

FS3 and FS7 Forms for 2016

You are kindly being reminded to submit the end-of-year documents for 2016 (FS3 and FS7) to the Department.

It is salient to point out that a timely submission of these documents will benefit your employees by exempting them from filing their annual income tax return. We thank you for your co-operation in this regard.

It is important that the FS3 and FS7 forms should be correctly filled and should reach the Department by not later than the **15th February 2017**. Late submissions are subject to penalties as contemplated in the FSS rules.

It is to be highlighted that although the social security contribution number has ceased being used for those persons having a permanent I.D card (letters M, L, G and H) as from October 2016, however in the case of employees already registered prior to October 2016, the existing social security number is to be used whenever required in the forms. Individuals who are not in possession of a permanent Maltese Identity Card will continue to be registered with a social security number.

It is to be emphasised that the identity card number should never be entered in the 'field' pertaining to the social security number in these forms, especially if this involves an electronic submission. Moreover, all employers and Data Providers can now verify or validate Income Tax /National Insurance Numbers (only through e-ID authentication) by accessing the Department's website.

Submission of documents

If you employ more than 29 employees you are requested to make use of our online service. For more detailed information please visit our website at www.ird.gov.mt. Please note that in order to have access to this service you must have the electronic I.D (e-ID).

In the case that the number of employees is less than 30, you may submit the information manually by using the appropriate forms. In such instance a bar-coded FS7 is needed as this will facilitate the processing of the information in a more efficient and correct way.

Verification of data submitted

It is important to include all FS3s of each PE number in a single submission.

Personal and accounting data must be filled correctly and all required fields should be completed.

Particular attention should be given to the Social Security Contribution (SSC) information where the basic weekly wage and the number of weeks worked, together with the contribution paid by both the employer and employee must be completed. The contribution paid must relate to the rate of the applicable category that is derived from the basic wage and age of the employee.

More information on Social Security Contributions and an on-line calculator are available on the Inland Revenue website www.ird.gov.mt.

All information submitted will be verified and incorrect or incomplete documents will be rejected and you will be considered as a defaulter until these are re-submitted in the correct manner. The following are some important validations to remember:

Submission of FS3s in cases of marriage or civil union

Whenever an employee notifies the employer regarding changes of his/her civil status (e.g. marriage or civil union), and that employee opts not to be the 'responsible spouse' for the purpose of the Income Tax Acts, two FS3s must be compiled for the same year, with the data split accordingly.

If for example the spouse not being 'the responsible spouse' married in September, two FS3s should be prepared to cover the periods (1) from January to September as a single person (with spouse ID

left blank) and (2) from October to December as a married person (with spouse ID quoted in the allocated field).

On the other hand the FS3 pertaining to the responsible spouse should remain as one document.

- The Department will not accept duplicate FS3s pertaining to the same individual under a particular PE number for the same year (except for cases explained above). This applies also when data is submitted electronically, that is one line for each employee in the 'F3' file. However, whenever the basic weekly wage or category change, these must all be reported in separate lines in the 'SS' file.
- Whenever part time emoluments exceed the €10,000 threshold, the surplus amount should be reported in the same FS3 as main emoluments. The relative 15% withholding tax must be split just the same (maximum of € 1,500 part time tax).
- In the case where a couple has separated, one FS3 is to be issued to each individual covering the year as from 1st January to 31st December and single tax rates are to be applied for such employees.

Income derived from part time employment

May we remind you that in the case of a married couple where one of the spouses has a main employment and the other spouse is employed on a part-time basis, the 15% withholding tax should be paid on the part-time work in order for the employee to profit from this benefit.

You should effect these payments by the end of January 2017 (attached to the December 2016 monthly remittance).

Also please note that an important requisite found in the Part-Time Rules states that the employer has to register his part-time employee/s with the ETC. Employees cannot benefit from this option if they are employed concurrently with the same employer on a full and part time basis.

Furthermore, fees and other similar payments made to members of the Board of Directors of companies or to members on boards of public corporations established by law are not eligible to the 15% tax on part-time work.

Childcare Facilities

Please mark whether you have paid or reimbursed the cost of childcare facilities for the benefit of your employees. If a 'yes' is denoted, the aggregate amount paid or reimbursed by the employer and the total number of employees enjoying the benefit have to be indicated.

The payment or reimbursement of the cost of childcare facilities for the benefit of the employee is not considered as fringe benefits as long as the employee receiving the benefit does not claim a deduction against his income. If an employee elects to claim the deduction for childcare services, then the payment or reimbursement by the employer constitutes a taxable fringe benefit and must be reported on form FS3.

Deregistering your PE number

If during the year you have ceased employing personnel, you are required to inform the Commissioner in order for your P.E number to be de-registered. In order to do so you are requested to comply with the following:

- a) furnish a statement of earnings (FS3) to all your employees;
- b) remit to the Commissioner all outstanding tax deductions and forward the relative monthly payment advice (FS5);
- c) submit to the Commissioner the end-of-year documents of all employees up to the date of termination;
- d) submit the De-registration form duly filled and signed. For more information you may contact us on Freephone 153 or by e-mail: fss.ird@gov.mt

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