



# Tax updates further to Budget 2017 and the Implementation Act

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## An overview of the changes introduced by the Budget Measures Implementation Act.



### Full imputation system in relation to dividend from listed shares

Dividend income derived by individual shareholders with a holding of less than 0.5% of the paid-up share capital in a company listed on a stock exchange recognised under the Financial Markets Act, may benefit from the imputation system (with no limit) upon receipt of dividends from profits made during basis year ending 2017 or after. The limitation on the application of the imputation system will therefore

be phased out with respect to dividends from companies listed on a recognised stock exchange. This amendment was most likely introduced to incentivise investment on recognised stock exchanges.



### Exemption from capital gains on transfer of listed shares

The Act re-introduced an exemption from capital gains on the listing of shares on a stock exchange recognised under the Financial Markets Act.



### Tax on inherited property sold through a judicial sale by auction

A Final Withholding Tax of 7% on the transfer value will apply to immovable property situated in Malta inherited on or after the 25th November 1992, where the immovable property is sold through a judicial sale by auction.



### Reduced Tax rate on rental income derived from rental of immovable property under a scheme administered by the Housing Authority

A reduced Final Withholding Tax rate of 5% shall apply on rental income derived from the rental of immovable property to another person for at least 7 years under a scheme administered by the Housing Authority.

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