

BUDGET REVIEW DOCUMENT

Budget 2027

Based on the Budget Speech presented in Parliament by the Minister for Finance,
Hon. Clyde Caruana, on Monday 26 October 2026.

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Budget 2027 at a glance

3.8%

Economic growth forecast for 2027

2.6%

Deficit planned for 2027, as a share of GDP

46.8%

Public debt expected for 2027, as a share of GDP

€400m

Energy and fuel subsidies in 2027 to keep prices stable

€6.41

Cost of living adjustment (COLA) a week

+€10.41

Increase in the minimum wage a week, COLA included

+€10

Pension increase a week from January, COLA included

35% → 25%

Tax on profits kept or reinvested by companies with turnover up to €1 million

€30,000

Tax-free income for married couples with two or more children (from €22,500)

€1,000

Tax-free Super Bonus, paid in the first quarter of 2027

€8 / €10

Eco-contribution a night, hotels / short lets, from 1 January

€600 → €800

Work permit application fee for non-EU workers, plus €400 a year

The Budget in brief

The Minister called this the most important of the six Budgets he has presented. It keeps the support that households rely on, delivers the next steps of election promises, and starts to change how the economy grows: more value from each worker and each tourist, rather than more workers and more tourists.

■ 1. Protect households from energy prices

Electricity, gas and fuel prices stay where they are. The subsidies cost about €392 million this year and are expected to cost about €400 million in 2027. They account for about half of the deficit, or 1.4% of GDP. The Minister said the Government will not move from this policy, and that further measures will follow if the energy situation gets worse early next year.

■ 2. Family and pensioner benefits

The second year of the three-year income tax cut for parents takes effect. Pensions rise by €10 a week, the first step of the €50 a week promised. The €1,000 Super Bonus will be paid in early 2027. Widows will all receive a full two-thirds pension, and spouses will be able to transfer pension contributions to a spouse who has no pension.

■ Public finances

The deficit is planned at 2.6% of GDP in 2027, the same as this year and below the EU limit of 3%. Malta left the EU's excessive deficit procedure in June 2026. Revenue is expected to rise by €1.0 billion to €10.1 billion. Debt is expected to stay at about 47% of GDP.

■ 3. Start changing the economic model

The Minister said that growth built on more workers and more tourists is putting pressure on roads, health services, energy and land. The Budget responds in three ways:

- **Charge more to those adding the pressure:** higher work permit fees and a new yearly contribution for non-EU workers, higher eco-contributions for tourists, and higher Gozo ferry fares for non-residents.
- **Limit some free services** to Maltese citizens, resident EU citizens and long-term residents.
- **Reward investment:** a 25% tax rate for small companies on profits they keep or reinvest.

OUR VIEW

For most households, the headline is stability: no new taxes on residents, energy prices held, and more money for parents and pensioners. For businesses, the message is more mixed. Owner-managed companies that reinvest gain from the 25% rate. Employers who depend on non-EU staff, and businesses in tourism, short lets and construction, face new costs and new compliance steps from January. Most of these measures still need their detailed rules.

What it means for you

Our summary of the measures that matter most to each group. Details and sources are in the sections that follow.

Employers

- COLA of €6.41 a week and minimum wage up to €10.41 a week from January payroll.
- Non-EU staff: application fee up from €600 to €800, plus €400 a year for each permit, including renewals. For 20 non-EU employees, the yearly contribution alone is €8,000.
- VAT invoices and receipts: new fixed penalties from €100.

Company owners

- Companies with turnover up to €1 million: 25% tax instead of 35% on profits kept or reinvested.
- Profits paid as dividends stay at 35%.
- Dividend and reinvestment plans for 2027 should wait for the detailed rules.

Families

- Lower tax for parents in 2027 and again in 2028. Married couples with two or more children pay no tax on the first €30,000.
- Super Bonus of up to €1,000 if you worked in 2025.
- Extra cost of living payment of €200 to €1,500 for low and middle income households.
- €500 for each child in post-secondary education.

Pensioners

- +€10 a week from January.
- Same COLA bonus for all: €21.53 a week.
- No tax on pension income up to €37,624 a year.
- Widows: full two-thirds pension for all.
- Born before 1962: maximum pensionable income up to €28,000.

