



# MALTA BUDGET HIGHLIGHTS 2026

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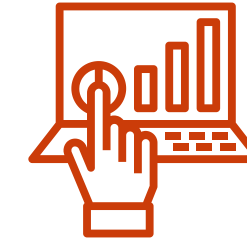
# KEY MEASURES



Cost-of-living adjustment (COLA) will be  
€4.66 per week



Non-taxable income thresholds are set to  
increase, particularly benefiting individuals  
with two or more children



Expansion of the Micro Invest Scheme  
- with tax credits increased to €65,000 -  
covering up to 65% of eligible costs



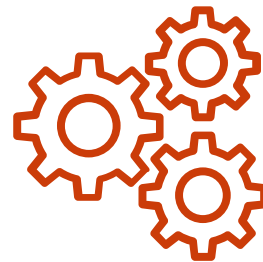
Increase in pensions, children's allowance  
and stipends



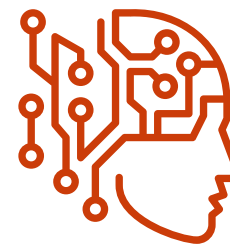
175% tax deduction on research  
and innovation



60% tax credit on capital investment



Indirect tax framework in value-generating  
industries such as gaming



AI For All programme



16-18 year olds able to carry out business in a  
secure and regulated way

# SECTIONS



- 1.** Economic Development
- 2.** Tax Measures
- 3.** Technology
- 4.** Family & Children
- 5.** Sector Development
- 6.** Real Estate
- 7.** Education
- 8.** Pensions & The Elderly
- 9.** Environment
- 10.** Agriculture
- 11.** Other Measures

## ECONOMIC DEVELOPMENT



- Malta's economy is projected to expand by 4.1% in real terms in 2025, with a similar rate of growth anticipated for 2026.
- Inflation is expected to stabilise at 2.2% in 2025, reflecting continued price moderation.
- The deficit is forecast to narrow to 3.3% of GDP by the end of 2025, and further decline to 2.8% in 2026.

## TAX MEASURES

### Personal Tax: Adjustments to Tax Brackets for Parents with One or Two Children

- Non-taxable income thresholds are set to increase, particularly benefiting individuals with two or more children. For those assessed under the parent computation and supporting at least two children, the tax-exempt threshold will rise from the current €13,000 to €30,000 by 2028.
- Individuals subject to the married computation with two or more children will see their tax-free threshold increase from €15,000 to €37,000 by 2028.
- For married filers with one child, the threshold will grow from €15,000 to €22,500 by 2028.
- Under the parent computation with one child, the non-taxable threshold will move from €13,000 to €18,000.

### Business Tax Incentives

- A 175% tax deduction will be available on eligible research and innovation expenditure for all businesses undertaking such research and development.
- Under the Micro Invest Scheme, tax credits will be increased to €65,000, covering up to 65% of eligible costs. The additional 20% bonus for enterprises based in Gozo will remain in effect, enabling total aid for specified categories of enterprises to reach a maximum of €85,000.
- The Micro Invest Scheme will also introduce a new mechanism: For employees who have served with the same company for more than four years, the Government will cover 65% of any salary increase for two years, up to a maximum of €780 per year. In Gozo, recognising the challenges of island-based operations, this support will increase to 80%, up to a maximum of €960 per year.
- The two-year tax reduction for investment related to Artificial Intelligence, digitalisation, investment promoting modernisation, automation and cybersecurity will be accelerated.
- Companies can get a 60% tax credit on investment in machinery, tools, software, IT equipment or cybersecurity tools over a period of four years.

