EUROPEAN
COMMISSION

Brussels, 24.11.2026
SWD(2026) 1219 final

COMMISSION STAFF WORKING DOCUMENT

Mind the Gap 2026: Country fiche – Malta

Accompanying the document

COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS

Mind the Gap 2026: Boosting public finances through joint efforts to reduce tax gaps and improve compliance

{COM(2026) 630 final} - {SWD(2026) 1201 final} - {SWD(2026) 1202 final} - {SWD(2026) 1203 final} - {SWD(2026) 1204 final} - {SWD(2026) 1205 final} - {SWD(2026) 1206 final} - {SWD(2026) 1207 final} - {SWD(2026) 1208 final} - {SWD(2026) 1209 final} - {SWD(2026) 1210 final} - {SWD(2026) 1211 final} - {SWD(2026) 1212 final} - {SWD(2026) 1213 final} - {SWD(2026) 1214 final} - {SWD(2026) 1215 final} - {SWD(2026) 1216 final} - {SWD(2026) 1217 final} - {SWD(2026) 1218 final} - {SWD(2026) 1220 final} - {SWD(2026) 1221 final} - {SWD(2026) 1222 final} - {SWD(2026) 1223 final} - {SWD(2026) 1224 final} - {SWD(2026) 1225 final} - {SWD(2026) 1226 final} - {SWD(2026) 1227 final} - {SWD(2026) 1228 final}

Country fiche: Malta

Summary box: Areas of Strength and Areas for Improvement

Areas of Strength

- **Malta's tax administration is undergoing a comprehensive modernisation, which is producing some positive results.** Recent areas of progress include improvements to data collection and analytics, targeted campaigns, enhanced online services and the establishment of a Large Taxpayer Office.

Areas for Improvement

- **Malta's VAT compliance gap was the second largest in the EU in 2023, at 24% of the VAT Total Tax Liability (VTTL).** More broadly, the overall size of the shadow economy is very large, estimated at 23.4% of GDP in 2022. Although little progress has been made since 2019, recent reforms of the tax administration and effective implementation of the VAT in the Digital Age (ViDA) package may lead to an improvement in the VAT compliance gap in the coming years.

- **Malta does not currently estimate compliance tax gaps, and – despite an existing EU legal obligation – it is the only EU country that does not publish regular tax expenditure reporting.** Malta does not estimate or publish national compliance tax gaps, aside from its contribution to the EU VAT gap analysis. In parallel, Malta's budgetary framework does not include regular reporting on tax expenditures, which is a prerequisite for their transparent evaluation.

- **Recovery efficiency in Malta remains a weak point.** Tax arrears are still exceptionally high, amounting to 119.8% of annual tax revenue, well above the EU average. Although a downward trend was observed in recent years, the decline was only slight. In addition, the average time taken to resolve disputed tax claims is long. While Malta has improved its legislative framework for cross-border recovery assistance within the EU, its operational responsiveness has reportedly not kept pace with these reforms. Furthermore, Malta does not currently have a dedicated tax recovery strategy or action plan in place.

- **Malta's use of information exchanged between tax authorities remains inadequate, and no robust mechanism is in place to measure the benefits of such use**. Malta needs to ensure compliance with all the requirements of the Directive on Administrative Cooperation (DAC), which include providing feedback to Member States. Malta also needs to apply the DAC implementing regulations and submit the required statistics to the European Commission. The Maltese tax administration has to take concrete steps to integrate DAC data into its strategy to tackle tax-evasion, avoidance and profit-shifting. To that end, it should make use of reports received on cross-border tax rulings (DAC3), country-by-country reporting by multi-national enterprises (DAC4) and cross-border arrangements (DAC6). Moreover, data from digital platforms (DAC7) need to be used to identify undeclared economic activities.

1. Introduction and policy context

1.1. Snapshot of the tax system

Malta has one of the lowest tax-to-GDP ratios in the EU, amid a strong reliance on corporate income taxes (CIT). In 2024, tax revenue (including social contributions) reached 28.9% of GDP, up from 26.2% in 2023 but 10.5 percentage points (pps) below the EU average ([1]). Despite recent increases, which reflect strong employment growth, revenues from labour taxes (39.2% of total and 11.3% of GDP) remain comparatively low (EU: 20.3% of GDP). By contrast, Malta obtains 31.0% of its tax revenue from capital taxes, well above the EU average of 21.6%. This is due to the prominence of CIT revenues: 6.2% of GDP in 2024, twice as big as the EU average. Revenues from consumption taxes represent 29.8% of the tax mix, 3 pps above the EU average. VAT revenue amount to 6.1% of GDP, 1 pps below the EU average, in a context of high compliance gap. Environmental and property taxes appear to be underused. In particular, Malta does not currently have a single comprehensive national property register, and it is the only Member State where no recurrent tax on immovable property is levied at all.

The tax-benefit system has a limited effect on reducing income inequality in Malta, and progressivity of labour taxation is low. Malta has relatively low tax wedge ([2]) for all income levels, and the difference between high-income (167% of average wage) and low-income earners (50% of average wage) is among the lowest in the EU: 5.8 pps in 2025, compared to 12.5 pps EU-wide. Recent changes in the structure of the personal income tax system are expected to increase its progressivity. The effect of the tax and benefit system on reducing the Gini coefficient was in 2024 also relatively low (5.9 pps vs EU average of 7.8 pps) ([3]). Malta has an income quintile share ratio (S80/S20) ([4]) in line with the EU average (4.49 in Malta and 4.62 in the EU in 2025 - income reference year 2024), while it performs well in terms of the at-risk-of-poverty and social exclusion - AROPE rate (19.4% vs 20.9% in the EU) ([5]).

