

Budget 2025

**EMANUEL
ELLUL
LIMITED**



As presented by Finance Minister Clyde
Caruana on 28th October 2024.



Global challenges

Energy and Grain prices

- The Government shall continue to subsidise energy, fuel and grain prices.

Local economy

Performance of the local economy

- Real Gross Domestic Product (GDP) grew by 4.9% and is set to grow by 4.3% in 2025.
- Inflation expected to decrease to 2.5% by end of the year and 2.1% in 2025.
- Unemployment rate of 3.5%.
- Deficit Will drop to 4% (instead of the originally forecasted 4.5%) and is expected to go down to 3.5% in 2025.
- Government debt is expected to remain stable at 50% of the GDP mark (up from 43%).

Social Measures

Cost of living adjustment

- COLA increase of € 5.24 per week to all workers.
- Pro-rata COLA increase to student's grants.
- COLA increase of €8.00 per week to pensioners (equivalent to €416 a year).
- The minimum wage will increase by €8.24 per week to reach €221.78 per week. This is in line with four-year agreement signed with social partners.
- Minimum wage will once again remain tax free (below the taxable threshold).

Tax measures

Malta Tax and Customs Administration

- Investment of €68 million in the next 10 years to enable the digitalisation of IT system to integrate various functions and provide a real-time tax status.
- Enforcement effort stepped up – increase in tax return submission compliance from 73% to 93%.
- 1,200 repayment plans to recover funds from unpaid taxes resulting in €300million in tax arrears.

Tax Measures

Pensions and pension related news

- Continuation of active pensioners – pensioners are encouraged to keep working past the pensionable age. Pensions will be fully exempt in 5 years:
 - 20% exemption from 2022
 - 40% exemption from 2023
 - 60% exemption from 2024
 - 80% exemption from 2025
 - 100% exemption from 2026.
- Extension of service pensions increase by €200.
- Additional adjustments shall be made to pensioners born before 1962, specifically for those whose salaries, if are still employed would have exceeded €23,500.
- Widow's pension – to increase by €3 per week in addition to the €8 increase already mentioned.
- Widow's pension – to receive full pension of deceased spouse by 2027.
- Retirees not qualifying for contributory pension shall receive a €1,000 bonus if they have paid 9 years' worth of national insurance payments. A pro-rata bonus will be provided to those with fewer national insurance payments.



Tax measures

National insurance

- Persons born after 1976 shall be required to pay a total 42 years of NI contributions instead of the 41 years of NI payments. Retirement age and social security contributions shall not change.

Income tax, tax refunds and tax rebates

- Reduction in income tax rates and wider bands as from 1st January 2025. This shall result in Income tax reductions between €345 and €675. This depends on the tax status.

Current tax rates:

Tax Rates			Tax Rates			Tax Rates		
From	To	Rate	From	To	Rate	From	To	Rate
Single Rates			Married Rates			Parent rates		
0	9,100	0%	0	12,700	0%	0	10,500	0%
9,101	14,500	15%	12,701	21,200	15%	10,501	15,800	15%
14,501	60,000	25%	21,201	60,000	25%	15,801	60,000	25%
60,001 +		35%	60,001 +		35%	60,001 +		35%

New tax rates:

Tax Rates			Tax Rates			Tax Rates		
From	To	Rate	From	To	Rate	From	To	Rate
Single Rates			Married Rates			Parent rates		
0	12,000	0%	0	15,000	0%	0	13,000	0%
12,001	16,000	15%	15,001	23,000	15%	13,001	17,500	15%
16,001	60,000	25%	23,001	60,000	25%	17,501	60,000	25%
60,001 +		35%	60,001 +		35%	60,001 +		35%



Tax measures

Income tax, tax refunds and tax rebates (continued)

- Extension of €150 yearly grant given to atypical workers.
- Highly Qualified Persons scheme will be extended.
- Tax refund to be re-issued by Government and will range from €60 to €140.
- Increase in tax rebates shall be given to parents with kids in independent schools:
 - €3,500 for children in kindergarten schools (up from €1,600);
 - €4,600 for children in primary schools (up from €1,900);
 - €6,500 for children in secondary schools (up from €2,600);
- Extension of the reduced rate of duty of 1.5% applicable on the transfer of shares in a family business.
- Continued discussions at EU and OECD level on the implementation of Pillar II. Malta has chosen to defer the implementation of the Directive. However, Malta is still in discussions with European Commission to introduce Qualified Refundable Tax Credits (QRTC's).

Tax credits

- Companies will get a tax credit of up to €500 for any donations they make to voluntary organisations.
- Tax credit to increase to €750 from €500 for parents paying for specialized therapy.

Immovable property and property related measures

- Extension of first-time buyers scheme.
- Extension of second-time buyers scheme.
- Extension of €10,000 grant for first-time buyers.
- Extension of stamp duty and capital gains tax removed on first €750,000 on the sale or purchase of properties:
 - Have been built more than 20 years ago and have been vacant for more than seven years.
 - Are in UCA's.
 - New properties built in typical and traditional maltese style and architecture.
- First-time buyers who purchase such properties will also receive a grant of €15,000. This is extended to €40,000 for Gozitans who buy such properties in Gozo.
- VAT refund of a maximum of €54,000 (on €300,000 in works) on restoration on old or abandoned properties within UCA.



Other measures

Allowances and assistance

- Children allowance to increase by €250 per child.
- Vulnerable workers will receive an extra COLA payment - €1,500 per year.
- Carer at Home Scheme will increase by €500 to €8,500 as from 2025.
- Increase in Carers Grant for parents caring for children with severe disability are set to receive €5,190 per year. Payments are issued quarterly.
- Foster parents to receive an extra €10 per week (increase to €120 per week from €110 per week).
- Social medical help whose members cannot work will receive an additional €5 per week for each member.
- Disability allowance for children to increase by €5 per week (to increase to €35 per week).
- 100 hrs of paid leave for each IVF treatment split:
 - Mother shall be eligible to claim 60 hours of leave;
 - Partner shall be eligible for the remaining 40 hours of leave.
- Parental leave extended for self-employed individuals.
- Increase of €170 marriage grant (resulting in €500 grant each partner).
- €500 grant for each child born shall also be provided to the third born child.
- Senior citizens aged between 75 – 79 years who choose to continue living in the community will get a €350 payment (up from the previous €300).
- Senior citizens aged 80 years and over shall get the €450 (same as previously given).
- Introduction of Visa's for esport athletes in order to facilitate relocation to Malta.
- Revision in wage regulation orders to ensure better working conditions.

Health and education

- VAT rates for women's sanitary products and products used by female cancer patients shall be VAT exempt (reduced from 18% VAT).
- Health related incentives for youngsters born between 2005 – 2007.
- €14 million cash injection to assist healthcare and bring down waiting lists for operations.
- €500 Grant for each child who continues their tertiary education.
- Families under Scheme 9 (qualifying as vulnerable) shall receive a home library valued at €150.
- All students – primary to secondary school, shall receive €20 book voucher to be used at the 2025 National Book Fair.
- 'One device per child' scheme shall be extended.



Other measures

Green measures

- Extension of financial incentive relating to the purchase of electric vehicles, shall amount to €8,000 (down from €11,000).
- Persons who purchased EV today but will not get the car registered this year will still get the full €11,000.
- Extension of pedelecs and e-kickscooters shall continue.
- Subsidy for electric motorcycles of €2,000.
- €1,000 grant to scrap old vehicles.
- Continued investment to increase the charging point network to 1,200.
- Extension of schemes to encourage the purchase of solar panels, solar water heaters, heat pumps and other such devices.



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