

Malta Budget Highlights 2027

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Key Measures

No income tax, VAT or social security contribution rate increases.

New incentives to steer the economy toward higher productivity and value-added activity, rather than growth driven by more workers.

Foreign workers and tourists asked to contribute more toward the infrastructure they use.

No increase in income tax rates, the VAT rate or social security contributions - the tax burden on households is not raised to fund the Budget.

The Government expects Malta to post the highest economic growth in the EU in both 2026 and 2027, giving fiscal room to continue tax cuts, pension increases and energy subsidies without new broad-based taxes.

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Economic Performance: Key Figures

Indicator	2027 Figure
GDP growth forecast	3.8%
Unemployment forecast	3.2%
Inflation forecast	2.7%
Cost-of-living (COLA) increase	€6.41 per week
Minimum wage	rises to €10.41 per week for 2027, inclusive of COLA.
Deficit (% of GDP)	2.6%
Debt (% of GDP)	46.8%
Government revenue	€10.1 billion
Energy subsidies	account for about half of the projected deficit (1.4% of GDP)

Growth and Drivers

- Malta continued to outperform the EU, with real GDP growth of 4.7% in 2025 and 4.4% in the first half of 2026, against an EU average of 1.2% in 2026.
- Growth in the first half of 2026 was driven by household consumption (+3.4%), investment (+8.2%), continued growth in tourism, expansion in services, and exports of electronic products.
- Real GDP is forecast to grow 4.1% in 2026 and 3.8% in 2027; investment is forecast to grow 10.2% in 2026 and 7.0% in 2027.

Labour Market and Prices

- Employment rose by 4.6% and average employee compensation by 5.1%, with the unemployment rate forecast at 3.3% in 2026 and 3.2% in 2027.
- Inflation stood at 2.4% in September (euro area: 3.8%), and is forecast at 2.5% in 2026 and 2.7% in 2027.

Fiscal Position

- Malta exited the EU Excessive Deficit Procedure in 2026, with the fiscal deficit remaining below 3% of GDP and public debt below the applicable EU thresholds.

Social Measures: What's New

A social package exceeding €121 million, built around pensions, carers, families and children.

Pensioners and the elderly

Measure	New Rate/Impact
Transfer of pension contributions between spouses	Permitted from 2027 where one spouse has insufficient contributions and the other a surplus; expected to benefit around 3,200 more married women.
Pension increase (retirement, invalidity, widows', old age)	Rise by €10 per week from January (the first increase from €50).
Maximum Pensionable Income (born before 1962)	Rises to €28,000, benefiting around 15,000 pensioners.
Widow pensioners	Move to a full two-thirds pension — more than 7,000 widows affected.
Cost-of-living bonus	Separate rates removed and replaced by a single flat rate of €21.53 per week for all pensioners, regardless of year of retirement.
Tax-free pension income limit	Rises by €520 to €37,624 per annum.
Disregarded service pension	Rises from €200 to €300; disregarded in full for pensioners aged 72 and above.
Carers Grant	Rises to €7,500 per year.
Carer at Home benefit	Rises by €800 to €9,800 per year.
Non-contributory pension bonus	People who do not qualify for a contributory pension see their bonus rate increase in line with the cost of living going forward.

Social Measures: What's New (continued)

Family and children

Measure	New Rate/Impact
Adoption grant reimbursement	Increases by €1,000 to €13,000.
Fostering leave	New paid leave (10 days) for employees who take up fostering.
Therapy costs for children with disabilities	New support for therapy costs for children with disabilities under 18.
Support payments for low and middle-income families	New support payments ranging from €200 up to a maximum of €1,500 per year, depending on the family's disposable income.
Post-secondary education payment	In the first half of 2027, around 14,000 families receive €500 per child in post-secondary education — the third and final payment for cohorts that entered in 2025, the second for 2026 entrants and the first for 2027 entrants.
Transfer of social security contributions between spouses	From 2027, spouses can transfer social security contributions between each other where one spouse has insufficient contributions and the other has a surplus.

Tax-free thresholds widen for eligible parent and married computations across 2027 and 2028, as set out below:

Computation	Current	2027	2028
Married with one child	€17,500	€20,000	€22,500
Parent with one child	€14,500	€16,000	€18,000
Married with two or more children	€22,500	€30,000	€37,000
Parent with two or more children	€18,500	€24,000	€30,000

Eco Tax and Tourism

Measure	New Rate/Impact
Eco-contribution, collective housing	€8/night (max €64)
Eco-contribution, short lets	€10/night (max €80)
New cruise passenger eco-contribution	€10 (disembark/re-embark only)
New Comino (Blue Lagoon) eco-contribution	€5
Fast ferry fares for tourists	rise by €3 per trip
Gozo channel ferry fares for tourists	rise to €11 (adult) and €7 (child), with vehicle fares up to €22

TCNs

Measure	New Rate/Impact
Work permit fee, non-EU workers	from €600 to €800, plus new €400 infrastructure fee
New driving licence admin fee (category B/B1)	€83 per month (exceptions apply)
Free public transport, atypical work cheque and free childcare	No longer available for TCNs without Long-Term Residence

The 2027 Budget measures on third-country nationals do not apply to those holding Long-Term Resident status, who keep access to free public transport, free childcare and the other benefits on the same footing as Maltese and EU citizens. The status is open to any third-country national who has lived in Malta legally and continuously for five years, with no single absence over six months and no more than ten months abroad in total. Applicants need a stable income of at least the national minimum wage for the previous two years, suitable accommodation and health insurance. They must also complete the 100-hour “I Belong” integration course and pass a Maltese language test at MQF Level 2. For many established professionals, the residence and income conditions will already be met, so the main step is the integration and language component. Employers who support staff through it can turn a new cost into a long-term retention advantage.

New Tax Measures

New reduced income tax rate of 25% (down from 35%) for small companies (turnover under €1 million) on retained or reinvested profits as long as the profits are not distributed to the shareholder.

Super Bonus

A one-off tax-free Super Bonus in Q1 2027, based on 2025 income, is paid to employees, self-employed, pensioners who continue to work and part-time workers. The minimum is €500 and the maximum is €1,000.

New Anti-Abuse and Administration Reforms

and the Elderly

Measure	New Rate/Impact
Individual tax returns for married couples	Move toward individual tax returns for married couples (opt-in joint declaration retained).
"Air transfer" property disclosure	New disclosure rules targeting "air transfer" property transactions.
Reverse-charge VAT in construction	New reverse-charge VAT mechanism in construction to curb fraud.
Tiered administrative penalties for missing invoices/receipts	New tiered administrative penalties (€100 to €500) for missing tax invoices/receipts, replacing immediate criminal proceedings for first-time issues.
VAT exemption guidance on ready-to-eat food	New guidelines clarifying the VAT exemption on food for supermarkets and minimarkets selling ready-to-eat food.

Other Measures

- Existing Malta Enterprise and other agency schemes — covering housing, home purchase and renovation, electric vehicles, renewable energy, NGOs and sports associations — are renewed for 2027, with new incentives aimed at attracting niche sectors and strengthening existing ones.
- Annual registration fees will rise for recreational boats of 10 to 24 metres, in bands scaling to €2,600 for boats of 21 to 24 metres. Professional fishermen and boats under 10 metres are not affected.



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For more information please contact WH team at tax@whpartners.eu

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