

Budget 2025

Country of Value



Presented by

DINGLI & DINGLI
LAW FIRM

QGlobal
ACCOUNTING LTD.



The primary aim of Malta's 2025 Budget is providing a valued position to the Maltese.

Bringing to Malta quality as opposed to focusing on quantity.

Introduction

These are the founding principles behind the 2025 Budget for the country intended to provide a better environment for the Maltese people and businesses in general, linked with the development of the Malta Vision 2050.

This Budget and the incentives included therein are the result of successive diligent budgets presented in the previous years.

The Government looks forward to applying these principles in its trajectory to also reduce the country's deficit over the next two years.

Economic Overview

The Country's economy is still a strong one, despite the surrounding geo-political developments, global recession and severe inflation experienced in the previous years by other countries.

The expectations are for Malta to have the biggest economic growth in the European Union.

The national economy grew in 2023 by 7.5%, whereas in the first half of 2024, the real GDP grew by 5.9%, whereas nominal GDP grew by 9.6%.

Employment during 2023 was up to 81.3%, exceeding the EU average of 75.3%, whereas the unemployment rate in Malta went down to 3.5%.

It is expected that the Maltese real GDP for 2025 will grow by 4.3% , whilst nominal GDP will grow by 7%. This is also expected to be reflected in the labour market where an increase in the labour force is expected, whilst a reduction in inflation to 2.1% is forecasted.



Fiscal Measures

- ❖ Income tax brackets have been widened for all of the single, married and parental tax payers, resulting in annual tax savings between €345-675 as follows :-

Single	Married	Parental
€0 - €12,000 => 0.0%	€0 - €15,000 => 0.0%	€0 - €13,000 => 0.0%
€12,001 - €16,000 => 15.0%	€15,001 - €23,000 => 15.0%	€13,001 - €17,500 => 15.0%
€16,001 - €60,000 => 25.0%	€23,001 - €60,000 => 25.0%	€17,501 - €60,000 => 25.0%
€60,001+ => 35.0%	€60,001+ => 35.0%	€60,001 + => 35.0%

- ❖ The cost of living allowance (COLA) has been set at €5.24 per week. This will also benefit students receiving stipends and will increase the national minimum wage by €8.24 per week to reach €221.78 weekly.
- ❖ Children's allowance to be increased by €250 for every child.
- ❖ A special allowance of €500 for 3 years to parents whose children continue post-secondary education.
- ❖ Exemption from VAT on female sanitary products and certain medical accessories used in the treatment of female cancer patients.

Fiscal Measures (cont.)

- ❖ Increase in the maximum tax credits for tax payers whose children attend licensed independent schools as follows :-
 1. €3,500 for kindergarten (per child)
 2. €4,600 for primary school (per child)
 3. €6,500 for secondary school (per child)
- ❖ Malta is continuing with the derogation on Pillar 2 concerning the introduction of the global minimum tax rate of 15%, whilst discussing with the EU Commission the introduction of measures and incentives in the form of qualified refundable tax credits (QRTCs) aimed at retaining Malta's competitiveness.
- ❖ The addition of an extra year (42 years in total) of social security contributions payable by persons born in or after 1976 to qualify for a full pension entitlement. Otherwise, no changes to social security contributions.
- ❖ The scheme reducing the duty on documents payable on transfers of family businesses has been extended for another year.
- ❖ A tax credit of up to €500 to businesses effecting donations to enrolled voluntary organisations.



Social Measures

- ❖ Tax credit of €750 to parents having a child with disability.
- ❖ Increases in carers allowance and disability benefits with a weekly increase ranging from €349-€742.
- ❖ An increase in the bonus to parents having a third and subsequent child of €1,500, applicable also to adoptions. These are in addition to the existing bonuses.
- ❖ An increase in the marriage grant to €1,000 per couple.
- ❖ An introduction of paternal leave of up to 10 days to self-employed, equivalent to 80 hours.
- ❖ Self-employed prospective parents undertaking IVF treatment to also be eligible for up to 60 hours of paid leave entitlement for the mother and 40 hours for the partner.
- ❖ Launching of a government scheme of a one time bonus of up to €1,000, to help individuals who have a minimum of 9 years paid contributions, and who have some outstanding national insurance contributions to qualify for a pension.
- ❖ The enhancement of the equal pay for equal work value through the continued development of sectoral agreements with a view to eliminate identified anomalies.



Immovable Property

- ❖ *Extension of first time and second time buyer schemes.*
- ❖ *Extension of Urban Conservation Area (UCA) schemes and restoration of properties constructed over 20 years ago.*
- ❖ *A scheme enabling the redemption of temporary emphyteusis will be introduced.*
- ❖ *Continuation of schemes to incentivise families living in government rented accommodation to become owners of their residence.*

Pensions & Elderly

- ❖ Increase of €8 weekly (€416 annually), including COLA.
- ❖ The creation of a third pension pillar, to be made available by the employer, with the possibility of the employee to opt out. The current 25% tax rebate remains applicable.
- ❖ The Government will enrol its employees in occupational pension schemes, matching monthly contributions up to €100.
- ❖ Increase in widows pension by €3 per week.
- ❖ The grant to the elderly aged between 75-79 years who live at home or in a home paid by them shall increase to €350. Those aged 80+ will continue to receive €450.
- ❖ Carer at home scheme to increase to €8,500 per year.
- ❖ Improvement of up to €200 to those eligible for a service pension.
- ❖ Pension income will be excluded from taxable income with 80% of pension income being non-taxable.
- ❖ Creation of a mentoring register to be maintained by JobsPlus for people over pensionable age who remain active in the labour force.





