

# Malta Budget 2025 Highlights



# Contents

Key Measures .....	03
Economic Developments .....	04
Tax & VAT Measures .....	05
Real Estate .....	06
Grants & Schemes .....	07
Pensions .....	08
Social Measures .....	09
Other Measures .....	10
Contact Us .....	11



# Key Measures

**1**

Expansion of individual tax brackets to reduce personal tax rates.

**2**

Extension of exemptions on Urban Conservation Area (UCA) properties.

**3**

Increase in Cost of Living Adjustment (COLA) by €5.24 per week.

**4**

Introduction of Occupational Pension Plan.

**5**

Higher tax reductions for private school fees.

**6**

Extended grants for electrical vehicle purchases.



# Economic Developments

- > Malta registered its highest economic growth in 2023 with an increase of 7.5%. Projections indicate economy growth of **4.9%** in 2024 and **4.3%** in 2025.
- > In 2023, employment reached 81.3%, with unemployment recorded at 3.5%. Projections show employment rising by **4.6%** in 2024 and **4.1%** in 2025, while unemployment is expected to decrease to **2.5%** in 2024 and **2.1%** in 2025.
- > Cost of Living Allowance ("COLA") will be set at **€5.24** per week.
- > Minimum wage will rise by **€8.24** per week, reaching **€221.78** per week based on a 40-hour work schedule.
- > In the first six months of 2024, a total of **€300 million** in tax arrears were collected, with tax return submission rates from 73% in 2023 to **93%** in 2024.



# Tax & VAT Measures

> Individual tax rates will be adjusted starting in 2025, resulting in lower tax charges. Tax brackets will be updated accordingly:

Single Rates		Married Rates		Parent Rates	
Chargeable income	Rate	Chargeable income	Rate	Chargeable income	Rate
€0 - €12,000	0.00%	€0 - €15,000	0.00%	€0 - €13,000	0.00%
€12,001 - €16,000	15.00%	€15,001 - €23,000	15.00%	€13,001 - €17,500	15.00%
€16,001 - €60,000	25.00%	€23,001 - €60,000	25.00%	€17,501 - €60,000	25.00%
€60,000 +	35.00%	€60,000 +	35.00%	€60,000 +	35.00%

> The Tax deductions for parents with children in private schools will increase to:

- **€3,500** per child in Kindergarten
- **€4,600** per child in Primary school
- **€6,500** per child in Secondary school

> The reduced duty to **1.5%** on the transfer of shares within family businesses (from parents to children or vice versa) is being extended.

> VAT on sanitary items will be reduced to **0%**.



## Real Estate

- > An extension has been granted for the exemption of capital gains tax and duty on the first **€750,000** of property value for properties meeting these criteria:
  - Located in a UCA zone
  - Built over 20 years ago and vacant for more than 7 years
  - New properties in a UCA zone developed according to approved criteria
- > A VAT refund of up to **€54,000** will be available on the first **€300,000** of restoration expenses for properties in UCA zones.
- > A grant of **€15,000** is available for first-time buyers purchasing a UCA property in Malta, and **€40,000** for those purchasing a UCA property in Gozo.
- > First-time buyers will continue to benefit from the Grant on First Residence Scheme and duty deductions.



## Grants & Schemes

- > The **Seed Investment Scheme** has been re-launched to provide incentives for investors in local start-ups.
- > A new unit dedicated to AI development has been established to facilitate the creation of innovative systems through grants and research programs.
- > Additional investments are being made in collaboration with INDIS to support businesses with investments in industrial zones.
- > Government grants for the purchase of new electric vehicles will be extended, offering up to **€8,000** for cars and small vans and up to **€2,000** for motorcycles.
- > Government grants for the supporting the installation of PV panels, renewable energy batteries, solar water heaters, heat pump heaters as well as restoration of water wells and water purifiers will continue in 2025.

# Pensions

- > Pensions will increase by **€8** per week equivalent to **€416** per annum, inclusive of the 2025 COLA.
- > In 2025, there will be a **20%** increase in the exemption limit for pension income for tax purposes, resulting in **80%** of pension income being exempt from taxation.
- > A further increase of **€3** per week will be provided for pensions received by widows and widowers.
- > Pensions for widows and widowers are to remain tax exempt.
- > To ensure the sustainability for ongoing pension increases, individuals born in 1976 and later will be required to contribute to a further year of social security contributions amounting to a total of 42 years.





## Social Measures

- > In 2025, the Children's Allowance will increase by **€250** per child regardless of the family's income.
- > Parents will receive a special allowance of **€500** per child for three years for those who continue their studies beyond secondary education.
- > The extension of paternity and maternity leave benefits will now include self-employed parents in addition to those who are employed.
- > The Carers for Home Scheme will see an increase of **€500**, raising the grant to **€8,500** per year.
- > Employees will now have the opportunity to participate in an **Occupational Pension Plan (OPP)** offered by their employer. There will be no changes to the tax credits enjoyed on private pension plans and the same tax credits will apply to the OPP for both the employer and the employee.



## Other Measures

- > In-work Benefit Scheme will be extended during 2025 with a grant of **€150** for employees working irregular hours.
- > Discussion will continue to be held on the **Wage Regulation Order** in order to harmonise as much as possible all industries.
- > **Highly Qualified Persons Scheme** is being extended.



# Contact Us



# Our Team



**Tonio Farrugia**  
Senior Partner

+356 7947 3405  
[tfarrugia@nouv.com](mailto:tfarrugia@nouv.com)



**Mark Borg**  
Director Tax

+356 9921 2091  
[mborg@nouv.com](mailto:mborg@nouv.com)

## Website

[www.nouv.com](http://www.nouv.com)

## Social Media

[LinkedIn](#)  
[Facebook](#)  
[Instagram](#)

**INNOUV<sup>®</sup>**