

A horizontal blue bar with the text "Malta Budget 2026" in white, bold, sans-serif font. The bar is flanked by two small blue squares on either side.

Malta Budget 2026

Following the Malta's 2026 budget presented on Monday 27 October by the Minister of Finance, Clyde Caruana, we are providing a summary of the principal business-related incentives, family measures, and transportation initiatives introduced. This overview is intended to assist you in evaluating the potential impact and opportunities for your business and family.

A low-angle, upward-looking shot of a modern skyscraper with a glass facade. The building's grid-like structure of windows and frames is prominent, reflecting the sky and surrounding environment. The image has a blue color overlay.

Business Incentives

Malta Budget 2026

Micro Invest Scheme

- The Micro Invest scheme has been expanded. The maximum tax credit is now €65,000 for Malta-based businesses and €80,000 for Gozo-based businesses. For certain categories, the total aid can reach €85,000.
- The scheme now explicitly covers investment in digital solutions, automation, and cybersecurity.

Wage Support

- For employees with more than four years' service, the government will finance 65% of wage increases for two years (up to €780/year, or €960/year in Gozo).
- This measure is intended to support staff retention and help businesses manage wage cost pressures.

Investment Tax Credits and Deductions

- Companies investing in machinery, IT, automation, or cybersecurity can claim a tax credit of 60% of the investment value, spread over four years.
- Eligible expenditure on research, innovation, AI, digitalisation, and cybersecurity will benefit from a 175% tax deduction.



Digitalisation and AI

- €100 million has been allocated for digitalisation, AI, IoT, cybersecurity, AR/VR, blockchain, and automation. These funds will be distributed through Malta Enterprise, the MDIA, EU funds, and other agencies.
- Free national AI courses and certification will be available for parents, students, workers, and seniors, with a free subscription to an AI service upon completion.
- The launch of a national Digital Identity Wallet is planned, aimed at reducing bureaucracy and improving access to government and business services.

Start-up and Innovation Support

- Malta Government Venture Capital is investing in start-ups, particularly in health tech, gaming, and fintech.
- New incentives are available for start-ups promoting Maltese language, culture, and arts, as well as for businesses in manufacturing, logistics, and marine biotechnology.
- The Business Development Scheme, Get Qualified, and Higher Educational Qualifications schemes have been extended.



Sectoral and Thematic Incentives

- New schemes are available for manufacturing (including industrial garage purchase), logistics (free-zone hub), and marine biotechnology.
- Continued support is provided for gaming, fintech, blockchain, and digital creative industries, including strategic partnerships for training in Unity and Unreal Engine.
- Family businesses and cooperatives benefit from the extension of existing support measures, and cooperatives are now exempt from the obligation to submit audited accounts for tax purposes.

Legal and Regulatory Measures

- A new framework for industrial land allocation and a policy for better use of industrial roofs for solar panels are being introduced.
- A Credit Review Office has been established to facilitate dialogue between banks and businesses, and a central data repository is being developed to reduce documentation requirements.

Sustainability and Green Transition

- Major investment is planned in renewable energy (targeting 25% by 2030), battery storage, a second interconnector, and offshore wind projects.
- Expansion of EV charging, public transport, and sustainable mobility initiatives is ongoing, with new grants for electric vehicles and sustainable mobility.



A photograph of a family of four walking through a field of tall grass at dusk. The mother, on the left, is carrying a young child on her hip. The father, on the right, is holding a baby. They are all smiling and looking towards each other. The background shows a soft, hazy landscape with trees and hills under a twilight sky.

Family Measures

Malta Budget 2026

Income Tax Reductions

- The Budget introduces the largest-ever tax cut for families with children, with new tax tables and higher thresholds. Average savings are projected at €2,400 per parent over three years, benefiting approximately 68,000 parents.
- Specific tax tables are introduced for families with one or more children, with progressive savings and higher tax-free thresholds – next year's adjusted tax brackets are reproduced below:

Status	Income Bracket (€)	Tax Rate	Subtract (€)
Married (1 child)	€0 - €17,500	0%	€0
Married (1 child)	€17,501 - €26,500	15%	€2,625
Married (1 child)	€26,501 - €60,000	25%	€5,275
Married (1 child)	€60,001 and over	35%	€11,275
Married (2+ children)	€0 - €22,500	0%	€0
Married (2+ children)	€22,501 - €32,000	15%	€3,375
Married (2+ children)	€32,001 - €60,000	25%	€6,575
Married (2+ children)	€60,001 and over	35%	€12,575
Parent (1 child)	€0 - €14,500	0%	€0
Parent (1 child)	€14,501 - €21,000	15%	€2,175
Parent (1 child)	€21,001 - €60,000	25%	€4,275
Parent (1 child)	€60,001 and over	35%	€10,270
Parent (2+ children)	€0 - €18,500	0%	€0
Parent (2+ children)	€18,501 - €25,500	15%	€2,775
Parent (2+ children)	€25,501 - €60,000	25%	€5,325
Parent (2+ children)	€60,001 and over	35%	€11,325

Children's Allowance and In-Work Benefit

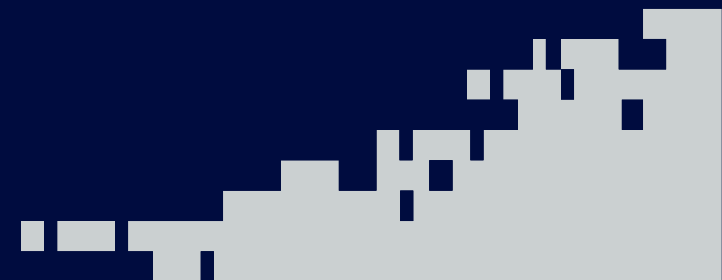
- The children's allowance threshold has been raised, and rates have increased, with up to €250 more per child for families earning less than €30,000. Additional increases are available for lower-income families.
- The in-work benefit rates have been increased by €75 per child, with a commitment to raise all rates by €200 by the end of the legislature.

