



## Budget 2010 Highlights

Cost of Living increase  
€5.82 per week

SME's and self employed  
entitled to micro credit  
facilities as well as tax  
credits on investments

Boat Licensing and  
registration tax to be  
reduced

Duty on cigarettes to rise  
by €0.15

Electricity tariffs to  
increase as of 1<sup>st</sup> January  
2010 (households to be  
subsidized)

Credit card levy to be  
removed

Reforms in registration tax  
for commercial vehicles

Choice of taxation for  
property development  
increased from 5 to 7  
years for the years 2010  
and 2011

No VAT or Income tax  
refunds will be given  
unless returns are up to  
date

### INTRODUCTION

The Budget for calendar year 2010 aims to continue investing in health and social security, education and training, the infrastructure, environment, roads, and our heritage. Moreover, the budget provides incentives for productive investment to create work and increase competition.

### COST OF LIVING ADJUSTMENT

The cost of living adjustment for 2010 amounts to €5.82 per week raising the minimum wage to €152.30 per week. Once again pensioners will be receiving this full increase.

### FISCAL MEASURES

#### Removal of levy on credit cards

The levy which is being charged on credit cards of €16.31 is being removed as from 1 January 2010.

#### Revision of registration tax on boats

Fees for the registration and licensing of power boats are being revised downwards. The new registration fees and annual licensing fees vary according to the horse power of the boat.

#### Increase in duty on cigarettes

The duty on cigarettes has been increased by €0.15, duty on other tobacco products shall also increase in line with this increase.

### Commercial vehicles registration tax

The registration tax of commercial vehicles is being reformed to bring it in line with last year's reform of registration tax of non-commercial vehicles.

Once again the polluter pays principle is being adopted whereby Euro 4 and Euro 5 vehicles will be exempt from registration tax and have lower license fees.

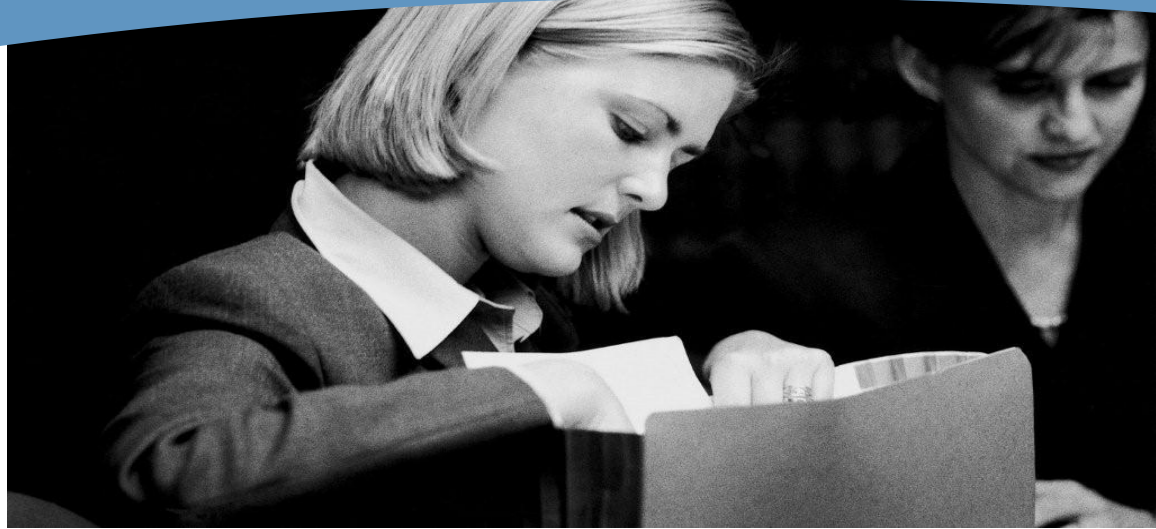
On the other hand, for Euro 3 and lower-standard vehicles, registration tax will be levied according to weight not to value with license fees increasing accordingly.

Commercial vehicles already registered will have four years before the new license rates become effective.

### Fiscal reforms

To intensify its fight against tax evasion Government is planning to consolidate the VAT, Customs and Excise and Income tax department into one unit. This will also allow for offsetting of balances in the financial system in the near future.

To instill discipline in compliance as from 1<sup>st</sup> June 2010, no VAT or income tax refunds would be given if returns under both systems are not up to date.



## INVESTMENT INCENTIVES

### SMEs and self-employed persons

Small industries and the self-employed will be entitled to micro credit limited to €25,000, having advantageous interest rates and less collateral than would be required from banks.

Furthermore tax credits (40% for Maltese and 60% for Gozitans) are available for those self-employed persons and enterprises who employ up to a maximum of 10 persons, and to sole traders, who make an investment in the coming two years, either by:

- upgrading their shop or facility; or
- investing in machinery, technology, apparatus or instruments which enhance their operations, including systems which help them save energy or to produce alternative energy; or
- investing to comply with health, safety, environment and physical access regulations; or
- create new jobs or recruit apprentices.

### Trades & Crafts Enterprises

A €200,000 fund is to be set up to help the Trades and Crafts Enterprises.

