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**MALTA
BUDGET 2022
HIGHLIGHTS**



ECONOMY



SUSTAINABILITY



TAX



SOCIAL



Economy

- Deficit of 11.1% of GDP is expected for 2021 – projected to drop to 5.6% in 2022 and 2.9% in 2024
- Increase of public debt to GDP to 61.3% by end of 2021 – projected to increase to 61.8% in 2022 and 62.4% in 2024
- Tax revenue is estimated to increase from €4.5bn in 2021 to €5.1bn in 2022

Economy

- **Expected economic real growth stands at 6.5% for 2022**
- **2.2% increase in employment expected for 2022 with the unemployment rate to be in the region of 4%**
- **Exportation is expected to contribute to an increase of 6.6% in the economy in 2022**

Sustainability

**Continuation of schemes for the installation of
PV systems in residential properties**

**Funds allocated for the installation of PV
systems in government properties**



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Sustainability

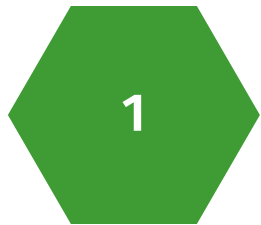
The introduction of smart bins to enable commercial entities to manage their waste

Exploitation of Malta's EEZ for new opportunities including generation of renewable energy

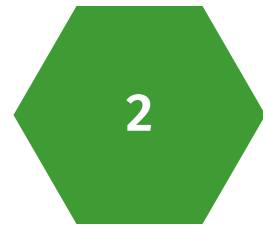


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Sustainable Transport



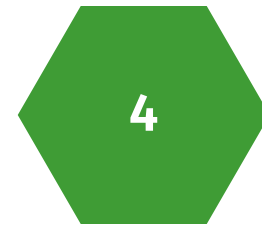
Malta Enterprise schemes created in effort to aid businesses in the transition to electric vehicles



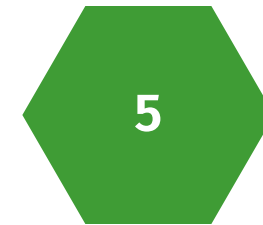
Installation of 1,200 charging points



Free public transport for Maltese and Gozitan residents as of October 2022



Increment of the €3,000 grant for the purchase of electric or hybrid vehicles up to €11,000



Incentives to minibuses, coaches and truck operators aimed at cutting emissions

Sustainable Transport

VAT Refund

Extension of VAT refund for bikes or other motor vehicles and scooters which are converted to gas instead of LPG

Grants

A grant up to a maximum of €900 for transport vehicles including minibuses, coaches and trucks for installing PV panels on their vehicles

New Schemes

Malta Enterprise will launch a new scheme for enterprises to change their vehicles powered through fuel to an electric alternative

Electric Vehicles Exemption

Extension of the exemption from registration tax and annual road license fee on electric vehicles for a period of five years from the date of first registration

Electricity Rates

Special electricity rate for residential properties to charge electric vehicles during the night

Transfer of business property and securities

**Extension of 1.5%
reduced rate of duty
on transfers of
business property or
company shares to
close relatives**

Tax Measures

Capital Allowances

A temporary scheme to be introduced whereby Capital Allowances not utilised due to losses experienced by group companies during 2020 and 2021 may be availed of against any chargeable income derived by other group companies

Retention of profits

Tax benefits intended to businesses who retain profits to invest in eligible projects

Interest & Penalties

**Reduction of interest on unpaid income tax and VAT shall be granted to taxpayers at the CfR's discretion.
As from 1st June 2022, interest rate on unpaid income tax and VAT shall increase to 0.6% per month (7.2% per annum) on the unpaid tax balance**

Part-time employees

Individuals working multiple jobs on a part-time basis may now opt to pay social security contributions on multiple part-time employments up to a maximum of 40 hours per week

Artists

Tax of 7.5% for artists is applicable from basis year 2022

Property Transfer Tax

- **Extension of the reduction in stamp duty for first-time buyers, second-time buyers and purchase of property in Gozo**
- **Reduced transfer duty and reduced property transfer tax, introduced as a COVID measure, to continue to apply on promise of sale agreements entered into by latest 31 December 2021 and contracts concluded by end of June 2022**



Vacant, UCA & Traditional Maltese Style Properties

Tax Relief

Tax relief on the first €750,000 of the value of the property upon transfer...

Promise of Sale

...includes also transfers where promise of sale is signed but contract is not yet concluded.

Cash Grants

First-time buyers will receive a cash grant of €15,000 increasing to €30,000 if such property is situated in Gozo

Applies From

12 October 2021 for a period of 3 years

VAT Refund

VAT refund of up to €54,000 on restoration works on the first €300,000 of costs

SOCIAL INCENTIVES



- **Training fund initially amounting to €2 million to be utilized by industry for training and re-training**
- **Employees who do not hold a managerial position and whose basic salary does not exceed €20,000 shall be taxed at a flat rate of 15% on the first €10,000 income from overtime**



SOCIAL INCENTIVES

- **In-work benefit amounting to €150 to those employees:**
 - **whose basic salary does not exceed €20,000, and**
 - **who work during particular hours or on particular days, and**
 - **who are employed by private employers within specified industries**

SOCIAL INCENTIVES

- **Employees who shall reach pensionable age in the next five years and remain gainfully occupied shall be exempt from paying tax on their pension income**
- **Tax refund recipients shall see an increase in the tax refund receivable by a rate of €60 – €140**
- **The COLA shall amount to €1.75 weekly which is to be granted to the employed, pensioners and those on social benefits. Students shall benefit from such an adjustment on a pro-rata basis**

Pensions & Social Benefits



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- Pensioners shall benefit from an annual increase of €260 (an additional €5 per week – COLA included) and a supplementary aid if still in employment
- Married persons earning under €14,318 in 2022 shall be entitled to an additional weekly benefit ranging between €3.47 and €6.50
- Single persons earning under €10,221 annually shall be entitled to an additional weekly benefit ranging between €4.10 and €5.00
- Pensioners not entitled to a contributory pension shall receive an additional €150 bonus, for a total of €400 per year, which can increase to €500

EDUCATION

- **Stipends to increase by 10% and shall also be granted to students who work a maximum of 25 hours per week**
- **A drive to increase the number of students who find work placements and apprenticeships with the private sector**
- **180 school laboratories to be upgraded in a drive to improve the teaching of science, technology, engineering, and mathematics. Furthermore, network infrastructures shall also be improved within state schools**
- **Renovations to be carried out within state schools in Malta and Gozo and the completion of the construction of schools in Imsida and Victoria, Gozo**
- **A sum of € 10,000 shall be allocated to each head of school to be used to ensure that children are provided with food and basic items as may be required**

Get in touch

Timothy Zammit – Partner

timothy.zammit@rsm.com.mt



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