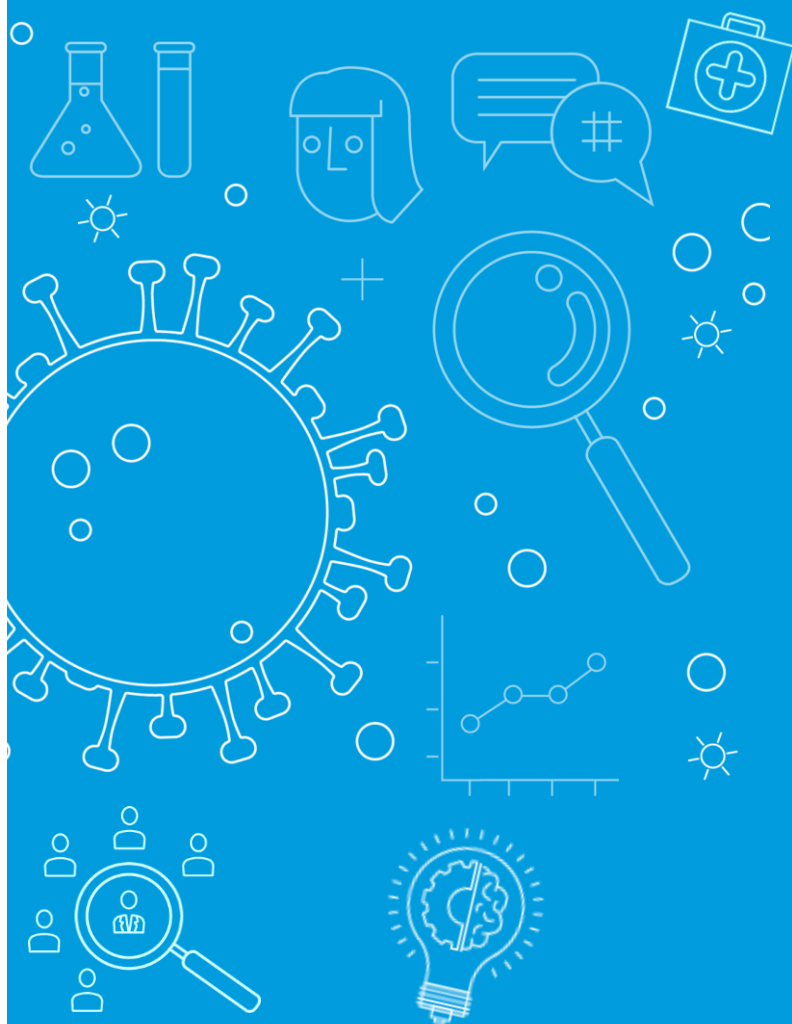


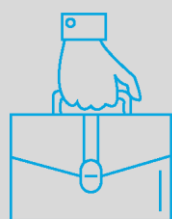
Malta Budget 2021

Towards a Sustainable Economy

RSM Insights



Country Performance



5.9%

Projected fiscal deficit for 2021



€4.6 bn

Projected estimated tax revenue for 2019



1.3%

Expected inflation rate

4.1%

Unemployment rate



59%

Projected Public Debt as % of GDP



€1.75

Cost of Living Adjustment

7.7%

GDP decline



5%

Expected economy real growth



1.6%

Increase in exports

2.0%

Increase in imports

Fiscal Sustainability

STAMP DUTY

Schemes for reduction on duty for first time buyers, second time buyers, purchase of vacant property in UCA, purchase of property in Gozo and refund on restoration works **are to be extended**.

Exemption from **duty for first time buyers** on acquisition of **primary residence**, on first €200,000 increased from €175,000.

Duty on **inherited properties** in which heir resides to apply at a reduced rate of 3.5% on the first €200,000.

1.5% duty on first €400,000 of property value where promise of sale is signed by 31st March 2021 and contract is signed not later than 31st December 2021.

Exemption from duty on **property donated by parents** to their children to be used as residence, increased to €250,000 of the property value and remainder to be taxed at reduced rate of 3.5%.

Reduced duty rate of 3.5% on purchase of **own residence** applies to purchasers who are not first- time buyers



One-year extension of the **1.5% reduced duty** on transfer of shares in **family business**.

PROPERTY TRANSFER TAX

Rate of **property transfer tax kept at 5%** on first €400,000 where the promise of sale is signed by 31st March 2021 and contract is signed not later than 31st December 2021.

