

Malta Budget 2024

How will it impact you?





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General Outlook

MAIN HIGHLIGHTS



Inflation

The IMF predicts a decrease in inflation from **3.5% in 2022** to **3% in 2023** and **2.9% in 2024**



Cost-Of-Living Adjustment (COLA)

The Cost-Of-Living Adjustment (COLA) will be **increasing to €12.81 a week** and will be given to all employees, pensioners and persons on social benefits. Students stipends will increase pro-rata



Economic Growth

Malta's economy is expected to grow by **4.1% in real terms during 2023**. In 2024, Malta's economy is expected to rise by **4.2% in real terms** and **7.4% growth in nominal terms**



Deficit

Deficit will go down from **5.7% in 2022** to **5% in 2023**. In 2024, it is expected to go down further to **4.5%**



Fiscal Measures

Income Tax and Duty

INCOME TAX & DUTY

- The full imputation system of taxation shall continue to be applicable next year.
- The OECD Pillar 2 measures which introduces a global minimum effective tax of 15% for companies forming part of MNEs (Multi-National Enterprises) with a combined annual turnover of at least €750 million, shall not be implemented in Malta in 2024.
- For another year, employees earning less than €60,000 shall receive again an ex-gratia tax refund of up to €140. The highest income earners below the €60,000 bracket would receive a refund of €60:

Single Computation		
Income	Amount	
	2023	2024
€0 - €15,000	€125	€125
€15,001 - €30,000	€95	€95
€30,001 - €59,999	€60	€60

Parent Computation		
Income	Amount	
	2023	2024
€0 - €15,000	€135	€135
€15,001 - €30,000	€105	€105
€30,001 - €59,999	€60	€60

Married Computation		
Income	Amount	
	2023	2024
€0 - €20,000	€140	€140
€20,001 - €40,000	€110	€110
€40,001 - €59,999	€65	€65



INCOME TAX AND DUTY

- The stamp duty exemption for first time buyers, second-time buyers on the acquisition of their residential property have been extended.
- The reduced duty rate of 2% on acquisitions by individuals of residential property in Gozo will not be extended after 31 December 2023.
- The concession of stamp duty reduction from 5% to 1.5% shall be extended when family businesses shall be transferred inter vivos to descendants and younger generations.
- Beneficiaries of Housing Authority Schemes shall benefit from an exemption from capital gains and stamp duty on the first €200,000 in value.
- The first-time buyers scheme of €1,000 annually for 10 years announced last year will continue in 2024.
- Renewal of tax incentive in relation to the those buying or selling a property that has been built for more than 20 years and has been vacant for more than 7 years or a property that is located in a UCA area. An exemption from capital gains tax and stamp duty on the first €750,000 whilst saving a maximum of €54,000 in VAT on the first €300,000 incurred in restoration expenditure. First time buyers shall receive €15,000 for property situated in Malta and €40,000 for property situated in Gozo.
- Organisations who give a donation to voluntary organisations registered with the Commissioner for Voluntary organisations that operate in social sectors shall be entitled to a tax credit of up to €500.
- The reduced tax rate of 7.5% currently applicable to players, coaches and athletes shall be extended to other persons involved and employed in the sports sector.
- The removal of the inheritance tax on agricultural land leased or worked by professional farmers.
- Tax credits shall once again be granted to students who continue advancing in tertiary education specifically in Masters and PhD courses through schemes like Get Qualified and Higher Educational Qualifications.



Social Measures

Green Economy
The Elderly and Pensions
Employment and Family

GREEN ECONOMY

- The establishment of the Climate Action Authority shall seek to take action against climate change and to achieve climate neutrality by 2050.
- Renewal of schemes for installation of photovoltaic panels, batteries for storing renewable energy, heat pump water heaters, solar water heaters and the restoration of wells of old houses.
- Installation of more electric charging points throughout Malta, with the intention of having 1,200 charging points.
- Renewal of grant in relation to the purchase of electric vehicles including electric motorcycles.
- Renewal of various eco-friendly measures including:
 - the renewal of the grant provided to persons who change their vehicles from being dependant on petrol to gas
 - scrappage of old vehicles
 - the buying of electric bikes and pedelecs
 - exemption of registration tax and annual car licence fees (for the first five years from the first registration) for electric vehicles and plug-in hybrid vehicles
- Those individuals buying a personal e-kick scooter shall benefit from financial assistance.