Green Initiatives

- ❖ Continuation of applicable schemes for installation of PV panels, home energy storage batteries, heat pump and solar water heaters and water purifying systems.
- ❖ Government will also continue to incentivise the private sector to develop renewable energy installations, including offshore wind farms and sun projects onshore.
- ❖ Extension of fiscal incentives on the purchase of new electric vehicles capped at €2,000 for motorcycles and bicycles and €8,000 for cars, with an additional €1,000 on the scrapping of old cars increased to €2,000 for cars registered in Gozo.
- ❖ Extension of the 5 years exemption from registration and road tax for newly purchased electric vehicles and plug-in hybrids with an electric range exceeding 50KM.
- ❖ Incentive to be launched to combat food wastage.
- ❖ Four new sites have been designated as natural conservation areas.
- ❖ Improvements of green areas in village cores.
- ❖ Incentives to be offered to attract foreign direct investment, creating green jobs in the renewable energy sector, through the production of wind turbine parts in Malta.

Healthcare

- ❖ Continuation of the private-public partnership in the provision of certain critical health services with a view to cut down on waiting lists.
- ❖ Introduction of further mental health services and support for domestic violence victims, aiming to increase accessibility when help is required.
- ❖ 2 year social security credit to those who successfully complete a drug rehabilitation programme and engage in employment.
- ❖ The launching of a tender for the extension of the emergency department at *MaterDei* hospital.
- ❖ A redefinition of the means testing applied to identify eligible pink card holders with a view to curb abuse.
- ❖ Further investment being designated for care home San Vincent De Paul.





Initiatives & Business Schemes



- ❖ To launch legislation dealing with limited partnerships.
- ❖ Further development to the legislations relating to capital markets, pensions, sustainable finance, family offices, aircraft leasing, fintech and wealth management, with a view to retaining Malta's attractive position in these areas.
- ❖ Extension of the Highly Qualified Persons Rules to back-office administration of eligible corporate entities active in specific high value markets.
- ❖ Creation of a new hub in Hal-Far to cater for SME start-up needs, relocating from residential areas.
- ❖ Incentives relating to the better management and operation of agricultural land, with a view to increase and improve Malta's agricultural output, including also tax incentives on the transmission of agricultural land to farmers.
- ❖ The setting up of a new centre for aquaculture and the dedication of up to €4 million of EU funds designated for Malta to digitalise the fisheries and aquaculture sectors .
- ❖ The installation of new pillars and winches in designated fishing ports aimed at decreasing pollution.
- ❖ Reduction of excise duty on locally manufactured beer and wine, with low alcohol content, with a view to boost local small and independent brewery houses.

Education

In addition to the increased tax rebate mentioned under the fiscal incentives, the Government pledged to :-

- ❖ Continue investing in the well-being of educators and ensuring a closer involvement in consultation processes with the Government.
- ❖ Continue the investment in the improvement of playgrounds, schools, school IT infrastructures, scholarships and the one-device per child scheme.
- ❖ Grant a €20 voucher per student to be redeemed at the Malta National Book Fair, with a view to improving the culture of reading and boosting the outreach of local authors. The additional granting of a €150 per student for the creation of a Library At Home to those families qualifying under scheme 9.





Infrastructure & Transport

- ❖ To implement underground parking near fast ferry zones, specifically in Sliema and Cospicua.
- ❖ To launch a consultation process on the possible extension of the ferry transportation services and increase of routes.
- ❖ To implement an AI traffic management system.
- ❖ To create and incorporate additional bicycle lanes within existing infrastructure.
- ❖ To continue with the necessary investment in utility services.

Sports, Arts & Culture

- ❖ *The Government is working with Gaming Malta to develop a specific visa to be issued to e-sports athletes wishing to relocate to Malta.*
- ❖ *Free 6 month gym membership to youths born between 2005-2007.*
- ❖ *To build a cultural hub situated in Marsa.*
- ❖ *Increase of funding by €2 million towards Creative Malta to support the production of local films.*
- ❖ *Financial allocations for the restoration of specific local historical landmarks.*



Gozo

- ❖ *Work on developing a Gozo interactive museum, for Gozitan artists to exhibit their works.*
- ❖ *Continued investment in infrastructural works on arterial roads.*
- ❖ *The finalisation of the Gozo aquatic pavilion.*
- ❖ *New office of the OHSA to be opened in Gozo.*
- ❖ *Emphasis on Gozo remaining a quality tourism destination.*
- ❖ *Continued effort to create further jobs in Gozo.*

Tourism

- ❖ *Tourism contribution to the local economy is expected to exceed €3 billion next year.*
- ❖ *The launching of the skill pass card ensuring the improvement of services offered to tourists and holiday makers.*

Other Measures

- ❖ *The creation of a Digital Identity Wallet for businesses and individuals to share their digital identity more efficiently and securely through a smart phone app.*
- ❖ *Continued support for start ups and SMEs by the European Digital Innovation hub and the SEED investment scheme.*
- ❖ *Improvements of the Maltese law courts, including the revival of the Commercial Court.*
- ❖ *Negotiation of new sectoral agreements with the Armed Forces and Civil Protection.*



DINGLI & DINGLI
LAW FIRM

www.dingli.com.mt



www.qglobal.com.mt

For further information, please contact us on:

Legal, Shipping, Corporate & Aviation: info@dingli.com.mt

Accounting & Taxation: admin@qglobal.com.mt