



Malta Budget 2027 Highlights

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Economic Highlights

Malta's economy continued to expand at a robust pace, with real GDP growth of 4.7% in 2025 followed by growth of 4.4% in the first half of 2026. Activity was supported by both domestic and external demand: household consumption grew by 3.4% and investment by 8.2% during the first half of 2026, while tourism, services and electronic-product exports also contributed to growth. This momentum is expected to moderate gradually, with real GDP forecast to increase by 4.1% in 2026 and 3.8% in 2027. Growth in 2027 is expected to remain broad-based, supported by a 3.8% increase in private consumption, 7.0% growth in investment and a 2.0% rise in exports, alongside a positive contribution from net exports.

The labour market remains supportive of this economic performance. Employment grew by 4.6% in the first half of 2026 and compensation per employee increased by 5.1%, while unemployment is forecast to remain close to historically low levels, at 3.3% in 2026 and 3.2% in 2027. Inflation, meanwhile, is projected at 2.5% in 2026 and 2.7% in 2027. For 2027, COLA has been set at €6.41 per week, with the national minimum wage increasing by €10.41 per week, inclusive of COLA. The national minimum wage will remain untaxed notwithstanding the increase.

Fiscal indicators are also expected to remain within EU reference thresholds. The general government deficit, which stood at 2.1% of GDP in 2025, is forecast at 2.6% in both 2026 and 2027 before narrowing progressively to 1.8% by 2029. Public debt is expected to remain broadly stable at around 47% of GDP in 2026 and 2027, before declining to 45.8% by 2029. The speech also reports Malta's exit from the excessive deficit procedure in June 2026.

Against this backdrop, Consolidated Fund revenue is forecast at approximately €10.1 billion in 2027, including €9.0 billion in tax revenue. Capital expenditure is expected to reach approximately €1.45 billion, around €283 million higher than the revised 2026 estimate, with approximately €390 million financed through EU funds. Other significant commitments include around €400 million for energy and fuel subsidies and a social-measures package exceeding €121 million.



Personal Taxation

The three-year reduction in income tax for families with children announced in the previous budget will continue in 2027. The tax-free thresholds will rise to €20,000 under the married computation with one child and €30,000 with two or more children; the corresponding parent-computation thresholds will rise to €16,000 and €24,000 with one child and two children respectively.

The 2027 and announced 2028 tax bands are set out in the following tables. Tax is calculated by applying the rate to chargeable income and subtracting the specified amount.



Basis Year 2027				
Income bracket	Tax rate	Subtract	Maximum Tax Saving compared with basis year 2025	Maximum Tax Saving compared with basis year 2026
‘Married’ computation with one child				
€0 - €20,000	0%	€0	€750	€375
€20,001 - €30,000	15%	€3,000	€1,450	€725
€30,001 - €60,000	25%	€6,000	€1,450	€725
€60,001 and over	35%	€12,000	€1,450	€725
‘Married’ computation with two children or more				
€0 - €30,000	0%	€0	€2,950	€1,125
€30,001 - €41,000	15%	€4,500	€4,050	€2,025
€41,001 - €60,000	25%	€8,600	€4,050	€2,025
€60,001 and over	35%	€14,600	€4,050	€2,025
‘Parent’ computation with one child				
€0 - €16,000	0%	€0	€450	€225
€16,001 - €24,500	15%	€2,400	€1,150	€575
€24,501 - €60,000	25%	€4,850	€1,150	€575
€60,001 and over	35%	€10,850	€1,150	€580
‘Parent’ computation with two children or more				
€0 - €24,000	0%	€0	€2,300	€825
€24,001 - €33,500	15%	€3,600	€3,250	€1,625
€33,501 - €60,000	25%	€6,950	€3,250	€1,625
€60,001 and over	35%	€12,950	€3,250	€1,625

Basis Year 2028				
Income bracket	Tax rate	Subtract	Maximum Tax Saving compared with basis year 2025	Maximum Tax Saving compared with basis year 2026
‘Married’ computation with one child				
€0 - €22,500	0%	€0	€1,125	€750
€22,501 - €33,500	15%	€3,375	€2,175	€1,450
€33,501 - €60,000	25%	€6,725	€2,175	€1,450
€60,001 and over	35%	€12,725	€2,175	€1,450
‘Married’ computation with two children or more				
€0 - € 37,000	0%	€0	€4,700	€2,175
€37,001 - €50,000	15%	€5,550	€6,000	€3,975
€50,001 - €60,000	25%	€10,550	€6,000	€3,975
€60,001 and over	35%	€16,550	€6,000	€3,975
‘Parent’ computation with one child				
€0 - €18,000	0%	€0	€800	€525
€18,001 - €28,000	15%	€2,700	€1,800	€1,225
€28,001 - €60,000	25%	€5,500	€1,800	€1,225
€60,001 and over	35%	€11,500	€1,800	€1,230
‘Parent’ computation with two children or more				
€0 - €30,000	0%	€0	€3,800	€1,725
€30,001 - €42,000	15%	€4,500	€5,000	€3,375
€42,001 - €60,000	25%	€8,700	€5,000	€3,375
€60,001 and over	35%	€14,700	€5,000	€3,375

A project is to be launched to make individual income tax returns the default for spouses, while retaining joint filing by election where legally permitted.

