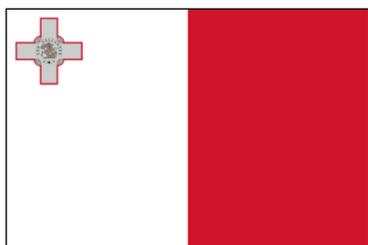


THE OECD TAX-BENEFIT MODEL FOR MALTA

Description of policy rules for 2020



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Preface

This report provides a detailed description of the tax and benefit rules in Malta as they apply to individuals of working age and their dependent children. It also includes outputs from the [OECD Tax-Benefit model \(TaxBEN\)](#), which puts all these complex rules into a unified methodological framework that enables international comparisons of how tax liabilities and benefit entitlements affect the disposable income of families in different labour-market circumstances.

TaxBEN calculates tax liabilities and benefit entitlements for a broad set of *stylised* families (“vignettes”), e.g. a married couple of 40 years old adults with two children aged 4 and 6. Users can access the model through a user-friendly [web interface](#) that allows changing many of these family and individual characteristics. Available options include the age and number of children, the economic activity of adult members, working hours, wage rates, unemployment durations, and years of social security contributions. The OECD has updated the model annually since 2001 for most OECD and EU countries.

TaxBEN’s policy scope includes the main taxes on employment income (earnings), social contributions paid by individuals and by employers, as well as the main cash and near-cash benefit programmes, including unemployment benefits, family benefits, guaranteed minimum-income benefits, cash housing benefits, and employment-conditional benefits. Disability benefits as well as maternity and parental leaves benefits are included for a sub-set of countries and years. The most important policy areas that are outside the scope of the model include taxes on wealth (e.g. taxes on immovable and unmovable properties, including local taxes), indirect taxes (e.g. VAT), early-retirement benefits, sickness benefits and in-kind transfers (e.g. free school meals, subsidised transport and free health care).

This report describes the policy rules that are relevant for family, individual and labour market circumstances that are within the scope of the TaxBEN model. The **Annex** provides information on other cash benefits and taxes on employment incomes that can be relevant for some members of the working-age population but are not included in the model.

Reading notes and further details on the scope and content of this report

- The **reference date** for policy rules described in this report is **January 1, 2020**.
- **Guidelines for completing and updating this report** are provided [here](#).
- Further information on the model, model results, and references to reports and analytical uses is available on the [project website](#). A [methodology](#) document provides a full description of the assumptions underlying the model as well as the model choices that users can make. The symbol  in the text provides a link to a glossary of technical terms.
- Section titles provide the names of taxes and benefits as they are known in the country: first, direct translation into English, then (in brackets) the name in the national language.
- In order to facilitate transparency between the policy descriptions and the associated code in the model, the variable names are indicated in the text in square brackets using the following format: **[variable name]**, for instance: **[AW]** for the average wage.
- Text coloured in blue describes COVID-19 related measures that Malta implemented after the reference policy date (1st of January 2020). These policies are *not* part of the TaxBEN model for 2020.

The OECD tax-benefit model for Malta: Policy rules in 2020

1. Reference wages

Average wage [**AW**]: The average full-time gross wages used in the OECD tax-benefit model are available [here](#).¹ According to the National Statistics Office of Malta, the preliminary average wage for 2020 is EUR 25,902

Minimum wage [**MIN**] in 2020 is EUR 179.33 per week. The annual minimum wage is computed by multiplying the minimum weekly wage (as of January 1, 2020) by 52, i.e. EUR 179.33*52 = EUR 9325.16.

2. Unemployment benefits

2.1. Unemployment insurance benefit (*Beneficċju tal-qaghad*) and Special unemployment benefit (*Beneficċju speċjali tal-qaghad*)

Variable names: [**UI_p**; **UI_s**]

In Malta there are two unemployment benefit programmes:

Unemployment insurance Benefit (UB) is a contributory, not means-tested and taxable benefit.

The **Special Unemployment Benefit (SUB)** is composed of the unemployment benefit (UB) topped up by an additional amount (see Section 2.1.2). In order to be eligible for the SUB, jobseekers need to satisfy the contribution conditions for the UB as well as the income and asset tests related to the Unemployment / Social Assistance (SA) benefit (Section 3.1).

2.1.1. Eligibility conditions

Age: over 16 but below 63 years old.

Contribution/employment history: at least 50 weekly Class 1 and/or Class 2 social security contributions, of which 20 should have been contributed in the last two consecutive complete contribution years before the request for the UB/SUB.

Behavioural requirements and related eligibility conditions:  The claimant must be:

1. not working;
2. involuntarily unemployed;
3. registered for work with the ETC – this implies regular registration at the district office;
4. attending interviews for potential jobs indicated by ETC and not declining any offer for employment;
5. attending any training which the ETC deems suitable for increasing the unemployed person chances of finding a job;

¹ For OECD member countries, the Average Wage values (AW) are calculated using the methodology described in the annex of the latest [Taxing Wages publication](#). Non-OECD countries follow a similar methodology. For Malta, the average wage ('average basic salary') for FT employees is derived from the latest annual Labour Force Survey (2018). This average is then topped up by a factor for overtime earnings and regular and irregular bonuses and allowances. The factors for these additional wage costs are derived from the latest Labour Cost Survey (2016).

6. participating in the Youth Guarantee Scheme under the supervision of the Ministry of Education and Employment if under the age of 23.

TaxBEN assumes that the compulsory conditions described above are satisfied when calculating unemployment benefits.²

2.1.2. *Benefit amount*

The allowance depends on the composition of the household.

Persons receiving **UB** are entitled up to EUR 8.41 per day if single head of household³ (max 227.07 Euros per month), and up to EUR 12.86 per day (max EUR 347.22 per month) if they are lone parents or married head of household with a spouse who is in part-time employment. If the spouse is in full-time employment, the claimant can be entitled up to EUR 8.41 per day.

TaxBEN note: a “part-time” employee in the OECD tax-benefit model is a person who earn less than the minimum wage and/or work less than 40 hours per week throughout the reference policy year.⁴

Jobseekers receiving the **SUB** are entitled up to EUR 14.25 per day (EUR 384.75 per month) if they are single household heads, and up to EUR 21.60 per day (EUR 583.20 per month) if they are lone parents or married household heads with a spouse who is in part-time employment. If the spouse is in full-time employment, the claimant can be entitled up to EUR 14.25 per day.

Payment is based on each day of unemployment, excluding Sundays.

2.1.3. *Benefit duration*

The maximum unemployment benefit payment period is 156 days. On exhaustion of special unemployment benefit, the jobseeker becomes normally entitled to unemployment / social assistance (Sections 2.2 and 3.1) on re-assessment.

2.1.4. *Means test*

UB is not means tested.

SUB is means tested and the means test is the same as the Unemployment/Social Assistance benefit (Section 3.1). If the means test is satisfied and the spouse is in employment, the amount of the SUB decreases proportionally with the spouse’s earnings. The relevant spouse’s earnings considered when calculating the SUB amount is the gross labour income minus the related employee social security contributions. If the means test for the SUB is not satisfied, beneficiary are entitled to the Unemployment Benefit.

2.1.5. *Tax treatment*

The benefit is taxable.

² Details on behavioural requirements and sanction provisions for unemployment benefits are reported in regularly updated companion OECD reports.

³ A household is defined as one or two, or more persons who live together as a family.

⁴ According to the Department for Industry & Employment Relations, an employee works part time if his/her weekly working hours are less than the ‘normal’ hours of work of a comparable full time employee. The ‘normal’ hours of work are defined as 40 hours per week (see [here](#)). In certain sectors, e.g. manufacturing and tourism, normal working hours can rise up to a maximum of 48 hours. In certain circumstances, a person can be employed full-time with a reduced-hour contract.

2.1.6. Interactions with other components of the tax-benefit system

One cannot receive the parental benefit and unemployment benefit at the same time. Payment of the parental benefit is suspended for the duration of the unemployment benefit. Payment of the unemployment benefit is suspended for the duration of the sickness benefit.

2.1.7. Combining benefit receipt and employment/starting a new job

The payment of unemployment benefit is fully withdrawn if the jobseeker takes up employment. However, SUB recipients who move into employment with earnings equal to at least the national minimum wage are eligible to apply for the Tapering of Benefits scheme, were they continue to receive 65% of the SUB amount (Section 3.1.2) during the first year of employment. Such rate decreases to 45% during the second year of employment, and to 25% during the third year. After three years of employment, the benefit is no longer paid.

2.2. Unemployment Assistance

Malta provides a non-contributory, means-tested and non-taxable benefit that jobseekers can claim once unemployment benefits (Section 2.1) have expired. Eligibility rules for this benefit do not include conditions on the previous employment history or contribution record. In addition, the activation requirements that exist for this benefit hold only for those who are capable of work. Considering these characteristics, the methodology of the OECD tax-benefit model classifies this benefit as Social Assistance (Section 3.1) rather than Unemployment Assistance.⁵

3. Social assistance and housing benefits

3.1. Social assistance (*Ghajnuna Socjali*)

Variable name: **[SA]**

This is a non-contributory benefit, means-tested and non-taxable.

3.1.1. Eligibility conditions

Only persons without work can claim this benefit. Claimants who are capable of work have to register under Part I of the Unemployment Register and engage in active job search.⁶ Those who are unable to work due to, e.g. *i*) health reasons, *ii*) care and custody of children for widows or legally separated spouses, *iii*) care of a critically ill spouse, can claim this benefit without registering under Part 1 of the Unemployment Register or engaging in active job search.

Other eligible persons are those with not enough social security contributions to qualify for UB / SUB (including the case of no previous contributions at all), as well as self-employed persons who became unemployed.

Eligibility depends on whether the claimant satisfies a means test (Section 3.1.4).

If the claimant is without work and lives with an employed spouse who earns the full-time minimum wage or more, entitlements are calculated only for the claimant (without

⁵ The Malta's [ESSPROS](#) Statistics classify this benefit as Unemployment Assistance under the Unemployment function.

⁶ For those under the age of 23, eligibility is satisfied also by participating in the Youth Guarantee Scheme under the supervision of the Ministry of Education and Employment.

considering the employed spouse). However, if the spouse of the claimant has earnings below the full-time minimum wage, entitlements are calculated for both the claimant and the spouse.

