

In anticipation of the Budget for 2009 which the Minister of Finance will present later on this year, we analysed the pre-budget document which was published some time ago and list the various fiscal measures contained in the said document. These are as follows:

- Further income tax reductions through the widening of the tax bands for individual taxpayers. The income tax thresholds that are currently set at 15% and 25% respectively will be raised. The maximum marginal tax rate will be reduced from 35% to 25% for those earning up to €60,000.
- A tax break of one year (for each child under the age of 16) will be given to mothers who return to work after five years out of the labour market. Working mothers, who return after less than five years, will get a one year tax break for each child born in 2007 or later.
- Removal of the departure tax amounting to €23.
- Removal of the annual credit card levy amounting to €16.31.
- Removal of the licence fee on television sets amounting to €34.94.
- Removal of the inheritance tax on the ordinary residence even when the residence is inherited by the deceased's children.
- A reform in the current rent regime for pre-1995 properties.
- The introduction of a new Motor Vehicle Registration Tax System. The amount of registration tax to be paid on newly bought motor vehicles will now be based on the value of the motor vehicle, the CO2 emissions of the vehicle's engine and the vehicle's length.
- A change in the system of annual motor vehicle licensing by basing the annual fee on the CO2 emissions of the motor vehicle. The new annual circulation charge will remain constant in the first 5 years of a vehicle's life and, thereafter, the circulation tax will increase gradually for a number of years. Motor vehicles which had been imported into Malta prior to 1st January 2008 will remain subject to the old licensing system and, therefore, their annual licence fee will be fixed for a number of years. Motor vehicles registered after the 1st January 2008 will have the option to migrate to the new system. Any refund due on the extra registration tax that was paid will be credited against the annual circulation fees due.
- The support at EU level, of the initiative to allow countries to apply a reduced rate of VAT on renewable energy products.
- Fiscal incentives for private IT training providers who will invest in the establishment and further development of their operations in Malta.
- Fiscal incentives for private investment in educational services in Malta such as tax benefits on donations for research.
- The granting of fiscal incentives (incentives not yet defined) to ICT and manufacturing enterprises.
- The granting of full pension rights to all widows with dependent children up to the age of 21 years irrespective of the amount they earn from their employment.

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