

Malta Budget 2026

Key Points



Focused Areas

> Employment, Skills & Infrstructure

Supporting Employers & Workers

- Maltese Working Abroad
- Family & Social Support
- Supporting Pensioners

> Business Environment & ESG

Technology & Innovation Incentives

- Al Incenctives
- Fintech, Blockchain & Digital Assets
- Igaming Industry

Businesses

- Family Businesses
- Micro Invest Scheme Enhancements
- · New Investment Tax Credit
- Wage-Support Mechanism
- Cooperative Tax Filing Exemption
- Court updates
- SMEs

> Property, Residency & Immigration

- Stamp Duty Relief for Inherited Residences
- Support for First Buyers

Tax & Fiscal Measures

- Macroeconomic Outlook
- Family-Centred Support
- Business Competitiveness & Economic
 Transformation



Supporting Employers & Workers

The government will assist private sector employers in raising wages for long-serving employees by subsidising a portion of the salary increase.

This support applies to employees who have been with the same employer for over four years and will be available for a two-year period:

- 1. Employers based in Malta will receive funding equivalent to 65% of the wage increase, capped at €780 annually.
- 2. Employers in Gozo will benefit from 80% coverage, up to a maximum of €980 per year.

This initiative is designed to encourage workforce retention and promote long-term employment relationships.

The Occupational Health and Safety Authority (OHSA) will expand its training programmes to help businesses, particularly SMEs, enhance compliance with workplace safety regulations.

A National Talent Register will be launched to map skills across the workforce and improve labour market planning and mobility.

Maltese Working Abroad

A new scheme will be introduced to attract Maltese nationals aged 18–30 who are currently living abroad, encouraging them to return to Malta for work or study opportunities.

Family & Social Support

The government will introduce neonatal care leave for parents whose newborns require intensive or specialised medical attention immediately after birth. This leave will be fully funded by the state.

Self-employed individuals will become eligible for Parental Leave, Bereavement Leave, and Miscarriage Leave, aligning their entitlements with those of employed persons.

Discussions will commence to explore enhancements to maternity and paternity leave, as well as improvements to parental leave provisions.





The public sector will continue to promote remote working arrangements and leave donation schemes to support work-life balance.

The Cost of Living Adjustment (COLA) for 2026 will be €4.66 per week, ensuring continued support for household income stability.

Supporting Pensioners

All pensioners will receive an additional €10 per week, inclusive of the cost-of-living adjustment(COLA).

Specific increases were introduced for older age groups, with pensions rising to \leq 425 monthly for those aged 75–79 and \leq 525 for those aged 80 and above. Widowed pensioners will benefit from an extra \leq 3.50 weekly, while married pensioners affected by dual pension entitlements will see increases ranging from \leq 2 to \leq 14 weekly.

Additional support includes a €50 annual bonus for non-qualifying pensioners and adjustments to address pension gaps for those born before 1962. Service pensioners will also benefit from a €200 increase and further exemptions for those aged 72 and over.



Technology and Innovation Incentives

Al Incentives

The introduction of the "AI for Everyone" initiative represents a significant technological incentive for Malta. This programme will provide complimentary courses, certifications, and hands-on sessions to all participants, alongside free subscriptions to AI tools for graduates. The launch is scheduled for early next year, contributing to the creation of an AI-literate workforce in Malta.

A substantial investment of €100 million has been announced, aimed at accelerating the adoption of artificial intelligence, cybersecurity, virtual reality, augmented reality, and blockchain technologies. The primary objective is to foster a more resilient and competitive economic landscape in Malta.

The **Digital Identity Wallet**, initially introduced in last year's budget, was reaffirmed this year, with confirmation that issuance is expected by the end of the year. This project seeks to offer businesses and citizens a secure method for sharing and verifying identity, adhering to the "once-only" principle and EU privacy standards.

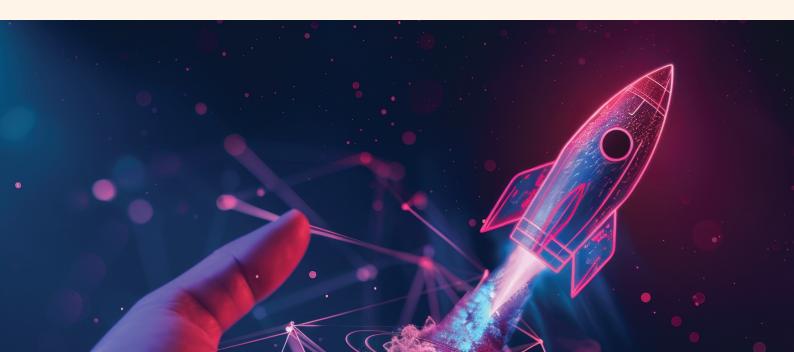
The **Digital Innovation Hub** will host Malta's first High Performance Computer, providing SMEs and startups with **complimentary access to AI, cloud-based tools, and data resources.** This initiative offers the necessary infrastructure and support to businesses establishing their operations in Malta.