Lone parents can work without losing eligibility to social assistance as long as the sum of their gross earnings (before social security contributions) and the relevant maximum social assistance amount (Section 3.1.2) does not exceed the gross national minimum wage (Section 1: EUR 179.33 per week).

Box 1. Example of calculations of benefit entitlements for lone parents working part time

Let us consider a jobless lone parent with one child who receives EUR 116.41 per week of social assistance (see section 3.1.2 for the maximum social assistance amounts).

If the lone parent works part time with gross earnings equal to, e.g., EUR 37.04 per week, the sum of gross earnings and the maximum social assistance amount, i.e. $EUR\ 37.04 + 116.41 = EUR\ 153.45$ per week, is below the gross minimum wage, which means that the lone parent keeps the eligibility for social assistance. As social assistance amounts depend on the household income (Section 3.1.4), the claimant will receive a social assistance amount of EUR 83.07 per week, i.e. the maximum social assistance amount for two persons (EUR 116.41 per week) minus the difference between his/her gross earnings (EUR 37.04 per week) and the related social security contributions (EUR 3.704 per week).

More generally, a lone parent with one child can earn up to EUR 62.92 per week (i.e. the difference between the gross national minimum wage and the social assistance amount for two persons) without losing the eligibility for social assistance. Similarly, a lone parent with two children can earn up to EUR 54.77 per week (i.e. EUR 179.33 minus EUR 124.56) without losing the eligibility for social assistance.

3.1.2. Benefit amount

Maximum benefit entitlements depend on the number of household members who depend directly on the claimant:

- One person (i.e. claimant only): EUR 108.26 / week (469.18 Euros / month). For each additional dependant – EUR 8.15 / week (EUR 35.32 / month).

For example:

- Two persons (claimant and 1 dependant): EUR 116.41 / week (EUR 504.50 / month).
- Three persons (claimant and 2 dependants): EUR 124.56 / week (EUR 539.82 / month)
- Four persons (claimant and 3 dependants): EUR 132.71 / week (EUR 575.14 / month).
- Five persons (claimant and 4 dependants): EUR 140.86 / week (EUR 610.46 / month).

These are maximum entitlements. Final entitlements will depend on the income test (Section 3.1.4).

Social assistance recipients receive two additional supplements:

1. The “*Additional Bonus*” of EUR 3.12 per week / EUR 13.42 per month. This bonus does not depend on the number of dependants that may be living with the SA recipient.
2. The “*Half yearly bonus*” of EUR 135.10 for two times a year (for a total of EUR 22.52 per month). This bonus does not depend on the number of dependants that may be living with the SA recipient.

Note: the bonuses above are taxed; they are included in the tax base of the recipient.

3.1.3. Benefit duration

No limitation.

3.1.4. Means test

Social assistance is income and asset tested.

Asset test. In case of a single person, capital should not exceed EUR 14 000 per year. In case of a household of two or more adult persons, the capital should not exceed EUR 23 300 per year. TaxBEN assumes that all conditions related to assets are satisfied.

Income test. The income test **includes** any earned incomes as well as maintenance, interests and income from rent payments. The relevant earned incomes for the income test are the gross earnings received by both parents *after* the deduction of the employee social security contributions. The income test includes also:

- The amount of unemployment benefit of the spouse, if the spouse of the claimant is also without work and eligible for unemployment benefit (Section 2.1),
- The amount of the In-Work benefit (Section 6).

The following incomes are *not* included in the means test:

- Supplementary Allowance (Section 3.2)
- Housing Benefit (Section 3.3)⁷
- Children's Allowance (Section 4.1)
- Foster Care Allowance (Annex), Disabled Child Allowance (Annex) and Maternity Benefit (Annex).

If the sum of the household incomes exceeds the maximum benefit amounts defined in Section 3.1.2 (without the two additional supplements described in Section 3.1.2), no benefit is paid. If the sum of the household incomes is below the amounts defined in Section 3.1.2, the difference in the two amounts is paid.

3.1.5. Tax treatment

The benefit is not taxable.

3.1.6. Interaction with other components of the tax-benefit system

It is possible to receive the social assistance together with other social benefits. Jobseekers receiving UB or SUB can apply for SA after exhaustion of their UB/SUB entitlements.

3.1.7. Combining benefit receipt and employment/starting a new job

In general, social assistance benefit recipients cannot engage in work activities (except lone parents, see Section 3.1.1).

SA recipients who have been in receipt of SA for more than one year and move into employment with earnings equal to at least the national minimum wage are eligible to apply for the Tapering of Benefits scheme, were they continue to receive 65% of the maximum SA benefit amount (Section 3.1.2) during the first year of employment (excluding the “*Additional Bonus*” and “*Half yearly bonus*” supplements). Such rate decreases to 45% during the second year of employment, and to 25% during the third year. After three years of employment, the benefit is no longer paid.⁸

⁷ The Housing Benefit (Section 3.3) is paid directly by the Housing Authority and cannot be considered as a ‘social benefit’. For this reason, this benefit is not included in the SA income test.

⁸ Low-paid lone parents who are in employment and eligible for social assistance are not entitled to the ‘into-work’ benefit described in the text if they move to a better job and become no longer eligible for social assistance.

TaxBEN note: This ‘into-work’ benefit is classified as ‘social assistance’.

3.2. *Supplementary allowance* (*‘Allowance’ Supplimentari*)

Variable name: [\[sup\]](#)

The Supplementary Allowance (‘SUP’) is a benefit for low-income persons. Claimants have to apply for this benefit every year, except those who receive an old age pension or social assistance (Section 3.1), as they qualify automatically for this benefit. The OECD tax-benefit model classifies this benefit in the macro-category of social assistance [\[SA\]](#).

3.2.1. *Eligibility conditions*

Head of households or single persons are eligible for this benefit. Applicants should be a resident of Malta for at least three months before date of application. The total assessable income shall not exceed:

- EUR 13 798 in the case of a head of household living in couple,
- EUR 9 701 in the case of a head of household living alone.

3.2.2. *Benefit amount*

- For a head of household living alone and unemployed: the benefit is calculated as 1.7% of the difference between EUR 21 166 and the declared income. The maximum benefit for this category is EUR 237.61 per year (EUR 4.57 per week). Those with a reference income lower than EUR 7 190 receive the maximum payment.
- For a head of household living alone and employed: the benefit is calculated as 2.751% of the difference between EUR 21 166 and the declared income. The maximum benefit for this category is EUR 364 per year (EUR 7 per week). Those with a reference income lower than EUR 7 190 receive the maximum payment.
- For a head of household living in couple: the benefit is calculated as 3.5% of the difference between EUR 25 826 and the declared income for those with a reference income up to EUR 11 869. If the reference income is between EUR 11 869 and EUR 13 798, the benefit is calculated as 1% of the difference between EUR 25 826 and the declared income. The maximum benefit is EUR 652.26 / year (EUR 12.54 / week) for those with a reference income up to EUR 11 869, and EUR 139.56 / year (EUR 2.68 / week) for those with a reference income between EUR 11 869 and EUR 13 798. Those with a reference income lower than EUR 7 190 receive the maximum payment.

3.2.3. *Benefit duration*

No limitation.

3.2.4. *Means test*

The assessable income includes:

- Any property/investment incomes;
- Any gross earnings of the head household and of his/her partner (if married or cohabitating), after deducting Part 1 and Part 2 employee social security contributions;
- Any income from social benefits, including unemployment benefit (Section 2.1), social assistance and related bonuses (Section 3.1), and the in-work benefit (Section 6). The only social benefits that are not included in the definition of income are medical assistance and injury grants. As the legislation does not define the housing benefit (Section 3.3) as a ‘social benefit’, this is not part of the assessable income. Similarly, as

persons who receive the Children's Allowance (Section 4.1) do not qualify for the SUP (see section 3.2.6), these benefit is not part of the assessable income.

- 15.7% of the gross earnings (minus social security contributions) of any other household members (unless the person is a pensioner or receive social assistance, in such case only the income of the claimant and of their partner, if any, is considered).

3.2.5. Tax treatment

The benefit is not taxable.

3.2.6. Interaction with other components of the tax-benefit system

Any person in receipt of social assistance (Section 3.1) or any other type of Social Security Pension or Disability Assistance are eligible for the SUP. Persons who receive the Children's Allowance (Section 4.1) or the Disabled Child Allowance do not qualify for the SUP. SUP is compatible with the receipt of unemployment benefits (Section 2.1) as long as the recipient does not claim at the same time the children's allowance (Section 4.1). Persons who are out of work and are not eligible for social/unemployment assistance (Section 3.1) nor unemployment benefits (Section 2.1) or any other type of Social Security Pension or Disability Assistance cannot claim the Supplementary Allowance.

3.3. Housing benefit (*Beneficċju tad-Djar*)

Variable name: **[HB]**

The **housing benefit on privately rented dwellings** is a non-contributory benefit, means-tested and not taxable.

The **rent element** is a non-contributory benefit, not means-tested and not taxable.

3.3.1. Eligibility conditions

The housing benefit on privately rented dwellings is paid to individuals living in rented properties provided by the private sector that are being used as ordinary houses of residences by the applicant and their families.

Covid-19 measure: As a counter measure to the COVID-19 situation, the benefit has been extended to all previously ineligible employed and self-employed persons who are required to pay rental fees and find themselves out of work due to the pandemic.

TaxBEN assumes that the following conditions are satisfied when simulating this benefit:

1. Be a Maltese citizen or an EU citizen. In case of married couples, one member of the couple must be a Maltese or an EU citizen;
2. Applicant and his wife/her husband have lived continually in Malta for at least 18 months preceding the date of application;
3. Must be married, single, widow/er, separated or single parent or a single person between 18-21 years leaving institutional care;
4. The applicant must have entered into an agreement with the landlord;
5. The applicant must be the recognised tenant of the property;

3.3.2. Benefit amount

The amount of the "Rent Element" is 1.16 Euro per week.

