

2027

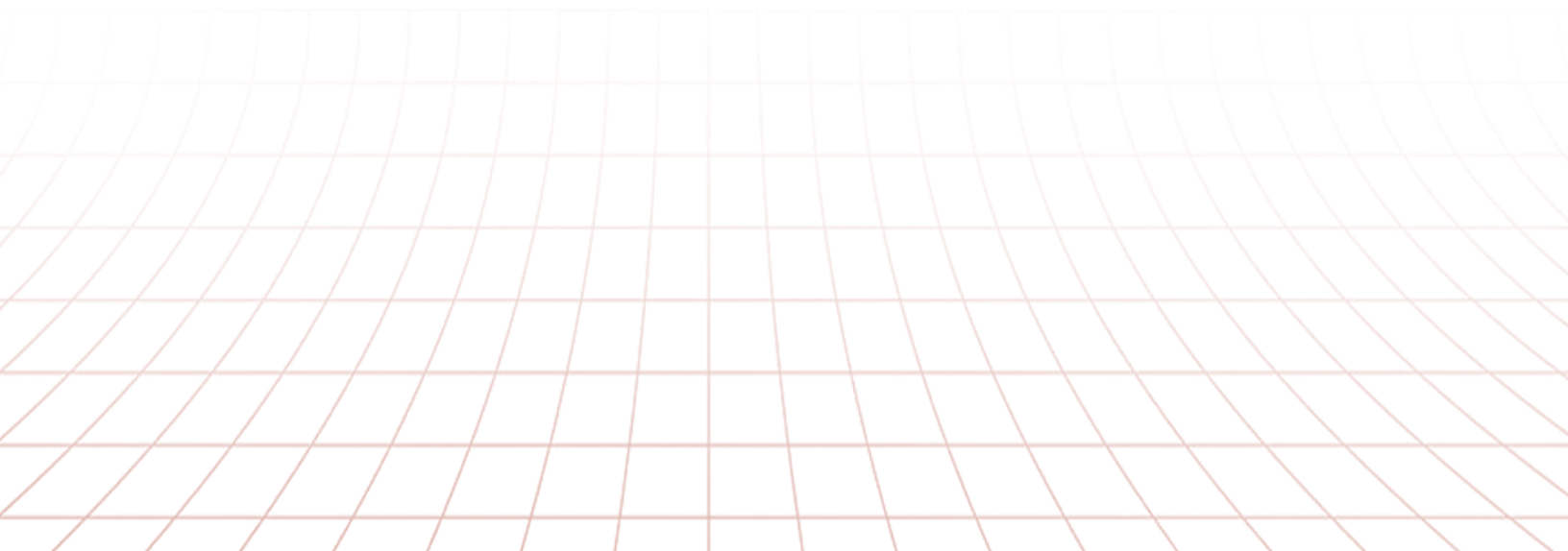
Malta Budget

HIGHLIGHTS

The Malta Budget 2027 Highlights - 26th October 2026

This year's Budget introduces a range of measures aimed at enhancing household income, supporting pensioners and workers, strengthening business competitiveness, and investing in sustainable economic growth. The Budget also focuses on maintaining fiscal stability while addressing key national priorities, including infrastructure, energy affordability, digital transformation, and workforce development.

The GCS Malta Budget 2027 Highlights Report focuses on the measures most relevant to businesses, highlighting initiatives such as corporate tax incentives for SMEs, continued support through Malta Enterprise, regulatory developments, and efforts to attract investment in emerging sectors. The report also examines labour market, taxation, and sustainability measures that may impact businesses across various industries.



The Cost-of-Living Adjustment (COLA):

The Cost-of-Living Adjustment (COLA) for 2026 has been established at €6.41 per week (€333.32 annually), exceeding earlier projections. Inflation is projected to remain relatively stable, at 2.5% in 2026 and 2.7% in 2027, supporting continued economic stability and predictability for households.

Annual Superbonus:

The Government confirmed its annual Super Bonus initiative, fulfilling its commitment to provide eligible workers with an annual payment of up to €1,000. This measure forms part of the Government’s ongoing efforts to support household income and strengthen financial wellbeing.

ANNUAL INCOME	€12,000+	€11,000- €11,999	€10,000- €10,999	€9,000- €9,999	€8,000- €8,999	€7,000- €7,999	€6,000- €6,999	€2,000- €5,999
BONUS	€1,000	€925	€875	€800	€725	€650	€575	€500

Energy Subsidies:

The Government confirmed its continued commitment to maintaining energy subsidies and related assistance measures, with expenditure expected to approach €400 million in the current year and a further €400 million allocated for the subsequent year. This investment is intended to shield households and businesses from rising energy costs and preserve economic stability by mitigating the impact of international energy price fluctuations.

