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MALTA BUDGET 2027

The key measures, made simple

Budget Speech | 26 October 2026

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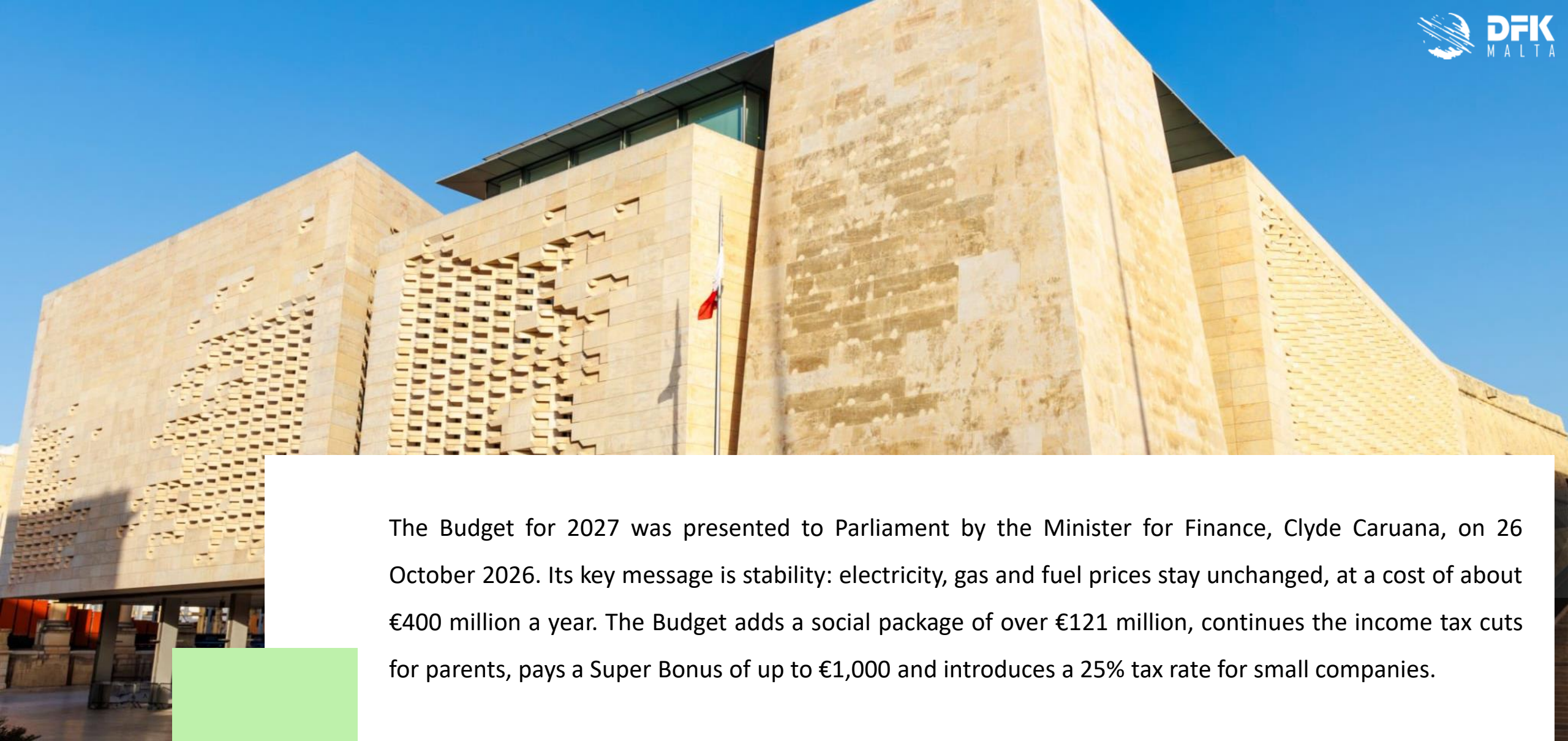




01

Introduction

The Budget at a glance



The Budget for 2027 was presented to Parliament by the Minister for Finance, Clyde Caruana, on 26 October 2026. Its key message is stability: electricity, gas and fuel prices stay unchanged, at a cost of about €400 million a year. The Budget adds a social package of over €121 million, continues the income tax cuts for parents, pays a Super Bonus of up to €1,000 and introduces a 25% tax rate for small companies.