The amount of the housing benefit on privately rented dwellings is based on both the annual income of the applicant and the rent paid. The following table shows for each household type the annual income ceilings and the related maximum benefit amounts:

Households	Maximum Annual Income (EUR / year)	Maximum benefit entitlement (EUR / year)
Single person	19 000	3 600
Single parent with 1 child	19 050	4 800
Single parent with 2 or more children	23 400	5 000
Couple without children	19 000	3 600
Couple with 1 child	23 800	4 800
Couple with 2 or more children	32 000	5 000
3 or more adults living together	27 900	5 000

Benefit entitlement cannot be higher than the actual rent paid. For instance, if a single person pays an annual rent of EUR 3 000, the benefit paid cannot be higher than this amount.

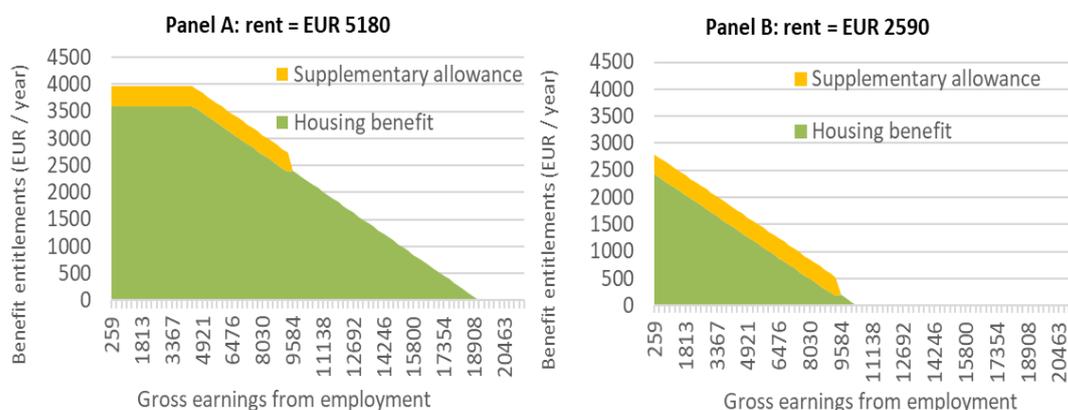
TaxBEN note: final benefit entitlements are calculated by the Housing Authority based on the information provided by the applicants in the application form. The TaxBEN model approximates final benefit entitlements using data provided directly by the Housing Authority and the Government of Malta. For more information about the precise calculations of benefit entitlements for different combinations of rent levels and household incomes, please contact directly the Housing Authority ([here](#)).

For disabled persons living on their own or within a household, the annual income should not exceed EUR 30 000.

Members of a family include the applicant and his/her spouse and his/her children living with the applicant, including fostered children, grandchildren, nephews/nieces, and stepchildren. Children must be under 18 years of age, dependent on the applicant, unmarried, and unemployed. Age is not taken into account for persons with disabilities.⁹

Figure 1. Benefit entitlements across the earnings spectrum

Single person without children



Source: OECD tax-benefit model, 2020.

3.3.3. Benefit duration

No limitation.

⁹ An additional EUR 125 per year is granted to families with a disable member. An additional EUR 125 per year is granted to families having six or more members, and an additional EUR 300 per year is granted to households who have fostered children living with them. Furthermore, single persons who: a) lived in care; or 2) were for a period of time fostered; or 3) left Corradino Correctional Facility; or 4) have successfully completed a rehabilitation/therapeutic programme, are entitled to a higher benefit until the age of 28.

3.3.4. Means test

The income test of the housing benefit includes the gross in-work earnings received during the preceding income year, plus any pensions and/or social benefits except the sole Children's Allowance (Section 4.1). Unemployment insurance and Special unemployment benefits (Section 2.1) as well as Social Assistance and related bonuses (Section 3.1), Supplementary Allowance (Section 3.2) and In-work benefit (Section 6) are all classified as 'social benefits' and are therefore included in the means test. Employee social security contributions are not deducted from the gross in-work earnings when assessing eligibility for the housing benefit.¹⁰ Income received from capital assets, e.g. bank deposits and stocks, during the last calendar year are included in the means test.

In the case of couples, the gross incomes of both partners are included in the calculation.

Adult children (above 18) who live in the same household are not considered for the housing benefit, unless they are disabled. Other persons who are above 17 and are not the claimant or his/her spouse are also not considered in terms of the number of members residing in the household. For separated persons, any alimony paid by the applicant to his/her former spouse is deducted from the person's gross annual income in the calculation for housing benefits.

3.3.5. Tax treatment

This benefit is non-taxable.

3.3.6. Interaction with other components of the tax-benefit system

It is possible to receive the housing benefit together with other benefits.

In order to be eligible for the "rent element" the person must be entitled to a non-contributory benefit, including the social/unemployment assistance (Section 3.1) and old age pensions. Those receiving the unemployment benefits described in Section 2.1 are not entitled to the rent element.

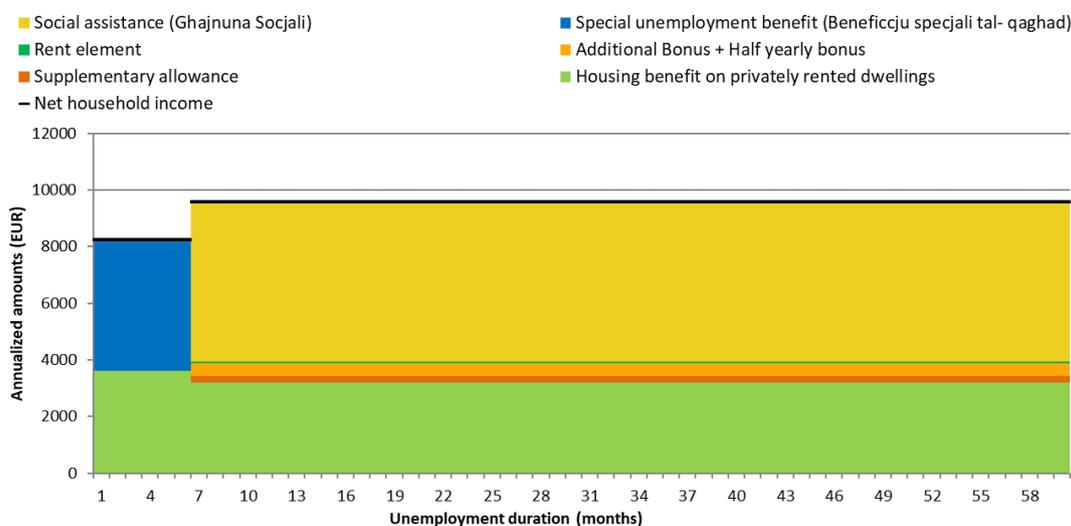
3.3.7. Combining benefit receipt and employment/starting a new job

The rent element is not compatible with work activities whereas the housing benefit is compatible with work activities as long as the claimant meets the relevant income conditions. These benefit programmes do not provide any specific financial work incentives to out of work recipients who take up employment.

¹⁰ More details on the relevant income sources that enter the means test can be found [here](#).

Figure 2. Evolution of income components during the unemployment spell

Single person without children



Note: Results refer to a jobseeker of 40 years old without children. Jobseekers receiving UB or SUB can apply for SA only after exhaustion of their UB/SUB entitlements. Calculations assume a “long” (22 years) employment record before the unemployment spell. Any waiting period is ignored. Benefit entitlements in each month of unemployment are expressed in annualised terms (i.e. each monthly entitlement is multiplied by 12).

Source: OECD tax-benefit model, 2020.

4. Family benefits

4.1. Children’s allowance (*Allowance tat-Tfal*)

Variable name: **[FB]**

This is a non-contributory benefit, means-tested and not taxable.

4.1.1. Eligibility conditions

All households having a child whose age is 16 or less is entitled to this benefit. In order to continue to receive the Children’s Allowance, the beneficiary must submit an annual income declaration.

On a general level, Children’s Allowance is provided to those eligible households whose children are below 16 years old. In addition, households with children between 16 and 21 years and attending full-time education and receiving no remuneration might be eligible for Children’s Allowance. Children within the same age bracket who are registering for work for the first time and are living in households where the total income does not exceed EUR 25227 are also entitled to the Children’s Allowance.

4.1.2. Benefit amount

Eligibility to the Children’s Allowance depends on the household income (Section 4.1.4) and the number of children below 21 years of age who live in that household.

If the total income of parents does not exceed EUR 25227 per year, the annual benefit payable is equivalent to a percentage of EUR 25227 less the total income of parents (net of social security contributions). If the income of parents is below EUR 5 963 per year, this is

considered as EUR 5 963 (so if the income is precisely zero this enters the calculations as EUR 5 963).¹¹ The percentages depend on the number and age of children:

- 6.5% for each child under 16 years of age;
- 2% for a child who is over 16 years but under 21 years and still undergoing full time education or training in an educational institution recognised by the government and who is not receiving any form of remuneration or allowance;
- 2% for a child who is over 16 years but under 21 years and is registered as unemployed, who has never been gainfully occupied and who is not in receipt of any benefit pension or assistance payable under this Act.

The minimum allowance payable is EUR 450 per year per child.

For families with four or more children, the maximum income of the parents taken into account for the computation of the children's allowance is EUR 30 911 per year. In such cases if the parents earn more than EUR 30 911 they will receive EUR 450 per year per child under 16 years of age.

4.1.3. *Benefit duration*

As long as the eligibility conditions hold.

4.1.4. *Means test*

The benefit is means-tested.

The amount of social security contributions paid during the previous year is deducted from the declared income before the children's allowance amount is calculated. Income taxes are *not* deducted. Unemployment insurance (Section 2.1), Social Assistance (Section 3.1), Supplementary allowance (Section 3.2), Housing benefits (Section 3.3) and the In-work benefit (Section 6.1) are all included in the income test.

TaxBEN notes: The income test is carried out on current year's income rather than previous year's income.

4.1.5. *Tax treatment*

The benefit is not taxable.

4.1.6. *Interaction with other components of the tax-benefit system*

The benefit can be received together in any other benefit.