Tourism, property and construction

- Eco-contribution from 1 January: €8 a night in hotels and other collective accommodation, €10 in short lets.
- New €10 for cruise passengers and €5 for Comino visitors.
- Construction: the buyer will account for the VAT, not the supplier.
- Sales of airspace: fuller disclosure and checks on the real value.

Non-EU residents

- Free public transport and free childcare limited to long-term residents (existing childcare users keep it).
- Non-EU driving licences: valid for 12 months only, then a Maltese or EU licence is needed.
- Gozo ferry: higher fares for non-residents.

1 Economy

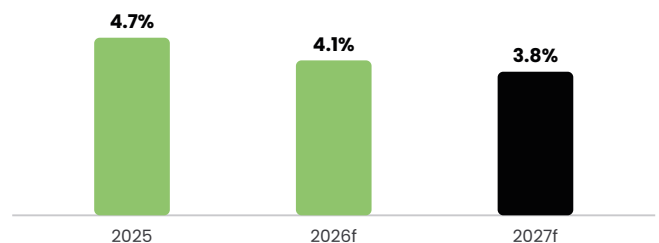
1.1 Performance and outlook

Malta's economy grew by 4.7% in real terms in 2025. In the first half of 2026 it grew by 4.4%, against an EU average of 1.2%. Household spending rose by 3.4%, investment by 8.2%, employment by 4.6% and pay per employee by 5.1%. The Minister said the challenge now is productivity and skills.

Forecast	2026	2027
Real GDP growth	4.1%	3.8%
Private consumption	3.9%	3.8%
Investment	10.2%	7.0%
Unemployment rate	3.3%	3.2%
Inflation	2.5%	2.7%

Real GDP growth

2025 actual; 2026 and 2027 forecast



Inflation in September 2026 was 2.4% in Malta, against 3.8% in the euro area. Growth in 2026 and 2027 is forecast to be the highest in the EU. The speech warns that weaker demand abroad, or new rises in world prices, could change this.

1.2 Energy prices and subsidies

Electricity, gas and fuel prices stay stable in 2027. The subsidies are expected to cost about €392 million in 2026 and about €400 million in 2027. Between 2022 and 2026 they cost €1.35 billion. The fuel subsidy alone went from about €40 million last year to €85 million this year.

Without the subsidies	Now	Would be
Diesel, per car, per week	€20.00	€33.06
Electricity bill, per month	€50	€85
COLA, per week	€6.41	€18.05

A typical household with two diesel cars saves about €2,000 a year.

The Government's own simulation

If the subsidies had been removed at once in 2026, with electricity up 70% and fuel up 65%:

- real GDP 0.9% lower in year one and 2.2% lower by year three;
- real household disposable income 3.2% lower in year one and 6.4% lower by year three;
- consumer prices 4.9% higher in year one;
- about 2,600 more people unemployed by year three.

1.3 Cost of living adjustment

€6.41 a week

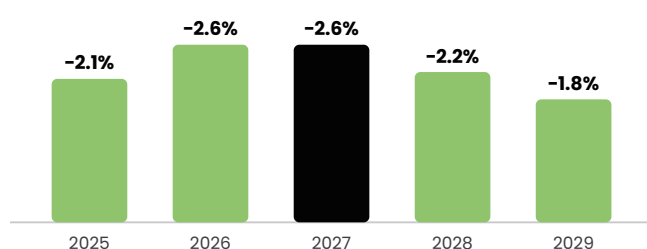
1.4 Public finances

The deficit for 2025 was 2.1% of GDP, well below the 3.3% forecast a year ago, because revenue was higher than expected. The deficit is expected at 2.6% in 2026 (forecast last year: 2.8%) and is planned at 2.6% in 2027. The Minister said that without the energy price shock of the last six months, the 2027 deficit would have been almost one percentage point lower. Malta left the EU's excessive deficit procedure in June 2026.

Debt is expected at 46.7% of GDP in 2026 (forecast last year: 47.3%) and 46.8% in 2027. According to the speech, about 70% of the increase in debt in recent years came from the pandemic, the energy crises and the closure of the national airline and the opening of a new one. The Minister committed to reducing the debt ratio during this legislature.

