



# Malta Budget 2025 Highlights

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# Economic highlights

Malta's employment increased by 6.1% in 2023 while it is expected to increase by 4.6% and 4.1% in 2024 and 2025 respectively. Inflation, on the other hand, is estimated to fall to 2.5% in 2024 and 2.1% in 2025. While the deficit is currently higher than the 3% EU threshold, this is expected to decrease to 4.0% in 2024 and continue decreasing to 2.6% by 2027.

Notwithstanding this deficit, debt as a percentage of GDP is expected to close at 49.5% in 2024 and 50.1% in 2025. The Government will continue to subsidise prices of energy fuels, grains, and animal feed.

The cost of living adjustment (COLA) for 2025 has been set at €5.24 per week (€12.81 in 2024) and the national minimum wage, which remains untaxed, will increase to €221.78 weekly (€213.54 in 2024).



# Personal taxation

- Widening of all personal tax bands with effect from 1st January 2025. The new applicable rates are set out in the table below. The maximum annual tax savings range from €345 to €675.

2024 income bracket	2025 income bracket	Applicable tax rates	Maximum tax saving
<b>'Single' / separate computation</b>			
€0 - €9,100	€0 - €12,000	0%	€435
€9,101 - €14,500	€12,001 - €16,000	15%	€585
€14,501 - €19,500	€16,001 - €60,000	25%	€585
€19,501 - €60,000		25%	€675
€60,001 and over	€60,001 and over	35%	€675
<b>'Married' / joint computation</b>			
€0 - €12,700	€0 - €15,000	0%	€345
€12,701 - €21,200	€15,001 - €23,000	15%	€525
€21,201 - €28,700	€23,001 - €60,000	25%	€525
€28,701 - €60,000		25%	€645
€60,001 and over	€60,001 and over	35%	€645
<b>'Parent' computation</b>			
€0 - €10,500	€0 - €13,000	0%	€375
€10,501 - €15,800	€13,001 - €17,500	15%	€545
€15,801 - €21,200	€17,501 - €60,000	25%	€545
€21,201 - €60,000		25%	€650
€60,001 and over	€60,001 and over	35%	€650

- Social security contributions will not increase for 2025.
- The Highly Qualified Persons Scheme will be extended.



## Pensions and the elderly

- Pension increase of €8 per week (€15 in 2024), equivalent to an increase of €416 annually.
- The [gradual tax exemption introduced in 2022](#) on pensions to individuals who are at least 61 years old in the year in which the pension is received, shall continue to apply. For 2025, the exempt portion is 80% (60% for 2024), subject to the prescribed cap.
- Revision of pension bonus rates for persons who do not have sufficient social security contributions, resulting in an increase varying from €550 to €1,000.
- Persons born on or after 1976 will have to pay or be credited with 42 years of contributions instead of 41 to be entitled to a full pension.
- Grant to the elderly aged between 75 and 79 years who live at home or in a home paid by them shall be increased by €50 to €350.
- Carer at Home Scheme to increase by €500 to €8,500 per year.

## Family and children

- Increase in children's allowance by €250 per child.
- The grant of €150 to persons who work atypical working hours in certain sectors will be continued.
- Increase in bonus to €1,500 from €1,000 for the third and subsequent child in a family.
- Marriage grant to increase to €1,000 per couple.
- The 100 hours of paid leave to employed prospective parents undergoing IVF treatment will be extended to self-employed individuals.
- The current 10 days (equivalent to 80 hours) paternal leave paid to employed fathers will be extended to self-employed fathers, which payment shall be based on the minimum wage.
- Fostering allowance to increase by €10 weekly to €120 per week for every fostered person under the age of 21.
- Increase in Supplementary Allowance by €190 per couple and €60 for single person. and widening of the eligibility income bracket.
- Increase in the amount of capital assets for eligibility to the non-contributory benefits to €26,000 per couple and €16,000 for a single person.
- 2 years' social security credits to persons who successfully complete a drug rehabilitation programme and engage in employment.
- Increase in the pension of persons with disability who retire from work to compensate for the loss of disability allowance following retirement and ensure that the pension reaches national minimum wage.