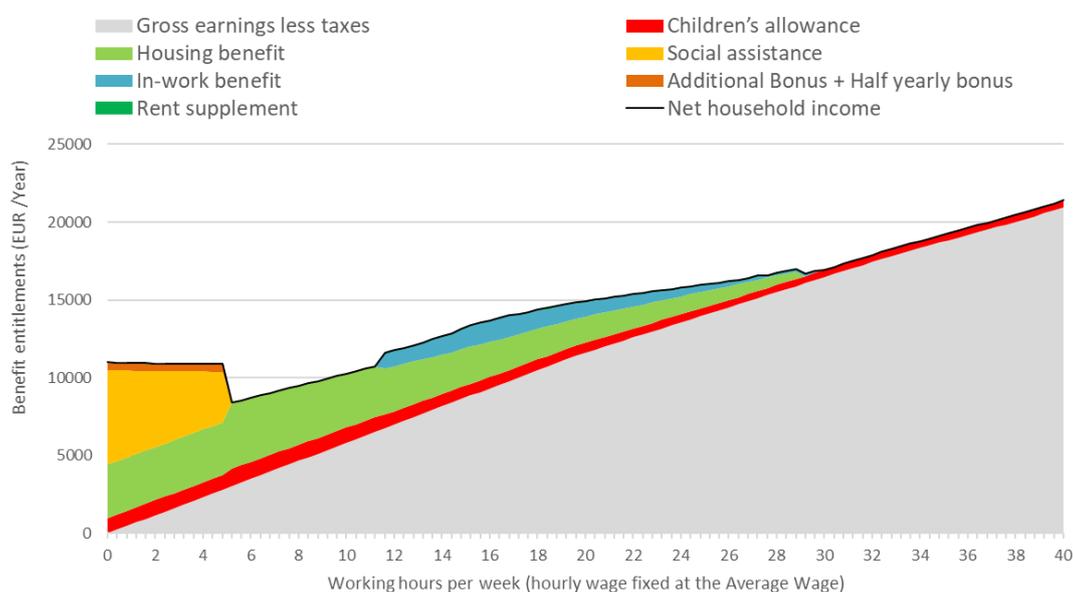
4.1.7. *Combining benefit receipt and employment/starting a new job*

Employment does not affect benefit receipt.

¹¹ Let us consider a lone parent with one dependent children and no incomes. This person will receive the maximum Children's allowance, which is calculated as $(25045-5780)*0.065 = 1,252.23$ EUR per year, or 104.35 EUR per month.

Figure 3. Benefit support for a lone parent with one child of 4 years old

By weekly working hours



Note: Results refer to a lone parent of 40 years old with one child of 4 years old. Calculations assume a fixed hourly wage rate calculated in a way that the full time wage is equal to the average wage in 2020. The calculation of the housing benefit entitlements assume fixed housing costs equal to EUR 5182 across the full range of working hours.

Source: OECD tax-benefit model, 2020.

5. Net costs of Early Childhood Education and Care

Compulsory school in Malta starts at 5 years. The majority of children attend a pre-primary school at the age of 3 to 4 years, although this is not compulsory.

5.1. Gross childcare fee

Variable name: `[cc_cost]`

Public childcare centres in Malta are under the responsibility of the Foundation for Educational Services (FES), which is a public entity within the Ministry for Education and Employment. Fees in public centres depend on family income (Table below).

Income bracket	Combined family income (EUR / year)	Fixed monthly contribution	Payment based on use, by number of days per week (EUR)				
			1 day	2 days	3 days	4 days	5 days
1	0 – 10 000	Nil	nil	nil	nil	nil	Nil
2	10 001 – 12 000	40	2	2	2	2	2
3	12 001 – 14 500	65	3.25	3.25	3.25	3.25	3.25
4	14 501 – 19 500	90	4.5	4.5	4.5	4.5	4.5
5	19 501 – max	150	7.5	7.5	7.5	7.5	7.5

Note: FES centres do not charge parents for any registration fees and they do not provide a regular food service. The term ‘combined family income’ refers to the overall net household income after deducting income tax and social security contributions. Centres operate between 7:30 and 16:00.

As of April 2014, parents who are either in work or in education and have a child between 3 and 36 months of age can benefit from the Free Childcare Scheme (FCS).¹² Parents who enrol

¹² Parents ‘in work’ are those who are either employed or self-employed and pay social security contributions. ‘Parents in education’ are those who are pursuing their education, leading to a recognised qualification. For married or cohabiting couples *both* parents should be in employment or

their child in a childcare centre accredited with the FCS do not pay any fees for the care service. Centres can charge only a ‘reasonable’ one-off registration fee and for regular food service. However, FES centres do not charge any one-off registration fee and do not provide a regular food service: parents provide for the lunch by themselves whereas the centre provides only a portion of cereals (free of charge). FCS stops when the child is eligible for Kindergarten 1, which is provided free of charge by the State.

All public childcare centres administrated by FES are accredited for the FCS.

FCS does not place any limits to the number of applicants. All applicants that are offered a place at any of the childcare centres participating in the FCS will be accepted, as long as they fulfil the Scheme’s eligibility criteria. However, some centres may have a waiting list that depends on the number of children enrolled in the centre and the national standards for Child Day Care Facilities (e.g. the adult-to-child ratios and the space required per child).

Entitlement to the FCS is based on the number of hours worked by one of the parents. For instance, if one of the parent works 20 hours a week, the monthly entitlement to free childcare will be 86.7 hours a month (20 hours * 52 weeks / 12 months). Married or cohabiting couples where both parents work have to declare the hours of the parent that work fewer hours. To account for unforeseen exigencies, the beneficiary is entitled also to an additional 10% of the declared working hours per month, as well as 20 additional hours per month to account for commuting time. In the case of the example above, the total entitlement would be 86.7 hours + 10% of 86.7 + 20 hours = 115 hours of free childcare per month.¹³

The table below show the coverage rate of the Free Childcare Scheme for the school year 2018/2019.

Age of the child on 1st Jan 2018 or on start date in Year 2018	Number of Children using the FCS	Total population by age on 1 st Jan 2018	Coverage rate
0 to 12 months	1343	4456	30.1%
13 to 24 months	2812	4776	58.9%
25 to 36 months	2582	4743	54.4%

Source: The Ministry for Education and Employment (MEDE).

TaxBEN note: The model for Malta assumes that children between 1 and 3 years (included) attend one of the public childcare centres accredited with the Free Childcare Scheme. As a result, parents do not pay any fees for the care service and the enrolment. The cost of the meals is also nil as public childcare centres in Malta do not provide food on a regular basis.

5.1.1. *Gross childcare fees for part-time use*

See section 5.1.

5.2. *Childcare benefits*

Variable name: `[cc_benefit]`

5.2.1. *Fee discounts and free provision*

See section 5.1.

studying in a recognised institution in order to benefit from the FCS. The scheme applies also to parents who are not in employment due to terminal illnesses. More information on the FCS can be found at the link: <https://education.gov.mt/en/resources/News/Documents/FCS-ServiceUsers-TCs-271217.pdf>

¹³ Those who work irregular hours have to provide the childcare centre with the average number of hours you would normally expect to work during the month. Part-time students are eligible for 20 hours a week, while full-time students are eligible for 40 hours a week.

5.2.2. *Child-care benefits for formal centre-based care*

There is no child care benefit whose eligibility is conditional on the use of childcare services in child care centres.

5.2.3. *Child care allowance for children not using child care centres*

There is no child care allowance whose eligibility is conditional on NOT using childcare services, i.e. conditional on providing care at home (e.g. “home-care” allowances).

5.2.4. *Tax concessions for childcare expenditures*

Parents who paid childcare fees for their children below the age of 12, are eligible for a deduction equal to the lower of EUR 2 000 for every child or the amount of fees paid.

TaxBEN note: As employed parents are eligible for the Free Childcare Scheme, this tax concession applies only to children enrolled in private childcare centres that are not registered under the Department for Social Welfare Standards. For this reason, this tax concession is not included in the TaxBEN calculations.

6. Employment-conditional benefits

6.1. *In-Work Benefit (Beneficcju ta' Waqt l-Impjieg)*

Variable name: **[IW_fam]**

This is a non-contributory benefit, means-tested and not taxable.

6.1.1. *Eligibility conditions*

- (1) This benefit is paid to families where both parents are in employment, have children under the age of 23 years living with them and whose combined annual income/net profit from a gainful occupation is between EUR 10 000 and EUR 24 812 . The annual earnings/net profit for one parent working part-time must not be less than EUR 3000. Such families receive a maximum benefit of EUR 1300 per child per year.
- (2) Single parents in employment with children under the age of 23 living with them and whose annual earnings/net profit from a gainful occupation is between EUR 6600 and EUR 17312 are also eligible to receive the In-Work Benefit. These persons receive a maximum In-Work Benefit of EUR 1350 per child per year.
- (3) In 2016 the In-Work benefit became available also to families where only one parent is in employment, have children under the age of 23 years living with them, and whose annual earnings is between EUR 6 600 and EUR 17 312. Such families receive a maximum In-Work Benefit of EUR 550 per child per year.

Covid-19 measure: The following increases of the In-Work Benefit came into effect on 6th June 2020 in response to the COVID-19 outbreak:

- (1) The benefit was extended to include families, where both parents are employed, whose annual income does not exceed EUR 26 000 (lower threshold same as before). Such families are eligible to a maximum rate of EUR 1400 per child per year.
- (2) Single parents whose income ranges between EUR 6600 and EUR 18 200 are eligible to a maximum rate of EUR 1400 per child per year.
- (3) For families with only one parent in employment and whose annual income from gainful employment is between EUR 6600 and EUR 22 000, the maximum rate payable is EUR 630 per child per year.

In addition to the above, a one-time payment of EUR 250 is being paid to recipients of the In-Work Benefit in 2020.

6.1.2. Benefit amount

The benefit amount depends on household composition and income. A detailed table showing the weekly In-Work Benefit entitlement for persons, categorised by their annual income, can be found in Annex 2.

TaxBEN note: when both parents are in employment the amount of in-work benefit received by each parent is equal to the share of their gross earnings relative to the overall amount of gross earnings made by both parents.

6.1.3. Benefit duration

No limitation

6.1.4. Means test

The benefit is means-tested.

The income taken into account to assess eligibility is the gross income from employment of the two spouses less the related employee social security contributions.