Deficit, % of GDP

General government balance, 2025 actual; later years estimates



2027 budget	€ billion	Change
Total revenue	10.1	+1.0
Tax revenue	9.0	+0.645
Non-tax revenue	1.1	+0.359
Recurrent spending*	9.4	+0.711
Capital spending	1.5	+0.283
of which EU funds	0.39	+0.09

*Including interest.

Fiscal position (€ million)	2025 Actual	2026 Revised	2027 Estimate	2028 Estimate	2029 Estimate
Tax revenue	7,447.7	8,357.5	9,002.7	9,565.7	10,145.7
Other revenue	624.2	720.9	1,079.4	1,039.5	1,027.5
Total revenue	8,071.9	9,078.5	10,082.1	10,605.2	11,173.2
Recurrent spending (before interest)	7,485.7	8,387.9	9,042.4	9,413.5	9,838.4
Capital spending	1,113.5	1,169.3	1,452.7	1,458.2	1,503.5
Interest	296.6	325.9	381.8	401.0	410.9
Consolidated Fund balance	(823.9)	(804.6)	(794.8)	(667.6)	(579.6)
General government balance	(505.7)	(679.0)	(724.0)	(644.0)	(556.0)
GDP	24,664.0	26,347.6	28,080.2	29,821.1	31,610.4
General government balance, % of GDP	-2.1%	-2.6%	-2.6%	-2.2%	-1.8%

Source: Table 5.2, Budget Speech. Figures rounded to €0.1 million. The speech text quotes recurrent spending of €9.4 billion for 2027; this includes interest (€9,042.4m + €381.8m).

■ 1.5 The Government's programme for 2027

Business support. All of this year's government schemes, in every sector, will be renewed for 2027. Malta Enterprise will continue incentives for digitalisation, automation and higher-value investment, and to attract new niches.

Financial services. The regulator and MFSAC will keep working to improve the regulatory and administrative framework. Family offices, crypto, fintech and aircraft leasing are named as growing areas.

Tourism and aviation. Incentives for airlines will be reviewed to attract more tourists in the shoulder and winter months and from higher-value markets. For KM Malta Airlines, talks are under way with potential strategic partners, and non-disclosure agreements have been signed.

Health. Work has started on extending Mater Dei's emergency department from 35 to 70 treatment spaces, with a new 135-bed mental health unit and a new medical imaging building. Gozo General Hospital will get nine more outpatient clinics, more operating theatres and space for women's health. A master plan covers Karin Grech and St Luke's hospitals.

Energy network. About €75 million on electricity distribution in 2027; a second interconnector to Sicily; studies for a third interconnector, a new 132kV Malta–Gozo cable and a 300MW offshore wind farm.

Infrastructure. Msida Creek, Pinto 4 and 5, Lascaris, shore supply for ships (by the end of 2028) and the Birżebbuġa slipway and berm.

2

Social Measures

The social package is worth over €121 million. The retirement age and social security contribution rates stay the same.

2.1 Pay and income support

National minimum wage

Up by **€10.41 a week** in 2027, including the COLA, under the 2023 agreement between the social partners and the Government. People on the minimum wage will still pay no income tax. The Government will soon reappoint the Low Wage Commission, so that a new agreement on the minimum wage from 2028 can be reached next year.

Additional cost of living payment

The additional COLA mechanism runs again: **€200 to €1,500 a year** for low and middle income households, depending on disposable income and the number of people in the household. Over 100,000 households are expected to benefit, mainly pensioners, single people, couples and families with children.

Disability, carers and social assistance rates

The minimum wage increase is passed on to about 15,000 people with disability, carers and people on social assistance.

Benefit	Increase a week
Increased Severe Disability Assistance	€9.37
Severe Disability Assistance, Disability Assistance, Visually Impaired Assistance, Disability Benefit, Increased Carers Allowance, Carers Allowance, Social Assistance	€6.41

2.2 Families and children

€500 for each child in post-secondary education

Paid in the first half of 2027 to about 14,000 families. It is the third and last payment for families who became eligible in 2025, the second for those who started this year, and the first for those just starting post-secondary education.

Carers Grant

For parents who cannot work because of their child's severe disability. The aim is to bring it to the level of the net minimum wage. As a first step it rises to **€7,500 a year** in 2027. Parents who work part-time for no more than 20 hours a week will also receive it, at the current rate of half the net minimum wage.

