



Malta
Budget 2024
A Just Malta

DINGLI & DINGLI
LAW FIRM



- Malta is not immune to the inflation that is affecting the world. The increase in the interest rates by the ECB as well as the increase in the cost of products which Malta imports from numerous countries including Italy and Germany being Malta's main importing countries, also directly affects Malta's economy.

Introduction

- The Hon. Minister of Finance & Employment noted however that despite all these challenges, Malta's rate of inflation has remained one of the lowest within the EU and this was the backbone on which the 2024 Budget has been formulated whilst ensuring that the spending remains within the Country's means.

Economic Overview



- The Hon. Minister of Finance & Employment announced that the projected inflation rates are to go down from 5.7% this year to 3.7% in 2024.
- The Government has allocated over €350 million to minimise the impact of local inflation
- The deficit during 2023 is expected to be of 5% of GDP when compared to 5.7% GDP during 2022.
- The debt rate to GDP is expected to hit 52.8% this year and to increase to 55.3% in 2024.
- Unemployment is estimated to be at 2.7% and is expected to remain stable at such low level.
- A growth of 4.2% in real terms and 7.4% in nominal terms is expected in the Maltese economy for 2024.

Fiscal Measures

- No new taxes were introduced.
- Tax refunds ranging from €60 to €140 to persons earning less than €60,000 per annum, to be retained.
- In-work benefit additional grant of €50 for each child below the age of 23 years.
- Continuation of reduction to 1.5% stamp duty for transfers of family businesses inter vivos to direct descendants. Furthermore, increased tax credit capping shall apply to businesses that are registered with the Family Business Office.



Fiscal Measures (cont.)

- No changes are currently envisaged to Malta's full imputation system of taxation.
- It was explained that in terms of the EU directive, the global minimum tax of 15% will be adopted at EU level with effect from 2024 and will apply for companies forming part of multinational groups with consolidated revenue of over €750 Million. However Malta will exercise the option not to adopt this directive.



Social Measures

- Cost of living allowance of €12.81 per week for all employees, pensioners and persons on social benefits.
- A one time bonus of €500 for first born/adoption and a further €1,000 for the additional child.
- Increase in children's allowance by €250 per child.
- Increase in Carers Grant to €8,000 per annum.
- From January 2024, the minimum wage will be increased from €192.73 per week to €213.54 per week.
- Increase in minimum wage expected to increase from €12 - €18 per week up to 2027 (over and above the Cost Of Living Adjustment).



Immovable Property

- The extension of the grant of up to €10,000 for eligible first-time buyers of immovable property and the extension of the current reduced rate of stamp duty for first-time and second-time buyers.
- Assistance to restore properties of certain character will continue to be provided to preserve traditional heritage.
- VAT refunds to continue to be granted on expenses incurred for improvement and restoration of eligible properties.
- No tax or duty levied on the first €750,000 of consideration for residential properties situated in a UCA or where such properties have been vacant for a minimum of 7 continuous years immediately preceding the date of transfer.





Pensions



- Income tax exemption to increase to 60% of pension income.
- Pensioners to also get €15 raise a week inclusive of COLA amounting to €780 per year.
- Persons with severe mental health conditions to benefit from invalidity pension if they paid a minimum of 50 social security contributions in their lifetime.
- Widows'/widowers' pension will no longer be taxable for individuals who have not attained 61 years of age.
- The rates at which the pensions of persons who, once reaching pensionable age, postpone their right to receive a pension to continue working, will increase to 6.5% if the pension is postponed by 1 year, to 13.5% if postponed by 2 years, to 21% if postponed by 3 years and to 29% if postponed by 4 years.



Green Initiatives

- Plans for a second inter-connector between Malta and Sicily.
- The introduction of new schemes encouraging investment in renewable energy regarding photovoltaic systems, heat pump water heaters, renewable power storage batteries and the restoration of wells in old houses.
- A Climate Action Authority will be established in order to help reach climate neutrality by 2050.
- Regeneration or creation of 80sq.m of urban green spaces which include 5,000 trees.
- Ongoing studies for the reclamation of land from the sea.
- Plans for a strategy to introduce the use of hydrogen for local industry fuel needs.
- Extension of Investment Aid for Energy Efficiency Projects.
- Offering consultancy services on ESG to SME's.
- Energy audits will continue to be free of charge for SME's.





Initiatives & Business Schemes ^D

- EU Startups Summit 2024, 2025 & 2026 to be held in Malta.
- Extension of Startup Finance scheme.
- Continuation of the development of the Blue Med initiative.
- Setting up of a centre of competence for semiconductors.
- Introduction of Venture Capital Fund for startups in their initial years, especially those having innovative technological products.
- Extension of the Seed Investment Scheme via tax credits for companies who invest in startups.
- Extension of the Skills Development Scheme, Rent Subsidy Scheme, Innovate scheme and the Smart & Sustainable scheme.
- Offering cash grants to SME's under the Business Enhance scheme.



Education

- Continuation of the Get Qualified and Higher Educational Qualifications schemes for Masters and Doctorate study programmes.
- €500 allowance per year for 3 years to parents whose children reside with them and are age 16+ and continue in their educational studies full time.
- A National Education Strategy will be launched for 2024-2030.
- Increase in stipends of €64 per year and increase in stipends for particular courses.





