



BAKER TILLY  
MALTA



## Taxation of Rental Income

Any person (individuals and companies) who receive rental income from immovable property including both residential and commercial tenements can opt to have such income taxed at a flat rate of 15%.

Furthermore, as from year of assessment 2019 such final withholding tax is also applicable to income derived from ground rents, that is, from the granting of emphyteutical concession whether from urban or rural tenements.

This is a final tax applied on gross rental income and thus it cannot be set-off against any expenses or refunded.

The 15% final withholding tax is applicable both to rental income of an active and passive nature.

However, this regime is optional. Thus, one could also opt to have such rental income less any allowable expenses as prescribed for in terms of the Income Tax Act, to be taxed at the normal progressive rates of taxation or corporate tax rate as the case may be.

In order for a person to avail himself of the 15% final withholding tax, one would need to file the prescribed form by the prescribed deadline. For year of assessment 2018, the prescribed deadline is **30<sup>th</sup> June 2018**, however, with effect from year of assessment 2019, the prescribed deadline would be moved to 30<sup>th</sup> April of the subsequent year.

## How can Baker Tilly Malta be of help?

We would be very happy to assist in determining if the 15% final withholding tax is more beneficial. Additionally, we can also help with the preparation and submission of the relative prescribed forms.

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