Carer at Home

For older people who employ a full-time carer: up by €800 to **€9,800 a year**.

Adoption

The reimbursement of costs for families adopting children from abroad rises by €1,000 to **€13,000**. The aim is €15,000 within this legislature.

Leave for foster carers

Working people who start fostering will be entitled to **10 extra working days of leave**, the same as paternity leave, paid for by the Government.

Young people leaving care

Under the Aftercare Policy, young people moving from residential care to independent living will receive support from age 17 to 21, on top of any education payments including stipends. It will be at least equal to social assistance for a single person, and will include guaranteed access to education, training and housing.

Supplementary Allowance for Orphans

Extended from age 21 to 25 for orphans in tertiary education, or until six months after they graduate and start work, whichever comes first. The rate in this case is **€170 a week**.

Therapy for children with disability

The Government will help with all costs of therapies needed by children with disability under 18.

■ 2.3 Social security credits

From 2027, employees who are temporarily off work because of mental health problems or domestic violence will receive up to **two years of social security contribution credits**. Credits will also go to young people with behavioural problems who are being rehabilitated, including under a court order, while they train in a trade and are helped to start a business or find a job.

■ 2.4 Health

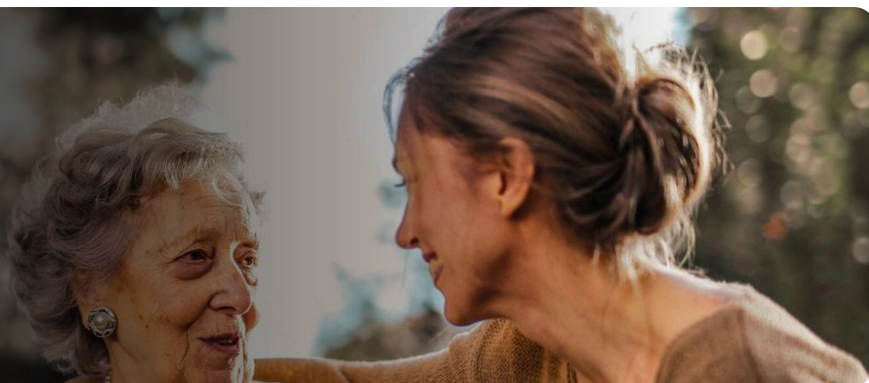
The Government already pays for patients sent abroad for treatment, and for both parents when the patient is a child. From 2027 it will also pay for **one person accompanying an adult patient**.

■ 2.5 Closure of the anomaly compensation schemes

As planned, the four remaining compensation schemes for past anomalies end in 2027. They cover former workers of Malta Drydocks and Malta Shipbuilding, the Gas Board, people engaged with Telemalta Corporation between 1 January 1978 and 15 January 1979, and former Rediffusion employees absorbed into Telemalta in 1975, with others in its broadcasting arm before 1 January 1978. Over 11 years, 9,000 people or their heirs received €105 million in total.

3

Pensions



The retirement age and contribution rates stay the same. The Minister noted that the latest strategic pension report showed better adequacy and sustainability of the pension system.

+€10

a week from January for retirement, invalidity and widows' pensions and the age pension, including the COLA. This is the first step of the €50 a week increase promised during the election campaign. Since 2013, every pensioner's pension has risen by at least €92.40 a week.

■ 3.1 Transfer of contributions between spouses

From 2027, a spouse who has a pension will be able to transfer contributions to a spouse who has none. The aim is that more spouses, especially married women who had to stop working when they married, qualify for a pension. About 3,200 more married women are expected to benefit. Together with earlier measures since 2021 (close to 4,000 women), this brings to about 7,000 the married women receiving a pension for the first time.

