

2024 Pre-Budget Document Proposals by
The Malta Chamber of Commerce, Enterprise and Industry on:

COLA & TAX

COLA & REVISION OF TAX BANDS

1. Correct the **anomaly in tax progression that was introduced when tax bands were tapered with the introduction of the second 25% tax band** with a lower subtracted amount in the tax calculation which has the effect of a very high marginal tax rate on pay rises that shift employees from the first to the second 25% tax bracket.
2. Revise **tax bands to compensate for the additional tax** that will be paid on the COLA increases of 2023 and 2024.
3. **Incorporate any planned tax refunds by cheque into the revised tax bands** to eliminate the administrative burden of the issue of these cheques and to improve the monthly take-home-pay of people in employment.

CORPORATE TAX

1. Provide **direction** based on technical discussions concerning the **Corporate Tax Reform Pillar II**, guiding impacted FDIs to adapt for the anticipated change.
2. Devise a **smarter tax collection system to increase compliance and true and fair reporting** of earnings, as this would spread the tax burden more evenly across all businesses. A higher level of compliance will enable us to push for a more reasonable tax rate by European standards.
3. Introduce a new system which **offsets different taxes against each other** as The Malta Chamber has been proposing for several years, such that when businesses are owed a refund of any form of tax, it is immediately offset against other tax dues. This would help improve cashflow for businesses that pay their taxes promptly.

