



TAX & CUSTOMS
ADMINISTRATION
MALTA

Budget Measures 2024

The purpose of this memo is to give a brief overview of the budget measures relating to Income Tax which were announced in the budget speech for 2024.

Pension Exemption Portion

The gradual tax exemption introduced in 2022 shall continue to apply. Over a period of 5 years the pension income would not be taken into consideration in computing the overall tax. The first part of this was a 20% portion of the pension income including all increases. For basis 2023, this exempt portion was 40%. For basis year 2024, the exempt portion shall be 60% subject to a prescribed cap.

The increase in pensions for 2024 will be €15 per week (€780 per year), inclusive of the COLA.

Widows' / Widowers' Pension

Widows'/widowers' pension will no longer be taxable for individuals who have not attained 61 years of age. The beneficiaries will continue to be entitled to receive the pension income which would have been received by their spouse had they still been alive.

Disability therapy tax credit

Parents of children with a disability often make use of private therapy over and above that provided free by the Government. The tax credit covering qualifying therapy costs incurred by parents of children with special needs is increased to €500 (previously €200) per annum for each child.

Donations to certain voluntary organisations

Businesses donating amounts to voluntary organisations registered with the Commissioner for Voluntary Organisations with respect to social and environmental causes and animal welfare will be entitled to a deduction of the donated amount of up to €500.

Reduction in taxes due on transfers of certain rented properties

No final withholding tax and stamp duty will be charged on the first €200,000 of the value of the property in cases where the property is transferred to tenants who previously leased the same property for a number of years or paid subsidised rent, under a scheme administered by the Housing Authority.

Fiscal incentives for highly qualified persons

The current fiscal incentives applicable to certain highly qualified persons, which at present are spread over 4 different legal notices, will be revised and harmonised to cater for the skills required by the Maltese economy.

Removal of audit requirement for small companies

In order to reduce administrative costs of small companies, alignment will be made, as far as possible, between current obligations of certain companies under different laws such as the Companies Act and the Merchant Shipping Act with the ITMA.

The obligation for these small companies to engage an auditor to draw up an auditor's report shall be removed. However, at the same time, it will be ensured that the integrity of their financial results is not compromised.

Seed Investment Scheme to be extended

The Seed Investment Scheme will be extended. This scheme offers incentives (in the form of tax credits) to Maltese companies which have invested in startups and which satisfy the relevant due diligence procedures.

Property in UCA's & Vacant Property

The current exemption from Stamp Duty and Final Withholding Tax on the first €750,000 of certain property purchases and transfers, will be applicable also in 2024. This scheme is applicable to properties within a UCA or built more than 20 years ago and which have been vacant for seven years or having specified Maltese characteristics.

Extension of the reduced rate of tax on income derived from sports activities

The 7.5% rate of tax on income derived by players, licensed coaches and athletes will be extended to other persons engaged in sports activities.

Get Qualified and Higher Education tax credits

The current schemes offering deductions and tax credits under the Get qualified Scheme and the Higher Education (Masters and PhD) scheme will be continued in 2024.

Bonus payment to employees issued by the Treasury Department

Individuals in the workforce whose income is less than €60,000 will continue to benefit from this bonus payment. Individuals whose income falls within the tax-free bracket will also benefit from such payment. This payment issued by the Treasury Dept will range from €60 - €140, with the highest refund being provided to the lower-income earners.

REITS / Green Bonds

Consultations will be held in connection with possible fiscal incentives in respect of REITS companies and companies offering green bonds in environmental projects.

Capital Transfer Duty Measures

The duty schemes pertaining to the First-Time buyers and the Second-Time buyers of immovable property are being extended again for another year and will therefore apply for 2024. The reduced duty on the transfer of family business shall also be extended to cover 2024.

The reduced duty on transfers of Gozo property has run its course and will not be extended further. However, promises of sale (konvenji) registered by the end of December 2023 qualify for the reduction.

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