WITHHOLDING TAX ON ROYALTIES

Royalties on sales of books to be taxed at final withholding tax of 15%.

INCOME TAX

Deduction for **investment in Third Pillar Pension Scheme** extended by €1,000 to €3,000.

Final withholding tax of 15% on all profits and gains derived from the **assignment of rights under a promise of sale agreement**.

VOLUNTARY ORGANISATIONS

Voluntary Organisations with an annual income of not more than €50,000 will be exempt from paying tax on the profit during the year.



Sustaining and Transforming the Economy



SAFEGUARDING EMPLOYMENT

The **Covid-wage supplement**, will be extended to **March 2021**. Tax deferrals, moratoriums, bank loans (*where the government acts a guarantor*), and interest subsidies will remain valid to **March 2021**.

INNOVATION

Malta Enterprise will introduce a scheme whereby companies **employing less than 50 people** which undertake innovation projects **will be refunded 50%** of the costs **up to €200,000**. When the applicant collaborates with international/national research institutions, there will be an **additional benefit of €35,000**.

AGRICULTURE AND FISHERIES

Grants **equal to the tax paid on products sold at the Pitkalija and Pixkerija** will be launched. These will be tied to investments on projects reducing waste

VAT EXEMPTION

The minimum threshold will be increased **from €20,000 to €30,000**

GOZO

The Employment refund scheme, Teleworking scheme and MICE schemes **will be extended**



Towards a Greener Malta

GREEN BONDS

The MSE will be introducing **Green Bonds** with the aim of financing projects promoting renewable energy and reducing air pollution.

WASTE MANAGEMENT

During the coming year, infrastructure will be in place so that individuals would be able to return empty containers for a monetary refund. All **single use plastic** importations will be banned as from 1st January 2021. From 2022, all sales of this type of plastic will be prohibited.

VEHICLE SCRAPPAGE SCHEME

The current vehicle scrappage schemes will be extended. The highest grant allowable will be €7,000.

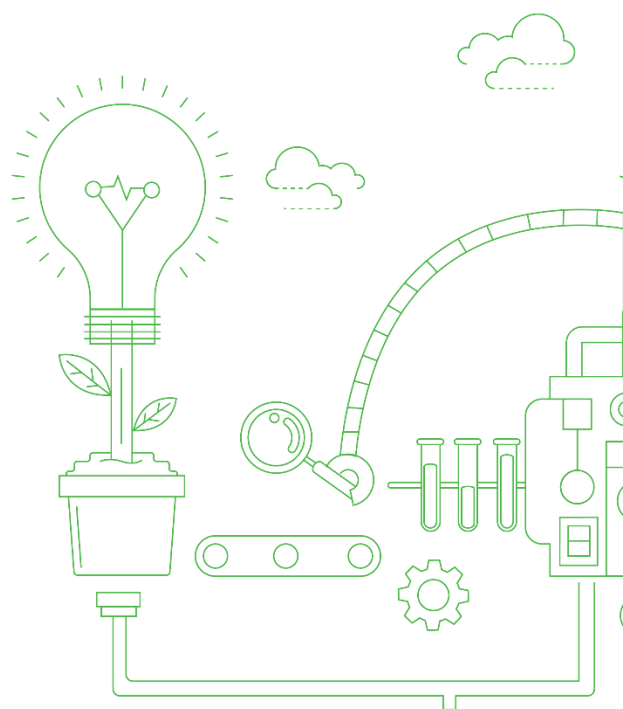
ALTERNATIVE MODES OF TRANSPORT

Nil registration tax and licence fees on **electric vehicles** and the reduced electricity rate scheme for their owners will be retained.

Grants equalling the VAT

payable on **bicycles/electric bicycles** will be extended. The €400 grant to purchase motorcycles and similar vehicles, will also be retained.

Grants for **vehicles** being **converted to gas** have been increased up to €800.



Employment and Quality Life for All

EMPLOYMENT

In work benefit thresholds increased

- €35,000 for couples who both work
- €23,000 for single parents
- €26,000 for couples where only one parent works.

Additional day of **leave** to compensate for public holidays falling on weekends.

VOUCHERS

Vouchers worth **€100** to be used in accommodation, hotels, restaurants shops and services to assist with stimulating the economy.

PENSIONS

Increase of €3.25 (in addition to cost of living adjustment) per week to all pensioners.

Increase in threshold of non-taxable pension income to €14,058.

