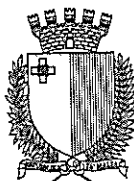


SEGRETARJAT PARLAMENTARI
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MALTA

PARLIAMENTARY SECRETARIAT
FOR THE EU PRESIDENCY 2017 AND
EU FUNDS

Id-Divizjoni għall-Fondi u Programmi

Funds and Programmes Division

RA Circular 5/13

To: Project Leaders

From: Head of Responsible Authority

Date : 17th May 2013

Subject: Proof of Payment

The Responsible Authority felt the need to issue this Circular to explain further and elaborate on the documents to be presented by the Beneficiaries when claiming reimbursement of expenses incurred by them.

Given the different scenarios, a supplier may furnish the Beneficiary a tax invoice or a fiscal receipt or another type of receipt in the case where the supplier is exempt from registering for VAT.

A fiscal receipt is straightforward as it denotes that the Beneficiary has settled his dues with his supplier, and the RA considers it as a proof of payment. A difficulty arises when a tax invoice is given to the Beneficiary because a tax invoice can indicate that:

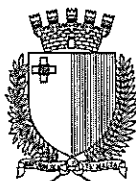
- (i) the goods have been delivered or the services have been performed; or
- (ii) the payment for that supply has been received; or
- (iii) both (i) and (ii).

As can be inferred from this, the presentation of a tax invoice to the Responsible Authority for reimbursement does not necessarily imply that the beneficiary has actually effected payment (it could be that it has been generated due to the fact that the goods\services have been delivered/performed).

Therefore in those cases where the Beneficiary presents a tax invoice, he/she should produce to the Responsible Authority his/her bank statement which features the transfer of money from him/her to his/her supplier.

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The third scenario, already referred to above, is where the supplier is exempt from registering for VAT under Article 11 of the VAT Act (Cap. 406) on the basis of Legal Notice 524 of 2010 and that he is exempt from issuing fiscal receipts on the basis of Regulation 5 of the same Legal Notice, in which case he gives the purchasers a receipt which is neither a fiscal receipt nor a tax invoice. In such cases, and in line with MFEI Circular 7/2011, apart from the receipt, the Beneficiary should obtain a declaration from the supplier (see Annex 1) confirming that he is exempt from registering for VAT (under Article 11 of the VAT Act on the basis of Legal Notice 524 of 2010), that he is exempt from issuing fiscal receipts, *and* that he received the payment from the Beneficiary for the good/service supplied.

Beneficiaries are required to adhere to the above requirements in order that the payment/reimbursement system flows smoothly.

A handwritten signature in black ink, appearing to read 'R. Scerri', written over a circular stamp or watermark.

Raphael Scerri
Head of the Responsible Authority
Funds and Programmes Division

A N N E X 1

Declaration by supplier re exemption from registering for VAT under Article 11 of the Value Added Tax Act (Cap.406) on the basis of Legal Notice 524 of 2010 – ‘Value Added Tax (Exemption from Registration) Regulations, 2010.

(enter date)

(name of supplier)

(address of supplier)

I, _____ (name and surname in full) on behalf of the
above mentioned supplier do hereby certify that _____

_____ supplied
(enter description of goods/services supplied)

on the _____ (enter date) to _____
(enter name of department/Ministry)

was settled against full payment of Euro _____ and a receipt to this effect was issued which is neither a fiscal receipt or a tax invoice in view of the fact that this same supplier is exempted from registering for VAT under Article 11 of the Value Added Tax Act (Cap.406) on the basis of Legal Notice 524 of 2010 – ‘Value Added Tax (Exemption from Registration) Regulations, 2010’.

(signature of the declarant)