

Malta Budget 2027:
Key Highlights

1. Economic Highlights

On the 26th of October 2026, Finance Minister Clyde Caruana presented the budget measures for 2027. The Minister announced that the Maltese economy has expanded despite ongoing global instability, such as the war in Ukraine and tensions in the Middle East and the Strait of Hormuz. Real economic growth reached 4.1 percent in 2026 and is expected to continue at 3.8 percent in 2027, outpacing other European countries, given that the EU economy grew by just 1.2 percent. Furthermore, the Maltese debt remains well below the European limit of 3.0 percent.

According to the last figures, private consumption is projected to grow by 3.9 percent in 2026 and 3.8 percent in 2027, while the unemployment rate is set at 3.3 percent in 2026 and 3.2 percent in 2027. Exports will also increase by 2.0 percent in 2027. In light of these forecasts, the Government's primary goal is to support families and businesses, particularly by guaranteeing stable fuel and electricity prices. This year, subsidies will amount to approximately €392 million.

To sustain economic growth, the Government intends to attract inbound investments targeting high-value sectors such as family offices, cryptocurrencies, fintech, and aircraft leasing. This strategy aims to promote an economy increasingly oriented towards digitalization and automation. The tourism sector remains highly strategic; consequently, specific incentives for airline companies are central to the Government's economic agenda.





2. Transport Highlights

Public Transport
Free public transport will be restricted to Maltese and Gozitan citizens, EU citizens residing in Malta, and individuals who qualify for long-term resident status.

Driving Licences
Holders of driving licences issued outside the European Union may continue to drive in Malta for a period of up to 12 months from their entry into the country. For individuals holding a residence permit, this period will not restart upon leaving and subsequently re-entering Malta.

Upon expiry of the permitted period, individuals will be required to hold a Maltese or EU driving licence, subject to applicable exemptions.

Driving Licence Fees
An administrative fee of €83 per month will be introduced for certain holders of Category B and B1 driving licences issued or renewed from 1 January 2027.

Exemptions will apply to specified groups, including EU/EEA citizens, eligible long-term residents and their spouses, citizens of the United Kingdom, Australia and the United Arab Emirates, as well as certain individuals holding residence permits subject to specific driving conditions.

The validity of the relevant driving licence will be linked to the residence permit. Renewal will not be permitted where outstanding payments remain unpaid.

Fast Ferry and Gozo Channel Ferry Tariffs

The Government considers the current fares paid by tourists to be relatively low and has therefore announced a revision of the applicable tariffs.

The proposed changes include an increase of €3 per trip on the fast ferry service, as well as revised fares for non-residents using the Gozo Channel ferry service.

The proposed Gozo Channel ferry tariffs are outlined below:

Passenger and Vehicle Category	Current Tariff	Proposed Tariff	Difference
Non-resident adult	€4.65	€11.00	+€6.35
Non-resident child	€1.15	€7.00	+€5.85
Vehicle and driver	€15.70	€22.00	+€6.30
Vehicle, driver and one adult passenger	€20.35	€33.00	+€12.65
Vehicle, driver, one adult passenger and one child	€21.50	€40.00	+€18.50



Recreational Vessels: Revised Annual Registration Fees

Annual registration fees for certain recreational vessels will be revised to offset part of the benefit derived from subsidised fuel.

The revised fees will apply to vessels measuring between 10 and 24 metres in length, with charges determined according to the vessel's length category.

The measure will not apply to professional fishermen or owners of vessels measuring less than 10 metres. Vessels exceeding 24 metres are excluded from eligibility for subsidised fuel under the stated rules.

Proposed Additional Annual Registration Fees

Vessel Category	≥10 to <12 m	≥12 to <15 m	≥15 to <18 m	≥18 to <21 m	≥21 to <24 m
Commercial yachts	–	€350	€650	€1,800	€2,600
Yachts under 50 GT	€300	€350	€650	€1,800	€2,600
Other vessels under 50 GT	€300	€350	€650	€1,800	€2,600
Other vessels of 50 GT or more	€300	€350	€650	€1,800	€2,600



3. The Labour Market

Work permit

- The work permit fee (new application) will increase by €200 from €600 to €800 per person.
- An additional annual contribution towards infrastructure of €400 will be applicable to new applicants as well as existing permit-holders upon renewal.

Atypical Work Cheque

From 1 January 2027, eligibility for the atypical work cheque will be restricted to Maltese and Gozitan citizens, EU citizens residing in Malta, and eligible long-term residents.



4. Social Measures

Health

Health facilities are expected to continue developing over the next year, with the emergency unit doubling in treatment capacity, as well as the opening of a new mental health unit.

Sports

10-day sports leave to be granted to elite athletes representing Malta in international competitions.

Super Bonus

The Government will pay the Super Bonus in the first quarter of 2027, based on employment income earned in 2025.