■ 3.2 Other pension measures

Measure	What changes in 2027
Maximum Pensionable Income, pensioners born before 1962	Raised to €28,000 . About 15,000 pensioners, including widows, get an extra increase. The anomaly is to be removed completely by 2028.
Widows	Last step of the process started in 2022. Over 7,000 widows get a further increase, and all widows will receive a full two-thirds of their spouse's pension.
COLA bonus paid with pensions	One flat rate of €21.53 a week for every pensioner in 2027, whatever year they retired.
Tax-free pension income	Up by €520 to €37,624 a year .
Service pensions	The part of a service pension ignored when working out the social security pension will now rise by €300 a year , instead of €200. From age 72, the full commuted amount of the service pension is ignored.
Former members of the disciplined forces	Those on a service pension only, with no social security pension and not working, get the same increase as social security pensioners: their bonus rises by €520 a year .
Disabled persons on a contributory pension	Those who lost a disability benefit or injury pension on retirement now keep 20% of it (up from 10%). The aim is 50% in later years.
People without enough contributions for a pension	Their bonus rises by €333.32 a year, the same as the COLA increase, to between €933 and €1,383 a year .

OUR VIEW

The contribution transfer between spouses is the most significant pension reform in this Budget, but it depends entirely on the conditions still to be announced: who can transfer, how many contributions, and whether the transferring spouse's own pension is reduced.

A man wearing a dark jacket and a beanie is working on the engine of a car in a workshop. The background shows shelves with various tools and equipment.

4

Tax Incentives

No increase in income tax rates. People on the minimum wage stay tax-free. The main new measure is a lower tax rate for small companies that reinvest.

■ 4.1 Lower tax rate for small companies

35% → 25% for companies with turnover of up to €1 million, on profits kept in the company or reinvested

The speech says:

- A new framework lets companies with turnover not exceeding €1 million pay tax at 25% instead of 35%.
- The lower rate applies to profits that are **retained or reinvested**. If profits are paid out as dividends, the 35% rate still applies.
- It will work under conditions and limits set in rules, so that it fits the existing company tax system.
- The aim is to reduce the tax burden on smaller companies, leave them more to invest, and support young entrepreneurs, including through the Youth-Led Start-Up Support Scheme launched this year.

POINTS FOR CLARIFICATION

- From which year of assessment it applies.
- How turnover is measured, and whether related or group companies are counted together.
- Assumption: when profits taxed at 25% are later paid out as dividends, a further 10% would become due to reach 35%. The speech does not say how or when.
- How it works with the refund system shareholders can claim on dividends.
- Whether all types of income qualify, or trading income only.
- What counts as "reinvested", and for how long profits must stay in the company.

OUR VIEW

This is a real incentive for owner-managed companies that grow by reinvesting. It also makes the timing of dividends a planning decision. Until the rules are out, we suggest no change to 2026 dividend plans on the strength of this measure alone.

■ 4.2 Parent and married tax rates: year two of three

Last year's Budget announced a €160 million income tax cut for families with children, over three years. About 68,000 parents benefit, keeping just over €50 million a year from 2026 to 2028. There are separate tables for families with one child and families with two or more children, under the **married** computation (usually one spouse working, or the other earning little) and the **parent** computation (both parents working). 2027 is the second step.

Tax-free income	2026	2027	2028
Married, one child	€17,500	€20,000	€22,500
Parent, one child (each parent)	€14,500	€16,000	€18,000
Married, two or more children	€22,500	€30,000	€37,000
Parent, two or more children (each parent)	€18,500	€24,000	€30,000

Maximum tax saving a year	2026	2027	2028
Married, one child	€725	€1,450	€2,175
Parent, one child (each parent)	€575	€1,150	€1,800
Married, two or more children	€2,025	€4,050	€6,000
Parent, two or more children (each parent)	€1,625	€3,250	€5,000

The new tax tables

To work out the tax: multiply chargeable income by the rate for its band, then take away the amount in the "subtract" column.

Married, one child		
2027 income band	Rate	Subtract
€0 – €20,000	0%	€0
€20,001 – €30,000	15%	€3,000
€30,001 – €60,000	25%	€6,000
€60,001 and over	35%	€12,000
2028 income band	Rate	Subtract
€0 – €22,500	0%	€0
€22,501 – €33,500	15%	€3,375
€33,501 – €60,000	25%	€6,725
€60,001 and over	35%	€12,725

Parent, one child		
2027 income band	Rate	Subtract
€0 – €16,000	0%	€0
€16,001 – €24,500	15%	€2,400
€24,501 – €60,000	25%	€4,850
€60,001 and over	35%	€10,850
2028 income band	Rate	Subtract
€0 – €18,000	0%	€0
€18,001 – €28,000	15%	€2,700
€28,001 – €60,000	25%	€5,500
€60,001 and over	35%	€11,500

