

MEPA CIRCULAR 01/16

Guidance to architects regarding the concession on the duty/final tax treatment of the acquisition/transfer of UCA Property

Introduction

The continued use of buildings is integral to the regeneration and vibrancy of Urban Conservation Areas and protection of our built heritage. Vacant dwellings, including within the historic centres in Malta and Gozo is a concern since the deterioration of the historic fabric leads to loss of heritage character. Additionally, lack of maintenance and neglect of heritage buildings and areas will appeal less to attract investment. One other problem with old buildings derives from transfer of ownership, especially in the delay in agreement between multiple owners. Within this context, in his speech for the 2016 Budget the Minister for Finance stated that the government will be providing a concession on dues on transfer of property as an incentive to rehabilitate vacant properties and ease the pressure for new buildings within Urban Conservation Areas (UCAs).

The concession

The main document of reference is the Guidance Note on the duty/final tax treatment of the acquisition/transfer of UCA property issued by the Inland Revenue Department (available from https://ird.gov.mt/downloads/guides/uca_guidelines.pdf). The concession mainly seeks to provide an incentive to both the seller and the purchaser to conclude the transfer of a property by providing more attractive benefits by reducing the stamp duty from 5% to 2.5% (for the purchaser) and the property sales tax from 8% to 5% (for the seller).

For both the seller and the purchaser to benefit, s/he is required to submit the required information as provided in the Guidance Note to the Commissioner of Revenue. One of these requirements is the submission of a **certificate issued by the Malta Environment and Planning Authority (MEPA)**. This certificate should confirm that the property lies within an UCA or is a scheduled property (not necessarily within a UCA). With regards to the seller, s/he is also required to ensure that the property has been recently restored (having a valid MEPA permit and the restoration works have been monitored and confirmed satisfactory by MEPA).

Requirements for the issue of the MEPA certificate

For MEPA to issue the said certificate, the applicant is to submit:

- i. An official **site plan** (issued by MEPA or Land Registry) and signed by a warranted architect;

- ii. **Photographs** of the facade of the property clearly showing the number/name of the property;
- iii. The correct latest **address** of the property;
- iv. **Reference numbers** of any planning applications (PA and related minor amendments, DNOs, Dangerous Structures), as well as any Enforcement Notices (and PA numbers for sanctioning);
- v. **Personal details.** The submitter is to state whether s/he is the seller or the purchaser, as well as provide the name and surname of the counterpart purchaser/seller, and the name and surname of the notary who will be drawing up the deed.

The request for the certificate with all the above-mentioned requirements may be submitted by email to: enquiries.heritage@pa.org.mt or delivered by hand at MEPA Front Desk addressed to: MEPA, Heritage Planning Unit. Once MEPA checks the submitted details, the applicant will be informed to collect the certificate from MEPA Front Desk.

For efficiency submissions should be made well ahead of signing of deeds to allow enough time for processing and communication. Last minute submissions are not guaranteed to be processed overnight. MEPA reserves the right to inspect the property by prior notification to the owner.

Further information about this sale of property duty/final tax treatment can be viewed from:

https://ird.gov.mt/downloads/guides/uca_guidelines.pdf