

Malta Budget 2025

The Malta Budget for 2025 was presented by the Minister for Finance on Monday, 28 October 2024.

Economic Outlook



Projected Economic Growth

The economy is anticipated to expand by 4.9% in real value terms and 7% in nominal terms by the close of 2024, with further growth expected at 4.3%, in real terms in 2025.

Inflation Dynamics

The inflation rate is forecast to decline to 2.5% in 2024 and 2.1% in 2025, following a peak of 6.4% in 2023.

Employment Trends

Malta's employment rate recorded at 81.3% in 2023 is projected to increase by an additional 4.6% in 2024 and 4.1% in 2025.

National Deficit Improvement

The national deficit decreased to 4%, with expectations for further reduction to 3.5%, 3.0%, and 2.6% in 2025, 2026, and 2027, respectively.



Cost of Living Adjustment (COLA) and Pensions



COLA will be set at €5.24 per week (€272.48 per year).

The minimum wage will increase by €8.24 per week (€428.48 per year).

Increase in pensions shall amount to €8 per week (€416 per year) including COLA.

Additional pension adjustments will be provided for retirees born before 1962, whose salaries would have exceeded €23,500 if they were still employed.

Widowed pensioners will have an additional average increment of €3 per week (€156 per year).

Persons born after 1976 will be required to accumulate a total of 42 years of contributions to be eligible for a full pension, instead of 41 years. Retirement age and the social security contributions shall not change.

Personal Tax

Effective from January 2025, streamlined individual tax brackets will exempt numerous individuals from taxes or result in tax savings.

Category	Annual Savings
Single Taxpayer Savings	€435 to €675
Married Taxpayer Savings	€345 to €645
Parent Taxpayer Savings	€375 to €650

Business Measures



The 2025 budget aims to establish Malta as a hub for back-office services, focusing on both regulated and non-regulated administrative functions.

The reduction of stamp duty from 5% to 1.5% on family businesses transferred inter vivos has been extended again.

The Highly Qualified Persons Rules will also be broadened.

An Athletes Visa for esports athletes will be introduced.

Malta is reiterating its position in deferring the implementation of the OECD's Two Pillar Solution for global minimum tax (15%), while engaging in discussions with the European Commission on potential grants and tax credits (QRTCs) to ensure compliance with EU and OECD regulations.



Property Incentives



Exemption on stamp duty for first-time buyers continues to apply while the scheme for exemption for second-time buyers will be extended.

Tax relief on the first €750,000 of UCA or old vacant property upon transfer has been renewed.

VAT savings of €54,000 on the first €300,000 of restoration expenses and finishing costs.

A grant of €15,000 is available for first-time buyers purchasing properties in Malta, with an increased grant of €40,000 for individuals purchasing property in Gozo.

Social Support Initiatives



Children's allowance is set to increase by €250 per child.

An increase of €50 in the annual payment given to persons aged between 70–75 years of age living in private residential homes, or elderly homes.

Six-month free gym membership for youths born in 2005, 2006 and 2007.

The tax credit for specialised therapies shall increase from €500 to €750.

Continued support will include €150 aid for individuals in atypical roles across specific sectors.

Assistance for persons with disability and severe disability (applicable for persons 60+) will increase by €3.49 weekly. Additional assistance for persons (applicable for persons 16+) with severe disability will increase by €7.42 weekly.

An additional 100 hours of leave will be provided to self-employed spouses for every IVF treatment cycle.



Education

Annual tax credit for private school fees will be increased to €3,500 for kindergarten, €4,600 for primary, and €6,500 for secondary school students.

The "One Device Per Child" initiative will continue providing devices for students, enhancing digital learning opportunities.

The Endeavour II Scholarship Scheme will continue supporting educational advancement for students pursuing higher qualifications.

Families under Scheme 9 will receive a home library valued at €150.

Each primary, secondary, and middle school student will receive €20 to spend on books at the National Book Fair, promoting literacy and supporting local authors.

Stipends will increase pro rata with COLA.

Healthcare



Free medication will be provided to individuals aged 75 and over who are receiving supplementary assistance.

An allocation of €14 million will be made to significantly reduce waiting lists within the healthcare system.

A National Screening Program will be implemented to screen children over 18 months with communication difficulties.

A tender will be issued for the expansion of the Emergency Department, the enhancement of Intensive Care, and the creation of an Acute Psychiatric Center.

Therapy services will be introduced for patients affected by specific types of cancer, alongside community-based occupational therapy initiatives.

The VAT rate on healthcare products essential for women's health will be reduced to 0%, effectively eliminating the tax on these healthcare products.



Green Initiatives

Incentives to encourage the installation and use of clean energy sources shall remain in place as Malta strives to increase the uptake of renewable energy sources. Grants and schemes incentivising the installation of photovoltaic panels, solar water heaters and wells, shall be extended.

Two sites have been identified for renewable energy projects, with offshore wind turbines under consideration as an alternative clean energy option.

Free public transport by sea will be extended through routes connecting Valletta to Cottonera and Valletta to Sliema.

The electric vehicle purchase scheme will be extended, offering up to €2,000 for motorcycles and up to €8,000 for cars and small vans.

Green Initiatives

A €1,000 grant for scrapping old vehicles will be available, with an additional €1,000 being made available for vehicles registered in Gozo.

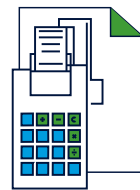
Electric and plug-in hybrid vehicles with an electric range of 50km or more will remain exempt from registration tax and annual road license fees for five years from the first registration. The incentive for purchasing electric-assist bicycles will also be renewed.

Additionally, the scheme encouraging the conversion of petrol or diesel vehicles to electric will be extended.

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Dr. Timothy Zammit

Principal – Tax & Corporate
timothy.zammit@rsm.com.mt

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Contact

RSM Malta
Mdina Road
Żebbuġ, ZBG 9015
Malta

T: +356 2278 7000

E: info@rsm.com.mt

rsm.com.mt

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