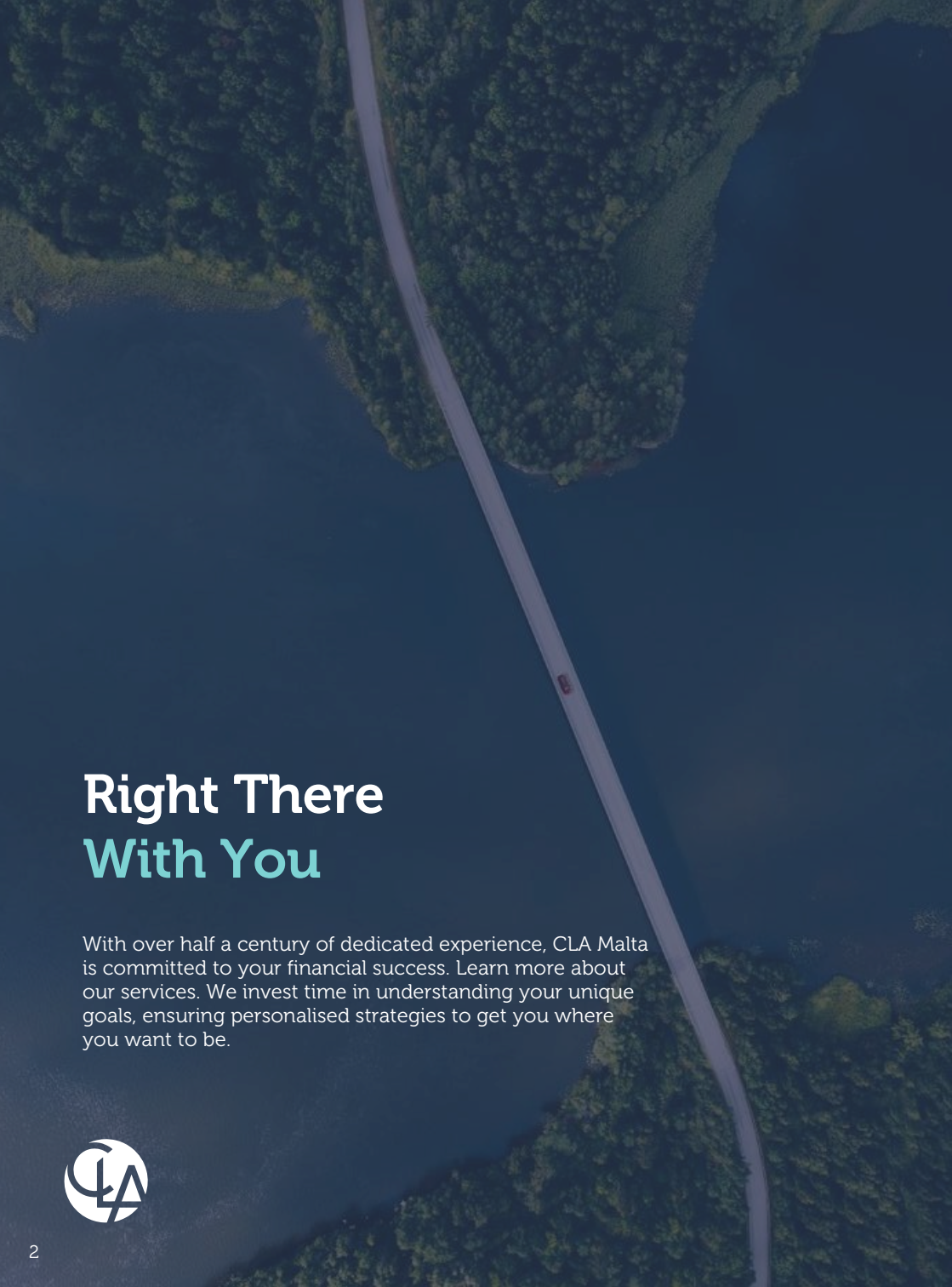


Malta Budget 2027





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General Outlook

Main Highlights



Deficit

The deficit is expected to stand at 2.6% of GDP by the end of 2026, compared with 2.1% in 2025, and to remain at 2.6% in 2027, mainly due to continued energy subsidies.



