JUNE 2020

FINANCIAL STIMULUS PACKAGE

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INTRODUCTION

The Prime Minister, Robert Abela flanked by the Minister of Finance, Professor Edward Scicluna and the Minister of Economy Silvio Schembri earlier this evening announced a raft of incentives and measures to support existing businesses and stimulate future growth in response to the Covid-19 pandemic.

Measures, amounting to €900M, focus on three specific pillars targeting **businesses, consumers** and **infrastructure,** as well as related measures to stimulate and incentivise growth in specific industry sectors.

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HIGHLIGHTS

Extension of Wage Supplement Scheme

Reduced tax and duty rates on property transfers

Electricity and rent subsidies for businesses

€400 million investment in infrastructure

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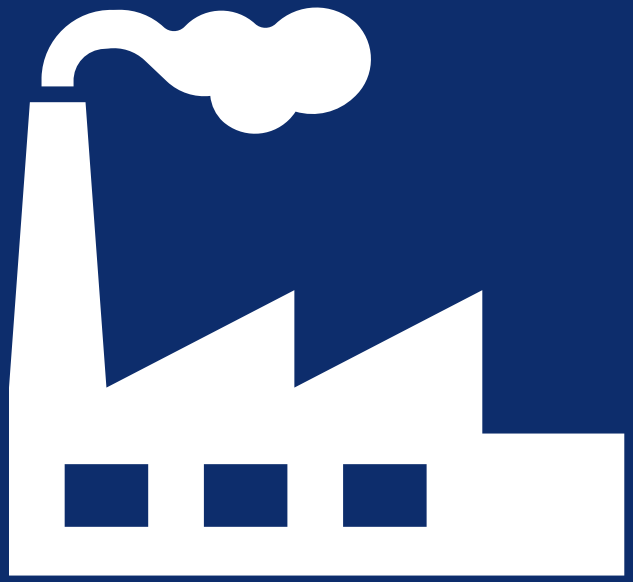
INDUSTRY



The wage supplement scheme will be extended till September, with some amendments.

The sectors which suffered the largest impact as a result of COVID-19, i.e. tourist accommodation, travel agencies, language schools, organisers of mass events and air transport, will continue to receive €800 per month for full-time employees.

Other sectors falling under Annex A will see their monthly subsidy fall to €600 per full-time employee, starting from July. On the other hand, businesses under Annex B will see their monthly wage subsidy fall to €160 per full-time employee as of July.

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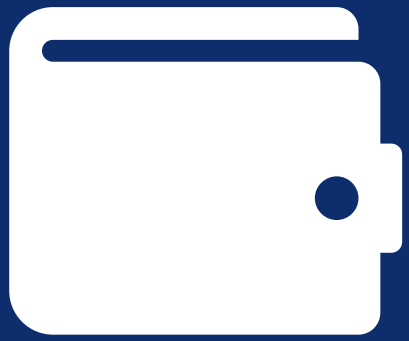

Pensioners and students in employment are now eligible for the **Wage Supplement Scheme** till September.

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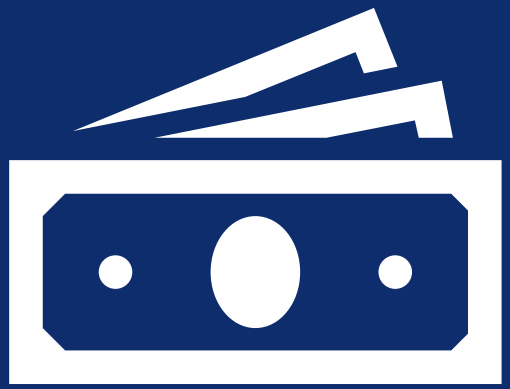

The incentive of tax deferrals announced in March will continue to apply up until the end of August.

Any taxes due in this period may be deferred to latest May 2021, with no interest incurred. This does not apply to National Insurance contributions and income tax on salaries (FSS) withheld by employers, which will be due by the standard deadlines as from 1st of July.

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Businesses which hold a **Micro Invest Tax Credit**, will be provided with a **cash grant of 30%** of the value of the Certificate in lieu of the credit. This will be limited to a maximum of €2,000 in case of businesses established in Malta, and €2,500 in case of businesses operating in Gozo.

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In July, August and September all businesses falling under Annex A or Annex B of Malta Enterprise's Wage Supplement Scheme will receive:

- A reduction of **50% in electricity bills** (up to a maximum of €1,500).
- A grant of **up to €2,500** to subsidise rent.

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The payment of trade and MTA licences will be waived in 2020, a measure especially benefiting hawkers, shop owners, bars, restaurants, hotels and tourist guides.

Those who have already paid their licence will get a waiver in the next year.

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Business re-engineering fund:
Malta Enterprise will manage a fund of €2.5 million intended for businesses that plan on re-engineering their model to adapt to new circumstances. Each company will be eligible for a maximum €5,000.

Higher budget for skills scheme:
The Malta Enterprise scheme intended to help companies finance in-house training for employees will have its budget increased by €5 million.