## TECHNOLOGY



- The Government has reached an agreement with Microsoft to invest €4 million in artificial intelligence initiatives within the public sector.
- Ongoing digitalisation of Family Court Reform processes.
- The "AI for All" programme aims to democratise access to artificial intelligence through complimentary courses, national certification, and practical sessions targeted at parents, students, workers, and seniors. Upon completion, participants will receive a complimentary subscription to an AI service, such as ChatGPT, Gemini, or another selected platform.
- A total investment of €100 million is allocated for the digitalisation and adoption of advanced technologies, including Artificial Intelligence, Internet of Things, cybersecurity, AR/VR, blockchain, and robotics. Funding will be disbursed via Malta Enterprise, the Malta Digital Innovation Authority (MDIA), European funds, and other governmental agencies, with the objective of automating processes, enhancing efficiency, and boosting competitiveness.
- Establishment of a Digital Identity Wallet.

## FAMILY & CHILDREN

- Families earning under €30,000 will receive an additional €250 per child in children's allowance, while families earning under €23,000 will receive up to €167 extra per child. Over four years, families would have received €590–€1,007 more per child.
- The In-Work Benefit will be increased by €75 per child, as part of a €200 total planned increase.
- Birth and adoption bonuses are set at €1,000 for the first child, €1,500 for the second, and €2,000 for the third and subsequent children. Adoption cost refunds are up to €12,000 for foreign adoptions and €2,000 for local adoptions.
- The fostering allowance will be increased by €10 per week, totalling €6,760 per year.
- The free gym scheme will be relaunched for young people aged 16–21 (born between 2004 and 2009).
- Starting next year, parents who leave employment to raise children will earn social security contribution credits for their first three children until each child turns 10 years old. For any additional children, the credit period will extend by one extra year per child.

## SECTOR DEVELOPMENT

- **Gaming:** The Government is examining measures to ensure a stable and predictable legal framework for indirect taxation in value-generating industries such as gaming.
- **Filming:** A call for private investment will be launched for the Malta Film Studios project.
- **Family Offices:** Malta will continue to be promoted as a hub for family offices.

## REAL ESTATE



- Renewal of the First-Time Buyers scheme, providing first-time property purchasers with an annual grant of €1,000 for a period of ten years.
- The First-Time Buyers initiative is now permanent and eligibility is broadened to include individuals whose previous purchases were non-residential.
- The reduced Causa Mortis tax rate of 3.5% has been extended from the first €200,000 to the first €400,000 on inherited properties utilised as residences.

## EDUCATION

- Gozitan students pursuing post-secondary or tertiary studies will be eligible for a monthly allowance of €280.
- A financial grant of €500 will be provided to families with students in Years 10 and 11, in alignment with the Digital Strategy for Education and to promote a digitally enhanced learning environment.
- Student stipends are set to increase by 15% commencing next year.

## PENSIONS & THE ELDERLY

- Weekly increase of €10 in selected retirement pensions.
- A partial invalidity pension is being proposed for individuals whose medical conditions restrict their working hours but do not result in total unemployability.
- The minimum amount for the invalidity pension will be raised from the current minimum wage to the equivalent of two-thirds of a full pension.
- Pension fairness reforms will benefit approximately 20,000 pensioners born before 1962.
- Starting next year, Maltese pensioners will be exempt from taxation on amounts up to twice the maximum pension, including any bonuses.

## ENVIRONMENT

- The extension of electric car and scrappage grants has been confirmed, along with the introduction of a new annual incentive of €1,500 for individuals opting to transition from a car to a motorcycle.
- There is a firm commitment to invest in renewable energy initiatives, including solar power and wind turbines, as well as programmes designed to incentivise the adoption of renewable energy sources.

## AGRICULTURE

- The introduction of new voluntary schemes providing equitable compensation and tax incentives aimed at facilitating land transfers from retiring farmers to younger generations.
- Investment in the development of an Experimental Farm in Xewkija to further enhance the agricultural sector in Gozo.

## OTHER MEASURES

- Legal amendments will be made so that young people between the ages of 16 and 18 years can be entrepreneurs in a secure and regulated way. A legal framework will be created which will allow them to carry out commercial acts and operate bank accounts under a structure adapted for their age.
- Extension of existing benefits for family businesses.



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For any specific matters kindly seek legal assistance.