

No. 1265

MINISTRY FOR FINANCE

Explanatory Notes¹**1. Introduction**

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| Title of legislation | Rules on the Determination of Additional Penalties, 2025 hereinafter referred to as the “rules”) |
| Regulated activity | Additional penalties |
| Responsible entity | Malta Tax and Customs Administration |

2. Summary and background

The scope of these rules is to establish the method by which the additional penalty shall be determined for the purposes of article 68 of the Duty on Documents and Transfers Act (Cap. 364), article 52A of the Tax Administration Act (Cap. 372) and article 84A of the Value Added Tax Act (Cap. 406).

3. Overview of the structure of the instrument

The rules are made up of four (4) rules and consist of the following:

Rule 1: Citation and scope.

Rule 2: Interpretation.

Rule 3: Determination of additional penalty.

Rule 4: Payment method of additional penalty, additional tax and interest.

Schedule.

4. Commentary

Rule 3: Determines that the additional penalty shall be calculated on the tax and shall range between ten thousand euro (€10,000) and one million euro (€1,000,000).

Rule 4: Provides that the additional penalty may be paid upon signing of the agreement or in instalments over a period as determined by the Commissioner for Tax and Customs. In cases where the balance is paid in instalments, the initial payment shall be at least 10% of the additional penalty. In the event of a failure to pay one or more instalments, the Commissioner may proceed to recover the full amount by virtue of an executive title obtained upon signing the agreement.

Schedule: Provides the progressive rate for the additional penalty in respect of endangered tax.

5. Concluding sections

These rules shall come into force upon their publication in the Gazette.

In case of queries, the general public is encouraged to contact the Malta Tax and Customs Administration on 153.

N.B. These Explanatory Notes are not intended to be an exhaustive description of the legal instrument, nor a substitute for it, nor a legislative supplement to it. These Explanatory Notes are not intended to be an authoritative decision on the interpretation of the legislation.

12th August, 2025

¹These Explanatory Notes are in accordance with and for the purpose of article 3(2)(c) of the Small Business Act (Chapter 512 of the Laws of Malta).