

Malta Budget 2027 Highlights

The listed measures are based on Malta Budget 2027 announcements. Some will require legislation, regulations or administrative guidance before becoming fully operational.



Contents

01 | **Employment and Pension Initiatives**

- Key Legal Points
- Supporting Employers and Malta's Workforce
- Minimum Wage and COLA
- Higher Work Permit Costs
- New Employee Leave Measures
- Pension Measures
- Productivity, Technology and Skills
- Practical Takeaways for Employers

02 | **Property Tax and Stamp Duty Measures**

- Key Legal Points
- Who is this for?
- First-Time Buyers
- UCA and Vacant Property Relief
- Inherited Property
- Airspace Transfers
- Reverse-Charge VAT for Construction
- Short-Let Tourist Contribution
- Practical Takeaways

03 | **Income Tax & Business Tax Measures**

- Key Legal Points
- Who is this for?
- Parent Income-Tax Reform
- Maximum announced 2027 savings
- Malta Super Bonus
- Married Couples' Tax Returns
- Married Couples' Tax Returns
- Pension Tax Measures

04 | **Business, Technology and Sustainable Investment**

- Key Legal Points
- Who is this for?
- Proposed 25% Company Tax Rate
- Digitalisation and Business Investment
- Start-Ups, Scale-Ups and New Sectors
- Green Incentives
- Energy and Infrastructure
- Practical Takeaways

01 Employment and Pension Initiatives

Key Legal Points

- National Minimum Wage to rise by €10.41 per week, including €6.41 COLA.
- New non-EU work permits will cost €800, plus a €400 annual infrastructure contribution for new applications and renewals.
- New leave measures include additional leave for foster parents and qualifying elite athletes.
- Employers should review payroll, salary structures, leave policies and foreign-recruitment costs.
- Budget 2027 places greater emphasis on technology, skills and productivity.

Supporting Employers and Malta's Workforce

The Malta Budget 2027 introduces several measures affecting employers, including higher statutory wages, increased costs for recruiting non-EU workers, new employee leave provisions and a stronger focus on productivity and digitalisation.

Minimum Wage and COLA

The National Minimum Wage will increase by €10.41 per week in 2027, inclusive of the €6.41 COLA.

Employers should review payroll budgets and salary structures, particularly where the increase may reduce pay differences between entry-level and more senior roles.

Higher Work Permit Costs

The fee for a new non-EU work permit will increase from €600 to €800. A new €400 annual infrastructure contribution will also apply to new applicants and permit renewals, excluding persons under 18.

New Employee Leave Measures

Budget 2027 also introduces:

- 10 additional working days of annual leave for foster parents.
- 10 days of paid sports leave for qualifying elite athletes and accompanying technical or medical personnel.
- Up to two years of social-security contribution credits in certain cases involving domestic violence or mental-health difficulties.

Employers should monitor the implementing legislation and update internal policies where necessary.



Pension Measures

Pensioners will receive an additional €10 per week, inclusive of COLA. Other measures include increased pensionable income limits, additional support for widows and people without sufficient contributions, and the ability for spouses to transfer surplus social-security contributions.

Productivity, Technology and Skills

Budget 2027 also encourages businesses to invest in technology, digitalisation, automation and workforce skills, supporting growth through higher productivity rather than relying primarily on increasing employee numbers.

Employers should consider where technology, training and process improvements could strengthen efficiency and support sustainable growth.

Practical Takeaways for Employers

Employers should:

- Review employees affected by the new minimum wage.
- Update 2027 payroll and workforce budgets.
- Check salary bands for potential compression.
- Budget for higher work-permit and recruitment costs.
- Update leave policies where applicable.
- Review employment contracts and collective agreements.
- Consider opportunities for digitalisation, automation and employee training.
- Monitor legislation and guidance implementing the Budget measures.
- Legal Status

These measures are based on Malta Budget 2027 announcements. Some will require legislation, regulations or administrative guidance before becoming fully operational. Employers should confirm the final rules, commencement dates and eligibility requirements before implementation.

