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New VAT invoicing rules
Key features – *Update*

Supplement to VAT Insight Issue No. 2012/04
June 2013

Amendments to the new VAT invoicing rules

As explained in our VAT Insight Issue No. 2012/04, on 1 January 2013, changes to the VAT invoicing rules came into force. However, since the introduction of the changes, certain amendments have already been made thereto. These amendments have come into force with retroactive effect (i.e. as from 1 January 2013). This supplement to VAT Insight Issue No. 2012/04 aims to provide an overview of the rules that were amended (the amendments have been underlined below).

Deadline for issuance of tax invoices

The deadline by which a tax invoice is required to be issued has been altered. Tax invoices must now be issued by not later than the fifteenth day of the month following that in which the chargeable event takes place or the date on which a payment is received, whichever is the earlier (except where any payment on account precedes an intra-Community supply of goods).

Date when VAT becomes chargeable

Item 3 of the Fourth Schedule to the VAT Act provides that "the tax on a supply which takes place in Malta (other than an exempt intra-Community supply of goods) becomes chargeable on the earlier of the following two dates: (a) the date when the chargeable event takes place; and (b) the date when a payment is made for the supply to the extent covered by that payment". However, in terms of the proviso to item 3, the tax becomes chargeable on the date the tax invoice is issued provided that it is issued within a specific deadline.

This deadline in the proviso to item 3 (which was previously 30 days) has been amended so as to reflect the amended deadline for issuance of tax invoices (see above) and now reads, "Provided that where a tax invoice is issued by the fifteenth day of the month following the date determined under the foregoing provisions of this subsection the tax becomes chargeable on the date of the invoice".

Cash basis of accounting

As explained in our VAT Insight Issue No. 2012/04, retailers, civil, mechanical or electrical engineering contractors whose annual turnover does not exceed €2,000,000 (exclusive of VAT) retain the option to account for VAT on a cash basis. However, paragraph (1) of item 2 of Part Three of the Fourteenth Schedule to the VAT Act has been revised to clarify that where a tax invoice issued by such person applying the cash accounting scheme for a supply made by him does not contain the reference "cash accounting" – which reference is required in terms of item 3(k) of the Twelfth Schedule – the cash accounting scheme shall not apply to that supply.

Storage of invoices

The VAT Department has also issued some practical guidance in relation to the new VAT invoicing rules. The guidance provides an overview of the provisions introduced in the Malta VAT Act, and also clarifies that “invoices must be stored in the original form in which they were sent or made available, whether paper or electronic”.

Should you require any assistance, please do not hesitate to contact us or your usual Deloitte Malta contact.

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