

MALTA BUDGET 2027

26th October 2026



BKR | INDEPENDENT
INTERNATIONAL MEMBER

General Overview

THE MINISTER FOR FINANCE HON. CLYDE CARUANA, PRESENTED THE BUDGET SPEECH FOR 2027 ON THE 26th OCTOBER 2026.

IN THIS DOCUMENT, YOU WILL FIND THE LATEST ECONOMIC FORECASTS, COMPARATIVES AND INDICATORS AS WELL AS THE MAIN MEASURES WHICH WILL BE IMPLEMENTED IN 2027.

HIGHLIGHTS OF MALTA BUDGET 2027

Malta Miegħek

- COLA increase of €6.41 weekly
- Pensions shall increase by €10 weekly (inclusive of COLA) as from January 2027 – the first step towards the €50 weekly increase pledged for this legislature
- Minimum wage increases by €10.41 weekly (inclusive of COLA), from €221.78/weekly to €232.19/weekly. Minimum wage earners shall remain outside the tax net
- No increase in income tax rates, the VAT rate, social security contribution rates or the retirement age. The tax rates announced in the 2026 Budget shall continue to apply. You may calculate your net salary using our [Salary Calculator](#):
Tri-Mer Salary Calculator
- Electricity, gas and fuel prices shall remain stable, with energy subsidies of c. €400 million in 2027
- Tax-free threshold on pension income to increase by €520 to €37,624 per year
- Super Bonus of up to €1,000 (tax-free) to be paid in the first quarter of 2027 to employees, self-employed and part-timers, based on 2025 income
- Companies with a turnover not exceeding €1 million shall benefit from a 25% tax rate (instead of 35%) on profits retained or reinvested in the business. When profits are distributed as dividends the tax rates will remain 35%
- Eco-contribution on tourist accommodation increases to €8 per night (max €64) and €10 per night for short lets (max €80) as from 1 January 2027.
- Work permit fee for non-EU nationals increases from €600 to €800, together with a new annual infrastructure contribution of €400
- Additional COLA mechanism of between €200 and €1,500 per year for over 100,000 low and middle-income households
- Carers Grant to increase to €7,500 per year and the Carer at Home Scheme by €800 to €9,800 per year
- All existing Government incentive schemes shall be renewed for 2027

Economic Indicators



A deficit of 2.6% of GDP is expected for 2026, and forecasted to remain at 2.6% in 2027



Unemployment rate projected at 3.3% in 2026 and 3.2% in 2027



National debt to GDP ratio at 46.7% in 2026, remaining stable at 46.76% in 2027



GDP growth of 4.1% in 2026 and 3.8% in 2027. Inflation forecasted at 2.5% in 2026 and 2.7% in 2027

Fiscal and Other Measures

Income Tax

The tax reductions for families with children announced last year shall continue, with the tax-free thresholds increasing further in 2027 and 2028:

- Married, one child: €20,000 (2027) and €22,500 (2028)
- Parent, one child: €16,000 (2027) and €18,000 (2028)
- Married, two or more children: €30,000 (2027) and €37,000 (2028)
- Parent, two or more children: €24,000 (2027) and €30,000 (2028)

Maximum tax savings in 2027 of €1,450 (married, one child), €1,150 per parent (parent, one child), €4,050 (married, two or more children) and €3,250 per parent (parent, two or more children). Around 68,000 parents are expected to benefit.

Separate tax returns: a project shall be launched so that, as a general rule, each spouse files an individual income tax return, with married couples retaining the option to file jointly.

Super Bonus

A tax-free Super Bonus shall be paid in the first quarter of 2027 to all those in employment in 2025, including the self-employed, pensioners who continue to work and part-timers:

- Income of €12,000 and over: €1,000
- Income between €2,000 and €11,999: between €500 and €925

Companies

Companies with a turnover not exceeding €1 million shall be able to benefit from a reduced tax rate of 25% instead of 35% on profits retained or reinvested in the business. Profits distributed as dividends shall remain subject to 35%.

VAT

A reverse charge mechanism shall be introduced in the construction sector, shifting the obligation to account for VAT from the supplier to the business customer.

Administrative penalties for failing to issue proper VAT invoices and fiscal receipts of €100, €200 and €400 for the first three failures and €500 for each subsequent failure within 24 months. Payment within 30 days extinguishes criminal liability.

