

Malta Budget 2026

Overview

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Strengthening Malta's Economy for the Future

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Fiscal and Economic Review

In 2024, global economic conditions showed notable improvement, especially across Europe, after a period marked by sluggish growth. A combination of tighter monetary policy and stabilising commodity prices contributed to a reduction in inflation. The Euro Area successfully returned to the European Central Bank's inflation target, fuelling expectations of additional interest rate cuts.

However, new risks emerged during this period. Geopolitical tensions in the Middle East, along with increased trade restrictions, led to disruptions in supply chains and a rise in freight rates. Notably, the outcome of the 2024 United States presidential election and the subsequent escalation of global tensions had a marked effect on stock markets. European stocks, particularly those in green energy, electric vehicles, and defence sectors, experienced significant declines.

The introduction of reciprocal tariffs by the US on steel and aluminium exports from the European Union heightened market uncertainty. A subsequent trade agreement in 2025 imposed a ceiling on tariffs and included commitments for EU investment in the US economy, providing some measure of stability.

Macroeconomic Developments

- ·Malta's economy grew by 5.6% nominally and 3.1% in real terms in the first half of 2025, outperforming the EU average.
- ·Growth was driven by domestic demand, tourism, and net exports. Private consumption rose by 2.8%, while public consumption increased by 5.9%.
- ·Gross Value Added (GVA) grew by 6.0%, with strong contributions from non-manufacturing industries, public administration, and digital services.
- Inflation reached 2.7% in August 2025, driven by services and food prices.

Labour Market and Social Developments

- ·Malta's population grew to 574,250 in 2024, mainly due to net migration. In 2024, Malta's population reached 574,250 individuals, a 34.1 per cent increase from 2013. This growth was mainly driven by net migration and improvements in life expectancy.
- Demographic shifts continue to underscore Malta's ageing population, which shows the increasing share of individuals at older ages and, conversely, the decreasing share at younger ages as compared to 2013. In fact, in 2024, people aged 65 years and over accounted for 18.4 per cent of the population, an increase of 0.8 percentage points since 2013. Latest Eurostat data shows that life expectancy at birth stood at 83.3 years, 1.6 years higher than the EU average.
- •The demographic challenge is further exacerbated by Malta's low fertility rate which fell to 1.1 in 2024, the lowest in the EU, down from 1.4 in 2013. The share of children aged 14 years or less declined by 2.4 percentage points in the same period, amounting to 12.1 per cent of the population. Meanwhile, the working age population in Malta (15-64) accounted for 69.4 per cent of the total population, up from 67.8 per cent in 2013. This increase is mainly attributed to the inflow of working age migrants.



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- ·Unemployment remained at 2.9% in mid-2025, while employment rates reached 79.9%.
- Income inequality improved slightly, with the Gini coefficient declining to 30.8% in 2024.
- ·In 2024, the average equivalised household income2 in Malta reached €23,460, which represents a 3.6 per cent increase over the 2023 figure, continuing the steady upward trend observed in recent years. The difference between Malta's average income and that of the EU27 stood at around €1,089, compared with €492 in 2023, reflecting that incomes across the EU grew at a faster pace over the past year.
- The At-Risk-Of-Poverty or Social Exclusion (AROPE) rate was at 19.7%, which remained in line with that of the previous year. International Trade and Balance of Payments
- ·Malta's trade deficit widened to €2.9 billion in the first seven months of 2025 due to weaker exports, a deterioration of 9.6% when compared with the same period of 2024.
- ·Imports totaled €5.4 billion, while exports reached €2.5 billion during this period of January to July 2025.
- ·The current account remained in surplus, driven by strong services exports, particularly in tourism and gaming.

Monetary Developments

- ·Maltese Monetary Financial Institutions (MFIs) contributed positively to the Euro Area's Broad Money (M3), which grew by 2.3% in the first seven months of 2025.
- ·Credit to residents increased by 4.7%, with notable growth in sectors like wholesale trade, construction, and transport.

Public Finances

- •The Consolidated Fund recorded a deficit of €253.1 million in the first nine months of 2025, with revenue increasing by 3.1% and expenditure rising by 10.6%.
- ·General Government debt reached €11.1 billion by mid-2025, with a debt-to-GDP ratio of 46.2% in 2024, below the EU's 60% reference value.