Inflation

Inflation stood at 2.4% in September, compared with 3.8% in the euro area. It is expected to reach 2.5% in 2026 and 2.7% in 2027.



Cost-of-Living Adjustment (COLA)

The cost-of-living adjustment for 2027 will be €6.41 per week.



Economic Growth

Malta's economy grew by 4.7% in real terms in 2025. Growth is expected to reach 4.1% in 2026 and 3.8% in 2027.

A family of four (a man, a woman, and two children) are walking away from the camera on a dirt path. They are looking out over a coastal town built on a hillside, with a beach and the sea visible in the distance. The scene is framed by a large, dark rock overhang on the left side.

Fiscal & Family Measures

Fiscal & Family Measures

Budget 2027 continues the three-year income tax cut for families with children announced last year, worth €160 million in total. Around 68,000 parents will keep benefiting, leaving families with just over €50 million a year in their pockets up to 2028. Income tax rates, the VAT rate and social security contributions will not increase.

Married Tax Rates

Married computation, one child: the tax-free bracket rises from €17,500 to €20,000 in 2027 and €22,500 in 2028. The maximum tax saving rises from €725 this year to €1,450 in 2027 and €2,175 in 2028.

Married computation, two or more children: the tax-free bracket rises from €22,500 to €30,000 in 2027 and €37,000 in 2028, an increase of €22,000 over three years. The maximum tax saving rises from €2,025 this year to €4,050 in 2027 and around €6,000 in 2028.

2027: Computation for Married Individuals with One Child

Income	Rate	Deduct
€0 – €20,000	0.00%	€0
€20,001 – €30,000	15.00%	€3,000
€30,001 – €60,000	25.00%	€6,000
€60,001+	35.00%	€12,000

2028: Computation for Married Individuals with One Child

Income	Rate	Deduct
€0 – €22,500	0.00%	€0
€22,501 – €33,500	15.00%	€3,375
€33,501 – €60,000	25.00%	€6,725
€60,001+	35.00%	€12,725

2027: Computation for Married Individuals with Two Children+

Income	Rate	Deduct
€0 – €30,000	0.00%	€0
€30,001 – €41,000	15.00%	€4,500
€41,001 – €60,000	25.00%	€8,600
€60,001+	35.00%	€14,600

Maximum annual tax saving – married computation

One child: €1,450 in 2027 and €2,175 in 2028
Two or more children: €4,050 in 2027 and around €6,000 in 2028

The 2028 table for married couples with two or more children follows overleaf.

2028: Computation for Married Individuals with Two Children+

Income	Rate	Deduct
€0 – €37,000	0.00%	€0
€37,001 – €50,000	15.00%	€5,550
€50,001 – €60,000	25.00%	€10,550
€60,001+	35.00%	€16,550

Parent Tax Rates

Parent computation, one child: the tax-free bracket rises from €14,500 to €16,000 in 2027 and €18,000 in 2028.

Parent computation, two or more children: around 29,300 parents benefit from this computation. The tax-free bracket rises from €18,500 to €24,000 in 2027 and €30,000 in 2028.

As a result, by 2028 parents earning €30,000 each with two or more children will pay no income tax, while parents earning €42,000 each will save around €10,000 in tax between them.

2027: Computation for Parents with One Child

Income	Rate	Deduct
€0–€16,000	0.00%	€0
€16,001–€24,500	15.00%	€2,400
€24,501–€60,000	25.00%	€4,850
€60,001+	35.00%	€10,850

Maximum annual tax saving per parent – parent computation

One child: €1,150 in 2027 and €1,800 in 2028

Two or more children: €3,250 in 2027 and €5,000 in 2028

The 2028 tables for parents follow overleaf.