[1] Data on tax revenues are based on European Commission: Data on Taxation Trends, edition 2026 (reference year 2024), which are produced by DG Taxation and Customs from ESA table 9 and National Tax List data, as collected and validated by Eurostat. The 2027 edition (reference year 2025) will be published in the first quarter of 2027. Recent Eurostat release shows a tax-to-GDP ratio of 29.9% in 2025, compared to an EU average of 39.7% (data of 30/10/2026 on [GOV_10A_TAXAG]).

[2] The tax wedge is an indicator of the tax burden on labour that can be assessed at different earnings levels. It is calculated as the sum of personal income tax, employee social-security contributions, employer social-security contributions and other mandatory contributions, net of cash family benefits where relevant, expressed as a percentage of total labour costs (composed of the gross wage plus employer social-security contributions). Data are based on the EUROMOD model, calculated by the Joint Research Centre of the European Commission. Unless indicated differently, values indicated in this country fiche refer to single earners.

[3] European Commission, DG ECFIN calculations based on EU-SILC survey data. A Gini coefficient of 0 expresses perfect equality where everyone has the same income, while a coefficient of 100 expresses full inequality where only one person has all the income. The difference between the "gross" (excluding pensions from social transfers) and the "net" Gini coefficient, i.e. before and after application of the tax-benefit system, reflects the difference between market income and disposable income.

[4] The income quintile ratio (S80/S20) is a headline indicator in the EU Social Scoreboard used to monitor income inequality. It measures the ratio between the total equivalised disposable income received by the top 20% of the population and the bottom 20%.

[5] Share of people living in households experiencing at least one of the three poverty and social exclusion risks: risk of poverty, severe material and social deprivation, and/or living in a household with very low work intensity.

In 2026, Malta has received the following country-specific recommendations (CSRs) in the area of taxation ([6]):

- *To address remaining aggressive tax planning risks, introduce a withholding tax on outbound payments or equivalent defensive measures, and amend rules on non-domiciled companies.*

Malta has so far undertaken insufficient action to mitigate risks of aggressive tax planning. Malta's Recovery and Resilience Plan also includes a milestone on the adoption of new legislation in the area of interest, royalty and dividend payments. In spite of such commitment and the preparation of a draft legislation, the draft legislation encountered some resistance from political parties/stakeholders and it was not adopted. The unfulfillment of this milestone led to the application of the Recovery and Resilience Facility (RRF)'s payment suspension and payment reduction mechanisms in relation to the 4th RRF payment request ([7]).

1.2. Tax complexity and simplification measures

1.2.1. Measures of tax complexity

Malta's tax system does not appear particularly complex overall, and taxpayer perceptions are broadly in line with the EU average. Survey-based evidence from the Tax Complexity Index (TCI) places Malta around the top of the EU distribution, ranking 3rd among Member States. The underlying components of the TCI suggest that complexity arises more from the tax code than from administrative procedures ([8]). Citizen perceptions are comparatively balanced: 45% of respondents report that completing their tax return is easy, below the EU average of 49%, while reliance on professional assistance remains relatively limited at 5% ([9]).

Similarly, legislative activity appears limited. Malta recorded 4 tax changes entering into force or announced in 2025, well below the EU average of around 14 ([10]). This follows only 1 tax change in both 2024 and 2023, and none reported in 2022, with legislative activity remaining substantially below the corresponding EU average in each year. The multi-year evidence therefore points to a comparatively stable tax policy environment. The reforms adopted in 2025 are concentrated in a small number of areas, including the introduction of new personal income tax (PIT) bands for families with children, an increase in the eco-contribution on tourist accommodation, and a permanent extension of the first-time buyer property duty relief scheme. The limited scope and number of legislative changes suggest that legislative activity is unlikely to be a major source of tax complexity. Instead, the moderate level of complexity observed in other indicators appears to stem

[6] https://data.consilium.europa.eu/doc/document/ST-11130-2026-INIT/en/pdf

[7] COMMISSION IMPLEMENTING DECISION of 12.5.2026 on the partial suspension of the disbursement of the fourth instalment of the non-repayable support for Malta

[8] The Tax Complexity Index (TCI), developed under the Global MNC Tax Complexity Project, measures the complexity of countries' corporate income tax systems as faced by multinational firms. Based on survey data from tax professionals, it captures both the complexity of tax rules (tax code) and administrative procedures (tax framework), with values ranging from zero (not complex) to one (extremely complex).

[9] European Commission (2025), Flash Eurobarometer 562: Citizens' attitudes towards taxation, fieldwork conducted between 9 and 17 April 2025. Available at: https://europa.eu/eurobarometer/.

[10] The information is based on the tax measures reported by national administrations in the Joint OECD-European Commission Annual Tax Policy Reform Questionnaire, by aggregating and processing the responses received to the 2026 questionnaire. Responses to the 2026 questionnaire are relative to tax policy measures self-reported by the Member States that were implemented, legislated, or announced in each country between 1 January and 31 December 2025. While comprehensive, the list of tax measures is non-exhaustive.

primarily from the structure of the tax system itself, including its interaction with Malta's international tax framework.

Demand-side indicators point to a moderate reliance on accounting and tax services. The accounting, bookkeeping and tax consultancy sector accounts for around 1.0% of gross operating surplus, marginally above the EU average of 0.9% ([11]). While this indicator is influenced by several factors, including Malta's role as an international business and financial services hub, it does not point to an unusually strong demand for specialised tax and accounting expertise in general ([12]). Overall, the evidence suggests that Malta combines moderate structural complexity with taxpayers perceiving their tasks manageable.