Married, two or more children		
2027 income band	Rate	Subtract
€0 – €30,000	0%	€0
€30,001 – €41,000	15%	€4,500
€41,001 – €60,000	25%	€8,600
€60,001 and over	35%	€14,600
2028 income band	Rate	Subtract
€0 – €37,000	0%	€0
€37,001 – €50,000	15%	€5,550
€50,001 – €60,000	25%	€10,550
€60,001 and over	35%	€16,550

Parent, two or more children		
2027 income band	Rate	Subtract
€0 – €24,000	0%	€0
€24,001 – €33,500	15%	€3,600
€33,501 – €60,000	25%	€6,950
€60,001 and over	35%	€12,950
2028 income band	Rate	Subtract
€0 – €30,000	0%	€0
€30,001 – €42,000	15%	€4,500
€42,001 – €60,000	25%	€8,700
€60,001 and over	35%	€14,700

Worked examples our calculations, from the tables above

Household	Tax 2027	Tax 2028
Married, two children, one income of €40,000	€1,500	€450
Married, one child, one income of €35,000	€2,750	€2,025
Two working parents, two children, €30,000 each	€900 each	€0
Two working parents, two children, €42,000 each	€3,550 each	€1,800 each

Income tax only, before any other deductions or credits. The speech notes that two parents earning €30,000 each with two or more children will pay no income tax by 2028, and that two parents earning €42,000 each will save about €10,000 a year between them in 2028.

4.3 Super Bonus

Paid in the **first quarter of 2027** to everyone eligible, based on **2025**. Anyone who worked in 2025 qualifies, including the self-employed, pensioners who still work and part-timers. The payment is **not taxable**.

Income from work in 2025	Bonus
€12,000 or more	€1,000
€11,000 – €11,999	€925
€10,000 – €10,999	€875
€9,000 – €9,999	€800
€8,000 – €8,999	€725
€7,000 – €7,999	€650
€6,000 – €6,999	€575
€2,000 – €5,999	€500

■ 4.4 Separate tax returns for married couples

The Government will start a project to reform income tax returns for married couples. As a general rule, each spouse would file their own return for their own income and tax affairs. Couples who want to keep a joint return, where the law allows it, would be able to choose to do so.

■ 4.5 Pension income

The limit of pension income on which no tax is paid rises by €520 to €37,624 a year. See section 3.



5

Immovable Property

The speech contains one new property tax measure, on sales of airspace. It announces no change to property tax or duty rates.

■ 5.1 Sales of airspace ("arja")

The Government has identified arrangements where airspace is sold and tax ends up being calculated on only part of the real value of the finished property. It will introduce targeted measures to:

- require fuller disclosure of the **total consideration agreed** for such developments;
- strengthen valuation and checking procedures;
- tax transactions according to their **economic substance**;
- deal with structures involving intermediaries or developers who do not appear directly on the deed of transfer.

The new framework will apply **only to future transactions**, after consultation with the people concerned. It is to give clear guidance and legal certainty to buyers, developers and professionals.

OUR VIEW

Developers, buyers of airspace and the notaries and advisers involved should expect more disclosure on the deed and closer checks on values. Arrangements where the development is agreed separately from the transfer of the airspace are the likely focus.

■ 5.2 Schemes

The Minister said that all of this year's government schemes, in every sector, will be renewed for 2027. Among the schemes launched in recent years, he mentioned those for buying or restoring a home.

■ 5.3 Construction

A new VAT mechanism for the construction sector is covered in section 7.



6

Environment & Sports

■ 6.1 Renewable energy

Malta reached 18.8% renewable energy in 2025 and aims for **25% by 2030**. To get there, the Government will invest in large-scale batteries and create more opportunities for household batteries. Studies continue on the first offshore wind farm, planned at 300MW, and on importing renewable energy from North Africa. A second interconnector to Sicily will double the link's capacity.

■ 6.2 Landscape, agriculture and fisheries

More funds, both recurrent and capital, to maintain existing recreational spaces and restore neglected ones. Financial and technical support continues for farmers, fishers and breeders, to keep agricultural land in use.