Pensions and Allowances

- Pensions will increase by €10 per week (inclusive of COLA) from January 2027.
- The retirement age and social security contribution rates will remain unchanged.
- The Maximum Pensionable Income applicable to pensioners born before 1962 will increase to €28,000. Government intends to remove the remaining discrepancy by 2028.
- Discrepancies in the COLA bonus for pensioners to be phased out by 2027. Pensioners will receive a standard fixed cost-of-living bonus of €21.53 per week, irrespective of the year in which the person retires.
- The annual amount of pension income that may be received without incurring income tax will increase by €520 to €37,624.
- The portion of a service pension disregarded when assessing the social security pension will increase by €300 annually. For service pensioners reaching age 72, the full commuted portion of their service pension will be disregarded.
- Former members of disciplined forces receiving a service pension, but no social security pension and not in employment, will receive an increase of €520 in their annual bonus.
- Pensioners who previously received a disability benefit or an occupational-injury pension and now receive a contributory pension will receive 20% of their former benefit, up from 10%. A further phased increase to 50% is envisaged in subsequent years.
- Persons who do not qualify for a pension because they have insufficient social security contributions will receive an increase of €333.32 per year in the relevant bonus. The revised annual bonus will range from €933 to €1,383.

- From 2027, transfers of social security contributions between a spouse receiving a pension and a spouse without a pension will be permitted.
- The additional COLA mechanism for low- and middle-income households will be extended and will range from €200 to €1,500 annually, depending on disposable household income; and the number of persons in the household.
- The Carers Grant paid to parents who are unable to work because of the severe disability of their children will increase to €7,500 per year. This benefit will still be payable to parents who work on a part-time basis (total hours less than 20hrs per week) at a rate which is equivalent to half the net National Minimum Wage.
- Carer at Home Scheme to increase by €800 to €9,800 per year.
- The reimbursement of expenses for families adopting children from overseas will increase by €1,000, to €13,000.
- Foster Parents will benefit from 10 days of additional annual leave.
- Assistance will be provided to cover all therapy costs for children with disability under 18 years of age.
- The remaining four compensation schemes for specified former workers of Malta Drydocks/Malta Shipbuilding, the Gas Board, Telemalta and Rediffusion will conclude in 2027.



Family

- From 2027, the free childcare scheme will be applicable only to Maltese citizens, EU citizen living in Malta and Long-Term Residents. No changes will be made for children who are currently enrolled under this system until their children cease to qualify for childcare.
- The previously announced €500 payment per child in post-secondary education will continue in the first half of 2027. The payment will be the third and final instalment for families first eligible in 2025, the second for those first eligible in 2026 and the first for new eligible entrants.

Super Bonus

- A non-taxable payment ('Super Bonus') will be made in the first quarter of next year, based on the 2025 income. Eligible persons with income of at least €12,000 will receive €1,000, while those earning less will receive a pro-rata amount. Self-employed persons, elderly people continuing to work and part-time workers are eligible.

Property and Construction

- Existing housing and property-acquisition or renovation incentive schemes will be renewed for 2027 under the general renewal announced in the speech.
- Targeted measures for property transactions involving airspace sales, requiring disclosure of the full consideration, stronger valuations and checks, and taxation based on economic substance. This measure follows identified arrangements involving sale of airspace that may result in tax being calculated on only part of the actual value of a completed property. The measures will cover intermediaries and developers not named in the deed of transfer.
- As an anti-abuse measure, a domestic reverse charge mechanism will be introduced in the construction sector. In effect this can be seen as an extension of the current 'Tax in Danger' VAT provisions. Business receiving certain construction services will be liable to self-charge the VAT due, with input VAT deduction available when permitted by law. The scope, mechanism and date of this mechanism are yet to be specified.

Other Schemes

- In addition to the property-related schemes, there shall be an extension of annual incentives supporting NGOs, sports organisations, electric vehicles and renewable energy, which were issued in previous years.

Businesses

- A new framework will offer companies with turnover not exceeding €1 million a 25% tax rate on retained or reinvested profits, subject to conditions and limitations in the implementing rules. Profits distributed as dividends will remain taxed at 35%. The measure aims to support smaller businesses, entrepreneurship and investment.
- Malta Enterprise will continue its enterprise and industry support schemes, including incentives for digitalisation, automation, higher-value investment and diversification.

