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Banks to request fiscal receipts for property development

James Debono

Amendments will be presented in parliament "in the next couple of weeks" to tighten the fiscal net on the construction industry, parliamentary secretary Tonio Fenech told Business Today.

In the last budget government pledged legal amendments through which banks will only be able to lend money for property development if the demand for such loans is accompanied with a contract of acquisition and fiscal receipts on the works conducted.

"The amendments which will be presented in parliament will follow the same principles enshrined in the budget speech," Fenech told Business Today.

So far contractors, electricians, plumbers and others engaged in construction have managed to evade government's tightening fiscal net because property developers are not expected to provide banks with a fiscal receipt accounting for such services when applying for loans earmarked for property development.

This measure had received a cold reception in banking circles, with sources telling Business Today that banks could respond by reducing loan facilities.

Fenech acknowledged that bank's were initially wary of these measures.

During the past weeks discussions have taken place between the Malta Financial Services Authority and the banking sector during which slight modifications were made to government's proposals.

Currently, non-fiscal receipts are accepted by banks as proof that loan facilities are being used for building development, thus leaving room for abuse.

At present loans for property development are normally taken against a deed of acquisition with the bank acting as a party to the deed.

Sources close to the banking sector had told Business Today that progress payments are normally paid against contractors' invoices but these still require the certification by the bank's appointed architect.

They had also expressed concern that the new measure may increase the bureaucratic process for banks.

Sources also insisted that at the proposal stage, the developers would not have an acquisition deed in hand as in the majority of cases this is concluded with part bank financing.

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Tightening the belt: VAT receipt to be made mandatory for access to loan facilities in construction

Women-friendly tax reform planned

The government is considering a number of structural changes in the tax system to encourage female participation in the labour market aimed at ensuring that work pays for women.

The Tax Reform Commission set up by the Prime Minister is assessing a number of suggestions made by the National Commission for the Promotion of Equality.

"These measures will address the tax-benefit interaction within the context of unemployment and inactivity for Maltese women," a spokesperson for the ministry for the family and social solidarity told Business Today.

Gender mainstreaming, flexible work arrangement and high quality child care are the other key policy planks in the government's strategy to redress the gap between men and women in the labour market.

The government is currently analysing the implications of a report published in February, showing that Malta has the largest gap between men and women at the workplace in the European Union.

The report includes a roadmap for equality between women and men for the 2006-2010 period.

The ministry's spokesperson said, if necessary the government is ready to update its current plans and measures to adopt to the Commission's recommendations. ▸ page 3

52% declare income of less than Lm4,200

James Debono

The majority of Maltese tax-payers in 2004, declared an income of less than Lm4,200 with a total of 74 per cent earning less than Lm6,000 a year.

On the opposite end of the scale only 3.6 per cent, declared personal incomes of more than Lm 12,000.

These statistics were presented in Parliament by the prime minister on Monday in reply to a question by Labour deputy leader Charles Mangion.

The Prime Minister also gave corresponding figures for the seven year period between 1998 and 2004.

In this period the number of those declaring under Lm4,200 decreased by 8.4 per cent.

The number of those earning between Lm4,200 and Lm6,000 registered a slight decrease of 1.5 per cent during the same timeframe.

On the other hand the number of those earning between Lm6,000 and Lm8,000 increased by 2.9 per cent. ▸ page 5

New study on surcharge - Gatt

In very animated terms, GRTU director general Vince Farrugia yesterday described the new surcharge of 67.5 per cent as a "mortal blow" and "distorting" on the market.

The General Retailers Union (GRTU) has protested with the EU about the lack of transparency with which the increase was implemented. The GRTU is complaining that the increase was done in a rush taking little consideration of SMEs, especially those considered as 'heavy consumers'.

Speaking with Business Today, Farrugia explained how the Lm21,000 capping limit protects only large enterprises and ignores small businesses like bakers or sprayers. He also criticised the Malta Resources Authority (MRA) for failing to show consumers the how and why of this sudden increase.

Government had agreed to discuss the increase with the GRTU confidentially and asked the organisation to sign a non-disclosure agreement in order for it to be given the information. But Farrugia yesterday reiterated that government's insistence on a non-disclosure clause, was in breech of the EU's policy which gives consumers the right to know what they are paying for.

Investments Minister Austin Gatt yesterday said that he instructed the MRA to conduct "another" independent study on the workings that led to the surcharge. The minister was reacting to the general concern expressed by members of the Malta Council for Economic and Social Development who met on Monday to discuss the recent surcharge hike.

The MRA remains conspicuous by its absence in all the debate over energy costs. Business Today sent a number of questions to MRA's chief executive officer Antoine Riolo on Monday, asking whether the authority has insisted on Enemalta to present and publish its costings. The newspaper also asked whether these costings justify the surcharge increase and if the authority did sanction the surcharge hike.

These questions remained unanswered at the time of going to print.

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