



# Malta Budget **2025 Highlights**



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## Economic highlights

In 2023, Malta's employment rate rose by 6.1%, with projected increases of 4.6% in 2024 and 4.1% in 2025. Inflation is expected to decline to 2.5% in 2024 and 2.1% in 2025. Although the deficit exceeds the threshold of the European Union ("EU") which is 3%, it is projected to drop to 4.0% in 2024 and 2.6% by 2027. Debt as a percentage of Gross domestic product ("GDP") is anticipated to be 49.5% in 2024 and 50.1% in 2025. The government will maintain subsidies for energy fuels, grains, and animal feed.

The Cost-of-Living Allowance ("COLA") for 2025 is set at €5.24 per week, compared to €12.81 in 2024. The national minimum wage will rise to €221.78 weekly from €213.54 in 2024.

## Personal taxation

Personal tax bands will be widened on January 1, 2025, with maximum annual tax savings ranging from €345 to €675. The new applicable rates are outlined in the table below.

Single		Married		Parent	
Income (€)	Rate	Income (€)	Rate	Income (€)	Rate
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%

- Social security contributions will stay the same in 2025.
- The Highly Qualified Persons Scheme will be extended.

## Businesses

- The European Digital Innovation Hub ("DiHubMT") will support start-ups and SMEs with mentorship, incubator services, and access to a High-Performance Computer for research.
- The government plans to introduce a Digital Identity Wallet, allowing secure sharing of digital identities via smartphone apps.
- The duty on inter vivos transfers of company shares and commercial properties will stay at a reduced rate of 1.5% on the actual value.
- Malta continues to encourage the establishment of back-office services, including administrative support.

## **Financial services**

- The Government aims to enhance Malta's appeal in financial services, focusing on family offices, aircraft leasing, fintech, and Artificial intelligence ("AI").
- New legislation for Limited Partnerships will be introduced in 2025.

## **Gaming**

- As of late 2023, gaming makes up 7% of Malta's GDP, employing 16,428 people.
- In 2025, a visa for esports athletes will be introduced to aid their relocation to Malta.

## **Fiscal discipline**

- In the first half of 2024, €300,000,000 in tax arrears were collected, and the on-time tax return filing rate rose from 73% in 2023 to 93%.
- A €68,000,000 digital Information Technology ("IT") system is being implemented for the Malta Tax and Customs Administration, enabling taxpayers to verify their tax status in real-time.

## **International tax**

- The government is discussing grants or Qualified Refundable Tax Credits with the EU Commission, ensuring compliance with EU State Aid Rules and the Global Anti-Base Erosion Model Rules (Pillar Two) (known as the 15% global minimum tax rules).

## **Manufacturing**

- Construction has started on the industrial area in San Gwann, which will feature laboratories and light industry spaces. An incubation centre is also being set up in Hal Far to support start-ups.
- The SME Park in Hal Far will relocate panel beaters, carpenters, and sprayers from residential zones.
- In 2024, the Invest Gozo platform was launched, providing information on investments, studies, and job opportunities in Gozo.

## **Agriculture and fishing**

- Incentives will be introduced for non-commercial farmers leasing government land to partner with commercial farmers.
- A dedicated food safety authority will be established as the sole regulator, ensuring proper oversight during crises.
- Fiscal incentives will help food producers and sellers reduce waste.
- Investments will support the fishing industry while addressing pollution and environmental impact.

- Digitalization in fisheries and aquaculture will be boosted by a €4 million EU-funded project.
- Additionally, excise duty on low-alcohol beer from small independent breweries and small wine producers in Malta will be reduced.

## **Sustainable energy, water, and waste management**

- The government will continue to promote investment in residential renewable energy systems, including Photovoltaic (“PV”) panels, energy storage batteries, and solar water heaters. It will also encourage the private sector to develop renewable energy installations.
- The strategic vision for clean energy includes implementing the second interconnector, investing in battery energy storage, establishing a national renewable energy policy, and conducting a market readiness consultation.
- The identification of six zones for potential renewable energy projects led to a Strategic Environmental Assessment, which highlighted two zones with lesser environmental impact.
- Offshore wind farms and nearshore solar energy solutions are under consideration.
- The electric vehicle purchase incentive will be extended, offering grants of up to €2,000 for motorcycles and €8,000 for vehicles and small vans. Other schemes promoting eco-friendly vehicles, such as incentives for electric bikes and a vehicle scrappage program, will also continue.
- Electric vehicles and plug-in hybrids with a range of at least 50 km will benefit from a five-year exemption from registration tax and road license fees.
- A national cycling strategy will be published, and the government will invest in an Intelligent Traffic Management System.
- A €310,000,000 national plan will focus on improving water supply quality, and construction will start soon on a facility for separating mixed bulky waste.