Fintech, Blockchain and Digital Assets

From a fintech perspective, Malta's financial sector continues to demonstrate growth, particularly due to its pioneering legislation on blockchain and digital assets prior to the implementation of **Market in Crypto Assets Regulation**. Additional expansion has been observed in payment platforms, fintech applications, and digital identity solutions. Malta's early adoption of legislation in this field provides legal certainty and an evident **stable environment for fintech businesses**.

Igaming Industry

In the gaming industry, partnerships with game engines such as Unity and Unreal Engine, have been highlighted for their provision of training opportunities to students and professionals across simulation, AR, VR, and game production. This initiative ensures **cutting-edge training is offered for more creative sectors**.



Businesses

Family Businesses

Support measures for family businesses, including incentives such as reduced duty on intra-family transfers of 1.5%, grants for governance and succession planning, training initiatives for next-generation members, and assistance with digitalisation and financial needs, will be prolonged to foster resilient succession strategies and long-term business sustainability.

Micro Invest Scheme Enhancements

- Increased Tax Credit for Malta-Based Businesses: The maximum tax credit under the Micro Invest Scheme will rise to €65,000, covering up to 65% of eligible costs.
- Gozo-Based Businesses: The additional 20% support for eligible businesses in Gozo remains unchanged, bringing the total benefit to €80,000 for qualifying entities.

New Investment Tax Credit

- A new incentive will offer a 60% tax credit on qualifying capital investments made over the next two years.
- Eligible expenditures include machinery, IT systems, automation tools, and cybersecurity infrastructure.
- The credit can be claimed over a four-year period.

Wage-Support Mechanism

- Malta-Based Businesses: Eligible businesses will benefit from a government subsidy covering 65% of wage increases for a period of two years.
- Gozo-Based Businesses: The support level is increased to 80% of wage increases, also for two vears.
- Eligibility Criteria: Applies to employees with more than four years of service.
- Annual Cap: The maximum annual support per employee is €780 for Malta-based businesses and €960 for Gozo-based businesses.

Cooperative Tax Filing Exemption

Cooperatives will be exempt from the requirement to submit audited accounts for tax purposes.

Court Updates

- New court facilities are under development to accommodate entities such as the Commercial Court.
- Judicial services will keep moving online with remote hearings, digital case filing, and electronic access to judgments and records.

Hal Far Innovation Complex: A Strategic Investment in Biotech and Research & Development

The Malta Budget 2026 introduces a new industrial complex in Hal Far aimed at SMEs in health, pharmaceuticals, biotechnology, and marine biotech. Its main aim is to strengthen the country's innovation ecosystem, empower young entrepreneurs, and enhance SME competitiveness across high-value sectors. This initiative is designed to:

- Promote research and development (R&D).
- Facilitate market access for high-value sectors.
- Position Malta as a regional leader in life sciences and marine innovation.

Industrial Garage Scheme: €300,000 Support for SME Expansion

A new scheme will provide up to €300,000 for SMEs and self-employed individuals to purchase industrial garages. This measure aims to reduce barriers to physical expansion and promote long-term investment in production infrastructure.

Youth in Tech: Academy for Interactive Media & Startup Launchpad

To foster young talent in technology, Malta will launch an Academy for Interactive Media in summer 2026. The academy will be complemented by startup programmes focused on pitching, mentoring, and a dedicated Pitch Day event with seed funding support. These initiatives are expected to create a pipeline of skilled youth-led ventures in gaming, media, and digital innovation. The key components include:

- Startup programmes on pitching, mentoring, and business development.
- A Pitch Day with seed funding support.

Legal Empowerment for Young Enterpreneurs

In a landmark move, Budget 2026 introduces a legal framework enabling 16- to 18-year-olds to start businesses and open bank accounts independently. This reform removes longstanding barriers to youth entrepreneurship and aligns Malta with international best practices in financial inclusion and startup policy. This reform will therefore allow young entrepreneurs to:

- · Start businesses independently.
- Open bank accounts without parental consent.

This change enhances financial inclusion and aligns Malta with EU youth entrepreneurship standards.



Cultural Startups: Promoting Maltese Language and Heritage

Startups that promote Maltese language and culture will receive targeted support, reinforcing the role of entrepreneurship in cultural preservation and creative industries. This measure reflects a broader commitment to inclusive growth and national identity.

