

# MALTA BUDGET 2018



**TRI·MER**  
SERVICES LTD.

9TH OCTOBER, 2017

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**BKR**  
INTERNATIONAL

**THE MINISTER FOR FINANCE HON. PROF. EDWARD SCICLUNA, PRESENTED THE BUDGET SPEECH FOR 2018 ON THE 9TH OF OCTOBER 2017. IN THIS DOCUMENT, YOU WILL FIND THE LATEST ECONOMIC FORECASTS, COMPARATIVES AND INDICATORS AS WELL AS THE MAIN MEASURES WHICH WILL BE IMPLEMENTED IN 2018.**

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## **HIGHLIGHTS OF MALTA BUDGET 2018**

- Malta has a surplus budget. The first in 36 years;
- No new taxes announced and no increase in the existing taxes, neither direct nor indirect;
- A €1.75 wage increase, attributable also to pensioners in full, as part of the cost of living adjustment;
- Pensioners to receive a further increase of €2 per week;
- A tax rebate of between €40 and €68 to all those in employment and who earn less than €60,000;
- An additional day of vacation leave will be added to the current entitlement;
- VAT exempt status increased from €14,000 to €20,000;
- Transport to be tackled - free public transport for those aged 16-20, free transport for school children, schemes to make bicycles more attractive, no car registration tax for electric and hybrid cars and a 5-year exemption on road tax on these;
- “Second-time buyer” scheme introduced with lower duty on documents;
- Introduction of VAT grouping for companies in the financial services and gaming sectors;
- The government committed to intensify its fight against fiscal evasion and increase penalties and fines for such offenses;
- Microinvest to be increased to €50,000 per annum and €70,000 for businesses in Gozo or run by women;
- A national Blockchain strategy and a Blockchain Hub are to be launched;
- Brexit working group launched to attract companies to Malta;
- New agency to be setup to coordinate the resurfacing of all roads in Malta and Gozo in the next 7 years and tackle traffic congestion;
- Reform in rental contracts and laws announced, including the notarized registration of contracts;

# Economic Indicators

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Malta registered a 5.5% economic growth in 2016 and 6.3% in the first 6 months of 2017



Malta registered a surplus of over €100 million in 2016. This trend is expected to continue for 2017



Unemployment hit a new record low of 4.1% with less than 2,500 individuals on the unemployment register as at August 2017



Malta hit the 2 million tourist mark in 2016. By the end of September 2017 over 1.5 million tourists arrived, an increase of 17.3% compared to the previous year



Inflation for 2016 was of 1.06% (RPI) and 1.17% for 2017

National debt to GDP ratio stands at 57.6%



Malta jumped three places in the Global Competitiveness Index of the World Economic Forum and is now 37th

# Fiscal Measures

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## Pensions

Pension income which is not more than €13,200 will not be subject to tax.

The €300 old age grant will continue.

Persons who continue to work after reaching pensionable age are obliged to continue paying social security contributions till they are 65. These will now have an option to recalculate their pension, taking into consideration the additional payments made in those years.

Persons over 65 who are self-employed persons on a part-time basis will now also have the option to pay social security at 15%.

## Property

First time buyers scheme will be extended for another year.

Individuals who sell their residential home and purchase another shall benefit from a refund of the stamp duty of up to a maximum of €3,000. This increases to €5,000 in the case of a disabled person and their parents.

Duty on documents on the acquisition of immovable property will be maintained at 2.5% for properties in Urban Conservation Areas and 2% for properties in Gozo.

Equity release facilities to be introduced in Malta.

Social loans for the purchase of one's own property to be extended to another 300 applicants.

## VAT

Companies within the same group and operating within the financial services and gaming sectors will be able to register as a single taxable person for the purpose of VAT. Purchases and sales within the group will be outside the scope of VAT.

Taxable persons registering under Article 11 of the VAT Act will see their exempt threshold increased from €14,000 to €20,000.

VAT to be refunded to those who registered their vehicle in 2007.

VAT on bicycles has been reduced to 7% and the VAT refund scheme on motorcycles, scooters and pedelec bicycles will be extended.

## Health and Education

MATSEC exam fees to be half price in 2018 and free from 2019 onwards.

Individuals aged below 40 obtaining a Masters or PhD will not pay tax on their income up to €60,000, for 1 and 2 years respectively.

Four new schools to be built in Marsascala, Qawra, Msida and Victoria Gozo.

A new 350-bed hospital to be built in Gozo.

Two new health centers to be built in Kirkop and Paola.

New shooting range and indoor pool to be built.

## Employment

Minimum wage earners will see their salary increase by up to a maximum of €3 a week in 2018, with a further increase in 2019.

Employers offering a contract of 3 years or more in a place of work in Gozo to new employees will get a refund equivalent to 30% of their basic wage, up to a maximum of €6,000.

The in-work benefit will increase from €350 to €450 per child.

## Others

€10,000 cash allowance will be granted to families adopting from abroad to facilitate the process. Foster care allowance has also been increased to €100 per week from €70 per week.

The Individual Investment Programme has been extended.

The government will re-issue the very successful Savings Bond targeted at pensioners.

The government is to introduce a depository system for plastic bottles.

# About Us

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**TRI-MER SERVICES LIMITED OFFERS A COMPLETE RANGE OF SERVICES TO BOTH LOCAL AND INTERNATIONAL CLIENTS WISHING TO RELOCATE TO MALTA OR SET-UP THEIR BUSINESS IN MALTA, FOCUSING INTENTLY ON PROVIDING SEVERAL CORPORATE AND PERSONAL TAX SOLUTIONS.**

Established in 2005, and licensed by the Malta Financial Services Authority, we aspire to provide personalized, tailor-made full care services to all of our clients, and maintaining the highest professional and ethical standards.

Providing services to a list of prestigious clients, the firm enjoys an excellent reputation which stems from our dedication, professionalism and enthusiasm to serve our clients.

Tri-Mer Services Limited is a member of Finance Malta and the Institute for Financial Service Providers of Malta.

Tri-Mer Services Limited is a member of BKR International, a Global association of more than 130 independent accounting firms in 64 countries. At Tri-Mer we seek to provide tailor-made full care services, in order to cater for your requests, and exceed your expectations.

Our team put dedication into guiding clientele, through the numerous opportunities which Malta can offer.



**Tri-Mer Services Ltd.**  
**International House, Mdina Road, Mriehel**  
**Tel.:** +356 2347 9900  
**Fax.:** +356 2347 9950  
**Email:** info@trimerservices.com  
**www.trimerservices.com**