



THE MALTA CHAMBER

# PRESS RELEASE

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## **A budget which acknowledges present realities**

*Incentivises employment and investment in environmental sustainability*

The Malta Chamber of Commerce, Enterprise and Industry welcomes this year's budget. The Chamber recognizes the challenging fiscal position in which the Minister of Finance formulated the Budget.

The Chamber notes that in the prevailing economic climate in which operational costs are increasing at a fast pace for all business operators, the Government took the decision not to place any further fiscal burdens or costs on the private sector. This includes the introduction of a new mechanism which is completely independent from the existing Cost of Living Adjustment (COLA) framework to assist vulnerable families, whose cost will be borne by Government rather than being passed onto the private sector. This is a positive step in order not to allow an inflationary spiral across the board.

We must also note that the myriad of social measures aimed at pensioners and other vulnerable groups are positive as it is felt that these cohorts retain their purchasing power in an inflationary economy.

The Malta Chamber takes note that several of its key proposals have been taken up by Government. These particularly included measures which pave the way in terms of economic recovery.

These include amongst others:

- Schemes to incentivise productive work and shift works as well as reduced tax rates for part-time and overtime work;
- Zero tax on pensionable Income for those in employment beyond retirement age;
- Zero tax on the Re-Investment of profits for business operators;
- The strong emphasis on green investments in terms of mobility and construction as well as in favour of heritage buildings and UCA properties;
- Better planning through the introduction of an aesthetics policy and comprehensive development;
- Assistance for companies to offer training to their employees;
- More funding support to help commercialise technological products;
- Incentives for businesses investing in innovation.

Nonetheless, the Malta Chamber feels that this year's budget did not effectively address measures aimed at the recovery of the worst hit sectors such as tourism related segments. It also notes the rather vague references to digitalisation incentives for the private sector.

The Chamber strongly believes that the Government's short to medium terms objectives of achieving a deficit rate of 5.6% looks overly optimistic.

The Malta Chamber notes that the Government is forecasting the highest increase in revenue to originate from VAT receipts with estimates higher than the 2019 VAT income. This assumes continued growth in consumption and rigorous enforcement of VAT dues as well as the collection of deferred VAT payments. The Malta Chamber fully supports the Government's renewed commitment towards fiscal morality.

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