GCS
MALTA

2026

malta budget

HIGHLIGHTS

COST OF LIVING ADJUSTMENT (COLA)

In 2026, all workers will receive a **Cost-of-Living Adjustment (COLA)** of €4.66 per week.

In addition, students shall also enjoy an increase in their **stipends** of 15% per year.

NEW TAX INCENTIVES FOR FAMILIES

In 2026, families having one child or more, will benefit from additional tax savings through both the married and parents tax rates increasing yearly up to 2028.

MARRIED RATES (1 CHILD)			MARRIED RATES (2+ CHILDREN)		
Income Category	Rate	Reduction /Credit	Income Category	Rate	Reduction /Credit
2026					
€0-€17,500	0%	€0	€0-€22,500	0%	€0
€17,501-€26,500	15%	€2,625	€22,501-€32,000	15%	€3,375
€26,501-€60,000	25%	€5,275	€32,001-€60,000	25%	€6,575
€60,001+	35%	€11,275	€60,001+	35%	€12,575
2027					
€0-€20,000	0%	€0	€0-€30,000	0%	€0
€20,001-€30,000	15%	€3,000	€30,001-€41,000	15%	€4,500
€30,001-€60,000	25%	€6,000	€41,001-€60,000	25%	€8,600
€60,001+	35%	€12,000	€60,001+	35%	€14,600
2028					
€0-€22,500	0%	€0	€0-€37,000	0%	€0
€22,501-€33,500	15%	€3,375	€37,001-€50,000	15%	€5,550
€33,501-€60,000	25%	€6,725	€50,001-€60,000	25%	€10,550
€60,001+	35%	€12,725	€60,001+	35%	€16,550

PARENT RATES (1 CHILD)			PARENT RATES (2+ CHILDREN)		
Income Category	Rate	Reduction /Credit	Income Category	Rate	Reduction /Credit
2026					
€0-€14,500	0%	€0	€0-€18,500	0%	€0
€14,501-€21,000	15%	€2,175	€18,501-€25,500	15%	€2,775
€21,001-€60,000	25%	€4,275	€25,501-€60,000	25%	€5,325
€60,001+	35%	€10,270	€60,001+	35%	€11,325
2027					
€0-€16,000	0%	€0	€0-€24,000	0%	€0
€16,001-€24,500	15%	€2,400	€24,001-€33,500	15%	€3,600
€24,501-€60,000	25%	€4,850	€33,501-€60,000	25%	€6,950
€60,001+	35%	€10,850	€60,001+	35%	€12,950
2028					
€0-€18,000	0%	€0	€0-€30,000	0%	€0
€18,001-€28,000	15%	€2,700	€30,001-€42,000	15%	€4,500
€28,001-€60,000	25%	€5,500	€42,001-€60,000	25%	€8,700
€60,001+	35%	€11,500	€60,001+	35%	€14,700

INCREASES IN SOCIAL BENEFITS

PENSIONS:

Pensions for retirees, disability pensioners, and widowed pensioners will increase by €10 per week. Widowed pensioners shall also be receiving an added increase averaging €3.50 per week.

Allowances for widowed parents who are still raising children will similarly increase by €10 per week, and this allowance shall now continue until children reach the age of 23 if they are still in formal education.

SUPPLEMENTARY ALLOWANCE:

The maximum weekly rate for couples will rise to €27.30, while single individuals will receive up to €14.40 per week. The income threshold for eligibility will also increase to €20,000 for couples and €14,000 for single individuals.

Annual supplements for individuals aged 65 and over will increase by €100 to €250, and for couples, the supplement will now be paid to both spouses, rather than just one as was previously the case.

CARERS AND DISABILITY ALLOWANCES

Weekly allowances for persons with disabilities and their carers will increase by €4.66 per week, with a higher increase of €6.89 for those with severe disabilities.

The Carers’ Grant has increased by €179.24, bringing the annual amount to €5,368.89. This grant is now also extended to non-working parents of children under 16 with severe disabilities.

CHILDREN’S ALLOWANCE

The income threshold for children’s allowance rates will increase to **€30,000**, with an added €250 per child for families earning below this amount.

- Families earning under **€23,000** may receive up to **€417 per child**.
- Over four years, families will see an increase of **€590 to €1,007 per child**, plus an additional **€75 per child** as part of the **In-Work Benefit** commitment.

NEW MEASURES FOR BUSINESSES

New measures will be introduced to further support innovation and inclusion, including:

- **Funding for start-ups** promoting **Maltese language, culture, and arts.**
- **Workplace mental health incentives** to promote employee well-being.
- **New legal frameworks** allowing **16-18-year-olds** to safely **start businesses** and **open bank accounts** independently.

ASSISTANCE TO START-UPS

Further measures to provide support to start-ups and SMEs, including:

- **Free access to AI**, **High-Performance Computing**, and **Cloud Services**, with savings up to **€25,000.**
- Initiatives such as **B-Start** and **Start-up Finance** provide **funding** and **accelerators** to support businesses growth.

TAX BENEFIT FOR RESEARCH, INNOVATION, ARTIFICIAL INTELLIGENCE AND DIGITALISATION

The government will **accelerate a two-year tax reduction** for investments related to **artificial intelligence, digitalisation, modernisation, automation, and cybersecurity.**

At the same time, a **175% tax deduction** will be granted on **eligible Research and Innovation (R&I) expenses.**

This measure aims to encourage companies of all sizes to **invest consistently in technology, knowledge, and innovation**, strengthening their **competitiveness** both in Malta and international markets.

GOVERNMENT SUPPORT FOR WAGE GROWTH AND TALENT RETENTION

The Government will introduce a new initiative under the **Micro Invest Scheme** to assist companies in retaining skilled employees and rewarding long-term service.

- For employees who have been with the same company for **over four years**, the g**overnment will cover 65% of wage increases for two years**, up to **€780 annually.**
- In **Gozo**, this support will be even higher — **80% of the increase**, up to **€960 per year.**

Additionally, the maximum **Micro Invest benefit** will increase from **€45,000 to €65,000 per year in Malta**, and from **€45,000 to €80,000 per year in Gozo.**

BOOSTING INVESTMENT AND PRODUCTIVITY

To ensure sustainable economic growth and resilience, the government will launch a new **investment incentive** for businesses that upgrade productivity or start new ventures.

Eligible investments include:

- Purchase of **machinery, tools, and IT equipment**
- **Electronic systems** and **cybersecurity solutions**

Investments carried out within the next **two years** will qualify for a **tax credit of 60%** of the investment value, distributed over **four years**.

SMEs - MANUFACTURING

Small businesses are being offered support to purchase industrial workspaces, covering up to 50% of the cost, capped at €300,000. Meanwhile, new industrial hubs are being developed, including an SME hub at Ħal Far and specialised facilities for pharmaceuticals and marine biotechnology.

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