No Tax Increases Confirmed:

The Government reaffirmed its commitment to maintaining a stable tax environment by ruling out increases in income tax rates, value added tax (VAT), and social security contributions. Furthermore, it confirmed the continuation of the income tax reduction programme introduced in the previous year, aimed at enhancing disposable income and supporting household financial stability.

National Minimum Wage:

The national minimum wage will increase by €10.41 per week in 2027, inclusive of the Cost-of-Living Adjustment (COLA), in line with the agreement reached between the Government and the Social Partners in 2023. Furthermore, the Government announced its intention to reappoint the Low Wage Commission to negotiate a new minimum wage framework applicable from 2028 onwards, ensuring continued support for low-income workers.

Pensions:

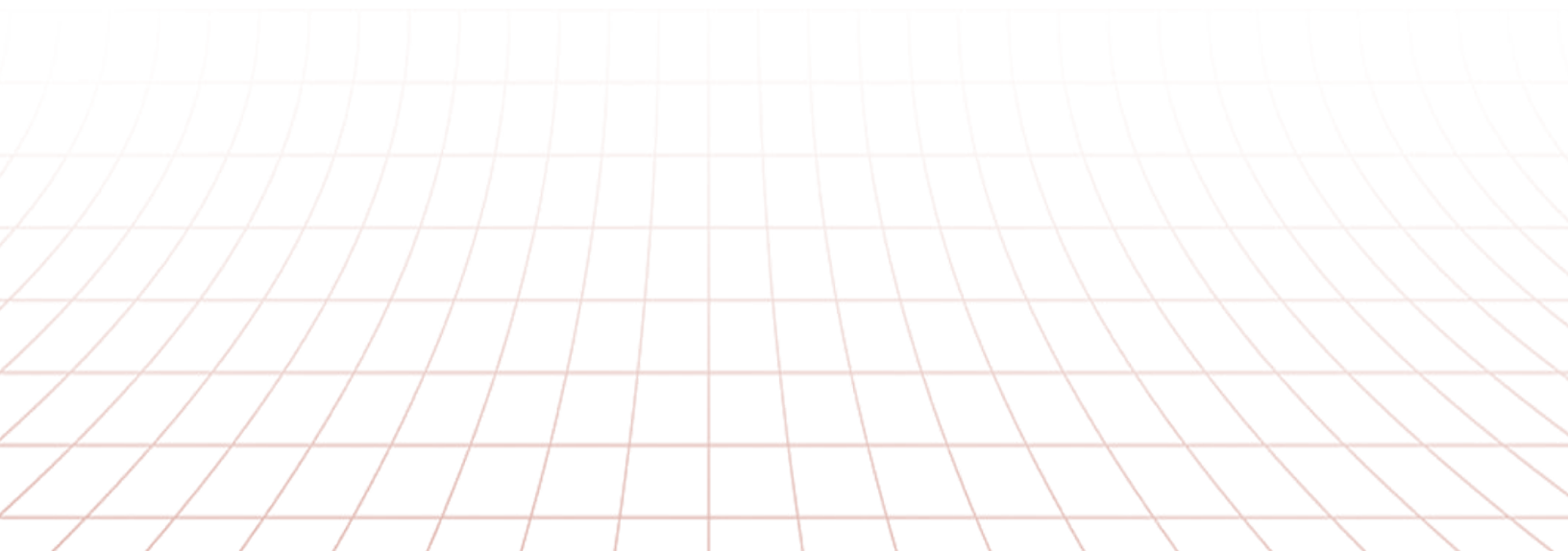
The Government announced a €10 weekly increase in retirement, invalidity, widow's and age pensions, effective from January 2027. This measure forms part of ongoing efforts to strengthen pensioners' income and financial security. The increase will further build on pension improvements introduced over recent years, with all pensioners expected to have received cumulative weekly increases of at least €92.40 since 2013.

Tourism Eco-Contribution Increase:

The tourist eco-contribution will increase to €8 per night, capped at €64 per person, for visitors staying in hotels, while guests staying in short-let apartments will pay €10 per night, capped at €80 per person. The contribution will continue to apply to visitors aged over 18 years, while overnight stays at English-language schools will remain exempt.

Additional measures include the introduction of a €10 eco-contribution for cruise passengers who disembark and reboard the same vessel in Malta, excluding passengers commencing their cruise from Malta, and a €5 eco-contribution for visitors to Comino's Blue Lagoon.

These initiatives are intended to support environmental conservation, improve cleanliness and safety standards, enhance visitor facilities, and promote the sustainable management of tourism destinations.