Tourism

- ·Tourism saw robust growth, with inbound visitors increasing by 12.9% in 2025 compared to 2024. Expenditure reached €2 billion between January and July 2025.
- The UK remained Malta's top market, followed by Italy and Germany.

Energy and Climate Change

- ·Malta achieved absolute decoupling between economic growth and greenhouse gas emissions, with emissions per capita declining by 33.9% from 2013 to 2023.
- ·Renewable energy's share in final consumption increased by 4.2 percentage points over the decade.

Other Key Indicators

- ·GDP per capita reached €40,175 in 2024.
- ·Social security payments increased to €2.8 billion in 2024.

Residential property prices rose by 6.7% in 2024, outpacing the EU average.



Summary of Fiscal and Financial Measures

The fiscal and financial measures introduced are summarised as follows:

A person using married tax rates and with one child will benefit from a maximum reduction of €725 in 2026, €1,450 in 2027 and €2,175 in 2028. The married tax rates apply when only one spouse is working, and the other spouse is either not working or is in receipt of low income. The tax rates will be as follows:

| 2026 | | |
|-----------------|------|------------|
| Income (€) | Rate | Deduct (€) |
| 0 – 17,500 | 0% | 0 |
| 17,501 - 26,500 | 15% | 2,625 |
| 26,501 - 60,000 | 25% | 5,275 |
| 60,001 + | 35% | 11,275 |

| | 2027 | |
|-----------------|------|------------|
| Income (€) | Rate | Deduct (€) |
| 0 - 20,000 | 0% | 0 |
| 20,001 - 30,000 | 15% | 3,000 |
| 30,001 - 60,000 | 25% | 6,000 |
| 60,001 + | 35% | 12,000 |

| 2028 | | | |
|-----------------|------|------------|--|
| Income (€) | Rate | Deduct (€) | |
| 0 - 22,500 | 0% | 0 | |
| 22,501 - 33,500 | 15% | 3,375 | |
| 33,501 - 60,000 | 25% | 6,725 | |
| 60,001 + | 35% | 12,725 | |

A person using parent tax rates and with one child will benefit from a maximum reduction of €570 in 2026, €1,150 in 2027 and €1,800 in 2028. The parent tax rates apply when both spouses are in employment or self-employed. The tax rates will be as follows:

| | 2026 | | |
|---|-----------------|------|------------|
| , | Income (€) | Rate | Deduct (€) |
| | 0 - 14,500 | 0% | 0 |
| | 14,501 - 21,000 | 15% | 2,175 |
| | 21,001 - 60,000 | 25% | 4,275 |
| 4 | 60,001 + | 35% | 10,270 |

| 2027 | | |
|-----------------|------|------------|
| Income (€) | Rate | Deduct (€) |
| 0 - 16,000 | 0% | 0 |
| 16,001 - 24,500 | 15% | 2,400 |
| 24,501 - 60,000 | 25% | 4,850 |
| 60,001 + | 35% | 10,850 |

| 2028 | | | |
|-----------------|------|------------|--|
| Income (€) | Rate | Deduct (€) | |
| 0 – 18,000 | 0% | 0 | |
| 18,001 - 28,000 | 15% | 2,700 | |
| 28,001 - 60,000 | 25% | 5,500 | |
| 60,001 + | 35% | 11,500 | |

Summary of Fiscal and Financial Measures

The fiscal and financial measures introduced are summarised as follows:

A person using married tax rates and with two or more children will benefit from a maximum reduction of €2,025 in 2026, €4,050 in 2027 and €6,000 in 2028. The tax rates will be as follows:

| 2026 | | | |
|-----------------|------|------------|--|
| Income (€) | Rate | Deduct (€) | |
| 0 - 22,500 | 0% | 0 | |
| 22,500 - 32,000 | 15% | 3,375 | |
| 32,001 - 60,000 | 25% | 6,575 | |
| 60,001 + | 35% | 12,575 | |

| 2027 | | |
|-----------------|------|------------|
| Income (€) | Rate | Deduct (€) |
| 0 - 30,000 | 0% | 0 |
| 30,001 - 41,000 | 15% | 4,500 |
| 41,001 - 60,000 | 25% | 8,600 |
| 60,001 + | 35% | 14,600 |

| | 2028 | |
|-----------------|------|------------|
| Income (€) | Rate | Deduct (€) |
| 0 - 37,000 | 0% | 0 |
| 37,001 - 50,000 | 15% | 5,550 |
| 50,001 - 60,000 | 25% | 10,550 |
| 60,001 + | 35% | 16,550 |

