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Malta Budget 2027

HIGHLIGHTS

A concise guide to the budget speech of 26 October 2026.

Economic overview

The Budget projects continued growth in 2027, while retaining utility and fuel subsidies and a deficit estimated to be 2.6% of GDP for both 2026 and 2027. The following are government estimates and forecasts, not realised results, and have not been independently verified as economic outcomes.

The government forecasts real GDP growth to ease from 4.1% in 2026 to 3.8% in 2027. It projects inflation to slightly increase from 2.5% to 2.7%, while unemployment is forecast at 3.3% in 2026 and 3.2% in 2027. Together, these government forecasts describe an economy that the government expects to keep expanding, but at a slightly slower rate.

The fiscal plan likewise anticipates a general-government deficit of 2.6% of GDP in both 2026 and 2027, falling to 2.2% in 2028 and 1.8% in 2029. The detailed debt table estimates debt at 46.70% of GDP in 2026 and 46.76% in 2027.

The planned 2027 capital expenditure is approximately €1.45 billion, of which around €390 million will financed by EU funds, with approximately €1.06 billion being funded locally. This represents an increase of approximately €270 million from the €1.18 billion 2026 revised estimate.

Equally, recurrent expenditure has also been forecasted at €9.4 billion for 2027. The 2026 recurrent expenditure was originally forecast during the 2026 Budget at €7.8 billion but has been revised to €9.7 billion.

Utilities and fuel subsidies remain a central commitment

The government will retain subsidies designed to keep electricity, gas and fuel prices stable. It estimates subsidies at about €392 million in 2026 and plans around €400 million in 2027. Keeping the price support limits the impact of international energy costs on bills, though its cost remains material to the fiscal position, making up roughly half of Malta's deficit.

This links energy-price stability to the cost of living while recognising a continuing need to invest in electricity infrastructure. Around €75 million is planned for investment into the electricity distribution network in 2027.

Key figures from Budget 2027

Indicator	2026 forecast	2027 forecast
Real GDP growth	4.1%	3.8%
Inflation	2.5%	2.7%
Unemployment	3.3%	3.2%
Deficit / GDP	2.6%	2.6%
Debt / GDP	46.70%	46.8%

Social measures

The Budget combines a €6.41 weekly cost-of-living adjustment (COLA) with a higher minimum wage and targeted pension and household support; each measure has a different eligible group.

The government describes a social measures package exceeding €121 million. Retirement age and social security contributions will remain unchanged.

The announced COLA for 2027 is €6.41 per week. The national minimum wage is expected to rise by €10.41 per week, inclusive of COLA.

For pensioners, the principal announcement is a €10 weekly increase from January 2027, inclusive of COLA. The annual tax-free pension income threshold is also set to increase by €520 to €37,624.

An additional COLA mechanism will result in additional annual payments of €200 – €1,500 to eligible households, depending on disposable income and household size.

The Minister also announced the possibility of transfers of social security contributions between spouses in certain circumstances.

2027 announcement	Headline amount
COLA	€6.41 per week
Minimum-wage increase, inclusive of COLA	€10.41 per week
Specified pension increase, inclusive of COLA	€10 per week
Additional COLA for qualifying households	€200–€1,500 annually

Additional social support measures

- €500 payment for every child in post-secondary education.
- In 2027, the Carers Grant for parents caring for children with disabilities will increase to €7,500 annually.
- Increase in the Carer at Home Scheme to €9,800 annually.
- In 2027, the reimbursement of expenses for families adopting children from abroad will increase by €1,000 to €13,000.
- Additional 10 days of leave will be granted to employed persons who start fostering.

Fiscal measures

The fiscal announcements focus on tax relief for parents, a lower income tax rate on reinvested small-company profits, and proposals to clarify VAT and tax on property transfer rules.

Personal tax measures

Further income tax relief for families is provided for in the Budget through revised married and parent tax bands. In terms of the married computational rules, the 0% thresholds will increase to €20,000 in 2027 and €22,500 in 2028 for families with one child, and to €30,000 and €37,000 respectively for families with at least two children.