Corporate Taxation:

The Government announced a reduction in the corporate tax rate on retained earnings for small and medium-sized enterprises (SMEs) with an annual turnover of up to €1 million. The tax rate will decrease from 35% to 25%, providing businesses with greater incentives to reinvest profits and support growth.

Companies that distribute their profits as dividends rather than retain them within the business will continue to be subject to the 35% corporate tax rate. This measure fulfils a commitment made during the electoral campaign and is intended to strengthen the competitiveness and investment capacity of SMEs.

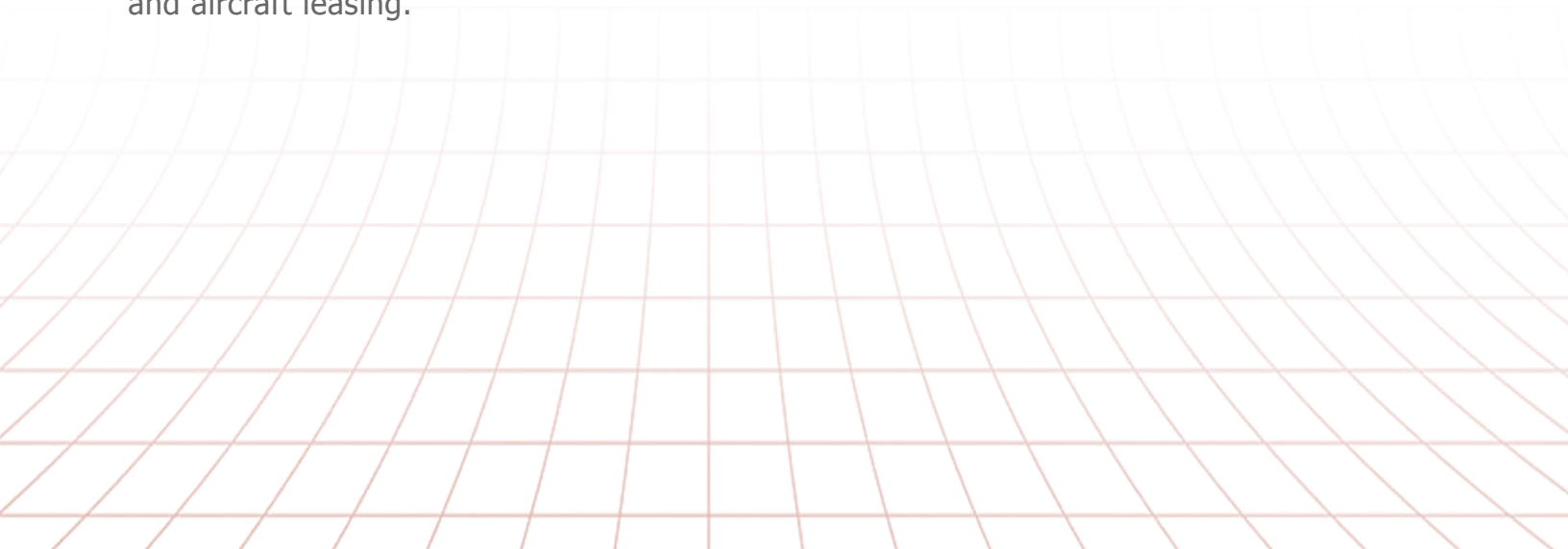
New VAT Mechanisms and Administrative Penalties:

The Government will introduce a new VAT mechanism in the construction sector, shifting VAT reporting obligations from suppliers to business customers to strengthen compliance. New guidelines will also clarify the application of VAT exemptions on food products to ensure consistent treatment and fair competition across the sector.

Administrative penalties for incorrect VAT invoices and fiscal receipts will be set at €100 for a first offence, €200 for a second, €400 for a third, and €500 for subsequent offences within 24 months. Payment within 30 days will remove criminal liability for the relevant offence.

Continued Support for Business Growth and Investment through Malta Enterprise:

The Government confirmed the continuation of Malta Enterprise incentives to support business investment in digitalisation, automation, higher-value activities, and emerging economic sectors. Efforts will also continue to strengthen the financial services industry by enhancing the regulatory framework and attracting investment in areas such as family offices, fintech, crypto, and aircraft leasing.

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Work Permits:

The Government announced the introduction of new fees for third-country nationals (TCNs) as part of measures aimed at contributing towards infrastructure and public service costs associated with workforce growth.

Adult third-country nationals will be required to pay a new annual infrastructure contribution of €400 per year, applicable to both new permit applications and renewals. In addition, the fee for new work permit applications will increase from €600 to €800.