A person using parent tax rates and with two or more children will benefit from a maximum reduction of €1,625 in 2026, €3,250 in 2027 and €5,000 in 2028. The tax rates will be as follows:

| Bread Code | 2026 | | |
|------------|-----------------|------|------------|
| 0 000 | Income (€) | Rate | Deduct (€) |
| , ct | 0 – 18,500 | 0% | 0 |
| Me OO A | 18,501 - 25,500 | 15% | 2,775 |
| 3010 | 25,501 - 60,000 | 25% | 5,325 |
| | 60,001 + | 35% | 11,325 |

| 2027 | | |
|-----------------|------|------------|
| Income (€) | Rate | Deduct (€) |
| 0 - 24,000 | 0% | 0 |
| 24,001 - 33,500 | 15% | 3,600 |
| 33,501 - 60,000 | 25% | 6,950 |
| 60,001 + | 35% | 12,950 |

| | 2028 | |
|-----------------|------|------------|
| Income (€) | Rate | Deduct (€) |
| 0 – 30,000 | 0% | 0 |
| 30,001 - 42,000 | 15% | 4,500 |
| 42,001 - 60,000 | 25% | 8,700 |
| 60,001 + | 35% | 14,700 |

| New rates per week | | |
|---|----------|-----------------|
| Benefit | Increase | New weekly rate |
| Increased Severe Disability Assistance | €6.89 | €206.50 |
| Severe Disability Assistance | €4.66 | €134.56 |
| Disability Assistance | €4.66 | €107.28 |
| Assistance for the Visually Impaired | €4.66 | €134.56 |
| Increased Carer's Allowance | €4.66 | €183.68 |
| Carer's Allowance | €4.66 | €130.58 |

- Social assistance payments paid to disabled persons and carers will increase to reflect the highest rate of the minimum national wage and
 cost of living adjustment as follows:Pensioners in receipt of a retirement pension, invalidity pension or a widow's pension will receive an
 increase of €10 per week.
- An additional increase of €3.50 per week for widowed pensioners.
- Widow(er)s with children under 23 years will be given an increase of €10 per week as an allowance.
- An increase in the Supplementary Allowance the maximum amount of €27.30 per week will be given to couples and €14.40 per week will be given to single persons. The income threshold limit will also increase to €20,000 for couples and €14,000 for single persons.
- The annual supplement paid to persons who are 65 years and over will increase from €100 to €250 and in the case of couples, this will be
 paid to both spouses.
- From 2027, every pensioner will receive the same Cost of Living Bonus, that is, €21.53 per week, irrespective of the year in which they retired.
- An increase between €2 and €14 per week will be paid to married pensioners who are in receipt of a lower pension because their spouse is also in receipt of a pension.
- An increase of €200 to pensioners who are in receipt of a service pension and also in receipt of a social security pension so that the pension will amount to €3,866. For those pensioners in receipt of a service pension and reach the age of 72 years, the whole amount of the service pension will be ignored.
- An increase of €50 in the bonus for those not eligible for a pension. The bonus will vary from €600 for those persons who paid one year's social security contributions and €1,050 to persons who paid 9 years social security contributions.
- Elderly persons living in their own house or with relatives or living in a private retirement home will receive an increase of €75. The benefit will amount to €425 for persons whose age is between 75 and 79 years and €525 for persons who are 80 years or older.
- An increase in the Increased Sickness Benefit and in the Sickness Benefit:
- - Paid sick leave under the Increased Sickness Benefit will be €34.42 per day for married persons and €25.81 per day for single persons;
- - Paid sick leave under the Sickness Benefit will be €25.81 per day for married persons and €17.21 per day for single persons;
- Unemployment benefit will be paid for ten weeks instead of six weeks at the highest rate and six weeks instead of ten weeks at the lowest rate.
- An increase of €10 per week in the allowance paid to persons who are drug dependent and attending a rehabilitation programme.
- The employers of those individuals who successfully completed the rehabilitation programme, are in permanent employment and from this year qualified to the four years' credit of social security contributions, will be exempt from the social security contributions payment for two years.

