

# Malta Budget 2024



**DFK**  
MALTA



# Contents

1. INTRODUCTION
2. MACROECONOMIC INDICATORS
3. FISCAL MEASURES
4. PROPERTY MEASURES
5. SOCIAL MEASURES
6. PENSION MEASURES
7. BUSINESS & INVESTMENT



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## Introduction

The Budget for 2024 was presented by the Minister of Finance and Employment Clyde Caruana on 30 October 2023. This is the Government's second budget in this legislature, where once again it has renewed its social and economic emphasis considering the challenges brought about by climate change, tensions in the Middle East and increasing inflation, in particular the increasing energy costs. This publication highlights the fiscal, social, and economic measures presented to Parliament by the Minister in his Budget speech.

During his speech, the Minister emphasised the main guiding principles for the preparation of this Budget:

**Fair & Just**

# Macroeconomic Indicators



## Gross Domestic Product

The real GDP in 2023 is expected to increase by 4.4%.  
The nominal GDP is expected to increase by 10.3%, mainly driven by exportation.



## Inflation

The national rate of inflation is expected to decline from 5.7% in 2023 to 3.7% in 2024.



## Economic Activity

The Maltese economy is expected to expand by 4.1%.  
In 2024 this is expected to expand by 4.2%.

# Macroeconomic Indicators



## Deficit on Gross Domestic Product

The deficit on GDP in 2023 is expected to decrease to 5.0% (a further reduction from last year's estimate of 5.5%). In 2024 this is expected to decrease to 4.5%, with a further downward trend expected by 2025.

This is estimated to stand at 52.8% in 2023 and is forecast to slightly increase to 55.3% in 2024.

## Debt to Gross Domestic Product Ratio



Malta is expected to register an increase in employment of 4.7% and 4.4% in 2023 and 2024, respectively. The unemployment rate in 2023 is expected to be reduced to 2.7%, with the same rate expected for 2024.



## Employment & Unemployment

# Fiscal Measures



# Fiscal measures

## Minimum wage

As from January 2024, the minimum wage is to be increased from €192.73 per week to €213.54 per week.

## Employees tax refund

All eligible full-time and part-time employees will benefit again from a tax refund ranging between €60 to €140 depending on the income and applicable tax rates.

## Get Qualified and Higher Educational Qualification

The Get Qualified and Higher Educational Qualification will be renewed in 2024.

## Reduced tax rate to sports personnel

The current reduced tax rate of 7.5% for players, licenced coaches and athletes is to be extended to other persons employed in sports activities.

## Tax Credit to Voluntary Organisations

A maximum tax credit of €500 on donations made by entities to qualifying Voluntary Organisations operating in the social, environmental, and animal welfare sectors.

# Fiscal measures

## Corporate & International Tax

Malta will be extending (for up to six years) the implementation and transposition of the Pillar 2 Directive. This means that for the time being Malta will not introduce any top-up tax (i.e., there will be no Income Inclusion Rule (IIR), Undertaxed Payments Rule (UTPR) or Qualified Domestic Minimum Top-up Tax (QDMTT)) that increases the effective tax rate in Malta to 15%.

## Full Imputation System

There will be no changes to the present full imputation system, but it is expected that new forms of grants and tax credits (Qualified Refundable Tax Credits - QRTCs) will be introduced that are in line with the Pillar 2 Directive.

## Reduced rate of duty

Extension of the reduced stamp duty rate of 1.5% on qualifying intra-family transfers of business property and securities by parents to their descendants.



# Property Measures



# Property measures

## Reduced stamp duty in Gozo

Reduced stamp duty of 2% on immovable property in Gozo will not be extended in 2024, thus the reduced rate shall apply for promise of sale agreements executed before 31 December 2023.

## Social housing

No tax and duty shall be paid on the first €200,000 of the consideration paid on the transfer of immovable property to individuals that benefit from schemes administered by the Housing Authority.

## Extension of existing property measures

- Reduced stamp duty rate for first-time buyers and second-time buyers;
- Properties that: (i) Have been built more than 20 years from the date of transfer and have been vacant for the past 7 years; or (ii) Located in an Urban Conversation Area ('UCA'); or (iii) Recently built properties having typical and traditional Maltese architectural style and features.

## UCA property in Gozo

First-time buyers of UCA property in Gozo will have the grant increased to €40,000 (€15,000 in Malta).

# Social Measures



# Social measures

## Cost of Living Adjustment ('COLA')

The COLA for 2024 amounts to €12.81 per week, applicable to all workers, pensioners and beneficiaries of social benefits. Pro-rata increases will be given to students in their stipend.

Depending on the family's income and size, an additional COLA top-up of between €100 to €1,500 per year shall be granted.