Threshold of other income exempt from tax increased to €3,600 for couples opting for joint computation.



Adoption Grant

up to €1000 extended to local adoptions.

Foster Care Allowance

increased by €520 per annum to €5,720.

Children's Allowance Supplement

€50–70 per child per annum



Infrastructural Upgrades

ROAD INFRASTRUCTURE

By the end of 2021, the Central Link and the Swieqi Junction projects will be completed. There will be investment in 3 additional **infrastructural projects**: the Airport and Hal Kirkop intersection, Luqa Junction and Imsida Creek Junction.

MARITIME INFRASTRUCTURE

4 **ferry landing sites** will be completed by end of 2021 together with facilities for the fishing industry within the port of Mgarr, Gozo.

Preparation for the **Grand Harbour Clean Air Project**. This project will lead to the introduction of shore side electricity to reduce the air pollution from cruise liners.



Industrial Infrastructure Investment of €450 million for the creation of new offices.



Infrastructural Upgrades

SOCIAL HOUSING

Investment in a total 1,200 new apartments. 500 apartments to be funded by the European Investment Bank and the European Council Development Bank. The other 700 apartments to be funded by the National Development and Social Fund.

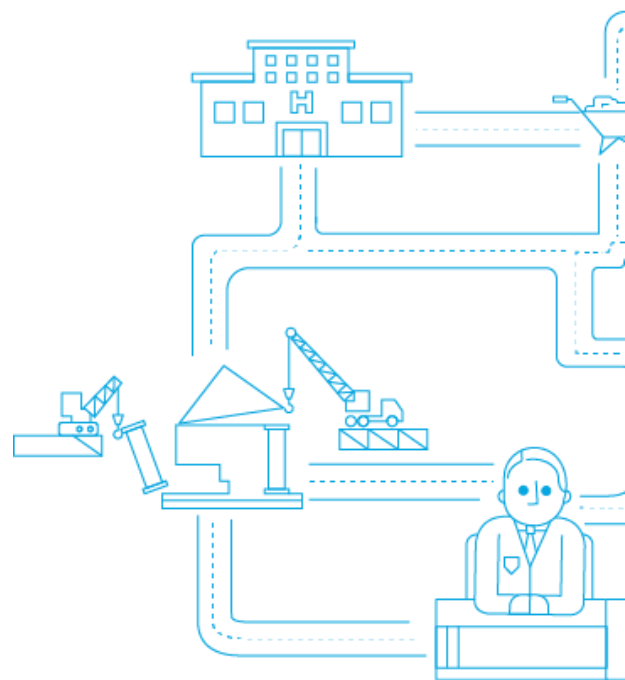
CONSTRUCTION INDUSTRY

A **new authority** shall be established to safeguard and introduce new policies related to the construction and environment.

RESTORATION OF HISTORICAL SITES

By the end of 2021 the Marsaxlokk project and Floriana Mall Garden will be completed.

The commencement of new **restoration projects** include: the Cottonera Lines, Fort Ricasoli and the Santa Margherita Lines.



EDUCATION AND SPORTS INFRASTRUCTURE

Investment in a **new sports complex** at the University of Malta. New sports complexes will be constructed in Cottonera, Pembroke and Kordin.

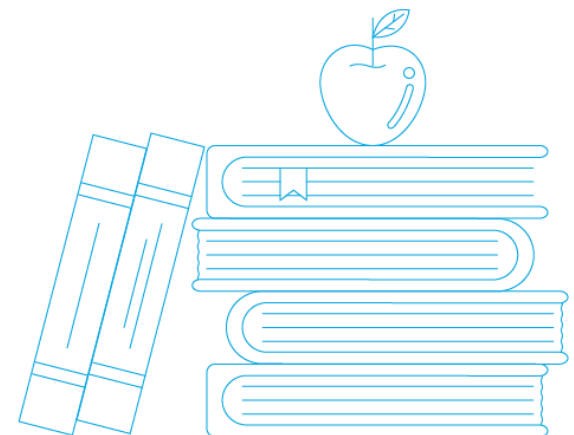
Infrastructural improvements of other tertiary institutions, primary and secondary schools.

EDUCATION INCENTIVES

Students who decide to continue their studies once completing secondary education, will be able to benefit from one year of free internet.



Further **sports facilities** of €11 million investment.



HEALTH

New **free medicines** will be introduced related to chronic diseases, including mental health and cancer treatments.