2028: Computation for Parents with One Child

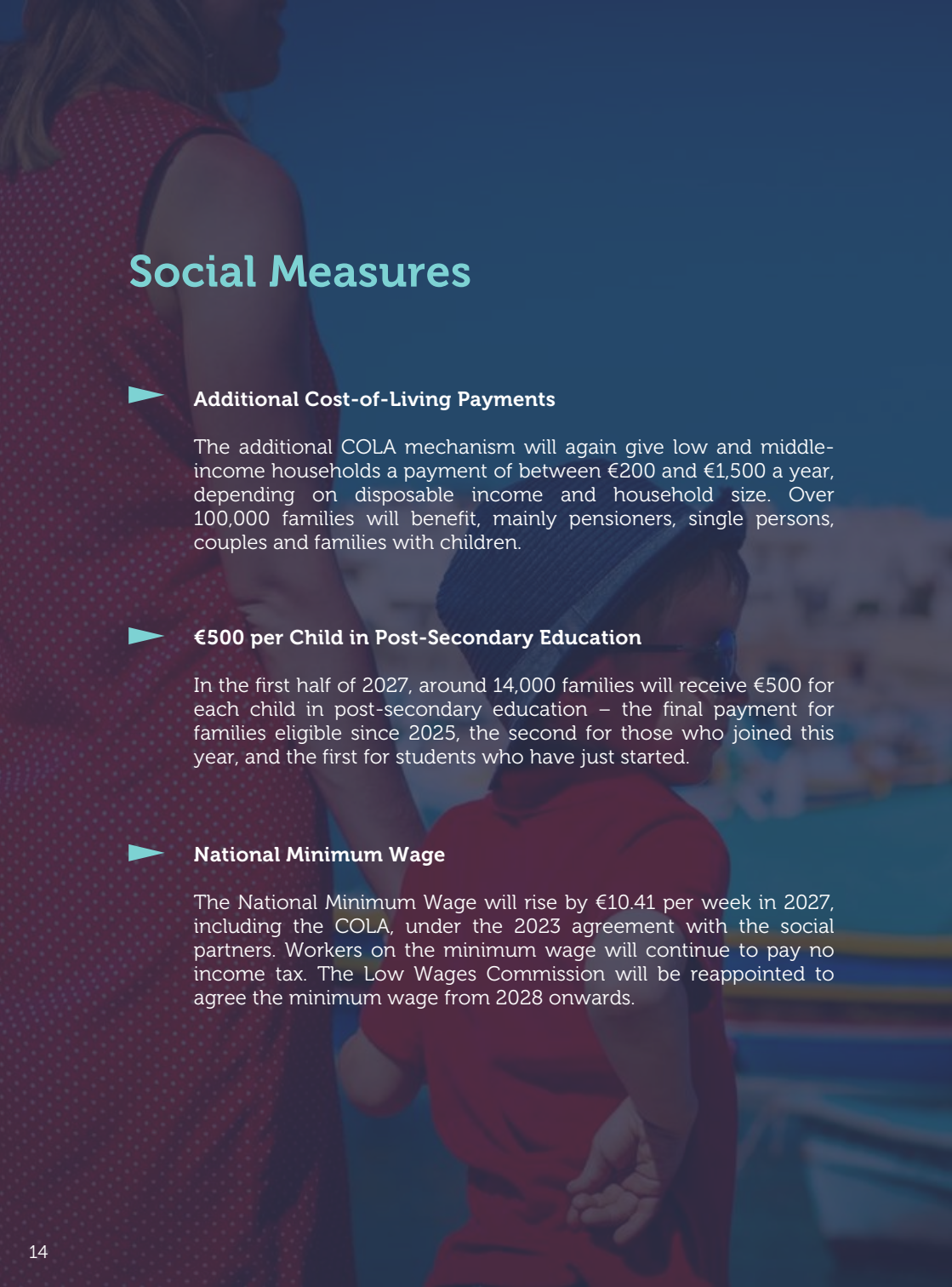
Income	Rate	Deduct
€0–€18,000	0.00%	€0
€18,001–€28,000	15.00%	€2,700
€28,001–€60,000	25.00%	€5,500
€60,001+	35.00%	€11,500