## Increased carer's allowance and carer's allowance

In line with the COLA increase, increased carer's allowance will increase to €173.78 per week while the carer's allowance will increase to €120.68 per week.

## In-work benefit

In-work benefit of €150 for eligible workers working irregular hours and earning less than €20,000 a year will be extended to 2024.

Furthermore, eligible working parents shall receive an increase of €50 per child.

# Social measures

## Annual bonus

An increase of €50 per annum in the annual bonus will be granted to persons who have reached their retirement age but who do not qualify for a retirement pension due to lack of contributions.

In 2024, the bonus to be paid to persons who have paid less than 5 years of contributions will increase to €500 per annum, while the bonus to persons who have paid less than 10 years of contributions will increase to €600 per annum.

## Grants to elderly

Elderly who live in their home or in a private residential home shall receive a grant of €450 per year if they are 80 years old and over, and €300 per year if they are between 75 years and 79 years old.

## Widows and widowers

As of 2024, widows and widowers under the age of 61 will not be taxed on their widow/er's pension income.

# Social measures

## Carers grant

In line with the increase in the minimum wage, the carers grant will increase to about €5,000 per annum. This Grant is awarded to parents who are not in employment – to take care of their child with a disability.

## Measures for persons with a disability

Parents of children with a disability will receive a yearly tax credit of €500 per disabled child with respect to therapy costs.

## Invalidity pension

Persons suffering from severe mental health issues and have paid at least 50 social security contributions shall be eligible for the invalidity pension.

## Carer at Home Scheme

As from January 2024, the Carer at Home Scheme shall increase the grant to €8,000 annually.

# Social measures

## Private Rent Housing Benefit Scheme

The Private Rent Housing Benefit Scheme shall be increased to a maximum of €4,200 for a single person, €5,400 for a couple with one child, and €6,000 for a couple with two or more children.

## Children's allowance

The children's allowance will increase by €250 per child.

## Bonus to couples

The bonus granted to couples for the birth or adoption of a child shall increase to €500 for the first child and to €1,000 for the second child and successive children.

## Special allowance

A special allowance of €500 per year for 3 years shall be provided to parents having children who pursue full-time post-secondary education and continue to reside at home.

# Pension Measures





# Pension measures

## Pension increase and COLA adjustment

Contributory and non-contributory pensions will receive an increase of €2.19 per week (over and above the COLA). Additionally, pensioners who retired after 2009 will benefit from a further increase of more than €1 per week to their pension.

## Incentives to remain in employment after retirement

Incentives shall be granted to those who remain in employment after reaching retirement age. The pension increase shall range from 6.5% to 29%, if retirement is postponed by one year for up to four years.

## Tax-free pension income

To encourage pensioners to remain in employment, 60% of pensioners' working income will not be subject to tax.

## Service pensions

Similar to previous years, the portion of any service pension which is not to be reduced from the social security pension is to be increased by a further €200.

## Pensioners born pre-1962

As of 2024, those born before 1962 will have their pension calculation applicable in the same manner to that used for persons born after 1962.

# Business & Investment



# Business & Investment measures

## Start-ups

- A Venture Capital Fund will be introduced to financially assist start-ups, especially those offering innovative technological products.
- The EU Startup Summit will take place in Malta during 2024, 2025 and 2026.

## Environmental grants

- Extension of grants for the purchase or conversion of environmentally friendly transport.
- A new scheme will be introduced on the purchase of personal e-scooters.

## Extension of schemes

The following Schemes are to be extended:

- Seed Investment Scheme
- Startup Finance Scheme
- Skills Development Scheme
- Rent Subsidy Scheme
- Innovate Scheme
- Smart & Sustainable Scheme
- Investment Aid for Energy Efficiency Products

# Business & Investment measures

## Investment support

More incentives are expected to be introduced in 2024 with the aim of increasing investment in the following sectors, semiconductors, manufacturing, Blue Med and the Gaming industry.

## Family businesses

- The Family Business Act is expected to be updated in line with the needs of family businesses, without the overburden of excessive fiscal and regulatory requirements.
- Businesses aiming to internationalise, innovate and digitalise will be supported through tax incentives.

## Business Enhance Scheme

- Cash grants of €40 million will continue to be available for SMEs under the Scheme. Focus will remain on start-ups, diversification of business, and the development and penetration into new markets.
- Digitalisation incentives will continue under the Scheme.

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*This publication summarises the measures announced during the Budget Speech on 30 October 2023. As such, many of these measures are still to be clarified by the publication of the relevant legislation and/or guidelines. Readers should seek professional advice by contacting directly any one of the professional advisors indicated above before acting upon any of these measures for any business transaction or for any action that may be affected by such measures announced in the Budget Speech.*