Further investment in increasing beds for the elderly. The investment will be carried out both governmental and private homes.

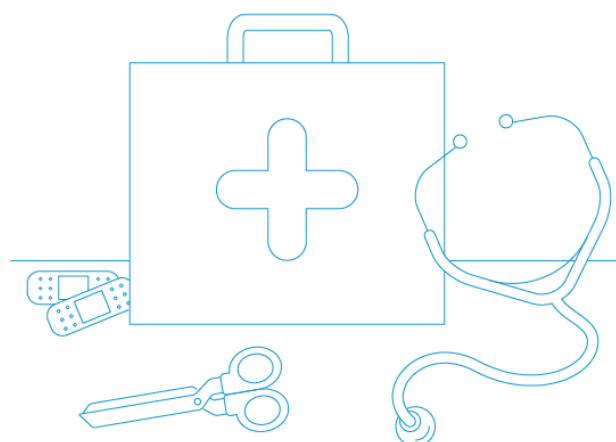
New day and night centres will be introduced specifically for people suffering from dementia and people with disability in the coming year.

HEALTH INFRASTRUCTURE

Investment of a **new building in Mater Dei** and the introduction of a new health centre in the North of Malta. Furthermore, there will be improvements in other health centres in Malta and Gozo.



An agreement was held with the European Union and the European Commission, for the Maltese Government to buy the **COVID-19 vaccine**.



Cultural Organisations and Local Councils

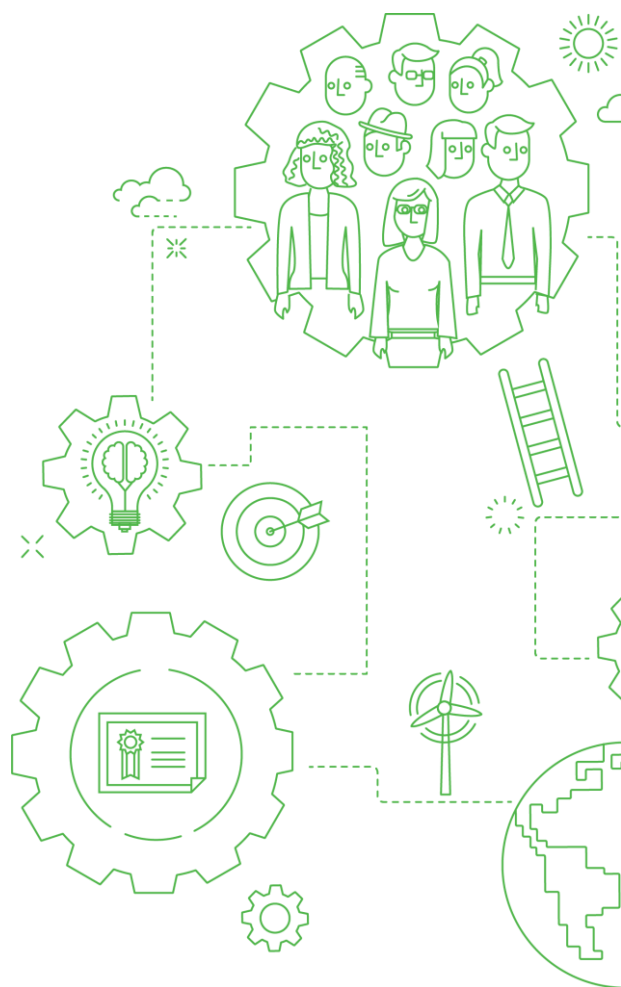
NATIONAL HERITAGE AND CULTURE

A new form of **digitalisation** will be considered as one of the most integral parts in artistic and cultural production.

New diving sites will be made available to increase tourism and attract professional divers.

LOCAL COUNCILS

During the year 2021, the Maltese government shall continue to invest in the local councils' structures, to improve their functions and effectiveness.



Governance, Rule-of-Law and Combatting Financial Crime

GOVERNANCE

A new committee was established to safeguard governance. The committee will be implementing the recommendations related to good governance and the rule of law proposed by the Venice Commission, GRECO and Moneyval.

RULE OF LAW

Rule of Law will continue to be strengthened with the help from the World Bank's experts. These will lead to restructuring within the office of the attorney general and the state's attorney.

FINANCIAL CRIME

The [Asset Recovery Bureau](#) will continue to be strengthened through the investment in new technology.

Further [technological investment](#) within governmental institutions



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