■ 6.3 Eco-contributions

Higher eco-contributions for tourists, and new ones for cruise passengers and visitors to Comino, are covered in section 8. The Comino measure builds on the visitor limit and time-slot booking system introduced at the Blue Lagoon in summer 2025.

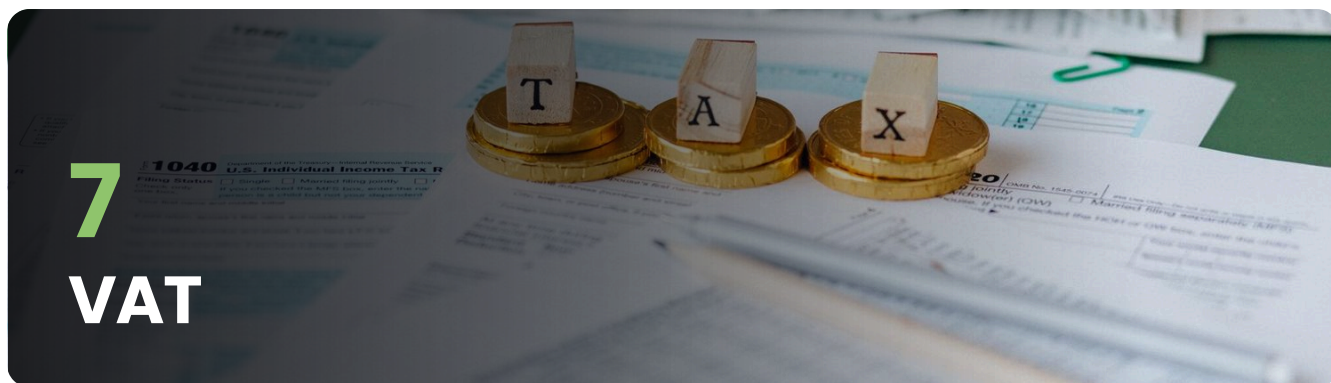
■ 6.4 Sports leave for elite athletes

10 days

of paid sports leave for elite athletes representing Malta at European or world championships. It also covers the technical and medical team who go with them, so they do not have to use their own leave.

■ 6.5 Education and culture

Continued investment in school facilities, teaching staff and different forms of learning, and more resources for culture and heritage. The speech gives no specific figures.



The VAT rate does not change. Three new measures target abuse and support fair competition.

7.1 Reverse charge in construction

For transactions covered by the new mechanism, the obligation to account for VAT moves **from the supplier to the business buying**. The buyer calculates and declares the VAT on its purchase, and can deduct the same VAT if it is entitled to under the law.

The aim is to stop suppliers keeping VAT they collect, and to stop refunds claimed on false invoices for VAT never paid.

OUR VIEW

Suppliers in scope will stop charging VAT on covered supplies, and the businesses buying from them will self-account in their VAT returns. Invoicing, systems and contracts will need to change before the start date.

7.2 Penalties for missing VAT invoices and fiscal receipts

Instead of going straight to criminal proceedings, failures to issue correct VAT invoices and fiscal receipts will be dealt with through **administrative penalties**, building on the existing compromise penalty system.

Breach within 24 months	Penalty
First	€100
Second	€200
Third	€400
Fourth and each one after	€500

- If the penalty is paid within **30 days**, criminal liability for that breach ends.
- Each breach is also fed into the risk system of the Malta Tax and Customs Administration. It raises the business's risk score, and with it the chance of an audit, inspection or investigation.

7.3 Guidelines on the VAT exemption for food

Guidelines are being prepared on how the VAT exemption for food applies to **ready-to-eat food** sold by supermarkets, minimarkets and convenience shops, which compete with each other and with restaurants, so that it is applied consistently.

8

Fees, Levies & Eligibility

The largest group of new measures. The Minister's reasoning is that people adding pressure on infrastructure should contribute more towards it.

Tourism

Over 4.5 million tourists in 2026, spending around 28 million nights in Malta, with more expected next year.

Workforce

Up by about 130,000 in ten years. Maltese and Gozitan workers went from about 180,000 in 2015 to about 205,000 at the end of 2025; foreign workers rose by about 106,000.