THE ELDERLY AND PENSIONS

- 60% of the pension income shall be non-taxable – an increase of 20% from last year.
- Pensioners will benefit from a weekly increase to €15 per week with effect from 2024, summing up to an additional €780 annually, inclusive of the Cost-of-Living-Adjustment.
- Those pensioners who started receiving a pension from 2009 onwards will receive an additional bonus for the cost of living increase up to a maximum of €1 per week.
- The mechanism distinguishing those who were born before 1962 and after such year shall be removed and shall be entitled to an increase calculated on rises in salaries and inflation.
- Also, those citizens born before 1962 whose current salary is higher than their maximum pensionable income shall receive an additional top-up.
- Widows under the age of 61 will no longer have their pensions taxed whilst also being entitled to receive the pension amount their deceased spouse would have been entitled to.
- Once again, the portion of any service pension will be increased further by an addition of €200.
- A new measure shall be introduced covering the service pensioners who has not yet reached the retirement age and who neither are engaged in employment and neither receive a social security pension. As from next year, such individuals shall receive an additional bonus for the increased cost of living which shall be equivalent to the cost-of-living adjustment.
- From 2024 onwards, those entitled to the retirement pension but choose to remain in employment, shall be entitled to an increase as following;
 - 1.5% if the pension is postponed by a year
 - 3% if the pension is postponed by 2 years
 - 4.5% if the pension is postponed by 3 years
 - 6% if the pension is postponed by 4 years
- The bonus for those who paid less than 5 years in social security shall increase from €450 to €500 per year and for those who paid more than 5 years (capped to 10 years) the bonus will increase from €550 to €600 per year.
- Those pensioners who still live in their residential home or pay for private care home and reached 80 years of age shall receive a grant of €450 per year whilst those who reached 75 years of age shall receive €300 a year.
- The Carer At Home Scheme shall see an increase of €1,000 per year, taking the total assistance to €8,000 annually.



EMPLOYMENT AND FAMILY

- The Cost-Of-Living Adjustment (COLA) will increase to €12.81. This will be given to all employees, pensioners, and all those on social benefits. Stipends given to students will also increase pro-rata.
- Additional Cost-Of-Living Adjustment (COLA) mechanism for the vulnerable introduced last year will continue in 2024. It applies to those families whose income is less than median equivalised income. Such supplement varies between €100 and €1,500 per year, depending on the household income.
- As from 2024, the children's allowance will increase by €250 for each child.
- A special allowance of €500 yearly for three consecutive years shall be given to those parents whose children continue their education after the compulsory age provided that the children continue living with their parents and are full-time students.
- The birth or adoption bonus shall increase from €400 to €500 for every first birth and to €1,000 for every second birth.
- The tax credit paid to parents having a child with special needs shall increase from €200 to €500 per year.
- An additional €50 shall be provided to families having children under 23 years of age.
- Once again, individuals who work atypical hours within certain sectors including the accommodation sector, food service workers, and administrative services, having a basic wage which does not exceed €20,000 shall be issued with a cheque amounting to €150.
- The minimum wage shall increase on an annual basis till 2027 between €12 to €18 weekly, which amount is exclusive of the Cost-Of-Living Adjustment (COLA). As from January 2024, the minimum wage shall increase from €192.73 weekly to €213.54 weekly.
- One Tablet per Child measure shall be extended to next year.



Other Salient Measures



OTHER SALIENT MEASURES

- A new portal is being created to facilitate the online statutory submissions which need to be submitted to the Malta Business Registry.
- Measures shall be taken by the government to reduce the administrative expenses of small companies as regulated by the Companies Act and the Merchant Shipping Act. One of these measures shall be the removal of the requirement to present audited financial statements when this is not required by law.