1.2.2. National simplification efforts

A recent corporate tax reform was presented by the authorities as a simplification measure for companies that choose to opt in. Malta operates a full imputation system with a tax refund mechanism, which significantly reduces the effective corporate tax rate for eligible entities. Because Malta has elected to delay until 2030 the implementation of the Pillar 2 global minimum tax under the EU Directive, other EU Member States (and countries that have implemented the global minimum tax agreement) will apply a 15% minimum corporate effective tax rate on profits of Maltese entities subject to Pillar 2that are not headquartered in the United States ([13]). However, the newly introduced Final Income Tax Without Imputation (FITWI) allows qualifying Maltese entities to voluntarily elect to directly pay 15% corporate tax rate on chargeable income, without the application of the imputation system ([14]). Electing to pay the FITWI requires a minimum commitment of five years. In addition, the FITWI liability must in no case be lower than the net effective tax liability the entity would have had under the standard system. One of the declared objectives of the measure is to simplify the tax system.

1.3. Measures of the non-observed economy and the shadow economy

Estimates of economic activities outside the formal economy are relevant for gauging tax gaps. The non-observed economy (NOE) is an official figure provided by national statistical authorities estimating all economic activities that may not be captured in the basic data sources used for compiling national accounts. It includes underground, informal, illegal, and household self-use production, as well as activities missed due to imperfect data collection ([15]). The shadow

[11] A higher share of gross operating surplus indicates that the accounting, bookkeeping and tax consultancy sector generates a relatively larger share of operating profits and value added in the economy. While not a direct measure of tax complexity, it may point to a comparatively important professional services sector and, indirectly, to greater demand for specialised tax and accounting expertise.

[12] While some cross-border provision of accounting, tax consultancy and related services may be captured through imports and exports of services, available evidence suggests that such flows are relatively limited. In particular, data from the Eurostat's EU inter-country supply table at basic prices (reference year 2023) indicate that cross-national transactions in these services represent only a small share of overall activity, if any, suggesting that their impact on the interpretation of domestic sector size is likely to be limited.

[13] As of 2026, US groups benefit from the Side-by-Side Safe Harbour and are therefore not subject to the relevant charging mechanisms (the Income Inclusion Rule and the Undertaxed Profit Rule). See OECD - Tax Challenges Arising from the Digitalisation of the Economy – Global Anti-Base Erosion Model Rules (Pillar Two), Side-by-Side Package.

[14] In line with the OECD Pillar 2 Global Anti-Base Erosion rules, the EU Global Minimum Tax Directive, expected to be applied in Malta by 31 December 2029, establishes an effective tax rate of minimum 15% for multi-national entities with a consolidated financial revenue of more than EUR 750 million a year.

[15] Statistical deficiencies (N7) are related to incomplete, not collected or not directly collectable data. See Fernandes, A. (2025), The non-observed economy in the national accounts: New evidence for EU and EFTA Member States - available at https://www.sciencedirect.com/science/article/pii/S0313592625000712 -) for the definitions of the other components of NOE: Producers deliberately not registering (N1); Illegal economy (N2); Producers not required to register (N3); Registered

economy is an analogous but narrower concept— used in the economic literature and measured via macroeconomic models — that usually encompasses only legal, market-based productive activities deliberately concealed from public authorities to evade taxes or regulations. Due to limitations and methodological differences between the two approaches, model-based estimates of the shadow economy paradoxically often turn out to be considerably higher than NOE-based estimates.

Specifically, recent data from official sources ([16]) allow to estimate the size of the non-observed economy (NOE) in Malta at 8.8% of GDP for 2019. The NOE comprises the informal economy (3.6%), statistical discrepancies (2.6%) and underground economy (2.3%), while the illegal economy represents 0.3% of GDP. Malta thus records a NOE above the EU average (7.4% of GDP) ([17]). The largest part of non-observed economy is concentrated in 'Accommodation and food service activities' (24% of total GVA) and 'Real estate activities' (1.6%). At industry level, the highest shares of NOE are accounted for by 'Activities of households as employers' (100% of its GVA), 'Other service activities' (55.9%) and 'Accommodation and food service activities' (45.7%).

Different models produce substantially different estimates for the shadow economy, reflecting the complexity of such estimation. As in most EU Member States, model-based estimates of the shadow economy for Malta are higher than the non-observed economy estimate discussed above. In 2022, the shadow economy in Malta represented 23.4% of its GDP, according to estimates by Schneider and Asllani for the European Parliament ([18]). This ratio is 5.8 pps above the EU-27 average and it has decreased compared to 2003 (26.7% of GDP) The report also indicates that indirect taxes, unemployment and self-employment are the main drivers of the shadow economy in Malta. Several other studies provide estimates of similar magnitude for the size of the shadow economy ([19]). However, using a currency demand approach (CDA), a recent study by EY ([20]) reports lower estimates for the Maltese shadow economy at 7.5% of GDP in 2023 (EU average 7.9%), down from 10.2% in 2000 (EU average 13.2%).

2. Compliance tax gaps

2.1 Overview

Malta is not among the EU Member States that officially estimate or publish national tax gaps. There are no indications suggesting that Malta produces and reports tax gap estimation figures, besides its involvement in the EU VAT gap estimation exercise.

Malta participates in the TADEUS/Fiscalis project on estimating tax gaps. The Fiscalis Project Group on Tax Gap Estimation, a collaborative initiative launched with the support of the European Commission, aims to develop a harmonised approach to estimating tax gaps across EU

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legal persons not surveyed (N4); Registered entrepreneurs not surveyed (N5); Producers deliberately misreporting (N6). Informal economy = N3+N4+N5. Underground economy= N1+N6. In other words, the informal economy specifically covers unregistered or small-scale unincorporated enterprises run by households.

[16] For data and documents used for calculations by TAXUD, see Section 1.3 "Measures of the non-observed economy and the shadow economy" in Annex A: Methods, Data and Assessment Framework of the Country Fiches, Directorate-General for Taxation and Customs Union.

[17] The (unweighted) EU average does not include Luxembourg.