## **Voluntary sector**

- €25,000,000 will be allocated for over 50 Public Social Partnerships.
- A one-stop shop will open in southern Malta to support the voluntary sector with resources and training.
- Enterprises can receive a tax credit of up to €500 for donations to Non-governmental organizations (“NGOs”) in social, environmental, and animal welfare sectors.

## **Property**

- The duty exemption for first-time buyers and the partial stamp duty refund for second-time buyers will be extended. First-time buyers will also receive a €10,000 grant over 10 years.

- The exemption from income tax and duty on the first €750,000 will remain for properties in an Urban Conservation Area (“UCA”), those built over 20 years ago, and properties vacant for at least 7 continuous years before transfer.
- Value Added Tax (“VAT”) refunds, up to €54,000 on the first €300,000 spent, will continue or the restoration of eligible properties.
- Additionally, the grant for first-time buyers will be extended, offering €15,000 for properties in Malta and €40,000 for those in Gozo.
- A new scheme will also enable the redemption of temporary emphyteusis, expanding eligibility for current and past programs.

## **Pensions and the elderly**

- Pension increase of €8 per week (€15 in 2024), totalling €416 annually.
- The gradual tax exemption for pensions continues for those aged 61 and older, with 80% exempt in 2025 (60% in 2024), subject to a cap.
- Pension bonus rates for those without sufficient contributions will rise by €550 to €1,000.
- Individuals born after 1976 need 42 years of contributions instead of 41 for a full pension.
- The grant for seniors aged 75 to 79 living at home will increase to €350.
- The Carer at Home Scheme will increase to €8,500 annually.

## **Family and Children**

- Children's allowance will increase by €250 per child.
- The €150 grant for atypical workers will continue.
- The bonus for families with a third or subsequent child increases from €1,000 to €1,500.
- The marriage grant rises to €1,000 per couple.
- Paid leave for in vitro fertilization (“IVF”) treatment will include self-employed individuals.
- Paternal leave of 10 days (80 hours) will extend to self-employed fathers, based on minimum wage.
- Fostering allowance increases by €10 to €120 per week for those under 21.
- Supplementary Allowance increases by €190 for couples and €60 for singles, with expanded eligibility.
- Capital asset limits for non-contributory benefits rise to €26,000 for couples and €16,000 for singles.
- Two years of social security credits for those completing a drug rehab program and securing employment.

- The pension for retirees with disabilities will be adjusted to meet the national minimum wage.
- Increases in disability benefits and carers' grants.
- Tax credit for parents of disabled children increases to €750, available to unemployed parents or those on social benefits.
- Maximum deduction for private school fees rises significantly: €3,500 for kindergarten, €4,600 for primary, and €6,500 for secondary.
- The government will subsidize the first six months of gym memberships for youths born in 2005, 2006, and 2007.

## **Occupational pension plans**

- Employers must offer employees the chance to join an occupational pension plan but are not required to contribute. Current tax benefits for both parties will remain in effect. The government will also contribute up to €100 per employee each month to these plans.

## **Other**

- Malta's Vision 2050 will be launched in the last quarter of 2025, addressing challenges like climate change, technology, demographic shifts, and global economics while guiding development across sectors.
- A public consultation on the Economic Migration Policy will start in the last quarter of 2024.
- In 2025, legislation for "Equal Pay for Work of Equal Value" will be introduced.
- Tax refunds for individuals earning under €60,000 will be issued again this year, ranging from €60 to €140.
- The government will establish a Commercial Court for greater judicial specialization.
- Women's sanitary products and cancer-related medical accessories will be exempt from VAT.

*Disclaimer: This publication is based on the 2025 Budget Speech, where the Minister for Finance announced measures that may require new legal instruments to take effect. Details will be available when these instruments or guidelines are published.*

*Affected readers should seek professional advice tailored to their circumstances, rather than relying solely on this publication.*

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