- Individuals who earned €12,000 or more from employment in 2025 will receive a tax-free payment of €1,000.
- Those who earned less than €12,000 will receive a pro-rata payment.
- The bonus will also be available to self-employed individuals, working pensioners and part-time workers.

Free Childcare Scheme

- Individuals already benefiting from the Free Childcare Scheme will retain access to the service until their children cease to meet the eligibility criteria.
- From 2027, eligibility for new registrations will be restricted to Maltese and Gozitan citizens, EU citizens residing in Malta, and individuals who qualify as long-term residents.



5. Income Tax, VAT and Other Measures

Income Tax

Separate income tax returns for married couples

The personal income tax return system for married couples will be reformed, whereby the general rule will be that each spouse files an individual tax return covering their own income. Couples may still opt for a joint tax return (where permitted by law). This represents a change from the current approach, under which the default position is a joint tax return, with couples able to opt for separate computations.

Property Tax

Taxation of Airspace Transfers

New measures will be introduced to ensure that transfers of airspace are taxed fairly, including enhanced disclosure requirements for the total consideration agreed in respect of property developments.

Corporate Tax

Reduction in tax for small companies

Companies with an annual turnover not exceeding €1 million to benefit from a reduced corporate tax rate of 25%, instead of 35%. The reduced rate will apply to profits retained or reinvested in the business. Where profits are distributed as dividends, the standard 35% corporate tax rate will apply. The scheme will be subject to conditions and limitations established under the relevant rules.

VAT

New VAT Mechanism for the Construction Sector

A new mechanism will be introduced to combat VAT abuse in the construction sector, whereby the obligation to account for VAT will shift from the supplier to the customer for covered transactions.

Penalties for incorrect VAT Invoices and Fiscal Receipts

A system of stepped administrative penalties will be introduced for failures to issue correct VAT invoices and fiscal receipts, instead of immediately resorting to criminal proceedings. The penalties will range from €100 for the first offence to €500 for the fourth and any subsequent offences within 24 months. Criminal liability for the offence covered by the penalty will be extinguished if the penalty is paid within 30 days.

Schemes

Various schemes currently being offered including the ones administered by Malta Enterprise will continue to be offered. Incentives will also be introduced to attract new niche sectors and strengthen existing ones.

Eco-contribution

As from 1st January 2027, the eco-contribution rates will be as follows:

- Collective accommodation: €8 per person per night, capped at a maximum of €64 per person.
- Short-term rental apartments: €10 per person per night, capped at a maximum of €80 per person.
- Schools of English teaching: eco-contribution will be removed in case of accommodation for English learning schools.
- Cruise liner passengers: eco-contribution of €10 to apply to passengers who disembark and reembark on the cruise ship in Malta.
- Tourists visiting Comino: eco-contribution of €5 will be introduced.



6. Personal Income Tax Measures

The Minister announced a material decrease in personal taxes to be paid by families with children.

Around 68,000 parents are expected to benefit from further reduced tax rates.

Tax Computation – Married with 1 child

Income Bracket 2027	Tax rate	Income Bracket 2028
€0 - €20,000	0%	€0 - €22,500
€20,001 - €30,000	15%	€22,501 - €33,500
€30,001 - €60,000	25%	€33,501 - €60,000
€60,001 +	35%	€60,001

Tax Computation – Married with 2 children

Income Bracket 2027	Tax rate	Income Bracket 2028
€0 - €30,000	0%	€0 - €37,000
€30,001 - €41,000	15%	€37,001 - €50,000
€41,001 - €60,000	25%	€50,001 - €60,000
€60,001 +	35%	€60,001 +

Tax Computation – Parent with 1 child

Income Bracket 2027	Tax rate	Income Bracket 2028
€0 - €16,000	0%	€0 - €18,000
€16,001 - €24,500	15%	€18,001 - €28,000
€24,501 - €60,000	25%	€28,001 - €60,000
€60,001 +	35%	€60,001 +

Tax Computation – Parent with 2 children

Income Bracket 2027	Tax rate	Income Bracket 2028
€0 - €24,000	0%	€0 - €30,000
€24,001 - €33,500	15%	€30,001 - €42,000
€33,501 - €60,000	25%	€42,001 - €60,000
€60,001 +	35%	€60,001 +



7. Pensions

As from next January, retirement, invalidity, widows' and widowers' pensions and also the elderly who receive the old age pension will be given an increase of €10 per week. Maximum Pensionable Income of pensioners born before 1962 will increase to €28,000.