Under the parent computational rules, the 0% thresholds will increase to €16,000 in 2027 and €18,000 in 2028 for qualifying parents with one child, and €24,000 and €30,000 respectively for those with at least two children.

Super Bonus

The government also announced a non-taxable Super Bonus to be paid in the first quarter of 2027 based on individuals' 2025 earnings as the base year. The maximum €1,000 applies to eligible persons with at least €12,000 in employment income in that base year.

The Super Bonus amounts vary from €500 to €1,000 depending on 2025 earnings. Self-employed individuals, working pensioners and part-time workers are also included among those eligible.

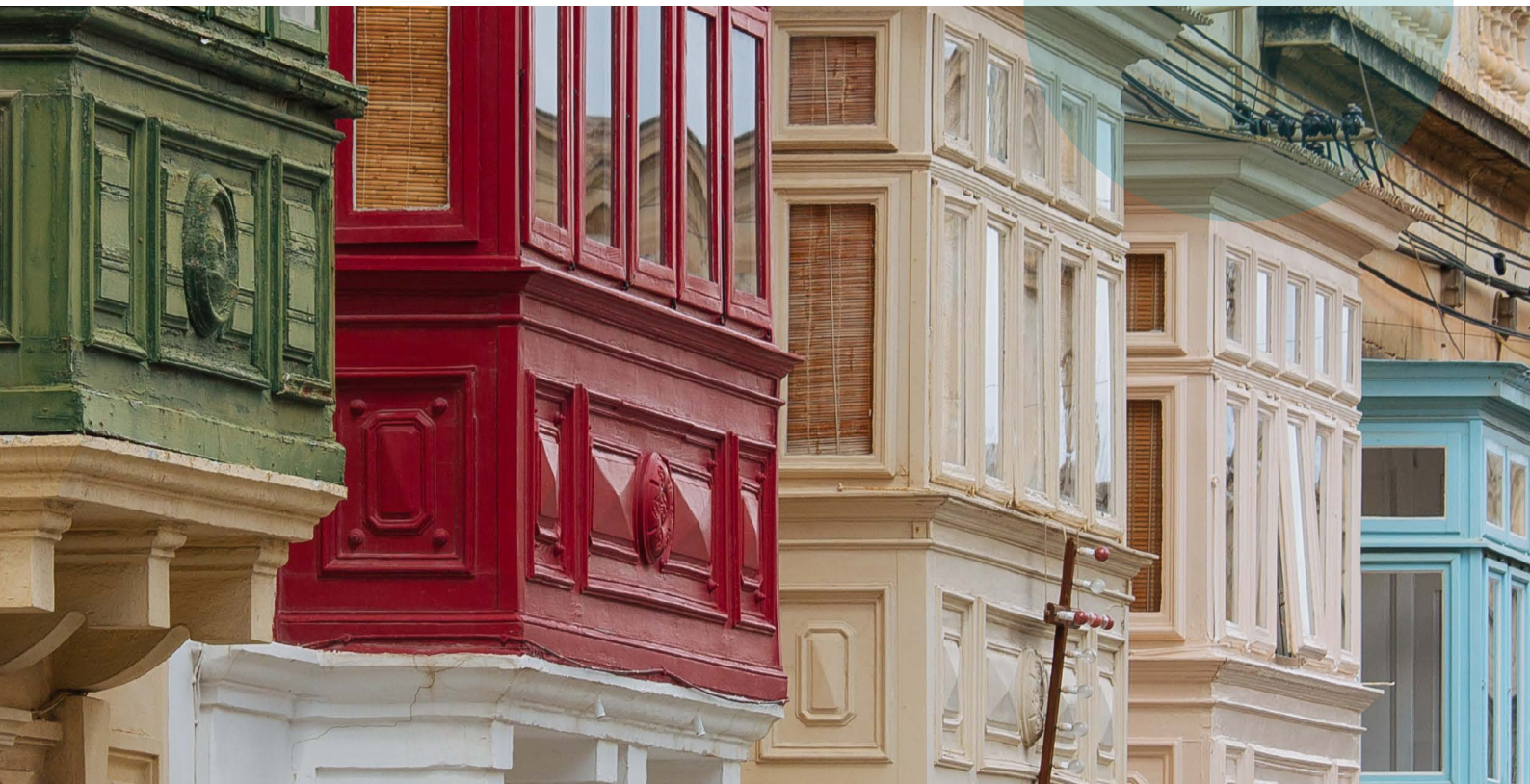
Measures concerning immovable property transfers

The government will introduce targeted measures to address property transactions involving the sale of airspace development rights where tax may currently be calculated on only a part of the value of the completed property. The measures are intended to obtain more comprehensive disclosure of the total agreed consideration, strengthen valuation requirements and verification procedures, and seek to tax transactions according to their economic substance.