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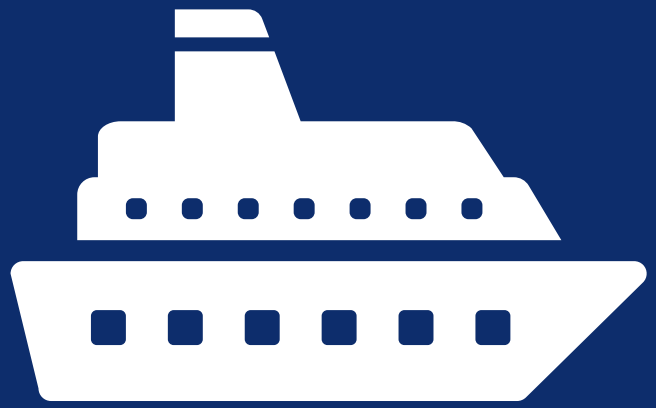

For the next six months, importers will benefit from a **33% reduction in port charges** and a **10% refund on container discharge fees** excluding goods held for trans-shipment.

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The Malta Investment Bank will be providing exporters with **€10 million in export credit guarantees** for the development of business in new emerging markets. This will mostly consist of markets in Africa, South America and the Middle East.

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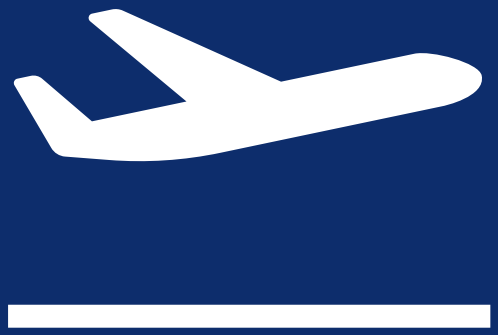

Businesses will get an **80% refund** of the costs of cancelled overseas trade fair participation.

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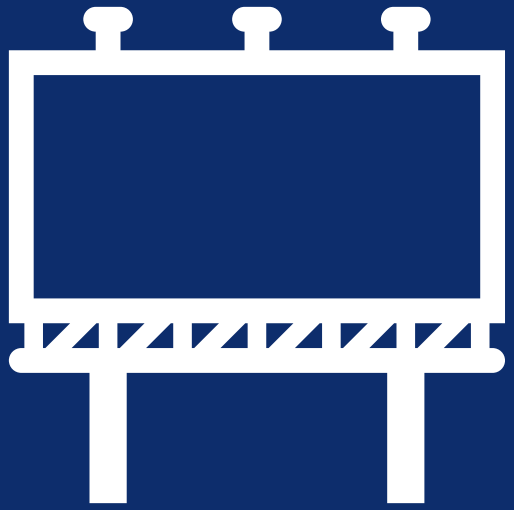

A €5 million fund will be created for Maltese companies wanting to **advertise their products locally and overseas**.

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The Malta Development Bank will act as an **underwriter for private companies** where bond roll-overs are due.

This measure is intended to provide investors with guarantees, providing liquidity to local bond markets.

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Contractors will continue to receive **up to €200,000** for new, more **environment-friendly** equipment.

This measure was announced in the last budget, but is being improved.

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CONSUMERS

Property tax will be reduced from **8% to 5%,** whereas the duty on property will be reduced from **5% to 1.5%** on the first €400,000 of the value of the property applying to contracts signed until March 2021.

Individuals buying property under the First-Time Buyer Scheme will also be eligible for the beneficial rates. The First Time Buyer Scheme will also be extended to those who currently own non-residential property.

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Every resident aged 16 and over will receive five vouchers of €20 each.

Four of the vouchers may be used in hotels, restaurants and similar businesses and the remaining €20 voucher in retail outlets which were closed because of the COVID-19 measures.

The vouchers cannot be used in places like supermarkets, which remained open and will remain valid till September.

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Couples who rescheduled their wedding due to COVID-19 will be reimbursed **up to €2,000** for any amounts previously paid as deposits for goods or services.

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Over the coming days, **210,000 workers will receive a tax refund**, similar to refunds given in the past few years.

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The in-work benefit will be extended to include more low-income families and there will be an **increase in the grants given per child.**

Furthermore, all those eligible for this scheme will be given a grant of **€250.**

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PROJECTS OF THE FUTURE

A number of projects costing over €400M to address big data, AI and IT as well as traditional business sectors.

Measures to support development of specific industries and promote productivity spread over 8 years will be launched by Government under the direction of Malta Industrial Parks:

- €98M will be allocated to continue development of the life sciences park.
- €14M will be allocated to finance the continued developments of the Kordin Incubation Park.
- €51M allocated to redevelop the Marsa landfill into an industrial park for SME's.
- €110M will also be invested to develop a logistics hub.

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Government will work on finalising a plan to implement **a low carbon strategy.**

This will be unveiled in the 2021 budget.

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OTHER ASSISTANCE

€3 million fund is being set up to help NGOs, whose income was severely hit by the impact of COVID-19.

€2 million will be allocated to homes of the elderly, which saw their costs soar as they were locked-down, with staff having to sleep there as well.

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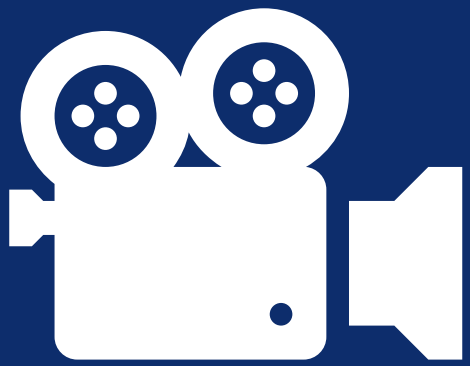

The special agreement to help finance **media houses** during the pandemic will be extended until September.

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IF YOU WOULD LIKE TO KNOW MORE...

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ARQ is a professional services organisation based in Malta, providing a wide range of corporate and advisory services to local and international clients operating within different industry sectors.

ONE partner for all our client's business needs.

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