- The pension retirement age and the rates of social security contributions will not increase.
- Increase in the Carers' Grant of €179.24 per year, with the total grant amounting to €5,368.89. This grant is half the net minimum national wage and is now paid to the parents who do not work and who have a severely disabled child under the age of sixteen years.
- An increase of €250 per year in the refund received for therapy provided to children with a disability under 16 years of age. The age eligibility will now be extended up to 23 years.
- The increase in the Children's Allowance will only be paid to families paying the lowest tax or no tax.
- In 2026, the Children's Allowance paid to families earning less than €30,000 annually will be €250 per child. For families earning less than the net annual amount of €23,000, they can be in receipt of an additional increase of €167 for each child, depending on the level of their income.
- . In-Work Benefit will increase by €75 for each child.
- The Child Birth and Adoption Bonus will increase by €500. The new tiered bonus amounts are:
- €1,000 for the first child,
- €1,500 for the second, and
- €2,000 for the third and subsequent children.
- Adoption Benefit increase in the maximum reimbursement of expenses in relation to the adoption of a child:
- from outside Malta this has increased from €10,000 to €12,000;
- - for local adoptions, this has increased from €1,000 to €2,000, out of which €500 is in the form of a grant.



- Fostering Allowance will increase by €10 per week, increasing the annual amount from €6,240 to €6,760.
- The income limit for the eligibility for the Energy Benefit will increase by €2,500 for couples.
- The additional allowance of €500 for each child in post-secondary education will continue to be paid. This is additional to the stipend.
- Both self-employed individuals and employed persons can pay any outstanding social security contributions so that upon retirement they are eligible to a contributory pension or a higher rate pension.
- The scheme allows for payments of a maximum five years' social security contributions and is only eligible by persons who are still working and between the ages of 59 and 64 years.
- This criteria will remain in place for those individuals who have missing contributions and who wish to increase their pension rate.
- The criteria for being employed or self-employed with be disregarded for those individuals who require ten years of social security contributions to be paid to qualify for a pension.
- Eligibility for Contributory pension for persons born before 1962, a minimum of ten years' social security contributions must be paid after the age of eighteen. In the case where the individual does not have ten years' social security contributions paid after the age of eighteen years, the contributions paid from the year 2021 onwards, will be considered.
- This will not apply to persons born after 1962 and the minimum number of years required may vary by more than twelve years' contributions paid.
- To give a similar opportunity to those individuals who have less contributions paid, the law will be amended so that a minimum of ten years' social security contributions will apply to each individual, irrespective of the year when they were born and contributions paid before the age of eighteen years will also be considered.
- The deduction in respect of the fees paid in respect of residence in a private home for the elderly or the disabled or respite centre for the disabled will increase from €2,500 to €4,500.
- Invalidity pension from 2026, this will increase from the amount equivalent of the Minimum National Wage to the equivalent of the Two-Thirds pension.
- From January 2026, the subsidy rate for the Home Helper of Your Choice scheme will increase from €9 an hour to €10 an hour.
- The elderly who pay for a full-time carer under the Carer at Home scheme will be in receipt of another increase of €500.