2027: Computation for Parent Individuals with Two Children+

Income	Rate	Deduct
€0–€24,000	0.00%	€0
€24,001–€33,500	15.00%	€3,600
€33,501–€60,000	25.00%	€6,950
€60,001+	35.00%	€12,950

2028: Computation for Parent Individuals with Two Children+

Income	Rate	Deduct
€0–€30,000	0.00%	€0
€30,001–€42,000	15.00%	€4,500
€42,001–€60,000	25.00%	€8,700
€60,001+	35.00%	€14,700



Social Measures

► Additional Cost-of-Living Payments

The additional COLA mechanism will again give low and middle-income households a payment of between €200 and €1,500 a year, depending on disposable income and household size. Over 100,000 families will benefit, mainly pensioners, single persons, couples and families with children.

► €500 per Child in Post-Secondary Education

In the first half of 2027, around 14,000 families will receive €500 for each child in post-secondary education – the final payment for families eligible since 2025, the second for those who joined this year, and the first for students who have just started.

► National Minimum Wage

The National Minimum Wage will rise by €10.41 per week in 2027, including the COLA, under the 2023 agreement with the social partners. Workers on the minimum wage will continue to pay no income tax. The Low Wages Commission will be reappointed to agree the minimum wage from 2028 onwards.

Super Bonus

Super Bonus – paid in the first quarter of 2027

Based on 2025 income from employment, including self-employed, part-timers and working pensioners. The payment is tax-free.

€12,000 and over:	€1,000
€11,000 – €11,999:	€925
€10,000 – €10,999:	€875
€9,000 – €9,999:	€800
€8,000 – €8,999:	€725
€7,000 – €7,999:	€650
€6,000 – €6,999:	€575
€2,000 – €5,999:	€500

Social Measures

► Adoption Grant and Fostering Leave

The reimbursement of expenses for families adopting children from overseas will rise by €1,000 to €13,000, as a first step towards €15,000 over the legislature.

Working persons who start fostering will be entitled to 10 additional days of leave – the equivalent of paternity leave – paid by Government, so that they can bond with the children placed in their care.

► Supplementary Allowance for Orphans

The allowance will be extended from age 21 up to age 25 for orphans still in tertiary education, or until six months after they graduate and start working, at a higher rate of €170 per week.

► Aftercare for Young People Leaving Care

A new support framework will help young people leaving residential care move to independent living, guaranteeing access to education, training and housing. Support starts at 17 and continues until 21, at least at the level of social assistance for single persons, on top of any stipend.

► Carers' Grant and Carer at Home

As a first step towards making the Carers' Grant for parents who cannot work due to their child's severe disability equivalent to the net National Minimum Wage, the grant will rise to €7,500 a year in 2027. Parents working part-time for up to 20 hours a week will also start to benefit, at the current rate of half the net minimum wage.

The Carer at Home benefit for elderly persons who employ a full-time carer will increase by €800 to €9,800 a year.

- Around 15,000 persons with disability, carers and recipients of social assistance will receive higher rates reflecting the increase in the National Minimum Wage and the COLA.
- Increased Severe Disability Assistance will rise by €9.37 per week.
- Severe Disability Assistance, Disability Assistance, Visual Impairment Assistance, Disability Benefit, Carers' Allowances and Social Assistance will rise by €6.41 per week.
- Up to two years of social security credits will be given to employees temporarily out of work due to mental health problems or domestic violence, and to young people undergoing rehabilitation.



Tax & Administrative Measures

▶ Lower Tax Rate for Small Companies

Companies with a turnover of up to €1 million will be able to pay tax at 25% instead of 35% on profits that are retained or reinvested in the business. Profits distributed as dividends will still be taxed at 35%. The measure complements the Youth-Led Start-Up Support Scheme.

▶ Separate Tax Returns for Married Couples

A project will start to reform tax returns for married couples so that, as a general rule, each spouse files an individual return on their own income. Couples who prefer a joint return will keep this option where permitted by law.