Such measures are also intended to address arrangements involving intermediaries or developers who are not named directly in the transfer deed.

This new framework will apply prospectively and is intended to provide clearer guidance and greater legal certainty for buyers, developers and professionals, while preserving legitimate development practices.

Government also announced that all current property schemes are set to be renewed.



VAT-related measures

A mandatory reverse charge mechanism will be introduced for construction-related supplies between businesses, under which the obligation to account for VAT shifts from the supplier to the customer. The VAT self-charged may be recovered by the customer, subject to the applicable eligibility criteria.

Immediate criminal proceedings for failure to issue correct tax invoices and fiscal receipts shall be replaced by administrative penalties amounting to €100 for the first failure, €200 for the second, €400 for the third, and €500 for the fourth and subsequent failures within a 24-month period.

It was further announced that the Malta Tax and Customs Administration is set to publish guidance on the application of the VAT exemption for food, particularly ready-to-eat food sold by supermarkets and convenience shops.

Grants and incentives

All existing government incentive schemes shall be renewed for 2027, including, schemes relating to renewable energy, the acquisition and renovation of residential property, and the purchase of electric vehicles. Schemes supporting non-governmental organisations and sports organisations shall also be renewed.

Support for businesses and industry shall continue to be provided through Malta Enterprise's various schemes. Incentives supporting digitalisation, increased automation and high-quality, value-added investments shall be maintained. Further incentives shall also be offered to attract new niche sectors and strengthen existing ones, thereby supporting the continued diversification of Malta's economy.

New 25% income tax rate for qualifying companies

A proposed framework for companies with turnover not exceeding €1 million would reduce the applicable rate from 35% to 25% on profits retained or reinvested in the company, subject to qualifying conditions.

Eco-contribution measures

From 1 January 2027, the proposed eco-contribution will be set at €8 per night for collective accommodation (hotels, aparthotels, serviced apartments, hostels, guest houses, boutique hotels, tourist villages and other similar establishments), capped at €64, and €10 per night for short-let apartments, capped at €80.
A separate €10 eco-contribution will be introduced in relation to cruise passengers who disembark and re-embarks on the same cruise ship. This levy will not apply to persons embarking on their cruise from Malta.

In addition, tourists visiting Comino's Blue Lagoon will be subject a €5 new eco-contribution.

Transport measures

As of 1 January 2027, the free public transport scheme shall solely be retained for Maltese and Gozitan individuals, EU citizens and long-term resident permit holders.

A new €83 monthly administrative fee will apply to category B and B1 vehicle licences issued or renewed from 1 January 2027. EU and EEA citizens, long-term residents, as well as UK, Australian and UAE citizens and holders of specific driving-job permits, shall be exempt from this measure. Licences will expire with the related residence permit and will not be renewed while payment remains outstanding.

Separately, higher fares were announced for the use of fast ferries by tourists and for non-residents on the Gozo Channel ferry. The fares will increase by €3 and the latter proposed fares are €11 for an adult passenger, €7 for a child and €22 for a vehicle with its driver.

Third-country nationals

The applicable fee for non-EU work-permit applications shall increase from €600 to €800. Government also proposes a €400 annual infrastructure contribution for both new and renewal applications, with minors excluded. These changes may affect employers' recruitment costs, but the precise cost for any case depends on the permit category and detailed implementation.

Key figures

Government forecasts and announced measures.
Figures are not enacted-law confirmations.

3.8%
Forecast real GDP growth

€6.41
Weekly COLA

€50M
Weekly pension rate

€400M
Planned energy-price support

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