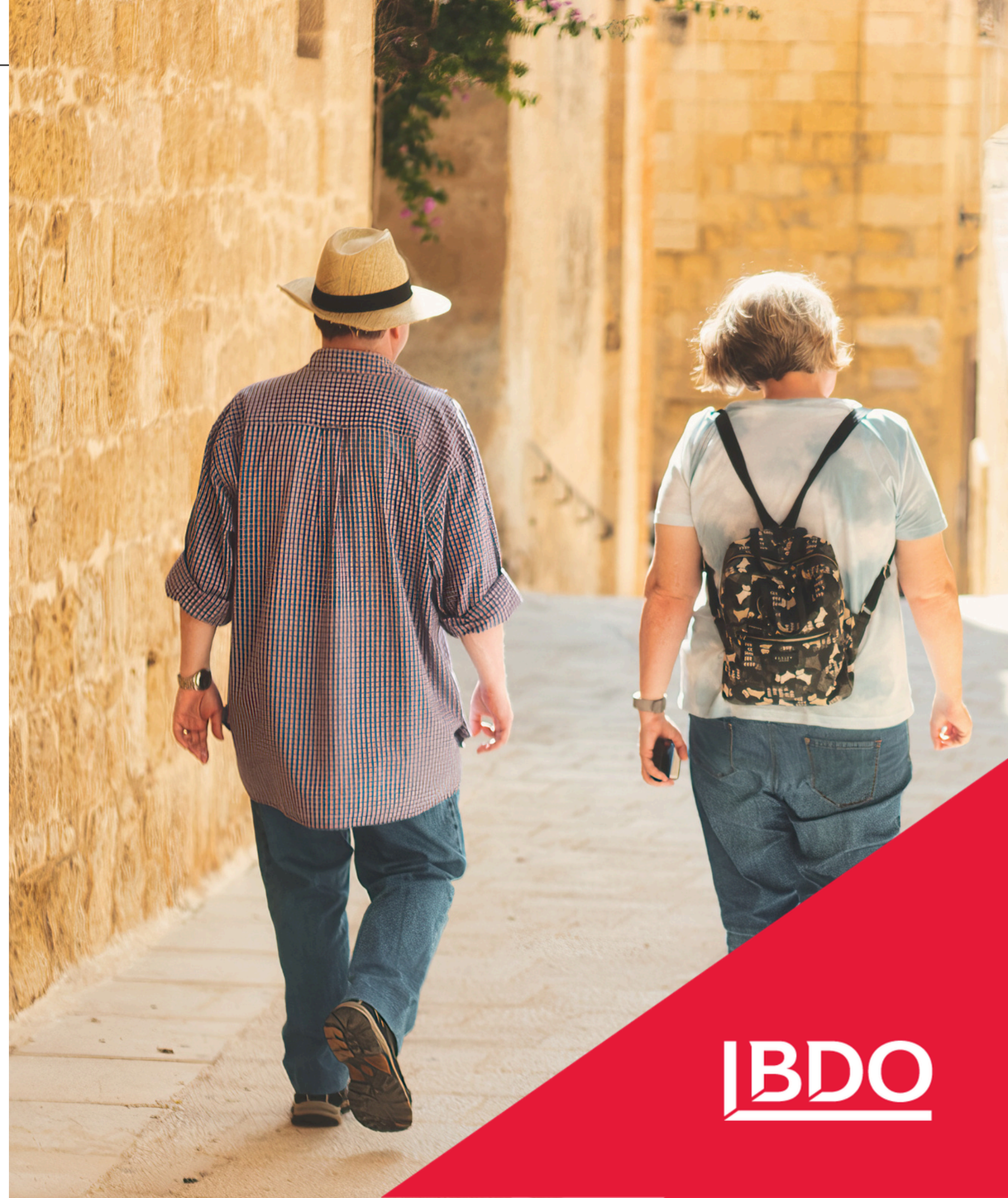
As from next year, widows and widowers will be entitled to the full pension their spouses would have received, thus they will now enjoy a full two-thirds pension.
By next year, the discrepancy in bonus rates of the cost of living allowances paid to pensioners in addition to their pension will be removed by providing the same fixed rate of €21.53 per week.

The limit of non-taxable pension income will increase by €520 to €37,624.

Persons with disabilities who receive a contributory pension and are paid a disability benefit of 10%, this will increase to 20% from next year.

Carers grant paid to parents who are unable to work due to their child's disability will have their grant increased to €7,500 per year. Those who work less than 20 hours per week will also be benefitting from this grant.

The carer at home scheme which is available to elderly who employ a full-time carer will increase by €800 to €9,800 per year.



As from next year, working parents who foster will benefit from an additional 10 days of paid leave.

Supplementary Allowance for Orphans will increase to €170 per week, with recipients being eligible up to 25 years of age (up from 21) if such orphan is still in tertiary education.

Social security contributions of up to two years of credits will be given to employees who spend a temporary period out of work due to health problems, mental health, or due to domestic violence.

Additional assistance for severe disability will increase by €9.37 per week. All other disability assistances will increase by €6.41 per week.



Have Questions About the Malta Budget 2027?

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