

# Budget 2024

**EMANUEL  
ELLUL  
LIMITED**

BUDGET 2024

As presented by Finance Minister  
Clyde Caruana on 30<sup>th</sup> October 2023



## Global challenges

### Inflation

- War in Ukraine and in Middle East resulting in persistent inflation.
- International Monetary Fund has predicted that economic growth in major economies (United States, Japan and United Kingdom) decreased from 3.5% in 2022 to 3% in 2023, and then set to decrease to 2.9% in 2024.

## Local economy

### Performance and indicators of the local economy

- Real Gross Domestic Product (GDP) set to keep momentum and grow by 4.2% in 2024 (currently registering a 4.4% growth during the first 6 months in 2023 and 6.9% growth in 2022).
- Inflation expected to reach 5.7%.
- Unemployment rate at record lows at 2.7% in 2023 (expected to remain the same in 2024 and down from 3.1% in 2022).
- Labour participation rate just under 79%.
- Deficit expected to be 5% (down from 5.7% in 2022, 7.5% in 2021)
- Government debt is expected to remain at 55% of the GDP mark (remaining below EU threshold).
- Spending on energy subsidies in 2024 will be around €350 million.

## Social Measures

### Cost of living adjustment

- Minimum wage for a 40-hour work week rise incrementally over four years as follows:
  - Increase of €8 to €200.73 plus COLA;
  - €203.73 plus COLA for 2024, and 2025;
  - €206.73 plus COLA for 2024, 2025 and 2026;
  - €210.73 plus COLA for 2024, 2025, 2026 and 2027.

### Cost of living adjustment

- COLA increase of € 12.81 per week to all workers.
- Pro-rata COLA increase to students.
- COLA increase of €15.00 per week to pensioners (equivalent to €780 a year), including widower and invalidity pension.
- Extension of new COLA mechanism for vulnerable families. This mechanism addresses people earning less than the average wage and is estimated to affect 95,000 persons. The average grant will be between €100 and €1,500. Grants will be means-based.

## Tax Measures

### Pensions and pension related news

- Mechanism for pension shall not differentiate between pensioners born before 1962 and after 1962;
- Pensioners born before 1962 shall also get increase calculated on rises in salaries.
- Extension of service pensions increase by another €200.
- Widows / Widowers under 61 years of age who receive a pension will not be taxed as from 2024.
- Retirees not qualifying for contributory pension to receive a €50 yearly increase, (€500 or €600 increase, depending on the number of missing contributions).
- Active pensioners - Incentives for those who continue to work rather than receive a pension. Pensioners will be entitled to:
  - 6.5% increase (1.5% more than current increase) for a year of working.
  - 13.5% increase (3% more than current increase) for two years.
  - 21% increase (4.5% more than current increase) for three years.
  - 29% (6% more than current increase for four years).
- Continuation of exemption of pensions – 60% exemption on pension income in 2024 (up from 40% in 2023).
- Further private pension discussions and incentives to improve private pensions with social partners.



## Tax measures

### International taxation

- European Union is set to implement a directive on the 15% minimum global corporate tax in 2024, known as OECD's Pillar 2, through:
  - The Income Inclusion Rule;
  - The Undertaxed Profit Rule; and
  - The Qualified Domestic Minimum Tax.Malta will not introduce Pillar 2 in 2024 (Directive can be postponed for a maximum of 6 years).
- The government is expected to work to have measures and incentives in the form of grants or tax credits, so called Qualified Refundable Tax Credits, in line with EU and OECD rules in order to keep Malta competitive.

### Social security Contributions

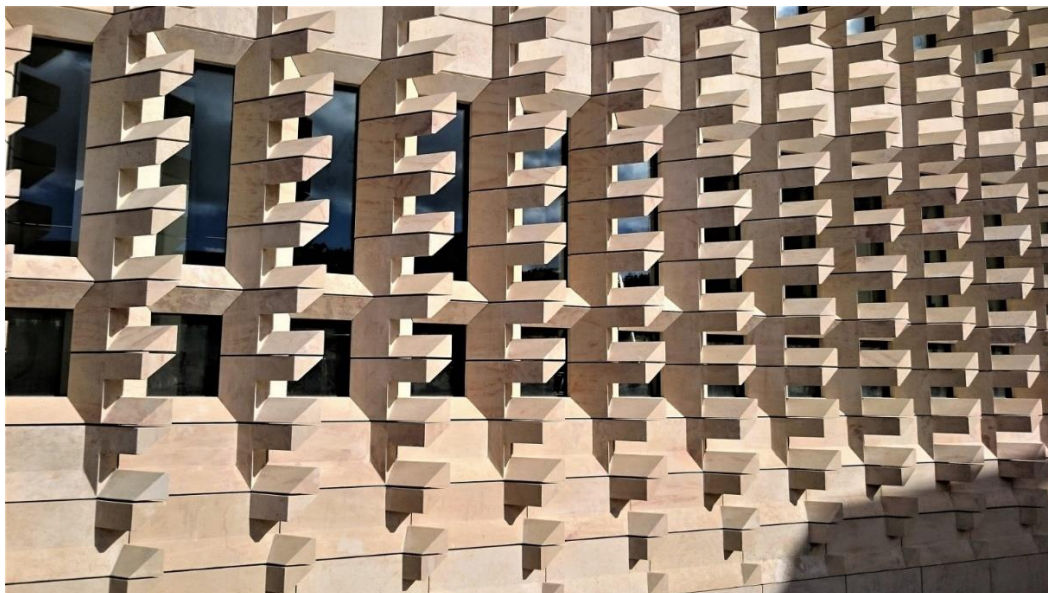
- Continuation of 2-year credits in social security contributions for mental health patients and will benefit from an invalidity pension if they have paid at least 50 social security contributions.