- Increase in a number of disability benefits and carers' grants.
- Tax credit available to parents of disabled children who require specialised therapy to increase by €250 to €750. Unemployed parents or parents who are entitled to social benefits shall become entitled to this tax credit.
- The maximum deduction allowed to parents for school fees paid in respect of their children attending a private school will increase to €3,500 for kindergarten (previously €1,600), €4,600 for primary schools (previously €1,900) and €6,500 for secondary schools (previously €2,600).
- Government shall be fully subsidising the first six months of a gym membership for youths born in 2005, 2006 and 2007.



## Businesses

- The European Digital Innovation Hub (DiHubMT) will continue supporting start-ups and SMEs through mentorship, pre-accelerator and incubator services, and access to a High-Performance Computer to aid their research.
- Government planning to introduce a Digital Identity Wallet which would enable individuals and businesses to share their digital identity securely via an app on their smartphone.
- Duty on the transfers *inter vivos* of company shares and commercial tenements in intra-family donations will continue to be subject to the reduced rate of 1.5% on the real value.
- Malta continues to encourage the set-up of back-office services including administrative and support services amongst others.

## Occupational pension plans

- While not obliged to contribute themselves, employers will be obliged to offer employees the opportunity to join an occupational pension plan. The fiscal incentives currently applicable to such contributions for both employers and employees will remain in force. Government will lead by example by committing to contribute up to a maximum of €100 per employee per month to a plan.

# Manufacturing

- The work on the industrial area in San Gwann which will include laboratories and space for light industry companies has kicked off. Additionally, an incubation centre is being set-up in Hal Far with the aim of assisting start-ups in expanding their operations.
- An SME Park in Hal Far will accommodate panel beaters, carpenters, and sprayers, among others, with the aim of relocating these industries from residential zones.
- During 2024, the Invest Gozo platform has been launched, providing specific information on investment, studies and work in Gozo.

# Financial services

- The Government intends to continue enacting legislation to continue to increase Malta's attractiveness in the financial services industry, particularly with respect to family offices, aircraft leasing, Fintech and AI.
- New legislation in relation to Limited Partnerships will be implemented during 2025.

# Gaming

- Gaming represents 7% of Malta's GDP employing 16,428 people in this sector as at the end of 2023.
- A visa for esports athletes will be introduced during 2025 in order to facilitate their relocation to Malta.



# Agriculture and fishing

- Incentives will be introduced for non-commercial farmers who lease agricultural land from the Government to enter into arrangements with commercial farmers to work their land.
- An authority for food safety will be established as the sole regulator in this field and to have an authority that is responsible for food safety in case of crisis.
- Fiscal incentives to food producers and sellers will be introduced to reduce food waste.
- Investment in the infrastructure will be undertaken to sustain the fishing industry and aid will be provided to decrease pollution and environmental impact.
- Digitalisation in the fisheries and aquaculture sector will be improved by a €4 million project funded by EU funds.
- Excise duty on beer with low alcohol content produced by small and independent breweries in Malta and on small wine producers will be reduced.



# Sustainable energy, water and waste management



- Schemes will continue to be provided with the aim of encouraging investment in residential renewable energy systems, including the installation of PV panels, home energy storage batteries, heat pump water heaters and solar water heaters as well as water purifying systems. The government will also continue to incentivise the private sector to develop renewable energy installations.
- The strategic vision for clean energy is developing and includes (i) the implementation of the second interconnector, (ii) investment for mass energy storage using batteries, (iii) a national policy for renewable energy projects and (iv) a preliminary consultation to gauge market preparedness.
- Following the identification of 6 zones for potential renewable energy projects, a Strategic Environmental Assessment identified 2 zones where such projects would have a lesser environmental impact.
- Offshore floating wind farms and nearshore solar energy solutions are being considered.
- The scheme incentivising the purchase of new electric vehicles will be extended, with the grant amounting to a maximum of €2,000 for new motorcycles and €8,000 for new vehicles and small vans.
- Other schemes incentivising the switch to environmentally friendly vehicles will be extended, including incentives for the purchase of electric bikes, pedelecs and ekick scooters, the vehicle scrappage scheme, and the grant for conversion to LPG power or electrically powered 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.
- A national strategy on cycling as an alternative means of transport will be published.
- The Government will invest in an Intelligent Traffic Management System.
- Investment in high quality water supply in compliance with European Directives is being made in terms of a national plan with a value of €310 million over 10 years.
- Works will commence shortly on a new waste management facility for the separation of mixed bulky waste.