Budget 2027: Top 10 Highlights



Widening of married and parent tax bands for families with one child and those with two or more children



Extra cost-of-living payment of up to **€1,500** for lower and middle-income households



All current incentive schemes renewed for 2027



Minimum wage up **€10.41 a week** and still **tax-free**



Pensions up **€10 a week** from January



Pension income up to **€37,624** a year now **tax-free**



More married women set to receive a **pension**



New **25%** tax rate for small companies on retained or reinvested profits



Cost-of-living increase of **€6.41 a week** for 2027



Tax-free Super Bonus of up to **€1,000** for those who worked in 2025



What It Means for Families

The main measures for households with children.

€4,050

maximum tax saving in 2027 for couples with two or more children, rising to €6,000 in 2028

up to €1,500

extra cost-of-living payment for low and middle-income households

€1,000

tax-free Super Bonus for each person who worked in 2025*

€13,000

reimbursement for families adopting a child from abroad

Example: Couple with two children, one income of €40,000: tax falls from €3,425 in 2026 to €1,500 in 2027.

**This benefit is not limited to families; it applies to all working individuals.*



What It Means for Pensioners

The main measures for pensioners and older persons.

+€10

a week for retirement, disability, widows' and age pensions from January

€21.53

a week cost-of-living bonus, now the same for every pensioner

€37,624

of pension income a year that is tax-free, up by €520

3,200

more married women set to receive a pension through contribution transfers

Example: €10 a week adds up to €520 more a year for each pensioner.



What It Means for Businesses

The main measures for employers, start-ups and investors.

25%

tax rate instead of 35% for companies with turnover of up to €1 million, on retained or reinvested profits

€400m

to keep electricity and fuel prices stable in 2027

All

current incentive schemes renewed for 2027

€1,200

first-year cost of a new non-EU work permit (€800 fee plus €400 contribution)

Example: A small company reinvesting €100,000 of profit: tax of €25,000 instead of €35,000.

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Macroeconomic Indicators

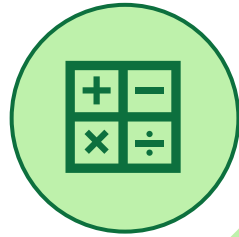
How Malta's economy is performing

Macroeconomic Indicators



Gross Domestic Product

Real GDP grew by 4.4% in the first half of 2026, against an EU average of 1.2%.



Inflation

Inflation is expected at 2.5% in 2026 and 2.7% in 2027. The COLA for 2027 is €6.41 a week.



Economic Activity

The economy is forecast to grow by 4.1% in 2026 and 3.8% in 2027.

Macroeconomic Indicators



Employment

Employment grew by 4.6% in the first half of 2026.

Unemployment is expected to stay low, at 3.2% in 2027.

Government debt is expected at 46.7% of GDP in 2026 and 46.8% in 2027, well below the EU limit.

Debt to Gross Domestic Product Ratio



Deficit on Gross Domestic Product

The deficit is expected at 2.6% of GDP in both 2026 and 2027, about half of it due to energy subsidies.

In short, the economy keeps growing faster than the EU, energy prices are held stable, and the deficit is kept below 3%.

03

Fiscal Measures

Family tax cuts, the Super Bonus and new charges



Fiscal Measures



Tax reductions for married and parent rates

The widening of married and parent tax bands introduced in 2026 for families with one child and those with two or more children will continue to apply, with further reductions in 2027 and 2028.

The revised tax rates for 2027 and 2028 are set out in the tables on the following slides.



Fiscal Measures

Married rates for couples with one child					
2027			2028		
Income (€)	Tax Rate	Deduct (€)	Income (€)	Tax Rate	Deduct (€)
0 - 20,000	0%	0	0 - 22,500	0%	0
20,001 - 30,000	15%	3,000	22,501 - 33,500	15%	3,375
30,001 - 60,000	25%	6,000	33,501 - 60,000	25%	6,725
60,001 and over	35%	12,000	60,001 and over	35%	12,725

The tax-free band rises from **€17,500** in 2026 to **€20,000** in 2027 and **€22,500** in 2028.

Example: Couple with one child, one income of €30,000: tax falls from €2,225 in 2026 to €1,500 in 2027 and €1,125 in 2028.



Fiscal Measures

Married rates for couples with two or more children					
2027			2028		
Income (€)	Tax Rate	Deduct (€)	Income (€)	Tax Rate	Deduct (€)
0 - 30,000	0%	0	0 - 37,000	0%	0
30,001 - 41,000	15%	4,500	37,001 - 50,000	15%	5,550
41,001 - 60,000	25%	8,600	50,001 - 60,000	25%	10,550
60,001 and over	35%	14,600	60,001 and over	35%	16,550

The tax-free band rises from **€22,500** in 2026 to **€30,000** in 2027 and **€37,000** in 2028.