[18] This study uses a MIMIC approach (Multiple Indicator Multiple Cause). European Parliament (2022), Taxation of the informal economy in the EU. Study available at: https://www.europarl.europa.eu/RegData/etudes/STUD/2022/734007/IPOL_STU(2022)734007_EN.pdf.

[19] See Fernandes op. cit. (2025) for an overview of various studies.

[20] The report is available at https://www.ey.com/content/dam/ey-unified-site/ey-com/en-gl/insights/tax/documents/ey-gl-shadow-economy-report-02-2025.pdf

Member States. Malta participated in the first cycle, which concluded in 2025 ([21]), and continues to participate in the current cycle, launched in 2026.

Malta's tax administration has recently implemented a comprehensive modernisation strategy, which seems to show positive results. In 2023, Malta Tax and Customs Administration (MTCA) embarked on a wide modernisation process to enhance operational efficiency, improve voluntary compliance and strengthen enforcement capabilities (see also Section 4.2.). Malta is also leveraging the IMF and EU ([22]) technical assistance to lay the groundwork for the rollout of real-time reporting and e-invoicing ([23]). It seems plausible that these actions contributed to the marked improvement in tax revenue in 2025, which surpassed the growth in the tax bases; specifically, the gap between the growth of tax revenue and the growth in the relative tax bases turned positive in 2025 and improved for the third year in a row. The revenue improvement was more marked in direct taxes than in taxes on production and imports. National forecasts for 2026 also indicate an elasticity of tax revenue greater than unity with respect to the tax bases ([24]).

2.2 Compliance tax gaps in VAT

For 2023, the VAT compliance gap ([25]) in Malta was estimated at around 24% of the VAT Total Tax Liability (VTTL), well above the EU average ([26]). After rising from 26% in 2019 to around 28% in 2020, it decreased again to just under 24% in 2022, before a small increase in 2023. It remained 2 pps below the 2019 level ([27]). Malta's VAT compliance gap was considerably higher than the EU average of 9.5% in 2023. This slight increase in 2023 was linked to a pronounced reduction in the growth in consumption of easily taxable, low risk goods (such as food and non-alcoholic beverages), an increase in the share of services in GDP, and a rise in bankruptcy declarations.

Recent changes in Malta's VAT framework are expected to improve compliance. In 2026 Malta adopted new rules to prevent VAT from being avoided or artificially manipulated through under- or overvaluation in related party transactions ([28]). The changes form part of the wider implementation of Malta's 2026 Budget measures.

2.3 Compliance tax gaps in corporate and personal income tax

European Commission estimates suggest a slightly above-average CIT compliance gap in Malta. Based on a methodology developed by the Joint Research Centre which relies on a top-down approach using national accounts data and estimates of the non-observed economy produced by national statistical offices, the CIT compliance gap of Malta is estimated at around 10.9% of collected CIT revenues based on 2019 data. Based on the same methodology, the (unweighted)

[21] For details, please refer to the TADEUS website, the FISCALIS programme website and the Final Report of the Project.
[22] See Technical Support Instrument
[23] See Malta: 2025 Article IV Consultation-Press Release; and Staff Report and TSI - Supporting reforms to ensure efficient and effective revenue administration and public financial management
[24] See Malta Fiscal Advisory Council, "2026 assessment of the Fiscal Forecasts", p. 14, available at MFAC-Assessment-of-the-Fiscal-Forecasts-within-the-Annual-Progress-Report-2026.pdf.
[25] The VAT compliance gap is an estimate of revenues lost due to VAT fraud, evasion and avoidance, bankruptcies and financial insolvencies, or miscalculations.
[26] The VAT Total Tax Liability (VTTL) is the theoretical tax revenue that would be collected in a situation of perfect taxpayer compliance, assuming an unchanged net VAT base.
[27] See European Commission, Syntesia, Poniatowski, G., Bonch-Osmolovsky, M., Śmietanka, A. et al., VAT gap in Europe – Report 2025, Publications Office of the European Union, Luxembourg, 2025, https://data.europa.eu/doi/10.2778/7868422.
[28] See https://www.taxathand.com/article/41208/Malta/2026/Budget-Measures-Implementation-Act-2026-introduced

average CIT compliance gap is 9.2% of collected CIT revenues across Member States ([29]). While no directly comparable earlier estimate is available, the estimate suggests that Malta's CIT compliance gap is somewhat above the EU average.

There are no regular compliance gap estimation activities in Malta for corporate and personal income tax. The size of the shadow economy suggests that there is potential to strengthen tax compliance and to reduce compliance tax gaps in Malta by building measuring capacity and identifying drivers.

2.4 Other compliance tax gaps

The Commission continues its work on excise gap estimation, developing and scrutinising methodologies with experts from over 20 Member States, with the aim of delivering more robust estimates that better support policy and operational work. This work also illustrates Member States' growing engagement in the field.

While Malta does not currently estimate excise tax gaps, it devotes resources to strengthening EU cooperation on excise matters through its participation in the Fiscalis project group on Excise Gap and Risk.

There is no indication of other regular compliance gap estimation activities in Malta. There are no official programmes or published figures for compliance gaps related to other tax measures.