Legal Status

These measures are based on Malta Budget 2027 announcements. Some will require legislation, regulations or administrative guidance before becoming fully operational. Employers should confirm the final rules, commencement dates and eligibility requirements before implementation.

02 Property Tax and Stamp Duty Measures

Key Legal Points

- The €200,000 first-time buyer stamp-duty exemption remains unchanged.
- Existing relief on the first €750,000 of qualifying UCA and vacant-property transfers continues, subject to conditions.
- No new general second-time buyer or inherited-property concession was announced.
- New rules will increase scrutiny of airspace transfers and introduce reverse-charge VAT for qualifying construction transactions.
- From 1 January 2027, the tourist contribution will be €8 per night for collective accommodation and €10 per night for short lets, subject to applicable caps.

Who Is This For?

Relevant to property buyers, investors, developers, contractors, short-let operators and advisers involved in Maltese property transactions.

First-Time Buyers

Budget 2027 did not change the existing stamp-duty exemption on the first €200,000 of a qualifying first residential property.

Housing programmes and the Grant for First Time Buyers are also expected to continue, subject to the applicable scheme conditions.

UCA and Vacant Property Relief

Existing legislation provides tax and duty relief on the first €750,000 of qualifying UCA and vacant-property transfers.

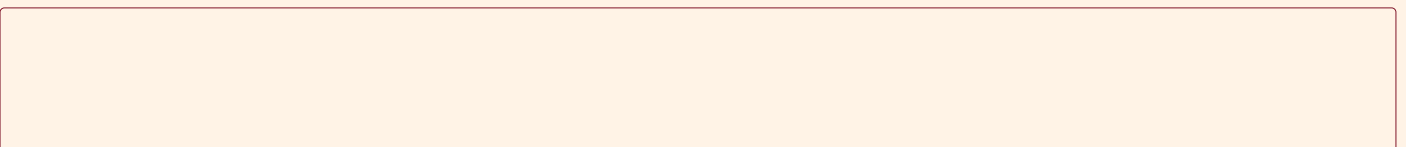
Eligibility depends on the property, purchaser, timing and other legal conditions. Buyers should verify eligibility before entering into a transaction.

Inherited Property

Budget 2027 introduced no new general concession for inherited residential property. The existing 3.5% duty rate on the first €400,000 of qualifying inherited residential property originates from an earlier Budget cycle.

Airspace Transfers

Budget 2027 introduces greater scrutiny of airspace transactions, with increased disclosure of the total consideration and taxation based on the transaction's economic substance.



The framework will apply prospectively, but detailed rules, commencement dates and transitional arrangements are still to be published.

Reverse-Charge VAT for Construction

A new reverse-charge VAT mechanism will apply to construction-sector transactions falling within its eventual scope.

Affected businesses may need to update contracts, invoicing and accounting procedures once the detailed rules are published.

Short-Let Tourist Contribution

From 1 January 2027:

- Collective accommodation: €8 per night, capped at €64 per person.
- Short-let apartments: €10 per night, capped at €80 per person.
- The contribution applies to guests over 18.

Operators should review pricing, booking disclosures, collection procedures and projected yields.

Property Ownership and Malta Residence

Buying property in Malta does not automatically grant immigration status, tax residence or citizenship. Property ownership, residence and taxation are governed by separate legal frameworks.

Practical Takeaways

Property buyers, developers and operators should:

- Check eligibility before relying on property incentives.
- Verify current scheme conditions and operative dates.
- Review airspace arrangements and related agreements.
- Prepare for construction VAT changes.
- Update short-let pricing for the revised tourist contribution.
- Keep property, immigration and tax planning separate.
- Monitor implementing legislation for final rules and commencement dates.

Legal Status

Some Budget 2027 measures still require implementing legislation or guidance. Final eligibility criteria, definitions, dates and transitional arrangements should therefore be confirmed before acting.