Startup Financing: B-Start, Accelerate, and Startup Finance

Malta is expanding its startup ecosystem through a trio of targeted programmes:

- B-Start: Early-stage funding and mentoring.
- · Startup Finance: Capital support for scaling.
- Accelerate: Growth-focused programme for high-potential ventures.

The Malta Government Venture Capital Fund has already made strategic investments in sectors such as health tech, gaming, and fintech, reinforcing the country's commitment to innovation.

In addition, SMEs now benefit from free access to cutting-edge resources including Artificial Intelligence (AI), High-Performance Computing (HPC), and cloud technologies via the newly launched European Digital Innovation Hub.

Banking Reform: Legal Right to Open a Business Bank Account & Enhanced Lending Support

Budget 2026 introduces a transformative approach to financial inclusion and commercial lending for businesses.

Legal Entitlement to Open a Business Bank Account

The government is actively consulting with banking institutions to establish the right to open a business bank account as a legal entitlement. This reform aims to eliminate longstanding barriers faced by startups and SMEs, improving the ease of doing business and ensuring equal access to financial services.

Credit Review Office: Supporting Fair Lending Practices

To further support businesses, the government has launched the Credit Review Office, a dedicated platform to facilitate dialogue between banks and commercial entities. In cases where a loan application is unfairly denied, the office provides:

- · A structured pathway for appeal.
- Guidance on escalating cases to the Financial Services Arbiter.

This initiative enhances transparency and accountability in Malta's lending ecosystem.

Central Common Data Repository & Streamlined Due Diligence

To reduce administrative burdens, the Budget also introduces a Central Common Data Repository and enhanced due diligence protocols. These measures aim to:

- Simplify applicant identification.
- Minimize documentation requirements.
- Accelerate onboarding processes for financial services.

Judicial services will keep moving online with remote hearings, digital case filing, and electronic access to judgments and records.



Property

Stamp Duty Relief for Inherited Residences

The Malta Budget 2026 confirms the continuation of inheritance tax relief and increasing stamp duty rates for individuals inheriting their primary residence. Beneficiaries now pay a reduced 3.5% rate on the first €400,000 of the inherited property's value, up from the previous €200,000 threshold. Existing tax deductions on mortgage interest and other property-related expenses remain available, subject to eligibility.

Support for First-Time Buyers

The budget expands support for first-time property buyers in several ways:

- The Deposit Assistance Scheme now applies to properties valued up to €250,000.
- The €1,000 annual grant for first-time buyers, payable over 10 years, is maintained.
- First-time buyer incentives are to become permanent, providing long-term certainty.
- Those who previously purchased non-residential property (e.g., garages or fields) retain first-time buyer status for their first home purchase.

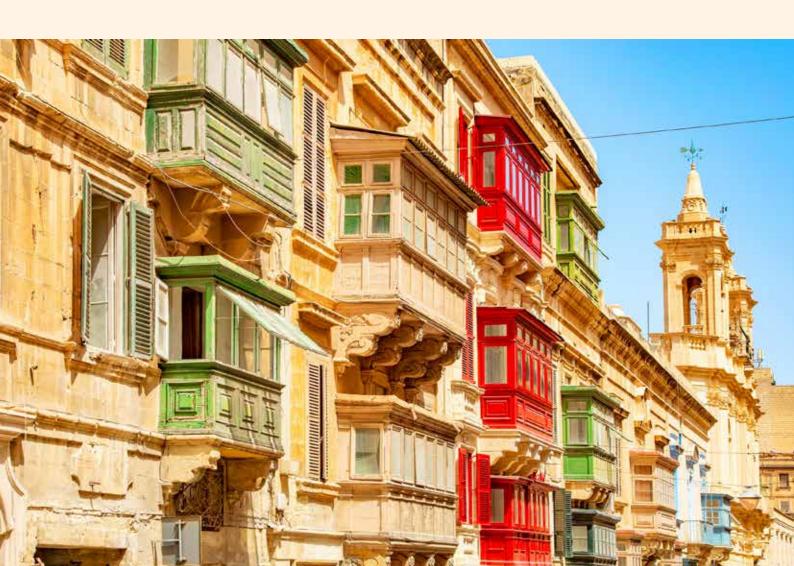


Macroeconomic Outlook: Sustained Growth and Fiscal Stability

Malta's economy continues to outperform the EU average, with real GDP growth reaching 3.1% in 2025—more than double the EU's 1.4%. Projections indicate further expansion to 4.1% by year-end, driven by strong domestic consumption, public investment, and a buoyant tourism sector. Gross Value Added (GVA) rose by 6% in nominal terms, reflecting sustained economic momentum.