3. Policy Tax Gaps

3.1 Tax expenditure reporting and evaluation

Malta is the only EU country that does not publish any tax expenditure reporting. While the EU's budgetary framework includes an obligation to report on tax expenditures ([30]), currently the Maltese authorities have no dedicated tax expenditure reporting and no plan to introduce it. Such reporting is important for ensuring transparency and democratic scrutiny on par with direct public expenditure. Moreover, no information is available on tax expenditure evaluation, which is essential for ensuring that tax expenditures deliver cost-effectively on their policy objectives. In the context of the 2024 IMF Article IV consultation ([31]), the IMF staff recommended the Maltese authorities to undertake a tax expenditure analysis, echoing a recommendation included in the 2018 IMF Technical Assistance Report-Fiscal Transparency Evaluation ([32]). Most recently, the lack of tax

[29] European Commission estimates are based on a top-down methodology for approximating CIT compliance gaps using national accounts data. The approach relies on exhaustiveness adjustments made by national statistical offices to Gross Operating Surplus, Gross Value Added and Gross Domestic Product in order to account for non-observed economic activity in the compilation of GNI. The method provides a harmonised proxy for domestic underreporting of corporate income, but does not capture all sources of CIT revenue losses, in particular those related to international profit shifting or other forms of legal tax optimisation. For further information on the data sources, underlying assumptions and methodological caveats, see Annex A: Methods, Data and Assessment Framework of the Country Fiches, Directorate-General for Taxation and Customs Union.

[30] Article 14(2) of Council Directive 2011/85/EU of 8 November 2011 on requirements for budgetary frameworks of the Member States EUR-Lex - 02011L0085-20240430 - EN - EUR-Lex.

[31] International Monetary Fund. European Dept. "Malta: 2024 Article IV Consultation-Press Release; and Staff Report", IMF Staff Country Reports 2025, 017 (2025), accessed October 7, 2025, https://doi.org/10.5089/9798400299704.002

[32] https://www.imf.org/en/Publications/CR/Issues/2018/09/27/Malta-Technical-Assistance-Report-Fiscal-Transparency-Evaluation-46266

expenditure reporting was flagged in the framework of the European Semester, in the 2026 Country Report for Malta ([33]).

3.2 Policy tax gaps in VAT

The VAT policy gaps in Malta (national policy-driven VAT exemption gap and VAT rate gap) are higher than the EU average in 2023. Revenues forgone due to the application of reduced rates and national policy-driven exemptions reached around EUR 800 million in 2023 ([34]). The national policy-driven VAT exemption gap ([35]) was estimated at around EUR 400 million in 2023, or 15% of the notional ideal revenue ([36]), while the EU average was 11%. The VAT rate gap ([37]) was also estimated at around EUR 400 million in 2023, or 15% of the notional ideal revenue, higher than the EU average of 12%.

Since 2023, Malta has extended further the scope of application of reduced rates. In particular, on 1 January 2024 a new 12% reduced rate entered into force, applying to the custody and management of securities (with some exceptions), to the management of credit and credit guarantees when carried out by a person/body different that the one that granted the credit, to the short-term rental of pleasure boats, and to certain services delivered by regulated healthcare professionals. Furthermore, on 1 January 2025, Malta zero-rated (exempted with right to deduct) women's sanitary protection products and some medical accessories, e.g., related to cancer treatment. Furthermore, the EU optional SME VAT scheme was introduced. On the other hand, for the purpose of the SME exemption threshold, certain previously exempt transactions, such as in immovable property as well as financial and insurance transactions, were included in the calculation of the threshold, tightening the conditions for the SME exemption ([38]). In 2026, the zero-rating on food products was extended to tea and coffee in liquid form, as well as milkshakes, yogurt drinks, and liquid chocolate — unless factory-sealed ([39]).

In 2025, food and beverages account for most of the forgone revenue from reduced VAT rates in Malta, followed by transport ([40]). Specifically, microsimulations suggest that 'food and

[33] 2026 Country Report - Malta

[34] See European Commission, Syntesia, Poniatowski, G., Bonch-Osmolovsky, M., Śmietanka, A. et al., VAT gap in Europe – Report 2025, Publications Office of the European Union, Luxembourg, 2025, https://data.europa.eu/doi/10.2778/7868422.

[35] The national policy-driven VAT exemption gap represents the part of the VAT policy gap that can in principle be influenced by national policies on VAT exemptions. In practice, it consists of revenue forgone from services falling under Article 137 (such as real estate and certain financial services), from the SME scheme, and from national exemptions applied under standstill clauses or derogations. The VAT policy gap refers to the revenue lost due to the application of VAT exemptions and reduced, super-reduced, and zero VAT rates on selected products.

[36] The notional ideal revenue is the benchmark VAT revenue that assumes perfect taxpayer compliance in a situation where the current standard VAT rate is applied to all final consumption and household, government, and NPISH investment.

[37] The VAT rate gap refers to the portion of the VAT policy gap resulting from revenues lost due to the application of reduced, super-reduced, and zero VAT rates on selected products.

[38] See https://www.vatcalc.com/malta/malta-2025-vat-changes.

[39] See Malta Budget 2026: Key Tax, VAT And Eco-Contribution Changes You Need To Know - CLA Malta.

[40] The VAT rate gap is analysed here using EUROMOD's household consumption tool. No behavioural adaptation is considered. Note that VAT rates are mostly not an efficient tool for redistributive policies, in part due to incomplete pass-through to consumer prices, in part due to limited targeting of reduced rates. For more details on assessing the impacts of reduced VAT rates with EUROMOD, see Turrini et al. (2024), Tax Expenditures in the EU: Recent Trends and New Policy Challenges, European Commission, European Economy Discussion Paper 212; Ricci et al. (2026), Fiscal Costs and Redistributive Effects of Reduced VAT Rates in the EU, European Commission, European Economy Discussion Paper 244; Trzcinski and Amores (2026), The VAT Policy Gap and Redistribution in the European Union 2025, European Commission, Seville, JRC14876; and the accompanying method section Annex A: Methods, Data and Assessment Framework of the Country Fiches, Directorate-General for Taxation and Customs Union.

beverages' indeed account for the largest share of forgone revenues at 69.7%, well above the EU mean share of 39.8%, owing to the zero-VAT rate on certain food items. 'Transport' comes second at 12.0%, more than double the EU mean share of 6.0%. 'Housing, water and electricity' ranks third at 6.3%, below the EU mean share of 8.5%. These three categories account for 88.0% of Malta's total forgone revenue.