03 Income Tax and Business Tax Measures

Key Legal Points

- The second phase of the parental income-tax reform will apply in 2027, benefiting around 68,000 parents.
- A tax-free Super Bonus of €500 to €1,000 will be paid according to qualifying 2025 income.
- The tax-exempt pension-income threshold will rise to €37,624.
- Companies with turnover up to €1 million may qualify for a 25% tax rate on retained or reinvested profits, subject to final rules.
- The standard 35% company tax rate will continue to apply to distributed profits.
- Reforms are planned for married couples' tax returns.
- New penalties will target incorrect VAT invoices and fiscal receipts.

Who Is This For?

Relevant to parents, married couples, employees, self-employed persons, pensioners, company owners, directors and private clients considering Malta's 2027 tax measures.

Parent Income-Tax Reform

The second phase of Malta's three-year tax reform for families with children will apply in 2027.

Different tax bands apply depending on whether the married or parent computation is used and whether the family has one child or two or more children.

Maximum announced 2027 savings are:

Married computation, one child: €1,450

2027 Income Band	Tax Rate	Tax Subtraction
€0 - €20,000	0%	€0
€20,001 - €30,000	15%	€3,000
€30,001 - €60,000	25%	€6,000
€60,001 and over	35%	€12,000

Parent computation, one child: €1,150 per qualifying parent

2027 Income Band	Tax Rate	Tax Subtraction
€0 - €16,000	0%	€0
€16,001 - €24,500	15%	€4,400
€24,501 - €60,000	25%	€4,850
€60,001 and over	35%	€10,850

Parent computation, two or more children: €3,250 per qualifying parent

2027 Income Band	Tax Rate	Tax Subtraction
€0 - €30,000	0%	€0
€30,001 - €41,000	15%	€4,500
€41,001 - €60,000	25%	€8,600
€60,001 and over	35%	€14,600

Actual savings depend on income and eligibility.

Malta Super Bonus

A new tax-free Super Bonus of €500 to €1,000 will be based on qualifying 2025 income and is expected to be paid in the first quarter of 2027.

Qualifying 2025 Income	Super Bonus
€12,000 or more	€1,000
€11,000 - €11,999	€925
€10,000 - €10,999	€875
€9,000 - €9,999	€800
€8,000 - €8,999	€700
€7,000 - €7,999	€650
€6,000 - €6,999	€575
€2,000 - €5,999	€500

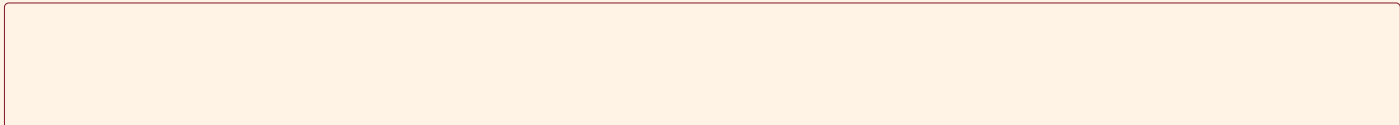
Married Couples’ Tax Returns

The Government intends to reform the tax-return system so that spouses generally file individual returns, while retaining a joint option where permitted.

Existing filing rules remain applicable until the reform is implemented.

Pension Tax Measures

The tax-exempt threshold for qualifying pension income will increase by €520 to €37,624 annually. State pensions will also rise by €10 per week, inclusive of the €6.41 COLA



Proposed 25% Tax Rate for Small Companies

Companies with annual turnover of up to €1 million may qualify for a 25% tax rate on profits retained or reinvested in the business.

The standard 35% rate will continue to apply where profits are distributed as dividends. Eligibility will depend on the final implementing rules.

VAT Compliance

New penalties are proposed for failures to issue correct VAT invoices and fiscal receipts:

- First failure: €100
- Second: €200
- Third: €400
- Fourth and subsequent failures within 24 months: €500

Further guidance is also expected on the VAT treatment of prepared food sold by supermarkets, minimarkets and convenience shops.

International Tax Considerations

Domestic Budget benefits do not automatically determine Maltese tax residence, domicile or the taxation of foreign income. Internationally mobile individuals should consider these areas separately.

