



DFK MALTA

Audit ▪ Tax ▪ Advisory

ECONOMIC REGENERATION PLAN

Summary – 8 June 2020

INTRODUCTION

On 8 June 2020, the Prime Minister, the Minister for Finance and Financial Services and the Minister for the Economy, Investment and Small Businesses announced a €900 million package of measures intended to regenerate the economy following the COVID-19 pandemic.

This plan will be implementing measures based on the following three pillars:

- to reduce operational costs of businesses;
- to incentivise domestic consumption; and
- to support investment.

BUSINESS MEASURES

- COVID-19 Wage Supplements
- Reduction of operational costs of businesses
- Investment Support

COVID-19 WAGE SUPPLEMENTS

- The current wage supplement of €800 per month in the case of full timers and €500 per month in the case of part timers, will continue to be paid until the end of September – for businesses engaged in tourist accommodation, language schools, mass event organizers, travel agencies and airlines;
- Those in other sectors not mentioned above that were receiving wage supplements under Annex A will have gradual reductions of €600 for full-timers and €375 for part-timers from 1 July until the end of September;
- Personal and professional service providers (dependent on local demand) previously included under Annex A will as from 1 July be considered as Annex B businesses;
- Annex B businesses will continue receiving the same amount of wage supplement until the end of September;
- Pensioners and full-time students with other employment income, who were previously not eligible for the wage supplement, will now be entitled to receive a wage supplement until the end of September.

BUSINESS MEASURES

- Businesses within both Annex A and B will be granted the following subsidies:
 - **Rent Subsidy** – Cash sum of up to €2,500 to cover rental costs; and
 - **Electricity Subsidy** – Consumption costs for July, August and September will be subsidised for the equivalent of 50%, capped at €1,500.
- The **tax payment deferral scheme** will be extended until the end of August, with the deferred payments then being required to be settled by end of May 2021. However, as from 1 July, no deferral will be allowed for the settlement of employees' Final Settlement System tax and Social Security Contributions (including Maternity Fund Contributions) withheld from wages.
- 30% of the **MicroInvest tax credits** available to businesses will be converted to cash grants, capped at €2,000, This will increase to €2,500 for Gozo undertakings and female-owned undertakings.
- Refund of **commercial licences** already paid during 2020 to the Commerce Department and the Malta Tourism Authority.

BUSINESS MEASURES

- Grants of up to €5,000 to subsidise consultancy fees incurred to assist with **business reengineering**.
- A new **Skills Development Scheme** will be launched for businesses employing less than 50 employees.
- A refund of 33% of **port charges** for vessels which import goods and 10% in **container discharge fees** incurred on the import and export of goods (both exclude transshipment costs).
- Grants of up to €10,000 to companies undertaking **digital campaigns in new foreign markets**.
- A maximum of 80% reimbursement of costs incurred for the participation in **international fairs** that have been cancelled due to the pandemic.
- Companies which seek to export their products to new markets will benefit from an **export credit guarantee scheme**.
- A grant of up to €200,000 to businesses in the **construction industry** for the purposes of modernising their machinery to be more efficient and environmentally friendly.

DOMESTIC & OTHER MEASURES

- Property tax and stamp duty
- First-time buyers
- Incentives for domestic consumption
- Weddings and in-work benefits
- Fuel prices
- Assistance to NGOs and homes for the elderly

DOMESTIC MEASURES

- The **tax rate on sale of property** will be reduced from 8% to 5% and **stamp duty rate on acquisition of property** will be reduced from 5% to 1.5%. In both cases, such reduction applies on the first €400,000 of the value of the property. This reduction applies where the final deed of sale is published by the end of March 2021 and will also apply to property transfers where a promise of sale agreement has already been concluded.
- Furthermore, the **first-time buyers scheme** will be amended so that those who were deprived of the scheme because of having other minor property registered in their name, will now also be treated as first-time buyers and be able to benefit from the first-time buyers scheme.
- Maltese and Gozitan resident persons over 16 years of age will be granted **vouchers** valid until September for a total of €100, to be split as follows:
 - €80 of such vouchers can be used on services provided by MTA licensed businesses (such as hotels, restaurants and bars); and
 - €20 of such vouchers can be used in shops which were closed by order of the Superintendent of Public Health during the COVID-19 period, such as retail shops.

OTHER MEASURES

- Couples who had to postpone their **wedding** due to the disruptions caused by COVID-19 will get reimbursed for their forfeited deposits up to a maximum of €2,000.
- The maximum **in-work benefit** will be increased to €1,400 per child (where both parents work) or €630 per child (where only one parent works or for single parents).
- A **one time supplementary in-work benefit** amounting to €250 will also be given to each family that is already currently receiving the in-work benefit.
- **Fuel prices** to be reduced by 7c per litre to €1.34 per litre of petrol and €1.21 per litre of diesel.
- €3 million allocated to **NGOs** to mitigate the impact that the pandemic had on their income.
- €2 million will be allocated to **homes of the elderly**, to cover for additional costs incurred during the pandemic.

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This publication summarises the measures announced during the Economic Regeneration Plan Speech on 8 June 2020. As such, many of these measures are still to be clarified by the publication of the relevant legislation and/or guidelines.

Readers should seek professional advice by contacting directly any one of the professional advisors indicated above before acting upon any of these measures for any business transaction or for any action that may be affected by such measures announced in the Speech.

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