- The Equity Sharing Scheme will be extended to persons who are twenty-five years. In the case of a separated person, it is being proposed that the property amount increases to €350,000.
- Persons who inherit their residential property will pay a duty of 3.5% on the first €400,000 instead of €200,000.
- The Business Development Scheme will be extended.
- Strengthening the Central Common Repository for data and due diligence as well as keep up to the ongoing consultation process with Banks so that the opening of a bank account would be granted as a legal right.
- Increasing the promotion of start-ups which present linguistical, cultural and artistic projects.
- The introduction of an incentive to promote and safeguard mental health at the place of work.
- Introduction of legal amendments so that individuals between 16 and 18 years of age can start their own business in a secured and regulated environment.
- Extension of agreement with UNITY so that students would have the opportunity of being UNITY-certified in the Digital Video Game Development industry.
- Identification of a new industrial complex in Hal Far for SMEs so that INDIS Malta would be able to extend its financial assistance for SMEs to become owners of their industrial buildings up to a maximum of €300,000.
- Initiatives by INDIS Malta in favour of modern working spaces for SMEs involved in the development of health products, pharmaceuticals, light industry and biotechnology including marine biotechnology.
- New law in the pipeline to regulate the operational procedures at INDIS and Malta Enterprise with special attention to the allocation of industrial buildings and land.
- Launch of the National Digital Identity Wallet whereby individual identity data can be stored securely and digitally. Then it may be shared securely as requested by authorised parties.

- Government will be discussing with stakeholders the increases in maternity and paternity leave and improvements in parental leave.
- A Neonatal Care leave, borne by the Government, will be introduced for parents whose newborn children require intensive or additional care immediately after birth.
- Self-employed persons will benefit from the eight weeks parental leave granted upon birth, adoption, fostering and legal custody of children. They will also be entitled to Bereavement Leave and Miscarriage Leave.
- The grant of €1,000 given for ten years for persons who are buying a property for the first time is being extended.
- The 10% Deposit Scheme will increase the amount to €250,000 from €225,000. The loan will be repaid over a period of 25 years, and the interest is paid to the Housing Authority.



- Free courses for everyone on how to navigate Artificial Intelligence (AI), and following certification, a free AI subscription will be granted through service providers such as ChatGPT, Gemini, or any other service provider.
- €100 million investment in digitalisation and adoption of technological concepts such as AI, Internet of Things (IoT), cybersecurity, AR/VR, blockchain and robotics.
- Tax deductions in connection with business expenditure in Al tools, digitalisation processes, modernisation and automation innovations as well as cybersecurity will be accelerated. No details were provided on the method of acceleration.
- Research and Development expenditure will benefit from a tax deduction of 175% of the total original amount invested.
- MicroInvest Scheme will be extended and in addition to that, it will include also eligible expenditure related to digital solutions.
- MicroInvest Scheme will be adjusted to 65% of the total expenditure capped at €65,000 whereas business investing in Gozo will still retain an additional bonus of 20% (a comprehensive rate of 85%) capped at €85,000.
- MicroInvest Scheme will introduce a new mechanism whereby employees who had been in employment for more than 4 years with the same employer, the Government will finance 65% of the total increases in payroll for two years up to a maximum of €780 per year. In the case of Gozitan employers, the assistance increases to 80% up to a maximum of €960 per year.
- The total amount of MicroInvest Scheme benefit eligible per year will be increased from €45,000 to €65,000 in the case of Maltese enterprises and to €80,000 in the case of Gozitan enterprises.





- Enterprises investing in capital expenditure consisting of machinery, tools, IT equipment, IT software, electronic equipment as well as cybersecurity solutions amongst others, will benefit from a tax credit of 60% of the value of the investment spread over 4 years.
- Cooperatives will be exempt from submitting audited accounts for the purpose of filing their tax return as stipulated in rules to be published.
- Proposed recreational family parks at Selmun (Fort Campbell), Sliema (land still needs to be identified)
 and a family amusement park at Ta' Qali. These projects include the economic value maximisation of the
 former Selmun Palace Hotel.
- Maintaining the ongoing reform in the Construction Industry through legislation, new licensing procedures and inspections to curb abuse.
- Extension of the Scheme "Ixtri Propjeta' Sostennibli 2025" and extension of the Scheme "Irrinova Darek" to other regions.
- A new scheme for Voluntary Non-Governmental Organisations so that they could upgrade, enhance and restore the buildings from where they carry out their operations.
- A study will be commissioned to explore ways of how buildings constructed from 2030 will not only be more energy efficient, but it will also produce more energy than it consumes.