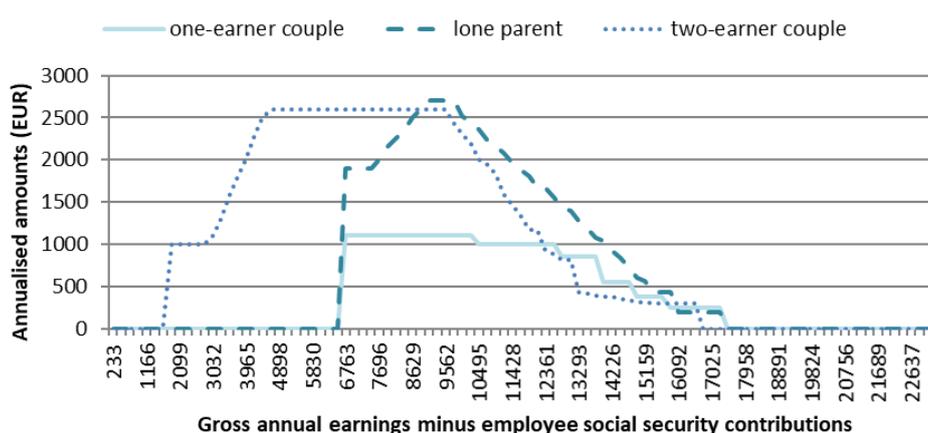
6.1.5. Tax treatment

The benefit is not taxable.

6.1.6. Interaction with other components of the tax-benefit system

None. The benefit does not interact with any other component of the tax and benefit system. Amounts depend only on the gross earnings less the related employee social security contributions.

Figure 4. Amount of the in-work benefit by earnings levels and family type



Note: Benefit entitlements are expressed in annualised terms (i.e. monthly entitlement multiplied by 12). Results for families with two children of 4 and 6 years old. For the two-earner couple, results assume that the second earner works full time with annual gross earnings of EUR 9144.

As the Minimum Wage (MW) in 2020 is EUR 9325.16 and the MW less the related employee social security contributions is EUR 8393, the In-work benefit for a lone parent working full time at the minimum wage is EUR 2350, which is lower than the maximum amount.

Source: OECD tax-benefit model, 2020.

7. Social security contributions and payroll taxes

7.1. Social security contributions

Variable names: [\[SOCSEC_p; SOCSEC_s; SSCR_p; SSCR_s\]](#)

SSC rates are based on the when the person was born and on the weekly gross earnings:¹⁴

Persons born up to 31st December 1961 (i.e. persons who are older than 58 years in 2020):

Weekly Wage		Weekly rate paid			
From (EUR)	To (EUR)	by Employee	by Employer	Total	For maternity
0.10	179.33	17.93* EUR	17.93 EUR	35.86 EUR	0.54 EUR
179.34	365.72	10%	10%	20%	0.3%
365.73	n/a	36.57 EUR	36.57 EUR	73.14 EUR	1.08 EUR

Persons born after 31st December 1961:

Weekly Wage		Weekly rate paid			
From (EUR)	To (EUR)	by Employee	by Employer	Total	For maternity**
0.10	179.33	17.93* EUR	17.93 EUR	35.86 EUR	0.54 EUR
179.34	480.49	10%	10%	20%	0.3%
480.50	n/a	48.05 EUR	48.05 EUR	96.10 EUR	1.44 EUR

* Or 10% of the basic weekly wage if the employee opts for this option.

** Private-sector employers are obliged to pay the Maternity Fund Contribution for every male and female employee (full-time or part-time or casual workers).

TaxBEN note: the model uses the rates that apply to employees born after 31/12/1961.

8. Taxes

Each person is considered individually for tax purposes unless the person is married and living together with his/her partner and opting for a married rate tax computation. Income tax is worked out depending on whether a person would like to have a single rate computation, a married rate computation or a parent rate computation.

8.1. Personal income tax

Variable name: [\[IT_p; IT_s\]](#)

8.1.1. Tax base

All persons having income arising in Malta together with those persons who are ordinarily resident and domiciled in Malta are liable to pay tax as per tax rates indicated below. All types of income are to be included in the tax computation, except unemployment assistance, housing benefit, children's allowance and social assistance for lone parents

8.1.2. Income tax schedule

Each person is considered individually for tax purposes unless the person is married and living together with his/her partner and opting for a married rate tax computation. There are no tax deductions or allowances for partners or spouses. At a national level, unmarried partners cannot avail themselves of the married tax computation rates. In addition, unused portions of tax deductions or allowances are not transferable between partners or spouses.

¹⁴ The following link summarises Malta's social security contributions:
<https://cfr.gov.mt/en/rates/Pages/SSC1/SSC1-2020.aspx>

Single rate computation – these rates apply to all single persons and also to married persons who consider the single rate computations as more advantageous to their situation.

Married rate computation – couples who are married and living together may opt to have their income taxed using the married rates. Single parents may also opt to use these rates. In this regard, unmarried individuals, widowed or separated persons who maintain a child may compute their tax by applying the married tax rates instead of the single rates.

Parent rate computation – these rates may be used by persons who are parents irrespective of whether they are legally married or not. All parents supporting children (up to 18 years) who are not in employment will be eligible for this rate. If children are still in tertiary education, the age limit is extended to 21 years. This rate may only be used when both parents work.

When the person decides which rates to use, one must identify the wage bracket of his/her income, multiply the income by the identified tax rate and subtract the answer by the amount indicated in the ‘Subtract’ column. The final answer is the amount of tax which is due by the person. Below are tables showing rates for the three types of computation:

Single computation tax rates

Chargeable income (€)	Tax rate	Subtract
0 - 9,100	0	0
9,101 - 14,500	0.15	1,365
14,501 - 19,500	0.25	2,815
19,501 - 60,000	0.25	2,725
60,001 & over	0.35	8,725

Married computation tax rates

Chargeable income (€)	Tax rate	Subtract
0 - 12,700	0	0
12,701 - 21,200	0.15	1,905
21,201 - 28,700	0.25	4,025
28,701 - 60,000	0.25	3,905
60,001 & over	0.35	9,905

Parent computation tax rates

Chargeable income (€)	Tax rate	Subtract
0 - 10,500	0	0
10,501 - 15,800	0.15	1,575
15,801 - 21,200	0.25	3,155
21,201 - 60,000	0.25	3,050
60,001 & over	0.35	9,050

9. Selected output from the OECD tax-benefit model (TaxBEN)

This section shows selected output of the TaxBEN model for Malta 2020 (Figure 5). TaxBEN by default produces the following output: 1) net household incomes (**black lines**) and 2) related income components (**coloured stacked areas**) for selected family and individual circumstances (e.g. a lone parent working at different earnings levels with two children aged 4 and 6 respectively – users are free to select many of these circumstances using the [online web calculator](#)). Figure 5 shows outputs for four scenarios:

- By percentage of the average wage (**Panel A**);
- By unemployment duration (in months) for a jobseeker claiming unemployment benefits (**Panel B**);
- By previous gross earnings levels for a jobseeker claiming unemployment benefits (**Panel C**);

- By previous employment record, for a jobseeker claiming unemployment benefits (**Panel D**).

The stacked areas shows the household income components. Note that each component can contain more than one benefit. The table of content of this report describes which benefit is included in each category.

Results in Figure 3 refer to a couple with two children. Adults are both 40 years old whereas children are 4 and 6 years old respectively. Social assistance and housing benefit supplements are assumed to be available in all the four scenarios provided that the necessary income and eligibility requirements are met. Where receipt of social assistance or other benefits is subject to activity tests (such as active job-search or being available for work), these requirements are assumed to be met.

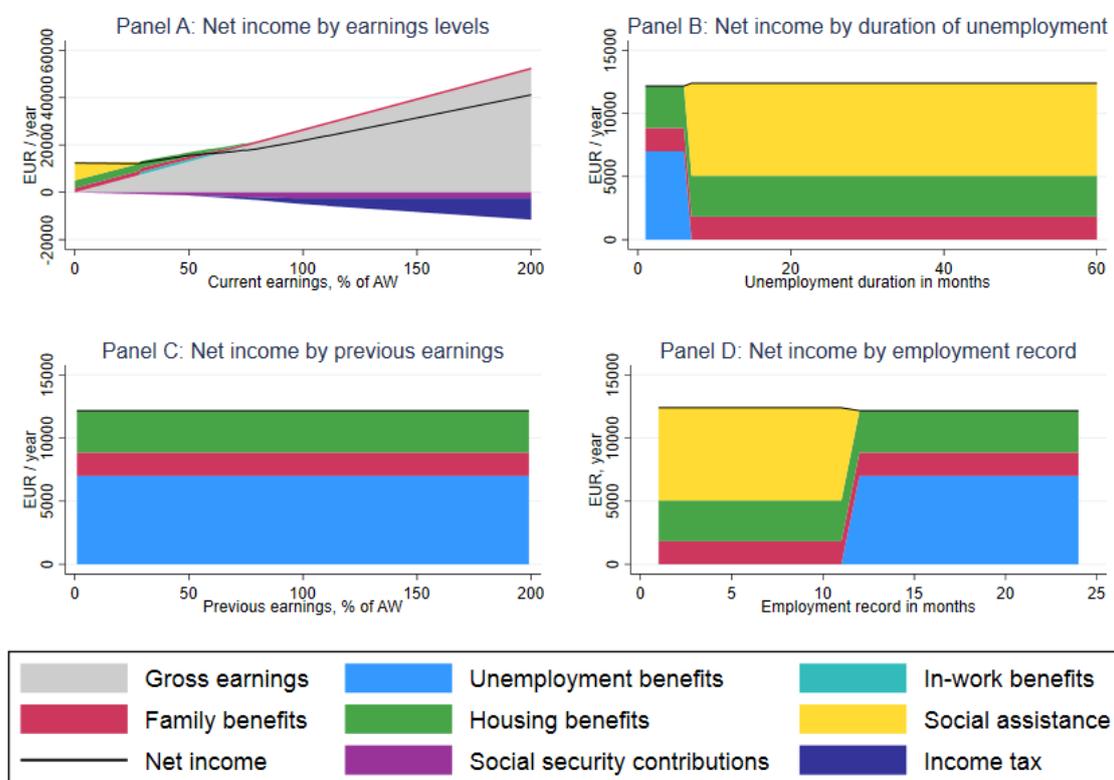
Panel A assumes that one of the two adult members (the ‘second adult’, using the TaxBEN terminology) is out of work and not eligible for unemployment benefits (e.g. because they have expired) whereas the other adult member (so-called ‘first adult’) is employed full-time and full-year at different earnings levels ranging between 0 and 200% of the Average Wage (AW). When earnings of the first adult are precisely 0% of the AW this person is assumed to be out of work without receiving unemployment benefits but claiming social assistance, as applicable.

