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# MALTA BUDGET 2025 HIGHLIGHTS



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# KEY MEASURES



Widening of personal income tax bands



Introduction of visa for Esports athletes as from early 2025



Extension of Highly Qualified Persons (HQP) Scheme



Introduction of legislation on family offices, aircraft rentals, Fintech and AI



Extension of reduction in stamp duty on transfer of family business



Deferral on implementation of Global Minimum Tax



Increase in tax deduction for parents paying private school fees



Extension of first time & second time buyer schemes and UCA zones



Introduction of Digital Identity Wallet in Malta

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## ECONOMIC DEVELOPMENTS

- Malta's inflation is expected to ease from 6.4% in 2023 to 2.2% by 2025, despite a global backdrop of inflation and economic recession.
- National economic growth was 7.5% in 2023-2024; the highest in the EU. Real GDP grew by 5.9%, while nominal GDP grew by 9.6%.
- In 2025, Malta's economy is expected to grow by 4.3% in real terms and 7% in nominal terms.
- Fiscal deficit was expected to be at 4.5% of GDP in 2024, but the target in 2025 has now been reduced to 4%.
- Employment growth is expected to be 4.6% in 2024 and 4.1% in 2025.
- No new taxes to be introduced in 2025.

## CORPORATE TAX

- Implementation of the EU directive on minimum corporate tax to remain deferred.
- Government in discussions with European Commission to introduce qualified refundable tax credits (QRTC).

## PERSONAL TAX

- The income tax-exempt bracket to be increased from €9,100 to €12,000 for single taxpayers; from €12,700 to €15,000 for married taxpayers; and from €10,500 to €13,000 for parent taxpayers. Savings are expected to range between €345 to €650.
- The 15% income tax bracket to be widened by roughly €1500 to single taxpayers, €1800 for married taxpayers; and €1,700 for parent taxpayers.
- Increase in deductions for tax purpose limits for payments made to independent schools, per child, as follows: (a) kindergarten: up from €1,600 to € 3,500; (b) primary school: Up from €1,900 to € 4,600; and (c) secondary school: up from €2,600 to € 6,500.

## VAT

- Reduction of VAT to 0% on sanitary products and medical accessories for women in relation to cancer treatment
- Grant equivalent to VAT on bicycles and electronic bicycles to be extended.

## REAL ESTATE

- First time buyers continue to benefit from the €10,000 Grant on First Residence (GFR) scheme and the stamp duty exemption on the first €200,000 on the purchase price.
- The stamp duty reduction scheme for second time buyers will also be extended.
- Various fiscal benefits for property investment projects extended for another year, such as: (a) property that was built more than 20 years ago and has been vacant for the last 7 years; (b) property in UCA zones; or (c) new property developed according to approved criteria. Benefits include: (a) exemption from tax on capital gains and stamp duty on the first €750,000 euro; (b) VAT savings up to a maximum of €54,000 on the first €300,000 in relation to restoration and improvement expenses; and (c) a grant of €15,000 in Malta and €40,000 euro in Gozo for first time buyers.

## ESPORTS & GAMING

- A new visa for Esports athletes will be introduced in early 2025 to facilitate the movement of talent in the country.
- HQP will be extended.

## ARTIFICIAL INTELLIGENCE & INNOVATION

- Introduction of Digital Identity Wallet to enable Maltese citizens and businesses to share their digital identity.
- The European Digital Innovation Hub (DiHubMT), to build a community of start-ups and SMEs that will be able to benefit from mentorship, pre-accelerator and incubator services, as well as access to High Performance Computer.
- Seed Investment Scheme relaunched, giving incentives for those investing in local start-ups.
- Strengthening research and innovation through various EU programmes.

## GREEN ECONOMY

- The establishment of the Climate Action Authority should achieve the goals of a carbon-free economy by 2050.
- Persons who are purchasing electric vehicles shall be entitled to a benefit of a maximum of €2,000 for motorcycles and a maximum of €8,000 for cars and small vans. €1,000 grant for the scrapping of old cars and small vans. If vehicles are registered in Gozo an additional €1,000 euro will be provided.
- The incentives for the purchase of pedelecs and electric scooters for personal use will be extended.
- Electric vehicles and plug-in hybrids with electrical autonomy of 50km or more will continue to benefit from an exemption from registration tax and annual road license for a period of 5 years from the date of first registration.

## BUSINESS INCENTIVES

- Extension of stamp duty reduction from 5% to 1.5% on inter vivos transfer of family businesses.
- Excise duty on small wine producers to be reduced significantly.
- Reduction of excise duty on beer with a low alcohol content produced by small and independent breweries in Malta.
- Business incubation centre for start-ups to be launched in Ħal Far.
- Introduction of specific legislation on family offices, aircraft rentals, Fintech and AI.
- Initiatives to encourage setting up of back-office operations, such as for administrative and support services, for both licensed and unlicensed activities.
- Extension of tax credit up to €500 to those enterprises that donate to voluntary organisations in social, the environment and animal welfare.

## SOCIAL MEASURES

- Cost-of-living adjustment (COLA) will be €5.24 per week.
- Students will also benefit from the pro-rata increase of COLA in stipends.
- Retirement age and amount of social security contribution will not be increased.
- Children allowance – increase by further €250 per child irrespective of family income.
- Parents whose children continue their post-secondary education this year have started receiving a special allowance of €500 to help them be more supportive in their children's educational path. The allowance is paid for 3 years for students attending both state and private schools.
- Increase in Marriage Grant - the grant received by the two spouses when they marry or join in civil union will increase by almost €170 to €500 which means €1,000 between the two spouses.
- IVF measures to be extended to self-employed persons: Prospective mother entitled to 60 hours of leave, while spouse is entitled to another 40 hours.
- Carer Grant will also start being paid to non-working parents, who have children with disabilities under the age of 16 and whose condition is considered to be very severe and to require the continuous and constant care of the parent.
- The Carer at Home scheme will increase again by €500.

# PENSIONS

- Pensioners to receive an increase of €8 per week or €416 per year.
- Increase in Widow's Pension - the additional increase will average around €3 per week, in addition to the overall weekly increase of €8.
- Widowers will continue not to pay tax on pension income.
- Individuals who do not have enough stamps for a pension and receive a bonus - bonus rates will now be calculated according to the actual number of stamps paid. These will range from €550 for those who paid up to one year's stamps to €1,000 for those who paid up to 9 years' stamps.



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