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Malta Budget 2025 Highlights



Economic Overview

Strong economic growth was reported for 2023, with a significant 7.5% increase in real GDP. This is expected to continue in 2024 and 2025 albeit at a slower rate, estimated at 4.9% for 2024 and 4.3% for 2025. In the first 6 months of this year economic growth was 5.9% in real terms.

Inflation has slowed down and is expected to decrease from 5.6% in 2023 to 2.5% in 2024 and 2.1% in 2025 in line with regional trends where inflation is slowing down across the Euro-zone.

The labour market remains strong with a participation rate of 81.3% compared to an EU average of 75.3% in 2023. The unemployment rate in Malta is also very low by historic and international benchmarks at 3.5%.

As expected, Malta's fiscal deficit remains above the 3% mark and will continue to remain so for some time. The deficit was originally expected to reach 4.5% for 2024 but is now expected to be 4.0%, reducing to 3.5% in 2025, 3.0% in 2026 and 2.6% in 2027.

The debt-to-GDP ratio remains substantially below the 60.0% threshold set by the EU. However, it is expected to increase slightly from 47.4% in 2023 to 49.5% this year to 50.1% in 2025 before declining in further years, flattered by the performance of the Maltese economy. In absolute terms, Government debt at the end of 2024 is expected to reach €11.1bn.



Cost-of-Living Adjustment (COLA)

- The COLA is expected to be €5.24 per week denoting a lower increase in inflation compared to prior years.
- The minimum wage is expected to increase by €8.24 per week and will reach €221.78 a week as part of the agreement reached last year between the social partners and Government.



Selected fiscal measures

PERSONAL TAX MEASURES

- Progressive income tax rates for resident individuals on single, married and parent computations shall be adjusted in the manner set out in the table below:

Computation					
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%

- Increase in personal income tax deductions for private school fees as follows:
 - Deduction for each child who attends kindergarten: From €1,600 to €3,500;
 - Deduction for each child who attends primary school: From €1,900 to €4,600;
 - Deduction for each child who attends secondary school: From €2,600 to €6,500.
- Employers shall be required to provide each employee with the opportunity to contribute to an occupational pension scheme, with an optional opt-out at the employees' discretion. It is not required for private employers to make mandatory contributions. However the public sector is expected to match employees' contributions, up to a maximum of €100 per month per employee.
- Increase in pensions of €8 per week, as well as an adjustment to the present income tax exemptions on pension income.
- Increase of €250 in children's allowance per eligible child, as well as changes in the manner in which the allowance is computed.
- Measures in connection with the Highly Qualified Persons rules shall be extended.

Selected fiscal measures

MEASURES CONCERNING IMMOVABLE PROPERTY TRANSFERS

The following measures have been extended:

- The grant for eligible first-time buyers of immovable property.
- The current reduced rates for first-time buyers and second-time buyers.
- The exemption on tax or duty levied on the first €750,000 of consideration for residential properties which have been vacant for a least 7 years or situated in an Urban Conservation Area. Additionally, first-time buyers of eligible properties are to continue benefiting from a one-time grant of €15,000 where the acquired property is situated in Malta, which increases to €40,000 where the property is situated in Gozo.



Selected fiscal measures

VAT MEASURES

- Removal of VAT on sanitary products and certain medical accessories.
- The existing €54,000 VAT grant available to first-time property owners for the cost of construction/completion/rehabilitation works shall be extended.

OTHER FISCAL MEASURES

- Reduced duty rate of 1.5% for transfers of family business set to continue for 2025.
- A new fiscal incentive will be introduced for food producers and vendors who either reduce prices on products nearing their expiry date or donate these items to social benefit programs with the aim of decreasing food waste while providing affordable or free food options to those in need.



International tax measures

- Government referred to ongoing intensive discussions with the European Commission regarding Malta's proposed measures and incentives in the form of grants or Qualified Refundable Tax Credits (QRTCs) to ensure compatibility with the Pillar Two framework and EU law.





Grants and incentives

- To meet the targets of a carbon-free economy by 2050, the Government will continue to provide support to households who invest in renewable energy systems and equipment that increase efficiency in the use of energy and water in their homes.
- The private sector will continue to be incentivised to develop large renewable energy installations.
- Buyers of new electric cars, small vans, and motorcycles will receive grants of up to €8,000 for cars or vans and €2,000 for motorcycles, with new conditions being introduced.
- During 2025, electric and plug-in hybrid vehicles with a 50km+ electric range will continue to be exempt from registration tax and annual circulation tax for 5 years from the year of registration.
- The car scrappage scheme is to amount to €1,000 for scrapping old cars and vans, to increase by €1,000 in the case of old vehicles registered in Gozo.

Industry and regulatory updates

- Government has committed to enact new legislation regulator limited partnerships with a view to strengthening Malta's financial services industry.
- Next year, new legislation shall be enacted to further enhance key sectors, including sustainable finance, family office services, aircraft rentals, fintech, and wealth management.
- During 2025, a dedicated visa for esports athletes will aim at attracting professional gamers and support the growth of the esports sector.
- Malta shall be launching a comprehensive and forward-looking *Vision for 2050*, which will establish the strategic direction of the country with the aim of improving the quality of life for all citizens.





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