Panels B to D assume that the second adult is out of work and not eligible to unemployment benefits whereas the first adult is also out of work and claiming unemployment benefits. In Panel B and C the first adult is assumed to have a ‘long’ employment record of 264 consecutive months before the job loss. The x axis in Panel B measures the time of benefit receipt, starting from the first month. The x axis in Panel C shows the amount of previous gross earnings (before any social contribution payments). Results in Panels C and D refer to the 2nd month of unemployment benefit receipt whereas Panel D consider the case of previous earnings equal to the average Wage. Previous earnings in Panel B are also equal to the average wage.

All results assume a private market rent plus other relevant charges amounting to 20% of the full-time average wage in all the four scenarios.

Figure 5. Selected output from the OECD tax-benefit model

Couple with two children.

*Note:*

1. Section 9 provides more information on the simulation settings that apply to the four panels.
2. Benefit entitlements are expressed in annualised terms (i.e. monthly amount multiplied by 12).
3. Panel A shows that there are positive SA entitlements at very low earnings levels. This result depends on the fact that the non-working person of the couple claims the SA benefit. SA is then progressively withdrawn with the increase of the household income driven by the higher earnings of the working partner.
4. TaxBEN uses the following order when calculating benefit entitlements and tax liabilities: a) social security contributions; b) unemployment insurance (Section 2.1); c) In-work benefit (Section 6.1); d) Social Assistance and related bonuses (Section 3.1); e) Supplementary allowance (Section 3.2); f) Housing benefit (Section 3.3); g) Children's Allowance (Section 4); h) Income tax. The ordering may affect the calculation of means tested benefits. For instance, as the calculation of Social Assistance comes before the calculation of the Housing Benefit, the means test of Social Assistance will not consider the amount of Housing Benefit received, whereas the means test of the Housing benefit will include the amount of Social Assistance where applicable.

Source: [OECD tax-benefit model, 2020](#).

Annex 1: Other benefits and direct taxes

This section provides a brief description of other cash benefits and taxes on employment incomes in Malta that are relevant for some members of the population below the statutory retirement age, but which are not included in the OECD tax-benefit model.

A.1.1. Subsidiary Unemployment Assistance

This benefit is paid to registered immigrants who enjoy Subsidiary Protection and who are unemployed. The rate varies according to the composition of the household and is means tested. A single person living on his own receives 108.26 Euros per week (469.18 Euros per month), with an additional 8.15 Euros paid for each additional person if living as a family. In households containing more than one eligible person, those who qualify will be entitled to 75% of the abovementioned amount (i.e. 81.20 Euros per week or 351.89 Euros per month).

A.1.2. Supplementary allowance for older worker

Supplementary allowance is given to single persons who have reached the age of 65, are living on their own, at risk of poverty and whose annual income does not exceed 9,337.00 Euros, excluding Social Security contributions paid. When the income is less than 6,826.00 Euros, the assessment is based on 6.49 Euros per week (28.13 Euros per month). When the income is higher than 6,826.00 Euros, the assessment is based on 1.7 % of the difference between 20,802.00 Euros and total income declared plus 100.00 Euros. The maximum supplementary allowance payment for the latter case is 237.61 Euros yearly.

Married persons who have reached the age of 65, are at risk of poverty and whose annual income does not exceed 11,505.00 Euros, excluding Social Security contributions are also entitled to this allowance. When the income is less than 6,826.00 Euros, the assessment is based on 14.47 Euros per week (62.72 Euros per month). When the income is higher than 6,826.00 Euros, the assessment is based on 3.5% of the difference between 25,228.00 Euros and total income declared plus 100.00 Euros. The maximum supplementary allowance payment for the latter case is 652.26 Euros yearly. This form of supplementary allowance is also payable to single parents with income not exceeding 11,505.00 Euros and who are not eligible to receive Children's Allowance.

Furthermore, married persons who have reached the age of 65, are at risk of poverty and whose annual income is between 11,505.00 Euros and 13,434.00 Euros, excluding Social Security contributions, are eligible to receive an allowance equivalent to 1% of the difference between 25,462.00 Euros and the total income declared plus 100.00 Euros. Such persons are eligible to receive a maximum supplementary allowance of 139.56 Euros. This form of supplementary allowance is also payable to single parents within the same income bracket and who are not eligible to receive Children's Allowance.

A.1.3. Carers Allowance

The Carers Allowance is payable to single, married, in civil union, or cohabiting persons over the age of 18 and under retirement age who are taking care of a relative (spouse or parent; brother or sister; grandparent; uncle; aunt; father or mother-in-law or brother or sister-in-law) on a full-time basis and who is living in the same household. The maximum weekly entitlement is 95.05 Euros.

If the applicant was employed prior to applying for the Carers Allowance he/she will be entitled to credited Social Security Contributions if: (i) not less than 156 contributions have

been paid by the applicant and (ii) the applicant, for each year since the age of 18, has paid or been credited with an average of at least 20 contributions.

A.1.4. Drug Addicts Assistance

Such allowance may be given to any person following a drug or alcohol rehabilitation therapeutic programme. The only exception is when the applicant is sent to the therapeutic community as a result of a court sentence.

In order to qualify for the Drug Addicts Assistance, the applicant must fill the relevant form and return it to the Social Security District Office. Documentary evidence showing that the claimant is following a therapeutic programme for substance abuse must be provided. All incoming claims are verified and income tests are carried out in order to establish whether the applicant is entitled to the benefit or not.

The receipt of the benefit is stopped whenever the person leaves the therapeutic programme before completion.

The rate is that of 40.00 Euros weekly (173.33 Euros per month). No bonuses are paid as part of this benefit.

A.1.5. Increased Carers Allowance

Replacing the Carer's Pension in 2017, the Increased Carers Allowance is payable to single, married, in civil union or cohabiting persons over the age of 18 and under retirement age who are taking care of a relative (spouse/partner or parent; brother; sister; grandparent; uncle; aunt; father or mother-in-law or brother or sister-in-law) on a full-time basis and who is living in the same household. The relative in question needs to first go through an assessment based on the Barthel Index or the Mini-Mental State Examination, unless he/she is over the age of 85 at which point the allowance is paid automatically.

The benefit is non-means tested. If the applicant was employed prior to applying for the Increased Carers Allowance he/she will be entitled to credited Social Security Contributions if: (i) not less than 156 contributions have been paid by the applicant and (ii) the applicant, for each year since the age of 18, has paid or been credited with an average of at least 20 contributions.

The allowance is paid at a maximum rate of 147.57 Euros per week.

Disabled Child Allowance

The Disabled Child Allowance is given to children who are certified to be suffering from a physical and/or mental disability. This benefit is over and above the Children's Allowance which has been referred to in section 4. This allowance is paid for each child with a disability residing within the same household.

The application for such benefit must reach the Department of Social Security within six months from the birth of the child. In addition, a medical report by a doctor certifying the disability of the child must be included in the application. As from 2008, this allowance is no longer means tested and the rate is of 25.00 Euros per week (108.34 Euros per month).

A.1.6. Maternity Benefit

In order to be eligible to such benefit the claimant must be in her eighth month of pregnancy or has given birth to a child in the six month prior to the date of claim. In addition, the

applicant must not be availing herself of maternity leave. The payment is of 97.84 Euros per week, or 179.33 Euros per week for self-occupied persons, for a maximum of 14 weeks.

A.1.7. Maternity Leave Benefit

The Maternity Leave Benefit is payable to employed women who have recently given birth and have availed themselves of their full maternity leave entitlement. This benefit is also available to self-occupied women who have recently given birth and are eligible to receive a Maternity Benefit. The Maternity Leave Benefit is paid for a maximum of four weeks at a rate of 179.33 Euros per week.

A.1.8. Adoption Benefit

The benefit is payable for a maximum of 14 weeks to any person who adopts a child. The applicant must not have already availed themselves of paid adoption leave and is paid at the same rate as the Maternity Benefit (97.84 Euros per week). Self-occupied persons are also eligible to receive the Adoption Benefit, paid at a weekly rate of 179.33 Euros

A.1.9. Adoption Leave Benefit

The Adoption Leave Benefit is payable to persons who have recently adopted a child and have availed themselves of more than 14 weeks of adoption leave. This benefit is also available to self-occupied persons. The Adoption Leave Benefit is paid for a maximum of four weeks at a rate of 179.33 Euros per week.

A.1.10. Foster Care

This benefit is paid for fostered children who are up to 18 years, or 21 years if child is staying in a residential home, and not in gainful employment or in receipt of a stipend. The payment is of 100.00 Euros per week (433.36 Euros per month) for each child.