Example: Couple with two children, one income of €40,000: tax falls from €3,425 in 2026 to €1,500 in 2027 and €450 in 2028.



Fiscal Measures

Parent rates for a parent with one child					
2027			2028		
Income (€)	Tax Rate	Deduct (€)	Income (€)	Tax Rate	Deduct (€)
0 - 16,000	0%	0	0 - 18,000	0%	0
16,001 - 24,500	15%	2,400	18,001 - 28,000	15%	2,700
24,501 - 60,000	25%	4,850	28,001 - 60,000	25%	5,500
60,001 and over	35%	10,850	60,001 and over	35%	11,500

The tax-free band rises from **€14,500** in 2026 to **€16,000** in 2027 and **€18,000** in 2028.

Example: Working parent with one child earning €28,000: tax falls from €2,725 in 2026 to €2,150 in 2027 and €1,500 in 2028.



Fiscal Measures

Parent rates for a parent with two or more children					
2027			2028		
Income (€)	Tax Rate	Deduct (€)	Income (€)	Tax Rate	Deduct (€)
0 - 24,000	0%	0	0 - 30,000	0%	0
24,001 - 33,500	15%	3,600	30,001 - 42,000	15%	4,500
33,501 - 60,000	25%	6,950	42,001 - 60,000	25%	8,700
60,001 and over	35%	12,950	60,001 and over	35%	14,700

The tax-free band rises from **€18,500** in 2026 to **€24,000** in 2027 and **€30,000** in 2028.

Example: Working parent with two children earning €30,000: tax falls from €2,175 in 2026 to €900 in 2027 and nil in 2028.



Fiscal Measures



A €1,000 Super Bonus

The Super Bonus will be paid in the first quarter of 2027, based on income earned in 2025.

- **Full bonus:** Individuals earning €12,000 or more will receive a €1,000 bonus payment.
- **Lower incomes:** Those earning between €2,000 and €11,999 will receive a pro-rata bonus ranging from €500 to €925.
- **Who qualifies:** employees, self-employed, part-time workers and pensioners who still work.



25% Tax Rate for Small Companies

Companies with a turnover of up to **€1 million**, to benefit from a 25% corporate income tax rate instead of 35%.

- The lower tax rate applies to profits retained or reinvested in the business.
- Where the profits are distributed as dividends, the 35% rate will continue to apply.



Fiscal Measures



Higher Eco-Contribution for Tourists

Tourist Accommodation

From 1 January 2027, the eco-contribution payable by tourists aged 18 and over shall be as follows:

- **Collective accommodation:** €8 per night, capped at €64 per person
- **Short-let apartments:** €10 per night, capped at €80 per person
- The eco-contribution will no longer apply to accommodation for English-language school students

Example: A couple staying 7 nights in a hotel pays €112 ($€8 \times 7 \text{ nights} \times 2 \text{ people}$).

Cruise passengers

A new €10 charge for those who land and re-board the same cruise ship. The contribution will not apply to passengers starting their cruise from Malta.

Comino

Tourists visiting Comino will be subject to a €5 eco-contribution.



Fiscal Measures



Higher Work Permit Fees for Non-EU Workers

Fees relating to the employment of workers from outside the EU will increase:

- **New work permit applications:** the fee will increase from €600 to €800.
- **Annual infrastructure contribution:** a new **€400** a year, for both new and renewed permits. This contribution will not apply to persons under 18.
- Fees for various other permits issued by Identità will also be revised upwards.

Example: First-year cost of a new non-EU work permit: €1,200 (€800 + €400).



Ferry Fares for Non-Residents

- Fast ferry fares for tourists will increase by €3 per journey.
- Gozo ferry fares for non-residents will also increase.



Fiscal Measures



Changes to Eligibility for Certain Benefits

Some free services will now be limited to Maltese citizens, resident EU citizens and long-term residents.

- **Free public transport:** limited to the above-mentioned groups as from January 2027.
- **Atypical work cheque:** limited to the above-mentioned groups as from January 2027.
- **Free childcare:** Existing beneficiaries will not be affected. From January 2027, new beneficiaries must fall within the above-mentioned groups.
- **Non-EU driving licences:**
 - Persons holding non-EU driving licences may continue using this license for up to 12 months from their entry into Malta.
 - An administrative charge of €83 per month will also be introduced for category B and B1 driving license issued or renewed. EU/EEA citizens, long-term residents and their spouses, UK, Australian and UAE citizens, and holders of residence permits for specific driving occupations will be exempt.