## Innovation

The budget provides for investment to the tune of €1.7 million for innovation, these include:

- doubling the allocation to the Research and Innovation Fund;
- devising a National Strategy for the development of the Digital Gaming Industry;
- encouraging research at the University and to help in its use for commercial and industrial purposes;
- incentivizing private research by giving a 15.2% refund on expenses as well as tax exemptions from royalties and similar revenues.

## Industrial parks

More than €16 million will be invested in five existing industrial areas and another two micro-enterprise parks will be set via Public Private Partnership.

## Reserve fund for assisted enterprises

A €2.5 million reserve fund for assisting enterprises which encounter temporary difficulties has been set up.

## Agriculture and fishing

Financial allocation is being increased by €2.6 million. Farmers will also benefit from another aid programme.

Food processing and storage continues to be a focal point for the government. Further financial assistance is being granted to enhance the infrastructure at *Tal-Pitkalija* and to improve conditions of work.

Financial assistance is also being provided such as a marketing aid.

Local fishing fleets will be benefiting from aid in order to modernise their fleet.

A new fish market in Marsa is also being invested in by the Government.

## CREATIVITY MEASURES

In order to promote creativity the following sectors will be given fiscal benefits:-

- literary works by Maltese authors,
- interactive digital media products,
- sound recording houses
- computer animation and special effects, films and television programmes,
- production services

Fiscal incentives are also being granted to individuals who are continuing their tertiary education in recognized education institutes both locally and abroad. These incentives will not be granted if any other form of assistance is being obtained.

To further foster the creative economy the Malta Film Commission will be setting up training courses.

Tariffs for holding a license for satellite communications for industrial purposes, is also being reduced to help this

## SOCIETY

### Foster families

Foster carers will see their weekly allowance increase from €40 to €70 and the age of assistance will be increased up to 21 years dependants who are still studying or following an ETC approved training programme.

### Single mothers

Additional assistance will be granted to keep single mothers active in training and work and hence be able to integrate better in the labour market.

### Child alimonies

Tax deductions will be extended to those alimonies established by a foreign court and approved by the CIR.

### Child care facilities

The current tax benefit is being extended to include children over 3 years of age as well the cost incurred to send children to such centers during the summer months.

Employers incurring expenses to provide child care services will also be given incentives.

## ENVIRONMENT

Photovoltaic Systems will be available to everyone, eligible applicants will receive 50% of the capital expenditure up to a maximum of €3,000.

The solar water heater scheme would be limited to families entitled to the energy benefit, those receiving supplementary assistance, families entitled to fixed children's allowances, Gozo residents, low income families and first time buyers of property not exceeding the value of €120,000

The grant would be up to 40% of the expenditure up to a maximum of €560.

## EXPROPRIATIONS

A sum of €10 million is being allocated to accelerate payments for expropriations which took place before 1994, as well as to resolve old cases of possession and use.

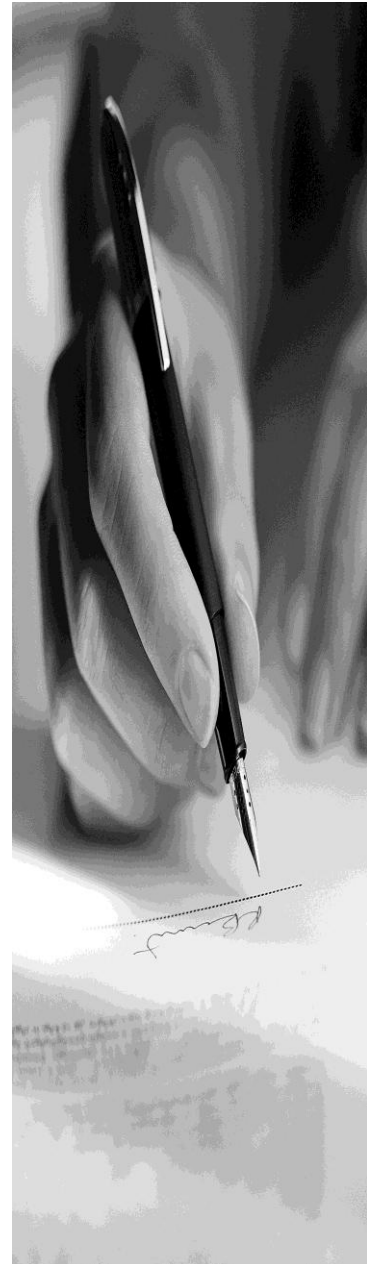
## TARIFFS

Enemalta has made submissions with the MRA for increase in tariffs which will be effective from 1<sup>st</sup> January 2010. The increase is expected to be in line with the increase in fuel prices recently experienced.

A scheme has been announced that should ease this impact. The scheme applies to families that do not consume more than 10,000 units (97% of households) of electricity. This assistance will be of €30 per household and €25 for each person residing in the household.

## FIGHTING ABUSE ON CONTRABAND

The government is introducing DNA marking for all fuels as part of efforts to fight contraband of diesel and the evasion of levy on it. Moreover, stricter penalties for those who are caught using or trafficking fuel illegally are being introduced.



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