### Income tax, tax refunds and tax rebates

- Extension of €150 yearly grant given to atypical workers.
- Reduced 7.5% tax rate that currently applies to athletes and their coaches will be extended to sports sector.
- Re-evaluation of various tax residence programmes. This is to ensure that Malta remains attractive.
- Extension of decrease in duty from 5% to 1.5% for the transfer of family businesses.
- Tax refund to be re-issued by Government and will range from €60 to €140.

### Tax Credits

- €500 tax credit (increased from €200) per year for parents to use on therapy for every child with a disability.
- Extension of various investment schemes (Skills Development Scheme, the Rent Subsidy Scheme, the Innovate Scheme, the Smart & Sustainable Scheme and Investment Aid for Energy Efficiency Projects).
- Increase in capping of tax credits for family businesses.
- Business Enhance schemes cash grants to be extended in order assist start-ups.
- Tax credit on donations of up to €500 made to registered Voluntary Organisations which operate in social, environmental or animal rights sectors.



## Tax measures

### Immovable property and property related measures

- The reduction of stamp duty from 5% to 2% on purchasing immovable property in Gozo will not be extended beyond 2023 (however still applicable on promise of sales registered by end of year).
- Extension of first-time buyers scheme.
- Extension of second-time buyers scheme.
- Continuation of €10,000 grant for first-time buyers will be granted over 10 years to help on loan repayments.
- Extension of stamp duty and capital gains tax removed on first €750,000 on the sale or purchase of properties that:
  - 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.
- Extension of €15,000 grant for first-time buyers who purchase vacant or UCA properties in Malta.
- First-time buyers who purchase such properties will receive a grant of €40,000 (increased from €30,000).
- Extension of VAT refund of a maximum of €54,000 (on €300,000 in works) on restoration on old or abandoned properties within UCA.
- Removal of stamp duty on the first €200,000 on the home sale from the landlord to a person living in that accommodation and receiving a rent benefit.
- Removal of succession taxes on agricultural land if worked by professional farmers.



## Other measures

### Allowances and assistance

- Children allowance to increase by €250 per child.
- Adoption and birth benefits to increase from €400 to €500 for first born and from €400 to €1,000 for second born. Same benefits apply for third or more children.
- Carers grant (parents who quit work to look after disabled children) shall continue to increase by €487 a year, up to almost €5,000 a year.
- Grant for the elderly who live at home or in private elderly homes will also increase:
  - additional €50 (increased to a total of €450) for those over 80 years old;
  - Those not yet at that age will continue to receive the current €300.
- Carer at Home scheme to increase by another €1,000 up from €7,000 to €8,000 per year.
- Additional Carer Allowance and Carer Allowance will increase in line with the full COLA of €12.81 per week.
- Change in unemployment benefits. Beneficiaries will receive:
  - 60% of their previous salary for the first six weeks;
  - 55% for 10 weeks;
  - 50% for the final 10 weeks.The unemployment benefit will be capped at 175% of the minimum wage.
- Persons who are temporarily unable to work will be able to avail of a partial invalidity benefit.
- In-work benefit to increase by €50 per child aged under 23.
- Private rent housing benefit scheme
  - Increase to €4,200 for single people (up from €3,600).
  - €6,000 for families with two or more children (up from €5,000).
- Continuation of investment in various government owned elderly homes and opening of new elderly homes.
- Research and development – Investment in semiconductors to create a “centre of competence” in Malta.
- Aim to continued attracting new investment in aviation industry, specifically aircraft leasing.

### Education

- Special allowance for those who continue their education after the obligatory age until the child is 18 years old. This will be a grant of €500 per year for three years as long as the children continue to live with their parents and are full-time students.
- Extension of Government’s ‘1 tablet per child’ scheme re: new laptops for year 7 students.



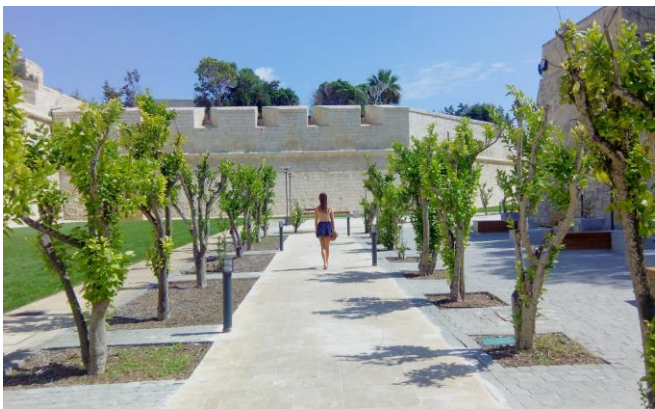
## Other measures

### Infrastructure projects

- Msida Creek project and St. Andrews project upgrade and completion of various junctions and projects.
- Plan at reducing rush hour traffic.
- Plan to continue upgrading electricity infrastructure.
- Plan to build an incinerator and other waste infrastructure at Magtab.
- Works under way to continue increasing reverse osmosis water production.
- Regeneration of the Grand Harbour area.

## Green measures

- Extension of various financial incentives in relation to the purchase of electric vehicles, scrappage scheme, wheelchair-friendly vehicles.
- New financial incentive for people who purchase their own e-scooter.
- Continuation of investment in a 1,200 Charging Point network (currently 372 charging points available).
- Extension of schemes to encourage the purchase of PV panels, solar water heaters, heat pumps, home water filtering systems and other such devices.
- Project Green agency to continue investing in 'green parks'.



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