# Voluntary sector

- Allocation of €25 million for more than 50 Public Social Partnerships.
- One stop shop to be inaugurated in the south of Malta to provide the necessary resources, research and training in the voluntary sector.
- A maximum tax credit of €500 on donations made by enterprises to NGOs operating in the social, environmental and animal welfare sector.

# Property

- The duty exemption for first time buyers and the partial stamp duty refund to second time buyers, as well as the grant of €10,000 spread over 10 years for first time buyers will be extended.
- Continuation of the exemption from income tax and duty on the first €750,000 of the higher of the value and consideration of the property insofar as the properties are located in a UCA, or built for more than 20 years and are vacant on the transfer date and have been so vacant for a period of 7 continuous years immediately preceding transfer date.
- VAT refunds (up to a maximum of €54,000 on the first €300,000) will continue to be granted on expenses incurred for the restoration and finishing of properties that are located in a UCA, or built for more than 20 years and are vacant on the transfer date and have been so vacant for a period of 7 continuous years immediately preceding transfer date, or new properties developed in conformity with approved criteria.
- The grant to first-time buyers of residential properties that are located in a UCA, or built for more than 20 years and are vacant on the transfer date and have been so vacant for a period of 7 continuous years immediately preceding transfer date, or new properties developed in conformity with approved criteria will be extended. The grant for properties situated in Malta amounts to €15,000 while the grant for properties situated in Gozo amounts to €40,000.
- A scheme enabling the redemption of temporary emphyteusis will be launched. This will widen the eligibility on current and past schemes.



# Fiscal discipline

- €300 million in tax arrears collected in the first 6 months of 2024.
- Percentage of tax returns filed on time increased from 73% in 2023 to 93% in 2024.
- A digitalised IT system to integrate the functions of the Malta Tax and Customs Administration is in the process of being implemented with an investment of €68 million over ten years. Through such platform, taxpayers would be able to verify their tax status in real time.

# International tax

- As announced during the last Budget Speech, Malta elected for the delayed adoption of the main components of the OECD BEPS Pillar 2 Rules which impose a minimum tax of 15% on the larger MNE Groups. Indeed, Malta has only transposed those provisions of the EU Minimum Tax Directive that are necessary for the proper functioning of the Pillar 2 Rules, without transposing the provisions relating to any top-up tax mechanisms.
- The Minister announced that Government is still in discussions with the EU Commission regarding the introduction of grants or Qualified Refundable Tax Credits that are compatible with the EU (State Aid) Rules and the BEPS Pillar 2 Rules.
- It was later announced by the Commissioner for Tax and Customs Administration that no top-up tax mechanisms (in the form of IIR, UTPR or DMTT) will be introduced in 2025.

# Other

- Malta's Vision 2050 will be launched in Q4 2025, setting the country's strategic direction. It shall address challenges like climate change, tech advancements, demographic shifts, and global economic dynamics, while acting as a plan for Malta's development in different sectors.
- A public consultation on the Economic Migration Policy will be opened by Q4 of 2024.
- Law relating to "Equal Pay for Work of Equal Value" to be introduced in 2025.
- It appears that the tax refunds for persons earning less than €60,000 will be issued again this year, with the refunds ranging from €60 to €140, depending upon the level of income.
- The Government plans to establish a Commercial Court, reflecting the specialisation efforts in the judicial system.
- Women's sanitary products will be subject to a 0% VAT rate. This 0% VAT rate will also extend to medical accessories used in the treatment of cancer affecting women.

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