Additional Support

- An additional COLA mechanism continues to provide targeted support to vulnerable families, with up to €1,500 per household for those most affected by inflation.
- The Budget also includes a €500 annual allowance for families with children in post-secondary education and increases in birth and adoption bonuses.

Housing Support

- Extension of first-time buyer schemes, higher deposit support, and equity sharing for those aged 25+ are available to help families access home ownership.





Traffic Management & Transportation

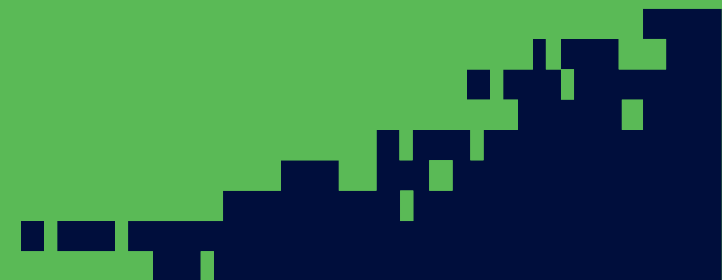
Malta Budget 2026

Public Transport and Mobility

- The Budget continues investment in public transport, including the expansion of bus routes, new Park and Ride facilities, and the electrification of the Gozo bus fleet.
- The “Reshaping Our Mobility” initiative aims to shift commuting habits through increased investment in public transportation, promotion of off-peak travel, incentives to reduce car use, and improved parking solutions.

EV and Sustainable Mobility Incentives

- Grants for electric vehicles, scrappage schemes, and new grants for motorcycles and those who opt for alternative transport modes are being maintained or expanded.
- The national EV charging network is being expanded, with 1,200 new charging points planned across Malta and Gozo.

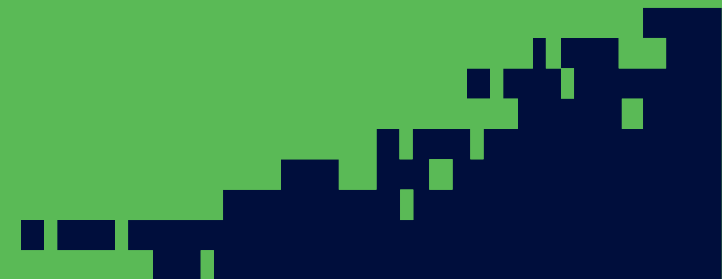


Traffic Infrastructure

- Ongoing investment in road infrastructure, including major upgrades such as the Msida Creek project, which aims to reduce congestion and improve air quality.
- The Budget also includes measures to improve traffic flow, safety, and the integration of alternative mobility options such as cycling and walking.

Maritime and Sea Transport

- Expansion of ferry services, including new routes and upgraded terminals, is planned to improve connectivity between Malta, Gozo, and key coastal areas.

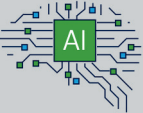


Let us know how we can help you

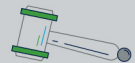
Core services

AUDIT AND ASSURANCE	 External Audit	 Other Assurance	 Agreed upon procedures	 ESG Assurance
OUTSOURCING	 Accounting	 Payroll	 Liquidation	
TAX AND CORPORATE	 Direct Compliance and Advisory	 Indirect Compliance and Advisory	 Corporate Compliance	

Digital services

DIGITAL	 Enterprise Application	 AI Automation and Analytics	 Change and Programme Management
---------	---	--	---

Advisory services

GOVERNANCE, RISK AND COMPLIANCE	 Governance	 Enterprise Risk Management	 Compliance
	 Internal Audit	 Other Non-Audit Assurance Services	 Cyber Security Risk Management
FINANCE AND DEALS	 Financial Advisory	 Transactions	 Funding
SPECIALISED EXECUTIVE SERVICES	 Human Capital Management	 ESG Advisory	

Key themes and considerations

This year's budget speech outlined a number of measures aimed at supporting business development, with [automation, digitalisation, and AI](#) identified as priority areas for investment.

These were accompanied by announcements of [tax credits and investment aid](#), though the full details are still pending. As with any incentive, the effectiveness of these measures will depend on how they are implemented. Businesses considering such investments should begin assessing their needs and planning accordingly. We're available to support those discussions and help structure a practical approach.

On the social side, the government introduced [changes to tax brackets for families with children](#), to be phased in over three years. This measure appears to be part of a broader response to [Malta's declining birth rate](#), which remains the lowest in the EU and below the population replacement level.

Traffic congestion was again acknowledged as a major concern. While some existing measures were enhanced, there was no announcement of a [mass public transport system](#), despite previous public comments suggesting it was under consideration.

For a more detailed discussion on the potential implications of these measures for your operations, we invite you to get in touch.

Dr. Timothy Zammit

Principal – Tax & Corporate
timothy.zammit@rsm.com.mt



THE POWER OF BEING UNDERSTOOD
ASSURANCE | TAX | CONSULTING



Contact

RSM Malta
Mdina Road
Żebbuġ, ZBG 9015
Malta

T: +356 2278 7000

E: info@rsm.com.mt

rsm.com.mt

© RSM Malta, 2025