The reduced VAT rate for food and beverages is the main driver of VAT-related inequality reduction. Malta's reduced VAT rates lower inequality as measured by the Gini coefficient by 0.91 pps, above the EU average reductions of 0.50 pps. 'Food and beverages' contributes 0.77 pps, above the EU mean contribution of 0.32 pp.

3.3 Policy tax gaps in corporate income tax

Due to the lack of tax expenditure reporting, no comprehensive overview of CIT-related tax expenditure in Malta is available. However, the Maltese corporate tax system may result in a large gap between statutory and effective CIT rates.

Malta's corporate tax refund system significantly affects the effective tax burden of eligible companies. The statutory tax rate for domestic enterprises is 35% (a flat rate). However, Malta operates a full imputation system with a tax refund mechanism, which significantly reduces the effective tax burden. In particular, shareholders receiving dividends from a Maltese entity may be entitled to a tax refund of part of the tax paid in Malta. The tax refund may be either a six-sevenths refund, a five-sevenths refund, or a two-thirds refund of the tax paid by the Maltese distributing company on the distributed profits (based on the nature of the income to be distributed). In practice, the design of Malta's refund system allows most shareholders to claim a refund of 6/7 of the corporate tax paid in Malta, reducing the effective tax rate from 35% to 5% ([41]).

3.4 Policy tax gaps in personal income tax

Due to the lack of tax expenditure reporting, no comprehensive overview of PIT-related tax expenditure in Malta is available. Some indications on tax expenditures' revenue impact and distributional effects can be estimated using EUROMOD microsimulations.

Tax-simulations suggest that PIT-related tax expenditures in Malta in 2025 have very limited distributional implications ([42]). PIT-related tax expenditures imply revenue forgone equivalent to 4.1% of actual PIT revenues, well below the EU average of 19.1% ([43]). The largest share of revenue forgone is attributable to pensions-related tax expenditures (2.9% of PIT revenue). PIT-related tax expenditures included in the analysis were estimated to reduce the Gini coefficient

[41] Eligibility criteria for the refund are listed in article 48 of Malta's Income Tax Management Act.

[42] Simulations are based on EUROMOD and do not account for behavioural changes. For more details on assessing the impacts of tax expenditures in the PIT with EUROMOD, see Turrini et al. (2024), Tax Expenditures in the EU: Recent Trends and New Policy Challenges, European Commission, European Economy Discussion Paper 212; Leventi et al. (2026), Personal Income Tax Expenditures in the EU, European Commission, Seville, 2026, JRC148748; and the accompanying method section Annex A: Methods, Data and Assessment Framework of the Country Fiches, Directorate-General for Taxation and Customs Union.

[43] According to the European Commission's taxation trends data, PIT revenues in Malta amounted to approximately EUR 1.8 billion in 2024. This would imply revenue forgone of approximately EUR 0.1 billion due to PIT tax expenditures according to the microsimulation (4.1% of EUR 1.8 billion).

by 0.06 pps, whereas the EU average is a reduction of 0.46 pps. The relatively limited revenue forgone is nevertheless associated with an increase in income inequality.

4. Effectiveness of tax administration

4.1 Registration/identification of taxpayers

Malta operates a partially unified identification system. PIT and CIT share a common TIN framework, with separate identifiers for individuals and legal entities, while VAT registration remains distinct, requiring a separate VAT identification number (ID). Access to tax services, including VAT registration, relies on Malta's e-ID, a government-wide digital authentication system enabling secure online interactions ([44]).

The VAT registration and database management are fully digitalised, with structured validation but some gaps in automation. Taxpayers can view, update, and manage their VAT-related data, including registration details, returns, and payment status. The VAT database is maintained through a combination of automated and manual controls: core identifiers are periodically cross-checked against the Malta Business Registry (MBR) and internal tax datasets (for VAT, Income tax and customs) to detect inconsistencies or duplications. Risk-based monitoring may trigger verification requests or suspension of VAT IDs (including VAT Information Exchange System (VIES) visibility) until resolved. While the tax administration's (MTCA's) subsystems are linked for integrated data management, automatic VAT registration upon company incorporation is not yet standard ([45]).

Malta lacks a dedicated e-commerce register and real-time oversight, though OSS checks and tax-customs integration provide partial monitoring. While the MTCA cross-checks VAT registration data against third-party sources, including customs, there is no holistic real-time monitoring of e-commerce. However, Malta conducts preliminary One Shop Stop (OSS) registration checks, leveraging internal tax and customs data to validate applicants ([46]). The unified MTCA structure (merging tax and customs) facilitates data-sharing, but the extent of automated cross-referencing for e-commerce risk assessment - especially for unregistered individual suppliers - remains unclear and not systematic.

VAT registration includes rigorous risk screening, though deeper automation and EU data integration at registration remain limited. The MTCA's Anti-Fraud Unit conducts a structured risk assessment for VAT registrations, screening applications against predefined indicators - including sector risks, registration patterns, past non-compliance, and inconsistencies with the MBR or other tax data. Low-risk cases proceed with standard validation, while medium/high-risk applicants face enhanced checks. If applicants cannot be traced or fail to cooperate, the MTCA may refuse registration, suspend VAT IDs, or restrict VIES validity until risks are resolved ([47]). While EU data-exchange tools feed into Malta's broader risk management, their direct application in VAT registration screening is not confirmed.

[44] https://mytax.mtca.gov.mt/
[45] Findings based on Member States' annual reports (mostly 2025-2026) under Article 12, Regulation (EEC, Euratom) No 1553/89 (VAT own resources collection)
[46] Ibidem.
[47] Ibidem.