Startups

- The first edition of the Venture Capital Fund will be initiated to support technologically innovative start-ups that cannot access traditional bank financing.
- The Seed Investment Scheme shall be extended providing tax credits to Maltese companies who invested in start ups and passed due diligence procedures.
- EU Startups Summit, shall be held in Malta for the years 2024, 2025 u 2026.
- iStartup Finance shall be extended by Mata Enterprise.
- Schemes including the iSkills Development Scheme, the Rent Subsidy Scheme, the Innovate Scheme, the Smart & Sustainable Schemes, and the Investment Aid for Energy Efficiency Projects, shall also be extended.
- The scheme of assistance for SMEs to be provided with consultancy services in relation to ESG reporting, analysis and implementation shall be extended for the year 2024.
- The Blue Med initiative as developed by Malta Enterprise shall continue to be developed upon in order to ascertain how it can be of assistance to Maltese based companies.
- Government intends on creating a Centre of Competency for the Semiconductors Industry, which centre shall aim on improving upon the future workforce's abilities in this industry. One of the underlying aims behind the creation of this Centre is to attract foreign investment in Malta, specifically entrepreneurs who would like to design fabless chips.
- Targeting Malta's limited space capacity, a new complex for SME's in Hal Far will be planned to support the manufacturing industry.
- Cash grant initiatives offered under Business Enhance Schemes with an investment of circa €40 million for SMEs will be offered in the coming year.
- The INVEST EU programme, supporting sustainable investment, innovation and job creation in Europe, shall be assisting SMEs by facilitating access to finance from local banks in the form of reduced interest rates and collateral requirements. For this purpose, approximately €9.5 million is being allocated from the European Regional Development Fund (ERDF) and circa €7 million from National Funds derived from reimbursements from the financial instrument JEREMIE, as implemented on the basis of the same previous initiative, totalling circa €16.5 million. It is expected that this financing facility will start to be offered to Maltese businesses early next year.
 - o The private sector will continue to be incentivised to support digitalisation efforts through grants intended for micro and self-employed entities under Business Enhance initiatives through a €15 million allocation.
 - o The grant scheme under the RRP (Recovery & Resilience Plan) for climate-friendly renovation of commercial buildings in the private sector, with an investment of circa €20 million, will be continued during the coming year. This measure is focusing on the accessibility of funds allocated from the RRP for the renovation of private sector buildings for retrofitting and energy efficiency.



The National Airline

- A new national airline shall be introduced next year.
- For the year 2024, the Government will be investing the first €215 million capitalisation in the new national airline so that on March 31st 2024, operation will initiate.

Health

- Medicinal access shall be provided gratuitously to IVF patients, asthmatic patients, pulmonary fibrosis patients and patients who suffer from mental health conditions.
- The Remote Patient Monitoring service shall be extended to all patients who suffer from Type 1 Diabetes.

Waste Management

- A new project called ECOHIVE shall be introduced to revolutionise the way waste is managed and treated.
- The implementation of Waste-to-Energy technology will convert waste into energy, making a significant contribution to the development of a more environmentally sustainable economy.

Maritime Infrastructure

- Changes shall be implemented to the Merchant Shipping Act and a new policy shall be implemented for super yachts.

Police

- Introduction of a new role of Police Patrol and Community Support Officer involving continuous and highly visible patrols in challenging zones.
- Roads Policing shall be a new specialised unit assisting in road security, mainly rapidly re-opening roads after traffic accidents.

Domestic Violence

- The Domestic Violence support unit has been launched, where individuals have the possibility of obtaining information if their partner had been found guilty of Domestic Violence.
- Victims of domestic violence shall be entitled to receive the so-called Panic Alarms, a technological device directly linked with the central emergency system of the Police Force.

Foreign workers

- The cost for a new single-work permit shall be higher than the cost of the renewal of a single-work permit.
- Outsourcing and temping agencies shall be regulated and licensed, with those not having the required license will no longer be allowed to bring foreign workers to Malta from outside the Union European.
- A new regulation shall see that each worker shall start receiving his salary in a bank account, rather than cash. This is done with the intention to reduce the risk of exploitation while increasing accountability and employer transparency. Also new regulations shall be introduced so that every employee obtains information on his pay bracket.



Contact Us



KRISTINE ATTARD
Director - Tax & Immigration
kattard@ksimalta.com



KIM SPEARING
Manager - Tax
kspearing@ksimalta.com



DR JOHN CARUANA
Manager - Legal & Immigration
jcaruana@ksimalta.com



FREDERICK AQUILINA
Associate III - Tax
faquilina@ksimalta.com



LENISE BARTOLO
Associate III - Tax
lbartolo@ksimalta.com

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KSi Malta

The Core, Valley Road,
Msida MSD9021
Malta (EU)

Tel: (+356) 2122 6176
Fax: (+356) 2122 6019
E-mail: info@ksimalta.com

www.ksimalta.com

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