

MALTA BUDGET 2025

28th October 2024



BKR | INDEPENDENT
INTERNATIONAL MEMBER

General Overview

THE MINISTER FOR FINANCE HON. CLYDE CARUANA, PRESENTED THE BUDGET SPEECH FOR 2025 ON THE 28th OCTOBER 2024.

IN THIS DOCUMENT, YOU WILL FIND THE LATEST ECONOMIC FORECASTS, COMPARATIVES AND INDICATORS AS WELL AS THE MAIN MEASURES WHICH WILL BE IMPLEMENTED IN 2025.

HIGHLIGHTS OF MALTA BUDGET 2025

Naħdmu lejn Pajjiż ta' Kwalità

- COLA increase of €5.24 weekly
- Pensioners shall receive a weekly €8 COLA increase - €416/year, whilst widow's pension shall receive €11 COLA increase
- Reduced individual tax rate:

Tax Rates

Single Rates		Married Rates		Parent Rates	
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 %

- Pension income tax rebate threshold to increase from 60% to 80%, making social security pension not taxable
- Minimum wage increases from €213.54/weekly to €221.78/weekly
- Once again, in 2025 there will be no increase in water and electricity bills as these will continue to be subsidised
- First time buyers will continue to receive €10,000 grant over 10 years. Purchase of property in UCA and Gozo will receive an additional €10,000
- Carer at Home Scheme will increase by €500 to €8,500 as from 2025
- €200 increase in services pensions will be exempt from tax
- Pensions to widows under the age of 61 will remain untaxed
- Extension of 1.5% reduced stamp duty rate on transfers of shares in family businesses
- Children's allowances will increase by €250 per annum per child
- Tax Rebate from €60 to €140 based on the individual's income

Economic Indicators



A deficit of 4.0% of GDP is expected for 2024 whilst a deficit of 3.5% of GDP is forecasted for 2025



Unemployment rate stands at 3.5%



National debt to GDP ratio closing at 49.5% in 2024, increasing to 50.1% in 2025



GDP growth of 5.9% in 2024. Inflation in 2024 is expected to go down to 2.5% and projected at 2.1% in 2025

Fiscal and Other Measures

Property

First time buyer scheme and second time buyer scheme have been extended.

Extension of property transfer tax and stamp duty exemption on UCA property on the first €750,000.

VAT Refund for individual buyers will be the same benefit as couples on expenses for completion or rehabilitation of first homes.

Family Reorganisation

The 1.5% stamp duty on the donation of family businesses to be extended.

Economy

Venture Capital Fund, Start-up Finance and Seed Investment Scheme for start-ups.

HQP Rules to be extended in 2025.

European Digital Innovation Hub (DiHubMT) shall support start-ups and SMEs with mentorship, pre-accelerator services, and access to High-Performance Computing.

Social Security

Individuals born on or after 1976 will require 42 years of social security contributions instead of 41.

Family

Parents will receive a special contribution of:

- €500 for first born child or adopted
- €1,000 for second born child or adopted
- €1,500 for third born child or adopted

Parental leave extended for self-employed individuals.

Onetime payment for newly married or civil union couples shall be entitled to a joint €1,000 grant.

Income Tax

Tax rates amended as per above for the basis year 2025. Income tax reductions are expected to range between €345 - €675 depending on tax status.

Tax credit of up to €500 on donations to qualifying voluntary organisations shall continue.

Malta shall not be introducing any top-up tax measures under Pillar 2 in 2025 and opted to benefit from a delay once again.

Green Economy

The Grant for Electric Vehicles will decrease from €11,000 to €8,000 for cars and small vans whilst grant on motorcycles will be €2,000. An additional grant of €1,000 for scrapping old vehicles.

Ekick scooter benefit to be continued.

Continued investment to increase the charging point network to 1,200.

Health and Education

Increase in Carers Grant with parents caring for children with severe disability to receive €5,190 per year paid quarterly.

Tax credits for therapy of €750 for every child per year with severe disability.

A special allowance of €500 per child who continues their tertiary education.

Tax credit for private schooling shall increase to:

- €3,500 kindergarten
- €4,600 primary school
- €6,500 secondary school

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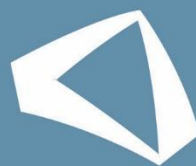
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