In 2026, growth is expected to continue at a similar pace, supported by private consumption and government-led investment. Inflation is forecast to stabilise at 2.2%, returning to pre-crisis levels. To ease inflationary pressures on households, the government has announced a weekly Cost-of-Living Adjustment (COLA) of \leq 4.66—slightly lower than the \leq 5.24 granted in the previous year, in line with moderating inflation.

On the fiscal side, the budget deficit is projected to narrow to 3.3% of GDP in 2025, improving on earlier estimates, and is expected to fall further to 2.8% in 2026—bringing Malta back within the EU's Stability and Growth Pact threshold. The debt-to-GDP ratio stands at 47.1%, well below the EU average and significantly lower than the 70% recorded in earlier years. The consolidated fund deficit is forecast at €995 million in 2025, with the overall government deficit estimated at €820million.



Family-Centred Support

Budget 2026 reflects the government's strong commitment to supporting families and fostering long-term social wellbeing. At its heart is a landmark tax reform designed to ease financial pressures on parents, especially those raising children. By introducing new tax categories tailored to family structures, the government is ensuring that more income remains in households, empowering parents to invest in their children's future.

Beyond taxation, a wide range of family-focused measures have been announced. These include increased children's allowances, generous grants for newborns and adopted children, and enhanced support for foster and adoptive parents. Families caring for children with disabilities will benefit from extended therapy refunds, while working parents receive additional in-work benefits.

The government's approach goes beyond short-term relief. It aims to create lasting financial stability for families, encouraging higher workforce participation and addressing demographic challenges such as Malta's low fertility rate. At the same time, pensioners and vulnerable groups are not left behind, with targeted increases in pensions, supplementary allowances, and care-related subsidies. These initiatives are made possible by Malta's stable economic and fiscal position, allowing the government to invest confidently in its people. Budget 2026 is a clear statement that families remain

Business Competitiveness and Economic Transformation

Budget 2026 underscores the government's commitment to fostering a dynamic, future-ready economy by supporting businesses—especially SMEs—and driving innovation. The approach balances immediate relief with long-term transformation, ensuring enterprises are equipped to thrive in a rapidly evolving global landscape.

Central to this strategy is a suite of incentives aimed at reducing operational burdens and encouraging investment in digitalisation, research, and workforce development. Businesses investing in innovation, cybersecurity, and modern technologies will benefit from enhanced tax credits and expanded support schemes. at the centre of national policy.





Summary of the Measures

- Extension of existing benefit schemes for family businesses such as reduced stamp duty rate of 1.5% on intra-family transfers, grants on governance and succession planning, training, digitalisation and financial support for next generation family business members.
- Small enterprises and self-employed who will acquire an industrial garage to operate in, where the Government will cover up to 50% of the cost with a cap of Eur 300k.
- The Micro Invest Scheme has been widened to include digital solutions as eligible investments.
 Tax credits for Maltese businesses will increase to Eur 65k (up to 65% maixumum of eligible expenditure). Total aid for businesses in Gozo will increase to Eur 85k for specific categories and will maintain the 20% uplift.
- Accelerated tax deductions over a two-year period will be available for investments in Al, digitalisation, modernisation, automation and cybersecurity
- A tax deduction of 175% will be granted to businesses who invest on eligible research and innovation expenditure
- As part of the Microinvest, wage increases of employees in the private sector who have been employed with the same employer for more than 4 years shall be financed by the Government. There is a limit to a maximum of 65% of the increase for two years up to a maximum of Eur 780 per year. A maximum of 80% up to a maximum of Eur 960 per year for employees in Gozo.
- Investments in machinery, tools, equipment, software and cybersecurity solutions and others, in the next two years, will be eligible for a tax credit of 60% of the investment value, spread over 4 years. This is to aid enterprises investing in such expenditure with the aim of adding value and productivity or launching a new business. As an example: a company which invests Eur 100k in machinery will be able to benefit up to €60k in tax credits over 4 years.
- Cooperatives will be exempt from the obligation to submit audited accounts for income tax purposes as stipulated in the published rules.
- Increase in eco-contribution paid by tourists from Eur 0.50 to Eur 1.50 per night.
- The government is also investing heavily in emerging technologies, with a €100 million allocation for artificial intelligence, cybersecurity, and IoT. Citizens completing approved AI training will gain free access to advanced tools, promoting digital literacy and inclusivity.



Chetcuti Cauchi Advocates

T +356 22056200

E info@ccmalta.com

W ccmalta.com

120, St Ursula Street, Valletta, VLT 1236, Malta



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