Based on Eurofisc fraud signals, qualification and invalidation of VAT identification numbers linked to suspected MTIC fraud appear to be used only exceptionally in Malta. Given the extremely low number of cases and the absence of any particularly significant findings, no specific procedural trend or reportable practice can at this stage be identified for the reporting period.

4.2 Tax filing and assessment

In 2023, Malta launched a three-year strategy to improve the tax administration. The Tax and Customs Strategic Plan 2023-2025 resulted in several innovations. On the technology front, the MTCA embarked on numerous projects to improve data collection and analytics, also using artificial intelligence (AI). In addition, the MTCA introduced digital tools to help e-services and online processing. The Strategic Plan's focus on assisting taxpayers resulted, inter alia, in the MTCA sending out almost 500 000 communications to taxpayers, notably to remind them about filing returns and making payments, but also to advise about changes in legislation. Significant work was also done on reaching out to taxpayers via social media, improving the website, and writing explainers ([48]). In turn, attracting and retaining talent remains a challenge for the MTCA, also in light of Malta's very tight labour market.

Malta's tax system relies on standard e-filing across all major taxes, with gradual progress toward automation. Malta's tax system uses digital filing for PIT, CIT, and VAT via the MTCA's online services, with PIT (annual/Final Settlement System), CIT (corporate returns), and VAT (quarterly) all submitted electronically. Real-time reporting is limited, with e-invoicing and third-party data matching still developing ([49]), including with the support of European Commission's Technical Support Instrument (TSI) ([50]).

Malta's pre-filling is limited to PIT. Malta pre-fills PIT returns using existing taxpayer data (e.g, employment income) but does not offer pre-filling for VAT. The system lacks real-time data integration or structured third-party feeds, and automation remains partial despite digital expansion plans ([51]).

Malta matches EU averages for CIT and PIT e-filing in 2024, but its use for VAT remains below. Malta achieves 99.9% CIT e-filing (above the EU average of 97.3%) and 93.4% for PIT (also above the EU average), while VAT e-filing (95.9%) has been increasing but remains below the EU average of 99.2%, indicating room for further improvement ([52]).

Malta offers digital tax tools including reminders, but AI-driven support and chatbots are not yet standard for enhancing taxpayer voluntary compliance. Support includes online calculators, multi-channel access (web/email), personalised portals, and filing reminders

[48] See Malta Tax and Customs Authority, 2025 Annual Report, p. 7. The report is available at annual-report-2025.pdf.
[49] https://mtca.gov.mt/business-tax/vat1/vat-information/e-invoicing-and-drr/e-invoicing-and-drr
[50] See TSI - Supporting reforms to ensure efficient and effective revenue administration and public financial management
[51] European Commission: Directorate-General for Taxation and Customs Union, Mind the Gap – Challenges and opportunities for tax compliance and tax expenditures in the EU – Malta, 2025, https://data.europa.eu/doi/10.2778/8914385
[52] International Survey on Revenue Administration data. https://data.imf.org/en/datasets/ISORA:ISORA_LATEST_DATA_PUB

(SMS/email). However, chatbots and advanced AI are not standard, with training initiatives aiming to bridge skill gaps for future upgrades ([53]).

Malta makes very limited use of data obtained through the automatic exchange of information (AEOI), under the Directive on administrative cooperation in the field of taxation DAC) ([54]) - i.e. DAC1 ([55]) and DAC2 ([56]) - in relation to PIT. Malta uses the available data for tax risk assessment to detect possible undeclared income ([57]), and, if relevant, for tax assessments or general audits. However, the outcome of this use is not monitored and the benefits are unknown. Moreover, Maltese tax authorities have not taken into account the most recent exchange of information on income from digital platforms (DAC7) ([58]), for example to identify undeclared activities. DAC data matching rates concerning taxpayers identified are unknown, and the lack of specific monitoring tools prevents Malta from estimating and sharing the benefits stemming from the exploitation of DAC data. Moreover, the lack of feedback from Malta to the other Member States on the information exchanged under the DAC makes the use of data less efficient.

Malta has a relatively low activity in VAT administrative cooperation ([59]). In 2024, Malta sent 24 requests for information, representing a decline from 2023 (45 requests) ([60]). In turn, in the same year it received 75 requests. Based on a standardised measure, taking into account the relative size of the Maltese economy, Malta is slightly below the EU weighted average on the number of requests sent and above the EU weighted average on the number of requests received ([61]).

Malta is not active in exchanging VAT information. Malta has not reported any VAT identification numbers allocated to taxable persons not established in the Member State; similarly, for information on new means of transport, it has not forwarded any cases. Under the OSS and IOSS schemes, Malta received 4 OSS/IOSS-related requests (Union: 4, Import: 0, Non-Union: 0) and has not sent any requests. Overall, there is scope for Malta to better leverage this cooperation channel. The EU averages amount to 14.7 requests received and 18.3 requests sent per Member State.

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[53] Malta 2025 Digital Decade Country Report | Shaping Europe's digital future

[54] Sources: Yearly Assessment 2026.

[55] Council Directive 2011/16/EU of 15 February 2011 on administrative cooperation in the field of taxation and repealing Directive 77/799/EEC: automatic exchange of information on income from employment, pensions, director's fees, immovable properties, life insurance products, royalties.

[56] Council Directive 2014/107/EU of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation: automatic exchange of information on financial accounts

[57] Risk assessment: tax risk assessment is a key element of modern tax administration. It allows tax authorities to identify situations that suggest specific taxpayers or arrangements may pose an increased risk to their jurisdiction and require further actions in terms of compliance. In general, EU tax authorities use automated methods based on domestic data and information received from other jurisdictions.

[58] Council Directive (EU) 2021/514 of 22 March 2021 amending Directive 2011/16/EU on administrative cooperation in the field of taxation: automatic exchange of information on income from digital platforms.