▶ Transfer of Airspace

Targeted measures will require fuller disclosure of the total consideration agreed in developments involving the sale of airspace, strengthen valuation and verification, and ensure such transactions are taxed according to their economic substance. Following consultation, the framework will apply prospectively.

▶ VAT Reverse Charge in Construction

A new mechanism will shift the obligation to account for VAT on covered construction transactions from the supplier to the business making the purchase, which may then deduct the VAT where eligible. This removes the risk of VAT being collected but never paid over, and curbs refund claims on fictitious invoices.

▶ Stronger Enforcement of VAT Invoices and Receipts

Administrative penalties will replace immediate criminal proceedings for failing to issue correct VAT invoices and fiscal receipts: €100 for a first breach, €200 for a second, €400 for a third and €500 for each further breach within 24 months. Paying within 30 days extinguishes criminal liability, but each breach raises the business's risk score for audits and inspections.

▶ Fair Application of the VAT Exemption on Food

Guidelines will clarify how the VAT exemption on food applies to ready-to-eat food sold by supermarkets, minimarkets and convenience shops, which compete with restaurants, so that the exemption is applied fairly and consistently across the sector.



The Elderly, Pensions & Other Benefits

- ▶ **Pensions up by €10 per week** from January for retirement, invalidity and widows' pensions and the age pension. This is the first increase of the €50 per week promised and includes the COLA. Since 2013, all pensions will have risen by at least €92.40 per week.
- ▶ **Transfer of contributions between spouses:** from 2027, a spouse with a pension will be able to transfer contributions to a spouse without one. Around 3,200 more married women will become pensioners for the first time, bringing the total since 2021 to around 7,000.
- ▶ **Maximum Pensionable Income raised to €28,000** for pensioners born before 1962, giving around 15,000 pensioners, including widows, a further increase. This anomaly will be fully removed by 2028.
- ▶ **Full two-thirds pension for all widows**
The process started in 2022 will be completed next year: over 7,000 widows will receive a further increase, and all widows will receive the full two-thirds of their late spouse's pension.
- ▶ **Same cost-of-living bonus for all pensioners**
Irrespective of the year in which they retired, all pensioners will receive the same fixed rate of €21.53 per week in 2027.

- ▶ An increase of **€520 in the tax-free pension income threshold**, which rises to €37,624 a year, so pensioners will continue to pay no tax on their pension.
- ▶ An increase of **€300 a year in the service pension disregarded** when calculating the social security pension (previously €200). For service pensioners aged 72 and over, the entire commuted amount will be disregarded.
- ▶ **Former members of the disciplined forces** receiving a service pension but no social security pension, and not in employment, will see their bonus rise by €520 a year, in line with social security pensioners.
- ▶ **Higher Pension for Persons with Disability**
Persons with disability on a contributory pension who previously received a disability benefit or injury pension will receive 20% of that benefit, up from 10%, rising gradually to 50% in the coming years.
- ▶ **Higher Bonus for Those Without a Pension**
Persons, mainly married women, who still do not qualify for a pension due to insufficient contributions will see their bonus rise by €333.32 a year, in line with the COLA, to between €933 and €1,383 a year.
- ▶ **Retirement Age and Contributions Unchanged**
Neither the retirement age nor social security contribution rates will increase. The latest strategic pension report shows improved adequacy and sustainability of the pension system.

A photograph of a group of people, including a man and two women, smiling and socializing outdoors. The image is partially obscured by a dark blue overlay on the right side, which contains text.

- ▶ **Closure of the anomaly compensation schemes.**

The four remaining schemes compensating past anomalies – for former Malta Drydocks and Malta Shipbuilding workers, former Gas Board employees, and former Telemalta and Rediffusion employees – will come to an end, concluding 11 years of payments worth €105 million to 9,000 persons or their heirs.

- ▶ **Full therapy support for children with disability.**

Government will help with all the costs of therapies needed by children with disability under the age of 18, recognising early intervention as the best investment in inclusion.

Other Fiscal Measures

► Eco-Contribution on Tourist Accommodation

From 1 January 2027, the eco-contribution will be €8 per night (up to €64 per person) in collective accommodation and €10 per night (up to €80) in short-let apartments. It applies to guests aged 18 and over; English language schools will no longer pay it. Expected revenue: around €182 million.