Fiscal Measures



Recreational Boat Fees

Annual registration fees rise for boats of 10 to 24 metres, to offset part of the fuel subsidy they receive. The increase in fees ranges from **€300** to **€2,600** depending on length.

- Professional fishers and boats under 10 metres are not affected.



Fairer and Simpler Tax Administration

- **Separate tax returns:** a project to move towards each spouse filing an individual return, with joint returns still available as an option.
- **Sale of airspace:** new rules so that property deals involving the sale of airspace are taxed on the full value of the completed property, with fuller disclosure of the price agreed and stronger valuation checks. The rules will apply to future transactions, after consultation.
- **VAT in construction:** the business buying the work, not the supplier, will calculate and declare the VAT, and can claim it back if eligible.
- **VAT invoices and receipts:** administrative penalties of **€100**, **€200**, **€400** and **€500** for repeated failures within 24 months, instead of going straight to criminal proceedings. Paying within 30 days extinguishes the criminal liability.
- **VAT on food:** guidelines on the VAT exemption for ready-to-eat food sold by supermarkets and shops.



04

Social Measures

Carers, families and the cost of living



Social Measures



Minimum Wage Increase

- **Minimum wage:** up **€10.41** a week in 2027, including the COLA. Those on the minimum wage still pay no income tax.



Extra Help with the Cost of Living

The additional COLA mechanism continues for low and middle-income households.

- **Payments:** from **€200** to **€1,500** a year, depending on disposable income and household size.
- **Post-secondary education:** **€500** for each child in post-secondary education.



Anomaly Schemes Come to a Close

The four remaining compensation schemes for past anomalies will end in 2027. These covered former workers of Malta Drydocks and Malta Shipbuilding, the Gas Board, Telemalta and the Rediffusion Group. Over 11 years, about 9,000 people or their heirs received **€105 million**.



Social Measures



Enhanced Support for Carers and Families

- **Carers' Grant:** rises to **€7,500** a year for parents who cannot work because of a child's severe disability.
- **Part-time parents:** those working up to 20 hours a week also qualify, at half the net minimum wage.
- **Carer at Home:** the benefit for older persons employing a full-time carer rises by **€800** to reach **€9,800** a year.



Higher Disability and Social Assistance Rates

- **Increased Severe Disability Assistance:** up **€9.37** a week.
- **Other assistance and allowances:** Severe Disability Assistance, Disability Assistance, Visually Impaired Assistance, Disability Benefit, carers' allowances and Social Assistance all rise by **€6.41** a week.
- **Social security credits:** up to two years of credits for employees off work because of mental health problems or domestic violence, and for young people in rehabilitation.
- **Therapy:** support will be given with all costs of necessary therapies for children with a disability under 18.



Social Measures



A Stronger Start for Young People

- **Aftercare:** young people leaving care get guaranteed access to education, training and housing, with support from age 17 to 21, at least at the level of social assistance.
- **Orphans' supplementary allowance:** extended beyond the current age limit of 21 to 25 for orphans who remain in tertiary education. Eligibility continues until the recipient reaches 25 or until 6 months after they graduate and begin working, whichever comes first. In these cases, the allowance will be paid at a higher rate of **€170** per week.



Adoption and Fostering

- **Adoption:** reimbursement for adopting from abroad rises by **€1,000** to reach **€13,000**.
- **Fostering leave:** working foster carers get 10 extra days of leave, equivalent to paternity leave and paid by the Government.

An elderly couple is walking away from the camera down a paved path in a lush, green garden. The man is on the left, wearing a light-colored jacket and trousers, and the woman is on the right, wearing a light-colored jacket and a blue skirt, using a walking stick. The path is surrounded by dense foliage and trees, with sunlight filtering through the leaves.

05

Pension Measures

Pensions and support for older persons



Pension Measures



Sharing Contributions Between Spouses

- From 2027, contributions can be transferred from a spouse who has a pension to a spouse who does not. The aim is to entitle more spouses, especially married women, to a pension, compensating for the period when they had to stop working upon marriage, in some cases because the law required it.



€10 More Every Week

- A **€10** per week increase in retirement pensions, disability and widow(er)s' pensions, as well as those entitled to an age pension.



Pension Measures



Fixing Older Pension Gaps

- **Born before 1962:** the maximum pensionable income rises to **€28,000**.
- **Widows:** all widows will receive the full two-thirds of their late spouse's pension.
- **COLA bonus:** every pensioner will receive the same fixed rate of **€21.53** a week in 2027, whatever the year of retirement.



More Pension Income Tax-Free

- Pension income on which no tax is paid rises by **€520** to reach **€37,624** a year.



