

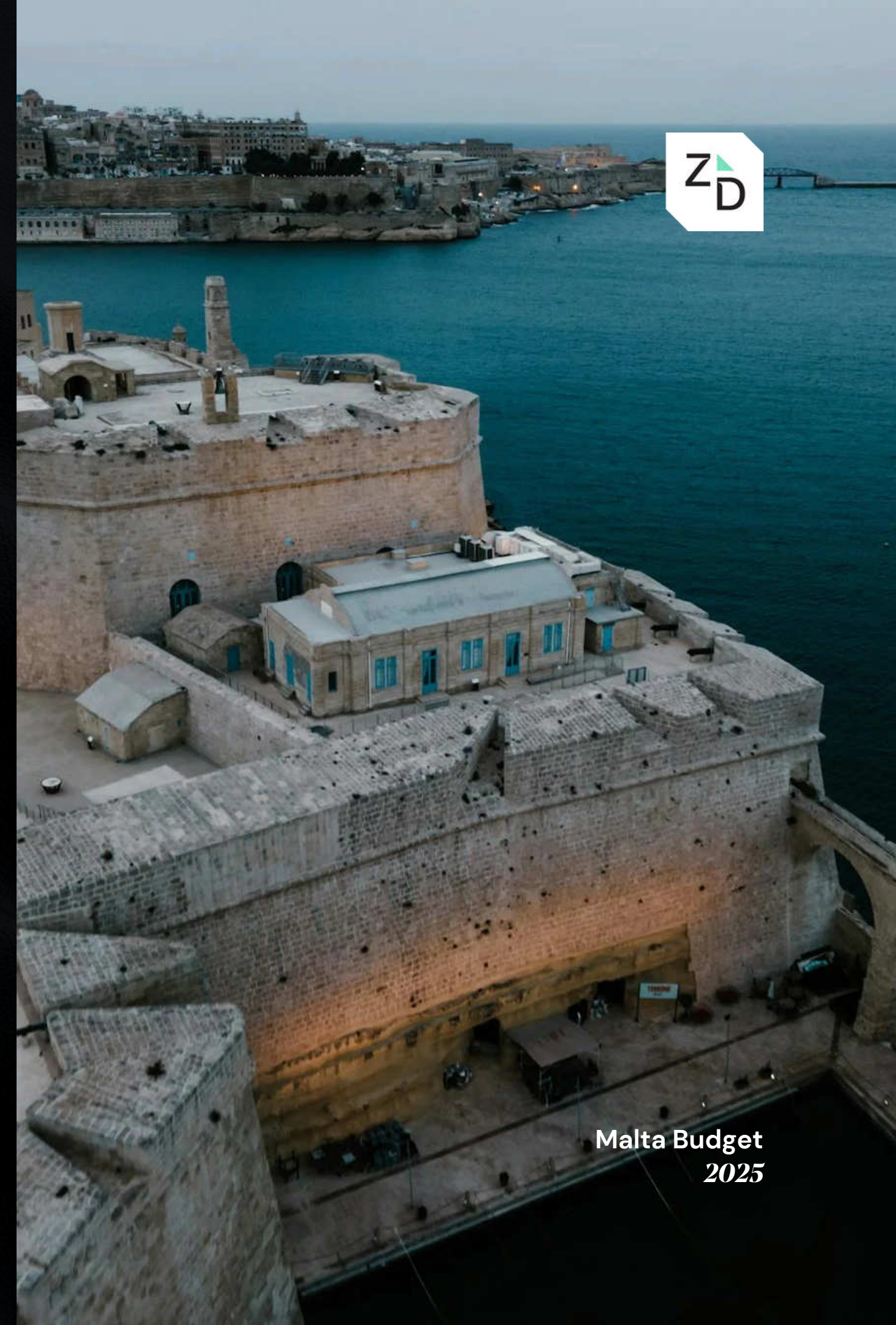
Malta Budget *2025*

Monday 28th October, 2024

Zampa 
Debattista

Economic *Overview*

- Malta's economic growth: 7.5% in 2023, leading within the EU.
- Inflation: Expected to decrease from 6.4% in 2023 to 2.1% by 2025.
- Deficit for 2024 was expected to be 4.5% but indications show that it will be reduced to 4%. This is expected to decrease to 2.6% by 2027.
- Employment metrics: 81.3% employment rate, 3.5% unemployment rate.
- During the first six months of 2024, the real GDP increased by 5.9%, whilst the nominal GDP increased by 9.6%, mainly driven by an increase in domestic demand.