Annex 2: In-Work Benefit rates

Rates that apply in the OECD TaxBEN calculation for 2020:

SINGLE PERSON		MARRIED BOTH PERSONS IN EMPLOYMENT		MARRIED WITH ONE PERSON IN EMPLOYMENT	
Annual earnings limit intervals	Weekly amount per child	Annual earnings limit intervals	Weekly amount per child	Annual earnings limit intervals	Weekly amount per child
€6600.00 - €7511.99	€18.27	€10000.00 - €11211.99	€9.62	€6600.00 - €10312.99	€10.58
€7512.00 - €7611.99	€18.75	€11212.00 - €11311.99	€10.58	€10313.00 - €12812.99	€9.62
€7612.00 - €7711.99	€19.23	€11312.00 - €11411.99	€11.54	€12813.00 - €13812.99	€8.17
€7712.00 - €7811.99	€19.71	€11412.00 - €11511.99	€12.50	€13813.00 - €14812.99	€5.29
€7812.00 - €7911.99	€20.19	€11512.00 - €11611.99	€13.46	€14813.00 - €15812.99	€3.65
€7912.00 - €8011.99	€20.67	€11612.00 - €11711.99	€14.42	€15813.00 - €17312.00	€2.40
€8012.00 - €8111.99	€21.15	€11712.00 - €11811.99	€15.38		
€8112.00 - €8211.99	€21.63	€11812.00 - €11911.99	€16.35		
€8212.00 - €8311.99	€22.12	€11912.00 - €12011.99	€17.31		
€8312.00 - €8411.99	€22.60	€12012.00 - €12111.99	€18.27		
€8412.00 - €8511.99	€23.08	€12112.00 - €12211.99	€19.23		
€8512.00 - €8611.99	€23.56	€12212.00 - €12311.99	€20.19		
€8612.00 - €8711.99	€24.04	€12312.00 - €12411.99	€21.15		
€8712.00 - €8811.99	€24.52	€12412.00 - €12511.99	€22.12		
€8812.00 - €8911.99	€25.00	€12512.00 - €12611.99	€23.08		
€8912.00 - €9011.99	€25.48	€12612.00 - €12711.99	€24.04		
€9012.00 - €9911.99	€25.96	€12712.00 - €17911.99	€25.00		
€9912.00 - €10011.99	€24.62	€17912.00 - €18011.99	€22.50		
€10012.00 - €10111.99	€24.23	€18012.00 - €18111.99	€21.92		
€10112.00 - €10211.99	€23.85	€18112.00 - €18211.99	€21.35		
€10212.00 - €10311.99	€23.46	€18212.00 - €18311.99	€20.77		
€10312.00 - €10411.99	€23.08	€18312.00 - €18411.99	€20.19		
€10412.00 - €10511.99	€22.69	€18412.00 - €18511.99	€19.62		
€10512.00 - €10611.99	€22.31	€18512.00 - €18611.99	€19.04		
€10612.00 - €10711.99	€21.92	€18612.00 - €18711.99	€18.46		
€10712.00 - €10811.99	€21.54	€18712.00 - €18811.99	€17.88		
€10812.00 - €10911.99	€21.15	€18812.00 - €19011.99	€17.31		
€10912.00 - €11011.99	€20.77	€19012.00 - €19211.99	€16.15		
€11012.00 - €11111.99	€20.38	€19212.00 - €19411.99	€15.00		
€11112.00 - €11211.99	€20.00	€19412.00 - €19611.99	€13.85		
€11212.00 - €11311.99	€19.62	€19612.00 - €19811.99	€12.69		
€11312.00 - €11411.99	€19.23	€19812.00 - €20111.99	€11.54		
€11412.00 - €11511.99	€18.85	€20112.00 - €20411.99	€9.81		
€11512.00 - €11611.99	€18.46	€20412.00 - €20711.99	€8.08		
€11612.00 - €11711.99	€18.08	€20712.00 - €21011.99	€7.50		
€11712.00 - €11811.99	€17.69	€21012.00 - €21311.99	€6.92		
€11812.00 - €11911.99	€17.31	€21312.00 - €21611.99	€3.27		
€11912.00 - €12061.99	€16.92	€21612.00 - €21911.99	€3.08		
€12062.00 - €12211.99	€16.15	€21912.00 - €22211.99	€2.88		
€12212.00 - €12361.99	€15.77	€22212.00 - €22511.99	€2.69		
€12362.00 - €12511.99	€15.00	€22512.00 - €22811.99	€2.50		
€12512.00 - €12661.99	€14.62	€22812.00 - €23111.99	€2.31		
€12662.00 - €12811.99	€13.85	€23112.00 - €23411.99	€2.12		
€12812.00 - €12961.99	€13.46	€23412.00 - €23711.99	€1.92		

€12962.00 - €13111.99	€12.69	€23712.00 - €24011.99	€1.92		
€13112.00 - €13261.99	€12.31	€24012.00 - €24311.99	€1.92		
€13262.00 - €13411.99	€11.54	€24312.00 - €24812.00	€1.92		
€13412.00 - €13561.99	€11.15				
€13562.00 - €13711.99	€10.38				
€13712.00 - €13861.99	€10.00				
€13862.00 - €14011.99	€9.23				
€14012.00 - €14161.99	€8.85				
€14162.00 - €14311.99	€8.08				
€14312.00 - €14461.99	€7.69				
€14462.00 - €14611.99	€6.92				
€14612.00 - €14761.99	€6.54				
€14762.00 - €14911.99	€5.77				
€14912.00 - €15061.99	€5.38				
€15062.00 - €15211.99	€4.62				
€15212.00 - €15361.99	€4.23				
€15362.00 - €15511.99	€4.23				
€15512.00 - €15661.99	€4.23				
€15662.00 - €15811.99	€4.23				
€15812.00 - €15961.99	€1.92				
€15962.00 - €16111.99	€1.92				
€15962.00 - €16111.99	€1.92				
€16112.00 - €16261.99	€1.92				
€16262.00 - €16411.99	€1.92				
€16412.00 - €16561.99	€1.92				
€16562.00 - €16711.99	€1.92				
€16712.00 - €16861.99	€1.92				
€16862.00 - €17011.99	€1.92				
€17012.00 - €17161.99	€1.92				
€17162.00 - €17312.00	€1.92				

COVID-19 related measure: Rates between 6th June 2020 and 1st January 2021:

SINGLE PERSON		MARRIED BOTH PERSONS IN EMPLOYMENT		MARRIED WITH ONE PERSON IN EMPLOYMENT	
Annual earnings limit intervals	Weekly amount per child	Annual earnings limit intervals	Weekly amount per child	Annual earnings limit intervals	Weekly amount per child
€6600.00 - €7511.99	€19.23	€10000.00 - €11211.99	€11.54	€6600.00 - €10312.99	€12.12
€7512.00 - €7611.99	€19.71	€11212.00 - €11311.99	€12.50	€10313.00 - €12812.99	€11.15
€7612.00 - €7711.99	€20.19	€11312.00 - €11411.99	€13.46	€12813.00 - €13812.99	€9.71
€7712.00 - €7811.99	€20.67	€11412.00 - €11511.99	€14.42	€13813.00 - €14812.99	€6.83
€7812.00 - €7911.99	€21.15	€11512.00 - €11611.99	€15.38	€14813.00 - €15812.99	€5.19
€7912.00 - €8011.99	€21.63	€11612.00 - €11711.99	€16.35	€15813.00 - €17812.99	€3.94
€8012.00 - €8111.99	€22.12	€11712.00 - €11811.99	€17.31	€17813.00 - €18812.99	€3.46
€8112.00 - €8211.99	€22.60	€11812.00 - €11911.99	€18.27	€18813.00 - €20812.99	€2.88
€8212.00 - €8311.99	€23.08	€11912.00 - €12011.99	€19.23	€20813.00 - €22000.00	€2.31
€8312.00 - €8411.99	€23.56	€12012.00 - €12111.99	€20.19		
€8412.00 - €8511.99	€24.04	€12112.00 - €12211.99	€21.15		
€8512.00 - €8611.99	€24.52	€12212.00 - €12311.99	€22.12		
€8612.00 - €8711.99	€25.00	€12312.00 - €12411.99	€23.08		
€8712.00 - €8811.99	€25.48	€12412.00 - €12511.99	€24.04		
€8812.00 - €8911.99	€25.96	€12512.00 - €12611.99	€25.00		
€8912.00 - €9011.99	€26.44	€12612.00 - €12711.99	€25.96		

€9012.00 - €9911.99	€26.92	€12712.00 - €17911.99	€26.92		
€9912.00 - €10011.99	€25.58	€17912.00 - €18011.99	€24.42		
€10012.00 - €10111.99	€25.19	€18012.00 - €18111.99	€23.85		
€10112.00 - €10211.99	€24.81	€18112.00 - €18211.99	€22.31		
€10212.00 - €10311.99	€24.42	€18212.00 - €18311.99	€21.73		
€10312.00 - €10411.99	€24.04	€18312.00 - €18411.99	€21.15		
€10412.00 - €10511.99	€23.65	€18412.00 - €18511.99	€20.58		
€10512.00 - €10611.99	€23.27	€18512.00 - €18611.99	€20.00		
€10612.00 - €10711.99	€22.88	€18612.00 - €18711.99	€19.42		
€10712.00 - €10811.99	€22.50	€18712.00 - €18811.99	€18.85		
€10812.00 - €10911.99	€22.12	€18812.00 - €19011.99	€18.27		
€10912.00 - €11011.99	€21.73	€19012.00 - €19211.99	€17.12		
€11012.00 - €11111.99	€21.35	€19212.00 - €19411.99	€15.96		
€11112.00 - €11211.99	€20.96	€19412.00 - €19611.99	€14.81		
€11212.00 - €11311.99	€20.58	€19612.00 - €19811.99	€13.65		
€11312.00 - €11411.99	€20.19	€19812.00 - €20111.99	€12.50		
€11412.00 - €11511.99	€19.81	€20112.00 - €20411.99	€10.77		
€11512.00 - €11611.99	€19.42	€20412.00 - €20711.99	€9.04		
€11612.00 - €11711.99	€19.04	€20712.00 - €21011.99	€8.46		
€11712.00 - €11811.99	€18.65	€21012.00 - €21311.99	€7.88		
€11812.00 - €11911.99	€18.27	€21312.00 - €21611.99	€4.23		
€11912.00 - €12061.99	€17.88	€21612.00 - €21911.99	€4.04		
€12062.00 - €12211.99	€17.12	€21912.00 - €22211.99	€3.85		
€12212.00 - €12361.99	€16.73	€22212.00 - €22511.99	€3.65		
€12362.00 - €12511.99	€15.96	€22512.00 - €22811.99	€3.46		
€12512.00 - €12661.99	€15.58	€22812.00 - €23111.99	€2.88		
€12662.00 - €12811.99	€14.81	€23112.00 - €23411.99	€2.69		
€12812.00 - €12961.99	€14.42	€23412.00 - €23711.99	€2.50		
€12962.00 - €13111.99	€13.65	€23712.00 - €24011.99	€2.50		
€13112.00 - €13261.99	€13.27	€24012.00 - €24311.99	€2.50		
€13262.00 - €13411.99	€12.50	€24312.00 - €24812.99	€2.50		
€13412.00 - €13561.99	€12.12	€24813.00 - €26000.00	€2.50		
€13562.00 - €13711.99	€11.35				
€13712.00 - €13861.99	€10.96				
€13862.00 - €14011.99	€10.19				
€14012.00 - €14161.99	€9.81				
€14162.00 - €14311.99	€9.04				
€14312.00 - €14461.99	€8.65				
€14462.00 - €14611.99	€7.88				
€14612.00 - €14761.99	€7.50				
€14762.00 - €14911.99	€6.73				
€14912.00 - €15061.99	€6.35				
€15062.00 - €15211.99	€5.58				
€15212.00 - €15361.99	€5.19				
€15362.00 - €15511.99	€5.19				
€15512.00 - €15661.99	€5.19				
€15662.00 - €15811.99	€5.19				
€15812.00 - €15961.99	€2.88				
€15962.00 - €16111.99	€2.88				
€15962.00 - €16111.99	€2.88				
€16112.00 - €16261.99	€2.88				