► Eco-Contribution for Cruise Passengers

A €10 eco-contribution will apply to cruise passengers who disembark and re-embark on the same cruise liner in Malta. It will not apply to passengers starting their cruise from Malta.

► Eco-Contribution for Comino Visitors

Building on the Blue Lagoon visitor cap and time-slot booking system introduced in 2025, tourists will pay a €5 eco-contribution through the booking system to help protect the site and improve the experience.

► Higher Fees for Third-Country Work Permits

Foreign workers will continue to be welcomed, while also contributing towards the infrastructure they use:

- The fee for a new work permit for non-EU nationals will rise by €200, from €600 to €800.
- An additional €400 infrastructure contribution will be payable every year on both new applications and renewals (not applicable to minors).
- Several Identità permit fees will also be revised upwards. Together, these measures are expected to raise around €80 million.

► **Free Public Transport**

From January, free public transport will remain available only to Maltese and Gozitans, EU citizens resident in Malta and Long-Term Residents.

► **Non-EU Driving Licences**

Visitors and residence permit holders with a licence issued outside the EU may drive for up to 12 months from entry, after which a Maltese or EU licence is required. A €83 monthly administrative fee will also apply to category B and B1 licences issued or renewed from that date, with exemptions for EU/EEA citizens, long-term residents and their spouses, UK, Australian and UAE citizens, and professional drivers.

► **Atypical Work Cheque and Free Childcare**

From 1 January, the atypical work cheque and free childcare will be limited to Maltese and Gozitans, resident EU citizens and Long-Term Residents. Families already using free childcare keep it until their children are no longer eligible. These four eligibility changes are expected to yield €46 million a year.

► **Fast Ferry and Gozo Ferry Fares**

Tourist fares on the fast ferries will rise by €3 per trip. On the Gozo ferry, non-residents will pay €11 per adult, €7 per child and €22 for a vehicle and driver (€33 with an adult passenger, €40 with an adult and a child), raising around €13 million.

► **Recreational Boats**

Annual registration fees for vessels between 10 and 24 metres will be revised, with additional charges of €300 to €2,600 depending on length and category. Professional fishers and vessels under 10 metres are exempt. Expected revenue: around €3 million.

Revenue from these measures will help fund infrastructure and offset part of the energy subsidies, which will again cost around €400 million in 2027.



Other Salient Measures

► Business and Industry

Malta Enterprise will continue to assist businesses and industry through its various schemes. Incentives will continue for digitalisation, the shift to more automation, and investment that generates quality added value.

► Government Schemes

Schemes in force in 2026 will be renewed for 2027. These include schemes for accommodation, buying or renovating one's home, NGOs, sports organisations, electric vehicles and renewable energy.

► Sport

Elite athletes representing Malta will receive ten days' paid sports leave when competing in European or world championships. This also applies to the technical and medical team members who accompany them, so that they need not use their personal leave.



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- ▶ **Treatment abroad.** From 2027, Government will also cover the costs of a person accompanying an adult patient receiving treatment abroad. It already covers the patient, and both parents where the patient is a child.
 - ▶ **Mater Dei Hospital.** Work has started on extending the Emergency Department. A new 135-bed mental health unit with a therapeutic garden will be built alongside it, and there will be investment in a new building for the Medical Imaging Department.
 - ▶ **Gozo General Hospital.** The general plan will continue, with nine additional outpatient clinics, a minor procedures room and a dedicated space for women's health planned. Operating theatres will be expanded.

- ▶ **Karin Grech and St Luke's.** Work is ongoing on the master plan to regenerate both hospitals.
- ▶ **Energy.** Technical studies are under way for a third interconnector and a new 132kV Malta–Gozo connection. The target is for 25% of energy to come from renewable sources by 2030, with 18.8% already reached in 2025.
- ▶ **Infrastructure.** Several projects will continue during 2027, with millions of euro invested in roads, connectivity and maritime facilities.

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