- The Malta Property Foundation will launch a Property Price Register which will maintain an online record of property prices related to contractual transactions in the sale and purchase of immovable property in Malta.
- Tourist eco-contribution will increase from €0.50 to €1.50 per bed night.
- A 10-year strategy will be launched for more efficient administration of the Government Land and buildings including those transferred from the Church during the 90's.
- Proposal to launch a National Talent Register to be administered by Jobs Plus and includes qualifications, skills and experience of individuals looking for employment in the Maltese jurisdiction.
- Enhancement of existing citizenship by investment and residence programmes such as the Nomad Visa Programme.
- A grant of €500 per student currently in year 10 and 11 at secondary level to finance digital education.
- ncrease in the students' stipends by 15%.
- Extension of free gym subscriptions for individuals between 16 and 21 years of age, who were born between 2004 and 2009.
- Launch of various educational programmes aimed to strengthen the well-being of students and teachers.
- Extension of programmes aimed at increasing physical activity, including the official opening of the Marsa Sports Complex as well as the Handball Pavilion being extended to other sports disciplines.





- New health services project including the rehabilitation of Karen Grech Hospital and the construction of a new blood bank centre.
- Individuals entitled to the health-related Pink Card to acquire free medicines, will be extended from 75 years to 65 years, without having to undertake a means test.
- Introduction of a Coeliac Bank Transfer system whereby the current voucher system granted to individuals suffering from this condition will be paid directly in their bank account. The amount of grant will increase from €65 to €85 per month.
- Enhancement of the Pharmacy of Your Choice (POYC) system and the opening of a new clinic to treat obesity conditions.
- During 2026, three mental health clinics will open in Bormla, Central Region and Northern Region.
- Renewable Energy Incentives- The current schemes supporting investment in solar panels, insulation, double glazing, batteries, well restoration, water purification and water heating will remain in place. Feedin tariffs will be available for lower than 40-kilowatt peak solar power installations
- Waste Management New facilities will be set up for skip waste management, hazardous waste treatment and organic waste processing. The recycling and bulky refuse facility will also be expanded.
- Green Spaces Current investment in regenerating public, abandoned land into green spaces in Malta and Gozo will continue to be implemented.

- Public cleanliness An investment of Euro 11 million has been made in new equipment for the cleaning of streets
- Agriculture and husbandry New schemes will be introduced to protect agricultural land by compensating retired farmers who
 pass on the land to younger, professional farmers. Other incentives will be introduced to encourage the transfer of agricultural
 land and promote sustainable agriculture. There will be further investment in new infrastructure with respect to an animal manure
 processing plant and the farmers' markets.
- Fisheries Investment in new infrastructure in the area includes an advanced aquaculture laboratory.
- Animal Welfare The new animal hospital will be operational in the coming weeks. Investment in veterinary services and new facilities for animal rehoming and animal cremation is also underway.
- Promotion of Maltese Products This is being implemented by the introduction of the notion of a balanced diet and the provision of fresh milk and the introduction of Fish Fridays to students in public schools.
- Incentives designed to reduce traffic People below the age of 30 may be given €5,000 a year for 5 years to give up their driving licence. A new grant of €1,500 a year will be given to who renounces a car driving licence to become a motorbike user and to those who purchase a motorbike instead of a car.
- The scheme incentivising persons to purchase new electric vehicles and the motor vehicle scrappage scheme will remain in place.
- Gozitan students who continue their post-secondary and tertiary education in Malta will be given a allowance of €280 every month.
- Gozo is undergoing and will continue to undergo significant development, with major improvements to its roads, schools, sports facilities, and healthcare infrastructure. Strategic projects are also enhancing connectivity, expanding green spaces, and preserving cultural heritage.
- Security, justice, and public services are being enhanced through increased investment in upgrading technology and new building facilities for the police force, armed forces, civil protection, and healthcare sectors. The justice system is undergoing digital transformation, and fresh measures are being introduced to support victims of domestic violence, complementing ongoing reforms that advance civil rights.
- The film industry is experiencing continued growth. Continued investment in new infrastructure and strong international collaborations will be a priority.
- Cultural heritage and the creative industries are being strongly prioritised, with projects such as the development of the Culture and Arts Hub in Marsa, the restoration of historic sites, and the expansion of creative spaces.

Disclaimer

The above information is being provided as a general guide only and should not be considered as a substitute for professional advice.