Guidelines shall be issued on the application of the VAT exemption on ready-to-eat food sold by supermarkets, minimarkets and convenience shops.

Property

Measures targeting the sale of airspace to ensure that property transfers are taxed on their full economic value, including fuller disclosure of the total consideration and stronger valuation and verification procedures. The new framework shall apply prospectively following consultation.

Tourism

Eco-contribution as from 1 January 2027 of €8 per night (max €64 per person) in collective accommodation and €10 per night (max €80 per person) in short lets, payable by persons aged over 18. English language schools shall be exempt.

A new €10 eco-contribution for cruise passengers who disembark and re-embark in Malta (not applicable to cruises starting from Malta), and a €5 eco-contribution for visitors to the Blue Lagoon, Comino.

Annual registration fees for recreational vessels between 10 and 24 metres shall increase by €300 to €2,600 depending on length. Professional fishermen and vessels under 10 metres are excluded.

Third-Country Nationals

Work permit application fee for non-EU nationals to increase from €600 to €800, together with a new annual infrastructure contribution of €400 payable on new applications and renewals (not applicable to minors).

As from January 2027, free public transport, the atypical work cheque and free childcare shall be limited to Maltese and Gozitan citizens, resident EU citizens and long-term residents. Families already using free childcare shall not be affected.

Non-EU driving licences may only be used for 12 months from entry into Malta, and an administrative fee of €83 per month shall apply to certain third-country holders of category B and B1 licences.

Pensions and Social Security

Retirement, invalidity, widows' and age pensions shall increase by €10 weekly (inclusive of COLA) as from January 2027. The retirement age and social security contribution rates shall remain unchanged.

As from 2027, social security contributions may be transferred from a spouse with a pension to a spouse without one, enabling around 3,200 more married women to qualify for a pension.

The Maximum Pensionable Income for pensioners born before 1962 shall increase to €28,000, benefitting around 15,000 pensioners.

All widows shall now receive the full two-thirds pension, with over 7,000 widows receiving a further increase.

All pensioners shall receive the same COLA bonus of €21.53 weekly in 2027, irrespective of their year of retirement.

The amount of service pension disregarded in the calculation of the social security pension shall increase to €300 per year (instead of €200). The full commuted amount shall be disregarded for service pensioners aged 72 and over.

The bonus paid to persons who do not qualify for a pension shall increase by €333.32 to between €933 and €1,383 per year.

Up to two years of social security contribution credits for employees absent from work due to mental health problems or domestic violence.

Pleasure Boats

Registration fees for pleasure boats shall increase for yachts larger than 10 metres.

Family and Social

Additional COLA payments of between €200 and €1,500 per year for over 100,000 low and middle-income households.

Around 14,000 families shall receive €500 per child in post-secondary education.

The Carers Grant for parents who cannot work due to their child's severe disability shall increase to €7,500 per year. Parents working part-time up to 20 hours weekly shall also benefit at half the net national minimum wage rate.

The Carer at Home Scheme shall increase by €800 to €9,800 per year.

Reimbursement of adoption expenses for children adopted from abroad shall increase by €1,000 to €13,000.

Working foster carers shall be entitled to 10 days of additional leave, funded by Government.

The Supplementary Allowance for Orphans shall be extended up to the age of 25 for those in tertiary education, at a rate of €170 weekly.

Government shall cover the costs of necessary therapies for children with disability under the age of 18.

Increased Severe Disability Assistance to increase by €9.37 weekly, whilst disability, carers' and social assistance payments shall increase by €6.41 weekly.

Health

As from 2027, Government shall also cover the costs of a person accompanying an adult patient receiving treatment abroad.

Extension of the Emergency Department at Mater Dei Hospital doubling capacity from 35 to 70 treatment spaces, together with a new 135-bed mental health unit.

Energy and Infrastructure

Investment of c. €75 million in electricity distribution in 2027, the second interconnector with Sicily and continued studies on a 300MW offshore wind farm, towards the target of 25% renewable energy by 2030.

Other Measures

Elite athletes representing Malta in European and World championships, and their accompanying technical and medical staff, shall benefit from 10 days of paid sports leave.

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Tri-Mer Services Ltd.
International House, Mdina Road,
Zone 1, Central Business District,
Birkirkara, CBD1010, Malta

Tel.: +356 2347 9900

Email: info@trimerservices.com

www.trimerservices.com



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