€16262.00 - €16411.99	€2.88				
€16412.00 - €16561.99	€2.88				
€16562.00 - €16711.99	€2.88				
€16712.00 - €16861.99	€2.88				
€16862.00 - €17011.99	€2.88				
€17012.00 - €17161.99	€2.88				
€17162.00 - €17311.99	€2.88				
€17312.00 - €17511.99	€2.31				
€17512.00 - €17711.99	€2.31				
€17712.00 - €17911.99	€2.31				
€17912.00 - €18200.00	€2.31				

Annex 3: COVID-19 income support measures

In March 2020, the Maltese Government introduced various social measures to aid individuals working in the private sector who, due to the COVID-19 crisis, have either become unemployed or are unable to go to work due to personal medical conditions or family situations.¹⁵

A.3.1. Additional Unemployment Benefit (COUB)

Eligibility conditions

This benefit was made available to former full-time or part-time employees in the private sector who became unemployed after 8th March 2020. Furthermore, to receive the benefit individuals need to be registering under Part 1 of the Unemployment Register.

Calculation of benefit amounts

Persons who are eligible to receive the Unemployment Benefit (detailed in Section 2) and are also entitled to the AUB are, between the two benefits, to receive a direct payment of 166.15 Euros per week (720.06 Euros per month) if full-time employed prior to unemployment or 103.85 Euros per week (450.07 Euros per month) if was employed part-time.

Benefit duration

The benefit has no fixed duration date and will continue to be paid as long as eligibility conditions hold.

Means test

The benefit is not means-tested.

Tax treatment

It has not yet been decided whether the income received from the benefit will be subject to taxation.

Interactions with other components of the tax system

During the duration of the benefit, social security contributions will be covered by the Government to safeguard the individuals' pension rights.

Persons in receipt of Children's Allowance (Section 4) or Supplementary Allowance (Section 3.2) will continue to receive such benefits, having their rates adjusted to take into consideration income received from the COUB. Furthermore, COUB recipients who are also entitled to the In-Work Benefit (Section 6.1) will continue to also receive the latter without any deductions.

Combining benefit receipt and employment/starting a new job

The benefit is withdrawn when the person finds employment.

A.3.2. Person with Disability Benefit (CODB)

Eligibility conditions

This benefit is payable to disabled employees employed in the private sector (full-time or part-time) who, after 8th March 2020, are unable to go to work following medical advice and are not in a position to work from home through teleworking arrangements. Furthermore, the person needs to be registered with Jobsplus as a person with disability and must also be in position of

¹⁵ <https://socialsecurity.gov.mt/en/Pages/covid19benefits.aspx>

a Special ID or EU Disability Card as issued by the Commission of the Rights of Persons with Disability.

Calculation of benefit amounts

Persons who are eligible to receive the CODB receive a direct payment of 166.15 Euros per week (720.06 Euros per month) if full-time employed prior to unemployment or 103.85 Euros per week (450.07 Euros per month) if was employed part-time.

Benefit duration

The benefit has no fixed duration date and will continue to be paid as long as eligibility conditions hold.

Means test

The benefit is not means-tested.

Tax treatment

It has not yet been decided whether the income received from the benefit will be subject to taxation.

Interactions with other components of the tax system

During the duration of the benefit, social security contributions will be covered by the Government to safeguard the individuals' pension rights.

Persons already obtaining any type of Non-Contributory Disability Assistance will continue to receive this benefit, together with the CODB, without any deductions.

Combining benefit receipt and employment/starting a new job

The benefit is withdrawn when the person returns to employment.

A.3.3. Medical Benefit (COMB)

Eligibility conditions

This benefit is payable to persons employed in the private sector (full-time or part-time) who, after 27th March 2020, are unable to go to work following an order by the Superintendent of Public Health of Malta not to leave their home and are not being compensated by their employer during their period of absence.

The order was placed to protect those people considered to be particularly vulnerable and at serious risk of suffering severe illness from the COVID-19. In general, persons falling under any of below categories where ordered to stay at home:

- Those who suffer from diabetes and are dependent on insulin
- Are taking biological medicines
- Had suffered from cancer at any time during the previous six months
- Are immuno-suppressed
- Are undergoing renal dialysis
- Are pregnant
- Have been admitted to hospital for some respiratory disease at any time during the previous six months
- Suffer or have suffered from a heart condition in the previous six months
- Are attending the heart failure clinic
- Are taking oral steroids

Calculation of benefit amounts

Persons who are eligible to receive the COMB receive a direct payment of 166.15 Euros per week (720.06 Euros per month) if full-time employed prior to unemployment or 103.85 Euros per week (450.07 Euros per month) if was employed part-time.

Benefit duration

The benefit has no fixed duration date and will continue to be paid as long as eligibility conditions hold.

Means test

The benefit is not means-tested.

Tax treatment

It has not yet been decided whether the income received from the benefit will be subject to taxation.

Interactions with other components of the tax system

During the duration of the benefit, social security contributions will be covered by the Government to safeguard the individuals' pension rights.

Persons in receipt of Children's Allowance (Section 4) or Supplementary Allowance (Section 3.2) will continue to receive such benefits, having their rates adjusted to take into consideration income received from the COMB. Furthermore, COMB recipients who are also entitled to the In-Work Benefit (Section 6.1) will continue to also receive the latter without any deductions.

Combining benefit receipt and employment/starting a new job

The benefit is withdrawn when the person returns to employment.

A.3.4. Parent Benefit (COPB)

Eligibility conditions

This benefit is payable to parents both employed in the private sector (full-time or part-time) who, after 8th March 2020, where one parent is required to stay at home in order to take care of their children under the age of 16. Furthermore, neither parent is able to continue working from home through teleworking arrangements. Single parents are also eligible to apply for the benefit.

Calculation of benefit amounts

Persons who are eligible to receive the COPB receive a direct payment of 166.15 Euros per week (720.06 Euros per month) if full-time employed prior to unemployment or 103.85 Euros per week (450.07 Euros per month) if was employed part-time.

Benefit duration

The benefit has no fixed duration date and will continue to be paid as long as eligibility conditions hold.

Means test

The benefit is not means-tested.

Tax treatment

It has not yet been decided whether the income received from the benefit will be subject to taxation.

Interactions with other components of the tax system

During the duration of the benefit, social security contributions will be covered by the Government to safeguard the individuals' pension rights.

Persons in receipt of Children's Allowance (Section 4) will continue to receive such allowance, having their rates adjusted to take into consideration income received from the COPB. Furthermore, COPB recipients who are also entitled to the In-Work Benefit (Section 6.1) will continue to also receive the latter without any deductions. The same applies for persons entitled to the Tapering of Benefits scheme (briefly outlined in Sections 2.1.7 and 3.1.7)

Combining benefit receipt and employment/starting a new job

The benefit is withdrawn when the person returns to employment.

A.3.5. Wage Supplement

The wage supplement was introduced to finance the wages of employees working in sectors who have suffered economically due to the COVID-19 pandemic. This includes those persons who were still active but whose working hours, and consequently their income, have significantly dropped during the outbreak.

The wage supplement programme targets sectors that have been adversely affected by the COVID-19 outbreak, providing employees with a basic wage cover to compensate for the disruption caused by the pandemic.

The Wage Supplement Scheme is the only STW compensation scheme in Malta.

Eligibility conditions

Full-time and part-time employees working in the sectors¹⁶ that have significantly suffered due to the COVID-19 pandemic or whose operations have been suspended following an order by the Superintendent of Public Health are entitled to the supplement. Self-employed working under these sectors are also eligible.

Calculation of benefit amounts

Eligible persons employed full-time in any of the sectors listed in Annex A (see footnote below) are entitled to maximum 800.00 Euros per month, while part-time employees are entitled to maximum 500.00 Euros per month.

Persons employed full-time in any of the sectors listed in Annex B will be eligible to receive 160.00 Euros per month, with part-time employees receiving 100.00 Euros per month. For companies based in Gozo, this rate has been doubled to 320.00 Euros per month for full-time employees and 200.00 Euros per month for part-time workers.

Self-employed persons in sectors found in Annex B, who also employ others, are entitled to 320.00 Euros per month if they work full-time while part-time self-employed are eligible to 200.00 Euros per month. Full-time self-employed persons based in Gozo are eligible to receive 320.00 Euros per month, which is increased to 480.00 Euros if they employ others. If part-time, self-employed persons are entitled to 200.00 Euros per month, increased to 300.00 Euros per month if they have employees.

Benefit duration

The benefit has no fixed duration date and will continue to be paid as long as eligibility conditions hold.

Means test

¹⁶ The sectors are as listed in Annex [A](#) and [B](#) found on the Malta Enterprise [website](#). Both Annexes are subject to periodic updates.

The benefit is not means-tested.

Tax treatment

The benefit is taxable as it is replacing the normal wage of the employee. Taxes and social security contributions are calculated following the standard methods as described in Sections 8 and 7 of the report respectively.

Interactions with other components of the tax system

The benefit is universal and may be received together with any other benefit.

Combining benefit receipt and employment/starting a new job

Individuals eligible for the scheme have to be employed in their current workplace. Otherwise, they would instead be eligible to receive one of the benefits detailed in Sections A.3.1. to A.3.4 of the report, depending on their personal and family circumstances. Payments are terminated if the individual finds alternative employment.

The benefit is withdrawn when normal operations at the employee's workplace are resumed.