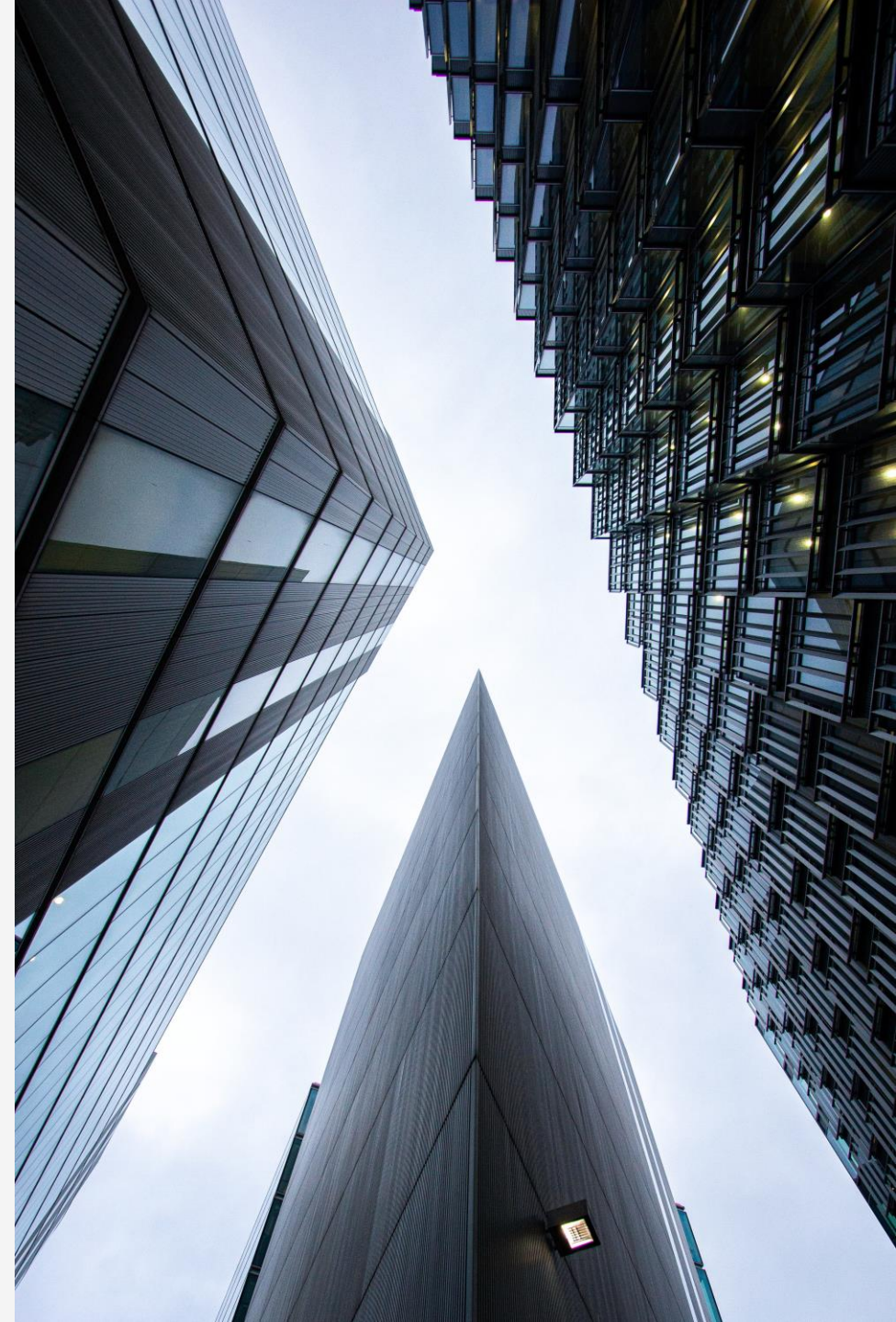
Shipping, Maritime & Aviation ^D

- The completion and inauguration of the Taxiway Lima now allows larger aircrafts to land in Malta for purposes of undergoing maintenance here.
- Investment in additional aircraft parking spaces over the next year.
- New aircraft leasing regulations will be launched. Government will also be working with the banking sector to ensure the relevant banking support is also forthcoming for this industry.
- Works to improve existing port facilities and introduce new berthing spaces for larger yachts as well as supplying onshore power for large ships at port enabling the complete switching off of their engines.
- Review of the Merchant Shipping Act with a view to increasing Malta's attractiveness in the yachting sector.
- The obligations of small companies under the Companies Act and the Merchant Shipping Act to prepare audited financial statements will be aligned.



Infrastructure & Transportation

- The introduction of incentives relating to personal e-scooters.
- Continuation with the investment in the upgrading of Malta's road network.
- An increase in the installation of electric vehicle charging points from the current 372 to 1,200 around Malta and Gozo. Works are underway. Furthermore, works are underway to have one national digital platform integrating the charging station network.
- Expansion of existing factory space, creation of new industrial workshops and parking spaces for large vehicles.
- Electric vehicles and plug-in hybrids with an electric range of not less than 50km will continue to benefit from an exemption from registration tax and an exemption from the annual road license fee for a period of 5 years from the date of first registration.



Sports & Arts

- Continuation of the esports national strategy implementation.
- Continuation of investment in sport facilities.
- Extension of the reduction in VAT to 7.5% to persons employed in sports activities.
- Set up a tribunal focused on sports disputes and training legal professionals as arbiters who can help mediate such disputes.
- New schemes in 2024 by the Arts Council Malta which include apprenticeship schemes and the Program for Regional Cultural Cooperation.





GOZO

- A €58 million pot of EU funding focused on urban development will be entirely allocated to Gozo.
- €10,000 increase (from €30,000 to €40,000 cash grant) to first-time buyers buying UCA property in Gozo.
- Removal of tax incentive for property purchases in Gozo (stamp duty will now be at the standard rate of 5%)



Other Measures



- The creation of a state agency focused on encouraging aquaculture and fishing and financial assistance to fishermen.
- Rules providing fiscal incentives to attract highly qualified expatriates will be consolidated and updated to align with Malta's economic development.
- Investment in the refurbishment of various health care clinic in Malta & Gozo.

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