VAT

- Guidelines are being developed to clarify the VAT exemption on food, particularly ready-to-eat retail food, ensuring greater certainty, consistency and fairness in treatment.
- A new administrative penalty system for incorrect invoices and fiscal receipts will be introduced: €100 for the first failure, €200 for the second, €400 for the third and €500 for the fourth and subsequent failures within 24 months. Payment within 30 days would extinguish the criminal liability associated with the failure covered by the penalty.
- These breaches will feed into the Malta Tax and Customs Administration's risk assessment system, increasing businesses' risk scores and likelihood of audit, inspection or investigation, even after penalties are paid.

Financial Services

- Continued regulator–MFSAC collaboration to improve the financial sector’s regulatory and administrative framework and attract new investment. The Minister identified family offices, crypto-asset companies, fintech and aircraft leasing as areas of ongoing development.

Tourism

- From 1 January 2027, the eco-contribution applicable to tourist accommodation will increase as follows:
 - persons staying in collective accommodation will pay €8 per night, subject to a maximum of €64 per person – representing a significant rise from €1.50 per person per night, capped at €22.50; and
 - persons staying in short-let apartments will pay €10 per night, subject to a maximum of €80 per person.
- A new eco-contribution of €10 will apply to cruise passengers who disembark and subsequently re-embark the same cruise liner in Malta.
- A new eco-contribution of €5 will apply to tourists visiting Comino.
- The eco-contribution will no longer apply to persons staying in accommodation provided by language schools.



Labour Market

- The fee for a new work-permit application for a worker coming from outside the European Union will increase by €200, from €600 to €800 per person. An additional annual infrastructure contribution of €400 will become payable by new applicants and upon application renewals.
- The Atypical In-Work Benefit payment will be provided only to Maltese citizens, EU Citizens and Long-Term Residents.

Youths, Education and Sport

- Elite athletes representing Malta at European or world championships will receive ten days of paid sports leave. The accompanying technical and medical team members will also qualify.

Health

- Expansion underway of Mater Dei Emergency Department to double capacity from 35 to 70 treatment spaces.
- A new mental health 135-bed unit with a therapeutic garden will be built.
- Investment in a new medical imaging department building.
- Continued implementation of its Gozo General Hospital master plan.
- From 2027, Government will also cover the cost of a person accompanying an adult patient receiving treatment abroad.



Energy and Infrastructure

- Retention of energy support measures and subsidies to stabilise fuel and energy pricing in Malta.
- Continued investment in energy infrastructure including an investment of around €75m for local electricity distribution.
- The second Sicily interconnector will double interconnection capacity.
- Technical studies will progress on a third interconnector and a new 132kV Malta-Gozo connection.
- Studies will continue on the first offshore wind farm, with an envisaged capacity of 300MW. Opportunities to import renewable energy from North Africa will also be explored.
- Investment in large-scale batteries will continue, with further opportunities for domestic batteries. The speech identifies a target of 25% of energy from renewable sources by 2030.
- Works will continue on Msida Creek, Pinto 4 and 5, Lascaris, the Birzebbuga slipway and berm, and other road and maritime infrastructure. The shore-supply project in the southern Grand Harbour and Lascaris is planned for completion by the end of 2028.



Transport

- From January 2027, eligibility for free public transport will be retained for Maltese citizens, EU citizens resident in Malta and Long-term residents.
- Driving in Malta using a non-EU driving license will only be possible for up to 12 months from entry into Malta. A person granted a residence permit may similarly drive using a non-EU driving licence for 12 months from the date of entry into Malta. This 12-month period will not restart if the person leaves and subsequently re-enters Malta.
- An administrative charge of €83 per month will apply to holders of Category B and B1 driving licences issued or renewed from the relevant date. This administrative charge is not applicable to EU citizens; EEA citizens; long-term residents and their spouses; citizens of the United Kingdom, Australia and the United Arab Emirates; and persons holding residence permits for specific driving employment.
- Tourist fares on existing sea-transport services will increase by €3 per journey. Gozo ferry fares for non-residents will also be revised upwards. The revisions are expected to generate around €13 million in additional revenue, offsetting a reduction in subsidy. Existing electric-vehicle and other transport incentive schemes will be renewed under the general scheme-extension announcement. Further details are expected.

Shipping and Aviation

- Annual yacht-registration fees will increase for affected vessels in the 10-24 metre range, with fees varying by gross tonnage and length. The additional fees do not apply to professional fishing vessels, vessels under 10m and vessels of 24m and above. The measure is aimed at offsetting part of the fuel subsidy received by these vessels.
- Airline incentives will be reviewed to boost shoulder- and winter-season tourism and prioritise routes attracting higher-value visitors.
- KM Malta Airlines is in talks with potential strategic partners to achieve economies of scale and expand business opportunities. Several non-disclosure agreements have been signed, with talks underway with multiple companies.



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