Practical Takeaways

Taxpayers and businesses should:

- Check the applicable parental tax computation.
- Confirm their Super Bonus entitlement based on 2025 income.
- Review pension tax treatment under the new threshold.
- Assess eligibility for the proposed 25% company tax rate.
- Strengthen VAT invoicing and receipt procedures.
- Monitor the married-couple filing reform.
- Follow implementing legislation and guidance.

04 Business, Technology and Sustainable

Malta Budget 2027 at a Glance for Businesses

Measure	Budget Direction	Most Relevant To
Proposed company tax rate	25% on qualifying retained or reinvested profits for companies with turnover not exceeding €1 million	Smaller and owner-managed companies
Malta Enterprise support	Continued incentives for digitalisation, automation and higher-value investment	Start-ups, scale-ups, manufacturers and technology businesses
Economic diversification	Incentives aimed at attracting new niches and strengthening existing sectors	Innovative and specialised businesses
Financial-services development	Continued regulatory and administrative work to attract investment	Fintech, crypto, family offices and aircraft leasing
Existing schemes	Renewal of schemes operating in 2026, including electric-vehicle and renewable-energy support	ESG-focused businesses and fleet operators
Energy-price stability	Approximately €400 million in subsidies and related support during 2027	Businesses generally
Electricity distribution	Approximately €75 million in planned investment during 2027	Energy-intensive businesses and infrastructure participants
Renewable infrastructure	Interconnectors, offshore-wind studies and battery-storage investment	Energy, infrastructure and sustainable-investment participants

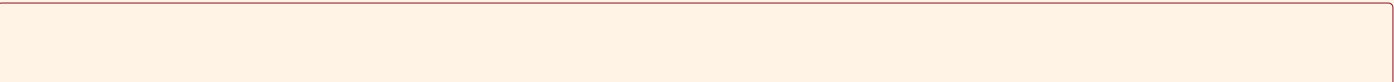
Key Legal Points

- Companies with turnover up to €1 million may qualify for a proposed 25% tax rate on retained or reinvested profits.
- The 35% rate will continue to apply to distributed profits.
- Malta Enterprise incentives will continue supporting digitalisation, automation and higher-value investment.
- Existing EV and renewable-energy schemes are expected to continue in 2027.
- Budget 2027 introduces no standalone AI incentive.
- Around €400 million is allocated to energy-price support and €75 million to electricity-distribution investment.
- Further investment is planned in interconnectors, offshore wind and battery storage.

Proposed 25% Company Tax Rate

Companies with annual turnover not exceeding €1 million may qualify for a 25% tax rate on qualifying profits retained or reinvested in the business.

The standard 35% rate will continue to apply to distributed profits. Eligibility will depend on the final implementing rules.



Digitalisation and Business Investment

Malta Enterprise will continue incentives supporting digitalisation, automation and higher-value activities. Businesses should assess planned technology investments against the relevant schemes and confirm eligibility before committing expenditure.

Start-Ups, Scale-Ups and New Sectors

Further incentives are expected to encourage economic diversification and new business niches, potentially supporting innovative and specialised businesses.

The Government also intends to continue developing Malta's financial-services ecosystem, including fintech, digital assets and family offices.

Green Incentives

Schemes operating in 2026, including support for electric vehicles and renewable energy, are expected to continue in 2027.

Businesses should confirm the applicable funding, eligibility criteria and deadlines before investing.

Energy and Infrastructure

Around €400 million is allocated to maintaining energy-price stability and related support in 2027.

A further €75 million is planned for electricity-distribution investment, alongside continued work on:

- A second electricity interconnector
- Further interconnection studies
- Offshore wind
- Large-scale battery storage
- Renewable-energy infrastructure
- Other Business Considerations

Businesses should also consider related Budget measures affecting VAT compliance, construction, property development and work-permit costs when preparing their 2027 plans.

Practical Takeaways

Businesses should:

- Assess eligibility for the proposed 25% tax rate.
- Review reinvestment and dividend plans.
- Match digital and sustainable investments to available schemes.
- Confirm funding and application requirements before committing expenditure.
- Review technology, data and cybersecurity considerations.
- Include employment, energy and compliance costs in 2027 budgets.
- Monitor final legislation and scheme guidelines.