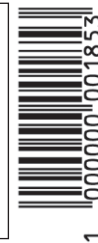


# Business Today

WEDNESDAY 11 March 2009 - ISSUE NO. 573


**Interview:**  
**Jean Cali**

Page 9

**Malta falls behind in  
tourism rankings**

Page 3

**To print or not  
to print...**

Page 6

In collaboration with:



KAMRA TAL-PERITI

www.businesstoday.com.mt

## VAT reduction for restaurants expected

### Derogation on food and pharmaceuticals extended permanently

David Darmanin

After heated discussions on reduced VAT rates at the EU Finance Ministers meeting (Ecofin) in Brussels yesterday, Malta secured a permanent extension for zero-rated VAT on food and pharmaceuticals, a derogation which Malta enjoyed since accession but which was due to expire at the end of this year.

Furthermore, the union of ministers agreed to grant member states the flexibility of reducing VAT from full rates (in Malta's case 18 per cent) to reduced rates (in Malta's case 5 per cent) on labour-intensive services.

This means that upon Finance Minister Tonio Fenech's return from Brussels, government will be expected to lower VAT rates in the restaurant industry, among others. This move could see a downward trend in the prices of restaurant meals – thus making the hospitality industry in Malta more competitive and more accessible to the end consumer.

"Malta's derogation on food and pharmaceuticals would have ended



at the end of this year," Fenech told Business Today soon after his meeting in Brussels came to a close.

"Had this permanent extension failed to pass through, we would have had to apply a VAT rate on

foodstuffs and pharmaceuticals at 5 per cent."

Reportedly, the ► **page 3**

## HSBC ups rates

### Ignores ECB's latest curtailment

Charlot Zahra

Shortly after the European Central Bank (ECB) cut its base rate by a further 0.5 per cent last week, HSBC in Malta not only left its base rates unchanged, but upped the premium on its interest rate on loans by one per cent.

The bank is not obliged by law to publish adjustments made to its risk premium rates.

In fact, it was economist Lino Spiteri who first revealed that HSBC Bank Malta increased its interest rate by 1 per cent, stating that the bank had raised its base rate with effect from 2 March 2009.

"That means that operators who borrow from HSBC began to pay one per cent more, at a time when the interest rate trend is sharply downwards," Spiteri wrote in his column last Monday.

But a spokesperson for the bank rebutted Spiteri's claims, arguing that the "article is not correct".

"We have spoken to the author of the article to correct it," he told Business Today. ► **page 3**

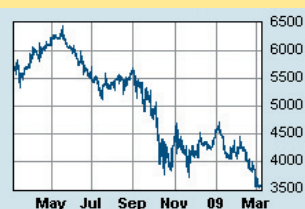
## World Business Highlights

**U.S. Stocks Rally Most This Year on Citigroup Outlook; GE Shares Advance** Stocks around the world staged the biggest rally of the year after Citigroup Inc. said it was having its best quarter since 2007, spurring speculation the worst of the banking crisis is over. Treasuries and gold fell.

**Pandit Says Citigroup Having Best Quarter Since Last Posting Profit in '07** Citigroup Inc. Chief Executive Officer Vikram Pandit said his bank is having the best quarter since 2007, when it last posted a profit. The shares rose as much as 38 percent and helped spur gains for finance company stocks.

**Bernanke Urges Overhaul of Financial Regulations to Stem Buildup of Risks** Federal Reserve Chairman Ben S. Bernanke urged a sweeping overhaul of U.S. financial regulations in an effort to smooth out the boom-and-bust cycles in financial markets.

### FTSE 100



## Pay back time



Disgraced Wall Street financier Bernard Madoff leaves US Federal Court after a hearing in New York. Madoff has agreed to plead guilty to 11 counts of fraud, his lawyer said in court. **See full story on back page**

## Markets

Security	Closing Prices in Euro Tue 03-March-09	Closing Prices in Euro Tue 10-March-09	% Change from previous wk
Bank of Valletta p.l.c.	2.210	2.200	-0.452%
HSBC Bank Malta p.l.c.	2.220	2.150	-3.153%
Lombard Bank p.l.c.	2.480	2.500	0.806%
Middlesea Insurance p.l.c.	2.575	2.450	-4.854%
Simonds Farsons Cisk p.l.c.	1.890	1.890	0.000%
GO p.l.c.	1.500	1.490	-0.667%
IHI p.l.c.	0.850	0.800	-5.882%
Plaza Centres p.l.c.	1.700	1.700	0.000%
FIMBank p.l.c. (US\$)	\$1.490	\$1.490	0.000%
Malta International Airport p.l.c.	2.370	2.250	-5.063%
GlobalCapital p.l.c.	1.991	1.991	0.000%
Datatrak Holdings p.l.c.	0.190	0.190	0.000%
San Tumas Shareholdings p.l.c.	3.200	3.200	0.000%
Medserv p.l.c.	3.997	3.690	-7.681%
Grand Harbour Marina p.l.c.	1.980	1.980	0.000%
6pm Holdings p.l.c. (GBP)	£0.590	£0.590	0.000%
Crimsonwing p.l.c.	0.469	0.469	0.000%
MaltaPost p.l.c.	0.759	0.745	-1.845%
RS2 Software p.l.c.	0.750	0.750	0.000%



# FIMBANK



## 4%

We also pay premium rates for US Dollar and GBP. Money Market Linked Deposits also available. Minimum Deposit - Euro 50,000 or equivalent

FIMBank p.l.c.  
7th Floor, The Plaza Commercial Centre  
Bisazza Street, Sliema SLM 1640, Malta

www.fimbank.com  
info@fimbank.com  
T : 2132 2100

**FREEPHONE :: 800 73110**

### 12 month Euro Term Deposit LIMITED AVAILABILITY

FIMBank p.l.c. is a licensed credit institution in Malta. This offer is regulated in terms of the Banking Act. Interest rates and conditions for Money Market Linked Deposits apply. Terms and Conditions for this offer are available upon request. Rates are correct at the time of going to press. FIMBank p.l.c. reserves the right to change such rate and/or conditions without further notice to the public. The value of your deposit and interest payable may be subject to Currency Exchange Rate fluctuations, depending on the depositor's Reference Currency.