



Malta Budget 2025

Key highlights

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Introduction



In the introduction given in the Budget Speech by the Hon. Minister of Finance Clyde Caruana, earlier this evening in Parliament, the Minister noted the economic successes of the country, the improvements in GDP as well as the control of Government spending. Yet the Minister did also note two fundamental critical points being:

- Malta's dependence on imported labour; and
- That the expected improvement in productivity which is usually synonymous with economic growth is not being experienced in every sector of the economy.

The Minister acknowledged that the above two factors have led to challenges on the country's infrastructure, traffic congestions and a drain on the country's resources especially within the health sector. He further noted that there was a need for the country to have sustainable economic growth. To that effect, whilst noting that Malta's Gross Domestic Product (GDP) grew by 5.9% in real terms, unemployment stood at 3.5% and economic growth should reach 4.9% in real terms by the end of this year. Minister Caruana did point out that in the years ahead the country would have to focus on quality rather than quantity and that innovation and IT would be the areas which Malta would have to

emphasise on.

When addressing Parliament, the Minister did also emphasise that three critical aspects had allowed him to propose a budget which pushes for a reduction in taxation rather than increase it. These were (i) increased fiscal compliance leading to collection of tax arrears, (ii) controlled government spending leading to a reduction in the annual deficit, as well as (iii) reduced the proportionate level of the country's indebtedness as a percentage of GDP.

We invite you to read through the salient key points in this budget speech as presented in this document. We remain available to address any questions you may have on the 2025 Budget.



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Fiscal measures

- Tax rates for individuals will be revised as from 1st January 2025. These revised rates will result in tax savings ranging from €345 to €675 annually per taxpayer. The tax rates applicable up to the end of 2024 and as applicable from 1st January 2025 are included in the table below:

	Up to 31/12/2024			As from 01/01/2025		
	From	To	Rate	From	To	Rate
	€	€		€	€	
Single	-	9,100	0%	-	12,000	0%
	9,101	14,500	15%	12,001	16,000	15%
	14,501	19,500	25%	16,001	60,000	25%
	19,501	60,000	25%	60,001+		35%
	60,001+		35%			
Married	-	12,700	0%	-	15,000	0%
	12,701	21,200	15%	15,001	23,000	15%
	21,201	28,700	25%	23,001	60,000	25%
	28,701	60,000	25%	60,001+		35%
	60,001+		35%			
Parent	-	10,500	0%	-	13,000	0%
	10,501	15,800	15%	13,001	17,500	15%
	15,801	21,200	25%	17,501	60,000	25%
	21,201	60,000	25%	60,001+		35%
	60,001+		35%			

Fiscal measures

- An increase in tax deductions for parents whose children attend licensed independent schools shall be granted resulting in the following:

Student level	Current annual deduction per child	Proposed annual deduction per child	Additional deduction per child
	€	€	€
Kindergarten	1,600	3,500	1,900
Primary School	1,900	4,600	2,700
Secondary School	2,600	6,500	3,900

- The Minister noted that the international tax scene continues to be dominated by Pillar 2, the global minimum tax rate of 15%. Malta is currently in discussion with the EU Commission regarding the introduction of measures and incentives in the form of grants or tax credits, referred to as QRTCs which are aimed to retain Malta's attractiveness.
- The reduced rate of duty from 5% to 1.5% on transfers inter-vivos between family members in respect of business property or shares shall be extended for another year.
- The measure refunding the VAT paid upon the acquisition of bicycles and electric bicycles shall also be extended for another year.
- Tax credit of €750 shall be granted to the parents having a child suffering from a disability. Currently this stands at €500.
- To reduce food waste, a fiscal incentive shall be introduced to encourage food producers and retailers to donate or sell food stuff closing expiry date at lower prices.
- The Minister announced initiatives to encourage the establishment of back office activities in Malta including the applicability of the Highly Qualified Persons rules.
- The Get Qualified and Higher Educational Qualifications Schemes shall be extended.

