

The Eco-Contribution

- Act No. XII of 2004 Eco-Contribution Act
 - L.N. 391 of 2004 Notice of coming into force
 - L.N. 392 of 2004 Designation of the Competent Authority Order
 - L.N. 393 of 2004 Eco-Contribution, (Amendment of First Schedule) Regulations
 - L.N. 394 of 2004 Eco-Contribution, (Amendment of Second Schedule) Regulations
 - L.N. 395 of 2004 Eco-Contribution, Regulations
 - L.N. 533 of 2004 Eco-Contribution Act, (Amendment of First Schedule), No.2 Regulations, 2004 (Amendment) Regulations, 2004
 - L.N. 28 of 2005, Eco-Contribution Act, (Amendment of First Schedule) Regulations, 2005
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- Administered by the VAT Department as the delegated Competent Authority
 - Effective Date is 1st September 2004 or 1st January 2005, according to when the products have become liable to the contribution.
 - Becomes due and payable by the producer (not wholesaler or retailer) on specific products at the time these items are placed on the market for the first time and on existing stocks at the entry into force of the law.
 - Becomes chargeable '*...when the products are first sold, transferred or otherwise disposed of or destroyed, or on the happening of any event whereby the products no longer remain in the possession or under the control of the producer*' (Regulation 9 of legal Notice 395 of 2004).
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- Producer
 - Person who manufactures or who brings into Malta the items on which Eco Contribution is due
 - Placed on the market
 - At the time when a product is transferred from manufacture stage with the intention to be placed on the market in Malta
 - At the time when a product is brought into Malta (both import and ICA) with the intention to be placed on the market in Malta

Accountability

- Eco Contribution is accounted for in 3 Phases
 - It becomes due and payable

- It is charged (levied)
- Eco Contribution charged is reported and paid to the VAT department

Phase 1

- It becomes due and payable
 - At the time when product is transferred from manufacturing stage with the intention to be placed on the market in Malta
 - At the time when product is brought into Malta with the intention to be placed on the market in Malta
 - On existing stocks at the time of entry into force of the law

Phase 2

- It is charged (levied) as follows:
 - In the case of re-fillable bottles for beverages, on existing stock (empty and full) as at 4th September 2004 and after that date, on any stock of bottles brought into Malta with the intention to be placed on the market in Malta
 - In the case of all other items on which Eco Contribution has become payable, when the product is sold, transferred, disposed of or changes its nature

Phase 3

- It is reported and paid as follows:
 - In the case of re-fillable bottles for beverages, in 4 equal instalments with the Eco Contribution Return but in any case not later than 1 year from entry into force of the law
 - In the case of all other items with the Eco Contribution Return
- Eco Contribution Return becomes due concurrently with the VAT Return

Example – A bottler using re-fillable bottles for beverages

- Phase 1 – Eco Contribution becomes due and payable on re-fillable bottles brought into Malta as from date of coming into force and on stocks of empty and full bottles held as at 4th Sept 2004
- Phase 2 – Eco Contribution is immediately charged on all the products on which it has become payable
- Phase 3 – Eco Contribution is reported and paid in 4 different instalments with the Eco Contribution Return (concurrently with the VAT Return) but by not later than 1 year from entry into force of the law

Example – An importer of TVs

- Phase 1 – Eco Contribution becomes due and payable on TVs that are brought into Malta as from date of coming into force and on existing stocks at the time of entry into force of the law
- Phase 2 – Eco Contribution is charged at the time when the product is sold, transferred, disposed of or when it changes its nature
- Phase 3 – Eco Contribution is reported and paid in the next Eco Contribution Return concurrently with the VAT Return

Registration

- Within 30 days of entry into force of the law or within 30 days from date when a person becomes a producer
- However Eco-Contribution is to be accounted for as from that same day when a person becomes a producer
- Only Bottlers who use re-fillable bottles for beverages are required to submit existing stock information as at 4th September 2004
- No need for other producers to submit existing stock information except in special circumstances

Special Status for Bottlers

- A Bottler using re-fillable bottles for beverages will have to apply in writing to the VAT Department and request a special status
 - The VAT Department will write to the Malta Standards Authority (MSA) requesting them to inspect the bottler
 - The MSA inspects the bottler and sends a certificate to the VAT Department that applicant is a “Bona Fide” bottler
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- All Producers are required to keep records of all movements of stocks (both for local consumption and for export) to determine the correctness of their return
 - These should include
 - Date of the product movements (purchase, sale or disposal)
 - A Description of the product
 - Quantity of the products involved in the movements
 - Eco Contribution to be paid

Returns

- To be submitted on a quarterly basis or on a yearly basis concurrently with VAT Return
- Due Date of Eco Contribution Return the same as Due Date for VAT Return
- Payment to be effected by the Due Date – administrative penalty due for late payments (instead of interest)
- Competent Authority has the right to enter premises and inspect stocks, books, records or documents to ensure compliance

Administrative Penalty is imposed for

- Understatement of Eco Contribution
- Self-disclosed corrections (within 10 days from submission of previous incorrect return)
- Failure to submit full and correct data in Return
- Non-submission of Return in time
- Failure to Register in time

Action against Defaulters

- Notification of Administrative penalty & infringement by Judicial Letter
- Producer has 30 days to Appeal
- Judicial Letter constitutes Executive title at the lapse of 30 days
- Insufficiency of funds or reliance on other persons not considered as reasonable excuses to waive off administrative penalty

Conditions for Validity of an Appeal

- Producer may appeal within 30 days of notification of a Judicial act
- Return for period in question has been submitted
- Amount of Eco Contribution not in dispute has been paid
- An administrative fee has been paid

Appeals Board Procedure

- Board to set appeal for hearing within 60 days from date of service of appeal by producer
- Board notifies Competent Authority of date of hearing
- Competent Authority is to reply within 30 days of such notification
- Board shall try to determine an appeal within 180 days from lapse of period by when Competent Authority may file its reply

- Final decision to be delivered by not later than 30 days from when parties conclude evidence and make final submissions