8.1 Eco-contributions

Who pays	Amount	From	Status
Tourists in collective accommodation	€8 a night, up to €64 a person	1 January 2027	INCREASE
Tourists in short lets	€10 a night, up to €80 a person	1 January 2027	INCREASE
Cruise passengers who disembark and re-board the same ship in Malta	€10	1 January 2027	NEW
Tourists visiting Comino, through the booking system	€5	1 January 2027	NEW

- The eco-contribution is paid by those over 18. From 2027, English language schools no longer need to pay it on accommodation.
- The cruise contribution does not apply to passengers whose cruise starts in Malta.
- The revised accommodation rates are expected to raise about €182 million.

8.2 Work permits for non-EU workers

Fee	Now	2027	Notes	Status
Application for a new work permit	€600	€800	Per person.	INCREASE
Infrastructure contribution	–	€400 a year	New and renewed permits, every year. Not for under-18s.	NEW

Many other permits issued by Identità will also have higher fees. Together, the work permit increases are expected to raise about €80 million.

■ 8.3 Who qualifies for free services

Service	From	Who will qualify
Free public transport	2027	Maltese and Gozitans, resident EU citizens and long-term residents.
Atypical work cheque	2027	Maltese and Gozitans, resident EU citizens and long-term residents.
Free childcare	2027	Maltese and Gozitans, resident EU citizens and those who meet the long-term resident criteria. Families already using the service keep it until their children are no longer eligible.

These measures, together with the driving licence rules below, are expected to save or raise €46 million a year.

■ 8.4 Non-EU driving licences

- Visitors with a licence issued outside the EU can drive on it for up to **12 months** from entering Malta.
- Residence permit holders can also drive on it for 12 months from entry. Leaving and re-entering does not restart the period. For those who already hold a permit, the period counts from their last entry before 1 January 2027. After that, a Maltese or EU licence is needed.
- Drivers with a residence permit for a specific driving job are exempt.
- An administrative fee of **€83 a month** is introduced on category B and B1 licences issued or renewed from that date. EU and EEA citizens, long-term residents and their spouses, citizens of the UK, Australia and the UAE, and holders of driving work permits are exempt.
- The licence expires with the residence permit, and cannot be renewed while a payment is outstanding.

■ 8.5 Sea transport

Fast ferries. The Government spends over €18 million to keep the existing services running. Fares paid by tourists will go up by **€3 a trip**.

Gozo ferry, non-residents. Expected to raise about €13 million, to offset part of the subsidy.

Non-resident fare	Now	2027	Increase
Adult	€4.65	€11.00	+€6.35
Child	€1.15	€7.00	+€5.85
Car and driver	€15.70	€22.00	+€6.30
Car, driver and adult passenger	€20.35	€33.00	+€12.65
Car, driver, adult and child	€21.50	€40.00	+€18.50

■ 8.6 Leisure boats

Annual registration fees go up for boats of 10 to 24 metres, in bands by length, to recover part of the fuel subsidy some boats receive. Boats over 24 metres cannot take subsidised fuel by law, so are not affected. Professional fishers and boats under 10 metres are exempt. Expected to raise about €3 million.

Additional annual fee	10–12m	12–15m	15–18m	18–21m	21–24m
Commercial yachts	–	€350	€650	€1,800	€2,600
Yachts under 50gt	€300	€350	€650	€1,800	€2,600
Other boats under 50gt	€300	€350	€650	€1,800	€2,600
Other boats 50gt and over	€300	€350	€650	€1,800	€2,600

Length bands: from 10m up to but not including 12m, and so on.

NEXT STEPS

Talk to us

Our tax team can tell you how the Budget 2027 measures affect you or your business.



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Regulatory information

Quazar is registered as a partnership of Certified Public Accountants in terms of the Accountancy Profession Act with the Accountancy Board, authorised to provide accounting and audit services.

Quazar Corporate Limited is authorised by the Malta Financial Services Authority (MFSA) to provide company service provider (CSP) services.

Both entities are regulated by the Financial Intelligence Analysis Unit (FIAU) as subject persons under the Prevention of Money Laundering and Funding of Terrorism Regulations (PMLFTR).

Disclaimer

This document summarises measures as announced in the Budget Speech of 26 October 2026. The measures are subject to the law that follows. It is general information and does not replace advice on your own situation.