MALTA BUDGET 2018

How will it impact you?
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Macroeconomic highlights: Key variables

- National debt as a % of GDP expected to drop to 54.93% in 2017
- COLA set to be €1.75 a week
- €88 Million projected surplus for 2017
FISCAL ELEMENTS

Income Taxation

- Full-time and part-time employees earning less than €60,000 will be eligible for a one-time tax refund varying between €40 and €68. The exact amount of refund shall depend on an individual’s total income level and tax status.

- The tax exemption on pension (introduced as from 1st January 2017) will be increased from €13,000 to €13,200, while the minimum retirement pension is being increased by €2 weekly. The calculation of pensions for people working beyond the pensionable age shall be revised.

- A tax credit on the first €60,000 of earned income will be granted to persons (less than 40 years of age) who continue studying further at Masters (MQF 7) or Ph.D (MQF 8) levels. The tax credit may be utilised in 1 year in case of Masters Degrees and within 2 years for Ph.D.

- The ever popular MicroInvest scheme has been expanded considerably with cappings of the qualifying expenditure increasing from €30,000 to €50,000 (for Malta-based businesses), to €70,000 (for Malta-based businesses), and to €70,000 for businesses mainly owned by women.

VAT

- While VAT registration for any small business remains mandatory, the exempt threshold has been increased from €14,000 to €20,000 of turnover.

- VAT on the hiring of bicycles has been reduced from the standard 18% to 7%. Moreover, the VAT incurred on the acquisition of bicycles and pedelec bicycles will continue to be refunded.

- For the first time we shall have VAT Grouping provisions enabling supplies between members of the same VAT group to be regarded as outside scope for VAT purposes and deemed to be carried out by the same VAT person. Insofar these have been limited for the gaming and financial services sectors.

Stamp Duty

- The stamp duty exemption for first-time buyers on the acquisition of their residential property has been extended. The exemption applies for the first €150,000.

- Persons selling their residential property and replacing it with a second one will become eligible for a stamp duty refund of up to €3,000. This refund could increase to up to €5,000 in cases of persons with disability.

- Acquisition of properties in Gozo or in Urban Conversations Areas (UCAs) shall continue to enjoy from a reduced rate of stamp duty from the standard 5% to 2% in case of Gozo and 2.5% in case of UCAs.
SOCIAL MEASURES

EMPLOYMENT RELATED

- An additional one-day shall be added to all employees’ list of vacation days.
- Employees on minimum wage shall enjoy a €3 per week increase after a year in employment and an additional €3 (€6 in total) per week from their third year of employment.

PROPERTY RELATED

- The Government has committed a €50m investment for the construction of almost 700 social housing units.
- The eligibility criteria for enjoying the rental subsidy has been broadened.
- Rehabilitation expenditure on unused property to be rented out for social housing purposes over a 10 year period shall be subject to financial assistance of up to €25,000.
- Aimed at encouraging people to acquire property, the Government shall be extending the social loan programme for people in need for financial backup.
- There shall be the introduction of a new scheme seeking to enable the redemption of properties on temporary emphyteusis which will soon expire.

OTHER SOCIAL MEASURES

- The in-Work Benefit rate will be increased from €350 to €450 yearly per child where only one parent is in employment. There will also be an increase in the community worker scheme of €200 per month.
- Maximum aid of €10,000 for expenses incurred for adopting children (this aid will also apply to those who are currently undergoing this process).
- Any person aged 75 years and over and still living in his own household shall be eligible to receive a grant payment of €300.
- Working widowers shall still be eligible for sickness benefits even if in receipt of a contributory pension.
OTHER MEASURES
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- A white paper on rents will be issued in the coming weeks wherein it will specified that all property rent agreements must be registered, with the contracts specifying the lease term and amount due in rent through the whole term.

- Elderly people who hold a government tenement but live at a government home for the elderly will be able to retain 40% of their pension if they return their residence to the government.

- Facility regarding on-line submission of social security and VAT forms to be widened to cover companies employing 10 workers or more.

- Employers who offer a minimum of 3 year full time contract of employment in Gozo to a Gozitan employee, will receive a 30% refund (for up to a maximum of €6,000) calculated on the employee’s average wage.

- Introduction of an offsetting system for Maltese companies, allowing them to offset certain payments due to and from the Maltese government.

- The Individual Investor Programme (IIP) will be extended.

- Assistance is to be provided in the blockchain technology area including:
  - The adoption of blockchain to facilitate secure access to certificates issued by Mcast, NCFHE and ITS;
  - The upcoming launch of a blockchain lab at MITA;
  - The creation of a web-portal to serve as a point of communication for those interested in the technologies;
  - Support to business start-ups.

- Matsec and Sec exam fees will be halved in 2018 and removed entirely by 2019.

- The scheme granting 18 year olds a free bus pass for a year will now be extended to all those aged between 16 and 20.
OTHER MEASURES

- Refund on purchases of bicycles and motorcycles will be increased, while electric, hybrid and similar vehicles will be exempt from tax registration. This exemption will have a ceiling of €200,000 for businesses. Such vehicles will also be exempt from paying their road licence for 5 years.

- It is expected that free transport to and from Church and Independent schools is to be introduced as of the next scholastic year.

- €700 million investment over seven years for infrastructure, including the maintenance of existing roads.

- Ongoing exploration of the feasibility of the Malta – Gozo tunnel connection.

- Expansion of the scheme for the collection of organic waste and drink containers.

- An investment of more than €150 million into an energy from waste project.
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