Pension Measures



Service and Other Pensioners

- **Service pensioners:** the part of the service pension ignored when working out the social security pension rises by €300 a year instead of €200. From age 72, the full commuted amount is ignored.
- **Former disciplined forces members:** former members of the disciplined forces who receive a service pension but not a social security pension, and who are not in employment, were granted the COLA, paid as a bonus in two instalments each year. From next year, they will also be entitled to the same increase granted to social security pensioners. As a result, their bonus will rise by **€520** per year.
- **Persons with disability on a contributory pension:** persons with a disability who receive a contributory pension, and who previously received a disability benefit or an injury pension, recently began receiving 10% of the benefit they were entitled to before reaching retirement age, which they had lost upon taking up their pension. From next year, this percentage will increase to 20%, with a commitment to raise it gradually to 50% in the coming years.
- **Persons without enough contributions for a pension:** their bonus rises by **€333.32** a year.



06

Business, Sustainability, Investment and Other Measures

Energy, enterprise, health and infrastructure



Business, Sustainability, Investment and Other Measures



Energy Prices Held Stable

Electricity and fuel prices will stay unchanged.

- Without subsidies, diesel would cost **€33.06** a week per car instead of **€20**, and an average electricity bill **€85** a month instead of **€50**.



Backing Enterprise and Investment

- Malta Enterprise will continue its schemes for digitalisation, automation and high-value investment, with incentives to attract new niches.
- Work continues to attract family offices, crypto, fintech and aircraft leasing firms.



All Government Schemes Renewed for 2027

Every scheme running in 2026 will continue in 2027, whatever the sector, including:



Accommodation



Home purchase and renovation



NGOs



Sports organisations



Electric vehicles



Renewable energy



Business, Sustainability, Investment and Other Measures



Tourism and Air Links

- Airline incentives will be reviewed to attract more visitors in the shoulder and winter months.
- A strategic partner is being sought for the national airline, KM Malta Airlines, with the aim of providing economies of scale and broader commercial opportunities.



Investing in Health

- **Mater Dei:** the Emergency Department will double from 35 to 70 treatment spaces, with a new 135-bed mental health unit and a new medical imaging building.
- **Gozo General Hospital:** nine more outpatient clinics, more operating theatres and a women's health area.
- **Treatment abroad:** the cost of a companion for adults treated abroad will now also be covered.
- Work is under way on the master plan to regenerate Karin Grech and St Luke's hospitals.



Business, Sustainability, Investment and Other Measures



Greener, More Secure Energy

- About **€75 million** will be invested in electricity distribution in 2027. Since 2023, 208 new substations have been completed and over 270 km of cables have been laid.
- The process to add two new 33kV subsea cables between Malta and Gozo has started. The second interconnector with Sicily will double capacity, and studies are under way on a third interconnector and a 300MW offshore wind farm.
- Investment in large-scale batteries will continue, supporting the target of **25%** renewable energy by 2030 (**18.8%** in 2025).



Infrastructure, Education and Culture

- **Infrastructure:** Several major infrastructure projects will continue in 2027. These include the Msida Creek project, the Pinto 4 and 5 and Lascaris extensions, shore supply in the Grand Harbour (by end 2028) and the Birżebbuġa slipway.
- **Sports leave:** elite athletes representing Malta at European or world championships will receive ten days of paid sports leave. This also applies to the technical and medical staff accompanying them, so they do not need to use their personal leave.
- **Education and culture:** continued investment in learning spaces, teaching staff and the protection of Malta's cultural heritage.
- **Environment and agriculture:** more funding for recreational spaces, and continued financial and technical support for farmers, fishers and livestock breeders.



How DFK Malta Can Help

Every Budget brings changes for families, employers and investors. Our team turns the new measures into clear, practical next steps.



Tax Advisory and Compliance



Audit and Assurance



Accounting and Payroll



Corporate Services



Business Advisory



Budget Impact Reviews

Talk to our team



Scan to visit dfkmalta.com

info@dfkmalta.com
+356 21 444 962
www.dfkmalta.com

DFK Malta Contacts

Dr David Farrugia

Managing Director

david.farrugia@dfkmalta.com



Kathleen Busuttil

Director – Tax & Corporate

kathleen.busuttil@dfkmalta.com



Raisa Schembri

Manager – Tax

raisa.schembri@dfkmalta.com



Lara Farrugia

Senior – Tax

lara.farrugia@dfkmalta.com



+356 21 444 962; 21 490 452



www.dfkmalta.com



info@dfkmalta.com





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This publication summarises the measures announced during the Budget Speech on 26 October 2026. 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 before-hand 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.