Social and family measures



- COLA to increase by €5.24 per week and minimum wage to increase by €8.24 per week. Pensions to increase by €8 per week.
- Whilst employers need not make contributions to an occupational pension plan for their employees, they will have the obligation to offer to their employees the possibility to invest in such a plan. Opt-in by the employees is however optional.
- Public sector workers who opt to take out a private pension plan will have contributions of up to €100 a month matched by the government.
- Government shall keep on subsidizing fuel, cereals, flour and animal fodder.
- Further amendments to the Wage Regulation Ordinance shall be implemented so as to ensure equality in social benefits (overtime rate, sick leave) in various economic sectors.
- In the upcoming year funds of around €25 million will be allocated to more than 50 public social partnerships which the government has with various voluntary organizations.
- A one-stop-shop will open in the South of Malta which will serve as the first centre for training, resources and research for the voluntary sector.
- Children's allowance to increase by €250 for every child.
- A number of weekly monetary increases to pensioners, parents having children with disabilities were also proposed in the Budget Speech.

Social and family measures



- Individuals who were born in 1976 or after have to contribute an additional year of social security contributions in order to receive a full pension. Thus, whereas the retirement age and the rate of social security contributions shall not increase, a total of 42 years of contributions would be needed (rather than 41 years) to receive a full pension.
- Benefits to parents, newlyweds and prospective parents and their spouses undergoing IVF treatment were proposed by the Minister in the Budget Speech.
- With effect from 1st January 2025, every person over 75 years of age who benefits from supplementary assistance shall be automatically eligible for free medication through community pharmacies by presenting their “Kartuna r-Roza” without the need to satisfy a test of means.
- Persons who have overcome a drug addiction problem and start to work shall be eligible to two years of accredited social security contributions.

Immovable property measures



- Existing fiscal incentives applicable to buyers and sellers of properties which have been built for more than 20 years and have been vacant for more than 7 years, properties located in Urban Conservation Areas and other properties developed in terms of established criteria will be extended. These incentives cover exemptions from tax and from stamp duty on the 1st €750,000, VAT savings of a maximum of €54,000 on the 1st €300,000 in refurbishing expenses and a grant of €15,000 or €40,000 to first time buyers of such properties located in Malta and Gozo respectively.
- The succession tax on leased agricultural land has been removed as part of the reform in the agricultural sector.
- The Building and Construction Authority is expected to introduce initiatives targeted to low income earners who renovate their homes in an energy efficient manner.
- A new scheme will be introduced that will allow certain redemptions of temporary emphyteusis and an extension in the eligibility of such redemptions with the objective that more residential properties will be freehold.
- The Grant on First Residence (GFR) as well as reduction in stamp duty for first time and second time buyers will be extended for another year.

Other measures

- The Minister announced the set up of a new unit focusing on AI technology that supports the creation of innovative systems through funding and research. Furthermore, the Minister announced that the Digital Identity Wallet app will be launched allowing citizens and businesses to share their digital identity in a secure and efficient manner.
- The Seed Investment Scheme has been extended to incentivize investment in local start-ups. The Malta Government Venture Capital has been established with allocated funding of €10 million to invest in shares issued by newly established companies.
- The Minister noted the government's intention to introduce legislation regarding Limited Partnerships with the intention to promote this sector.
- An expansion in new areas within the Gaming sector will be launched. The Video Gaming Gateway initiative is offering financial support in innovative products whilst Basecamp is assisting start-ups to develop video games and esports. Malta will also introduce visas to attract and facilitate the movement of esports athletes.
- The Minister announced reductions in excise duty on low alcohol content beer produced by small and independent breweries in Malta. The excise duty on small local wine producers shall be reduced significantly.
- The existing measures aimed to incentivize the investment in renewable energy shall be extended for another year. Moreover, the available incentive on the acquisition of electric cars, motorcycles and electric bicycles will be extended with a capping of €8,000. The Minister also announced that the scheme will also apply to those that ordered electric cars but shall be registered during 2025.
- The exemption from the payment of registration tax and road licenses applicable to electric and plug in hybrid vehicles for a period of five years from the registration date will likewise still apply.
- Further investment is expected in the infrastructure covering electricity and water supply. Furthermore, organic waste will be pasteurised to extract soil additives that will be given for free to farmers.
- The creative sector will benefit from an allocation of EU funds amounting to €15million, and an allocation of €2 million to Creative Malta to support local film producers.





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