing activities, or for rescue or assistance at sea, or for inshore fishing with the exception of ships' provisions;
- (b) an aircraft the take-off weight of which exceeds 1,550 kilograms which was supplied not more than three months after the date of first entry into service or has not flown for more than 40 hours. Provided it is not an aircraft used by airlines operating for reward chiefly on international routes; or
- (a) a motorised land vehicle the capacity of which exceeds 48 cubic centimetres or the power of which exceeds 7.2 kilowatts, intended for the transport of passengers or goods, which was supplied not more than six months after the date of first entry into service or has not travelled more than 6,000 kilometres.

VAT on a new means of transport is always charged in the member state of destination in case of intra-community acquisition.

Any **person who is not registered under article 10 or 12** who makes an intra-community acquisition of a new means of transport **consisting of a motor vehicle** is liable to pay the VAT due at the Licensing and Testing Directorate, accompanied by a prescribed form (New Means of transport payment form), by not later than the fifteenth day of the month following that during which it becomes chargeable. In the case of an **aircraft** or a **sea vessel**, payment is to be made to the Commissioner of Revenue. The intra-community acquisitions threshold of 10,000 euros does not apply to acquisitions of new means of transport.

Any **person who is registered under article 10** who makes an acquisition of a new means of transport must account for VAT on the acquisition in the following VAT return by the Reverse Charge Rule. When the new means of transport is sold, VAT becomes due on the sale price. In the case of a motor vehicle the supplier is to charge VAT to his customer and pay it at the Licensing and Testing Directorate upon the issue of the number plates to the customer. The sale should be reported in the following VAT return as a taxable sale.

Other **taxable persons or non-taxable legal person registered under article 12** will also have to pay the VAT due at the Licensing and Testing Directorate, accompanied by a prescribed form (for Intra-Community Acquisitions – article 12), by not later

than the fifteenth day of the month following that during which it becomes chargeable.

Any person who is not registered under article 10 and who intends to make an intra-community **supply of a new means of transport** shall give notice thereof to the Commissioner by not later than the date of that supply. He should not charge VAT on the supply.

If he had incurred VAT on the new means of transport, he may claim a refund of VAT paid. However this should not exceed the lesser amount of either:

- (a) the amount he had paid on the purchase of the new means of transport; or
- (b) the amount of VAT due at the local rate on the selling price had VAT been charged in Malta.

What are Excise Goods?

“Excise goods” are mineral oils, alcohol and alcoholic beverages and manufactured tobacco and that are subject to excise duty in terms of the Excise Duty Act.

If you are a taxable person or a non-taxable legal person and you purchase excise goods in another EU member state and these goods are transported from the other member state to Malta, you are liable to pay excise duty as well as VAT in Malta, whatever the value of the goods purchased and no matter whether you are registered for VAT under Articles 10, 11 or 12 of the VAT Act or not. The threshold of intra-community acquisitions of 10,000 Euros does not apply to acquisitions of excise goods.

“Taxable person” means a person who carries on an economic activity, whatever the purpose or the result of that activity (economic activity is further defined in article 5 of the VAT Act). Therefore taxable persons who carry on an exempt economic activity such as medical doctors, insurance companies and persons registered under article 11 (i.e. persons operating below the established threshold for small undertakings) are also considered as taxable persons even though they are not obliged to charge and collect VAT.

If you are not registered under article 10, both excise duty and VAT have to be paid at the Customs office, using a special form that is available there,. If you are registered under article 10, VAT is reported as due in the appropriate box of the VAT return regarding intra-community acquisitions and is deductible in the same VAT return according to your right to deduct VAT.

If you are a private individual or you are not a taxable person and you buy excise goods in another member state for your private needs (and provided that the goods are transported by you to Malta), you will have to pay the Excise duties and the VAT in the other member state.

In case goods are transported by or on behalf of the supplier, Excise duties and VAT are due in Malta and it is the liability of the supplier to pay them and to register for VAT purposes in Malta.

Disclaimer:

Please be advised that the information in these notes is provided as guidance. The notes are simply guidelines and not legal documents providing legally binding rulings. If you require more precise information on how to implement VAT legislation in specific special situations, kindly contact the VAT Department or consult documents available in the special section for Tax Professionals at the VAT Department's website .

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