Social *Measures*



Cost of Living Adjustment (COLA)

- €5.24 per week (€272.48 annually).

Minimum Wage

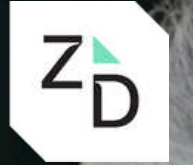
- Increase of €8.24 per week, bringing the minimum wage up to €221.78 per week, fully exempt from tax.

Family Financial Support

- Children's allowance: Increase of €250 per child.
- Marriage grant: Increased to €1,000 per couple.
- Parents will receive a one time grant of €1,500 upon the birth or adoption of a third child.
- Post-secondary education allowance: €500 for parents.
- IVF treatment leave: Additional 100 hours, split 60/40 between the mother and partner.
- 10 days paternal leave extended to self-employed fathers.

Pension *Schemes*

- Pensions to increase by €8 weekly equivalent to €416 annually.
- Individuals who do not qualify for a pension will receive an annual bonus ranging from €550 to €1,000.
- Increase in widow's pensions by a median of €3 per week.
- Employers are required to offer employees the opportunity to enrol in an occupational pension plan.
- Exempted amount for service pensioners to increase to €3,666 per annum.
- The required years of contributions for a full pension will increase by one year to a total of 42 years, for those born in 1976 or after.
- Pensioners who remain in the workforce will receive a tax-free exemption on 80% of their working income.



Fiscal *Incentives*

- The Tax-Free bracket for individuals has increased as follows:
 - Singles: €9,100 to €12,000.
 - Married: €12,700 to €15,000.
 - Parents: €10,500 to €13,000.
- The corresponding deductions at every income threshold has also been increased.
This increase in the tax free bracket will result in an overall tax benefit ranging from €345 to €675, depending on which tax computation one uses and the corresponding chargeable income.



Fiscal *Incentives*

- The reduced rate of duty of 1.5% applicable on the transfer of shares in a family business has been extended for another year.
- The tax deduction for parents who send their children to private schools will increase to:
 - €3,500 for children attending kindergarten,
 - €4,600 for children attending primary school
 - €6,500 for children attending secondary school



Environmental *Measures*

- Project Green is expected to open 19 new projects in 2025, including an additional 8,000 square metres of open spaces in Luqa, Lija, St. Julians and Kirkop.
- Strengthening of free public transport initiative by extending ferry services with a schedule operating between Valletta and Cottonera and between Valletta and Sliema.
- A national strategy is expected to be published that will focus on cycling as an alternative means of travelling. First phase of the CSAM project (Connections for Safer Active Mobility) to be implemented which will focus on the creation of cycle paths as well as pedestrian paths and landscaping areas in urban areas.



Environmental *Measures*

- Government will be investing in technology known as Intelligent Traffic Management System which will contribute to optimising the flow of traffic.
- Extension of renewable energy and water schemes:
 - PV panels and other renewable energy grants.
 - Schemes for the installation of heat pumps, water heaters and solar water heaters.
- Carrying out of Strategic Environmental Assessments to identify 2 zones for the development of renewable energy projects.
- Electric vehicle grant will be reduced from €11,000 to €8,000 for cars and small vans and €2,000 for motorcycles.



Immovable *Property*

- The €10,000 grant applicable to first time buyers will be retained for another year.
- The reduced stamp duty rate for first and second time buyers has been extended.
- The fiscal incentives for properties situated in UCAs or which have been vacant for more than 7 years have been extended. These include:
 - First €750,000 exempt from capital gains tax.
 - First-Time Buyers to receive a grant of €15,000 if the property is situated in Malta, whilst buyers of such properties in Gozo will receive €40,000.
 - VAT savings up to €54,000 on the first €300,000 of restoration expenses.



230, 230 Works Business Centre,
Second Floor,
Eucharistic Congress Road,
Mosta MST 9039
Malta

+356 2235 0000
info@zampadebattista.com

zampadebattista.com