[59] Based on Council Regulation (EU) No 904/2010 of 7 October 2010 on administrative cooperation and combating fraud in the field of value added tax (VAT), as subsequently amended, the EU and Member States' national tax authorities cooperate to help ensure the correct application of VAT rules on cross-border transactions.

[60] The data is assessed based on the annual statistics, provided pursuant to Commission Implementing Regulation 79/2012 (Annex IV) and presented to the Standing Committee on Administrative Cooperation (SCAC).

[61] The standardised measure normalises the number of requests per EUR 1 billion of GDP, allowing for comparison relative to the size of the economy. In 2024, Malta sent 1.04 requests per EUR 1 billion of GDP compared to an EU weighted average of 1.60 requests sent per EUR 1 billion of GDP; and received 3.24 requests per EUR 1 billion of GDP compared to an EU weighted average of 1.59 requests received per EUR 1 billion of GDP.

4.3 Compliance risk management

Malta's compliance risk management (CRM) system is centralised under the MTCA, combining risk-based assessments with EU and national data sources. The MTCA Strategic Plan 2023–2025 established a permanent risk management function based on the IMF's compliance risk management framework. A Consolidated Risk Register integrates outputs from the Risk Management Unit and Audit Directorates, with 15 VAT risk rules and 60 CIT risk rules implemented in 2024 ([62]). Risk assessment is embedded in VAT registration and compliance processes, drawing on domestic data sources including national registers (MBR) and the VAT Gap Analysis (2026) ([63]).

Malta's compliance risk management relies on AI and predictive analytics for back-end risk analysis. The MTCA uses the SAS Viya analytics platform to generate monthly risk scores for all taxpayers, enabling behavioural segmentation, prediction, and forecasting to identify high-risk cases. This supports audit prioritisation while maintaining human oversight for final decisions. Near real-time monitoring is limited to VAT/customs controls, triggering alerts for high-risk transactions ([64]).

Malta's use of behavioural compliance tools remains focused on back-end processes. There is no evidence of specific experiments (e.g. nudges, trials) or proactive tools beyond pre-filled PIT returns and VAT/customs risk-based alerts. The Maltese system seems to privilege digitalisation and data-driven risk analysis over taxpayer-facing behavioural interventions.

Malta's Central Electronic System of Payment Information (CESOP) ([65]) usage targets VAT mismatches, with plans to expand data integration. Currently, the MTCA cross-checks CESOP data ad-hoc against VAT return declarations and VIES information to identify discrepancies in cross-border payment flows. Future plans include integrating CESOP data into the SAS Viya analytics platform for broader compliance risk management, moving beyond the current audit-specific approach ([66]).

Malta does not use the reports exchanged automatically under some of the DAC, i.e. DAC3 ([67]), DAC4 ([68]) and DAC6 ([69]) for risk-analysis purposes ([70]). This issue, which is

[62] The figures originate from the MTCA Annual Report 2024. The MTCA Annual Report 2025 reports continued implementation of the compliance risk management programme but does not publish updated numbers for these risk rules.
[63] Findings based on Member States' annual reports (mostly 2025-2026) under Article 12, Regulation (EEC, Euratom) No 1553/89 (VAT own resources collection.
[64] Ibidem.
[65] The Central Electronic System of Payment Information (CESOP) is an EU-wide system established under Directive (EU) 2020/284 to support the fight against VAT fraud in e-commerce. It requires payment service providers to report cross-border payment data on a quarterly basis to national tax authorities, which then transmit the information to CESOP. The system centralises and analyses this data, enabling Member States to detect undeclared online sales, identify fraudulent traders, and enhance administrative cooperation in combating cross-border VAT fraud.
[66] Findings based on Member States' annual reports (2026) under Article 12, Regulation (EEC, Euratom) No 1553/89 (VAT own resources collection).
[67] Council Directive (EU) 2015/2376 of 8 December 2015 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation: automatic exchange of information on rulings and advanced pricing arrangements.
[68] Council Directive (EU) 2016/881 of 25 May 2016 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation: automatic exchange of information on country-by-country reports of multinational entities.

attributed to a lack of available resources, represents a persistent anomaly within the EU landscape. Little progress has been made in this regard, despite repeated recommendations. This situation is problematic as it affects the efficiency and effectiveness of the DAC framework and the Maltese tax authorities should take concrete actions to address it. In fact, the lack of information on the number of identified taxpayers and the exclusive use of manual matching techniques highlights the need for the Maltese tax authorities to move to an automated matching model in order to increase their efficiency as well as their effectiveness in detecting aggressive tax arrangements and profit-shifting issues. Moreover, Malta should increase the use of DAC6 data to close possible legal loopholes which enable tax evasion schemes. This aspect was mentioned in the latest European Court of Auditors report on tax harmful regimes ([71]) and has been also highlighted by the international press ([72]). This situation should be significantly improved through proactive measures that deliver tangible results. In this respect, Malta has received the support of the EU Technical Support Instrument (TSI) to improve the quality, use and evaluation of DAC data and recommendations arising from this support are currently being implemented ([73]).

Malta has taken steps to use VAT gap monitoring findings into its compliance risk management, **using detailed sectoral analysis to target high-risk areas**. The 2026 VAT Gap analysis identified wholesale/retail, professional services, and construction as top sectors driving the VAT gap, alongside late-filing by small businesses (≤10 employees). Hospitality and immovable property also contribute significantly to household consumption gaps ([74]).

4.4 Audits

Malta's audit system employs a diverse range of interventions to detect and deter non-compliance. The MTCA conducts desk audits, single-issue audits, limited-scope audits, and comprehensive investigations for avoidance/evasion. Post-filing interventions include identification of anomalies and outliers through data analytics to prompt taxpayers' disclosure, risk reviews and requests for further information ([75]).

Malta uses AI to enhance audit targeting and efficiency, while maintaining human judgment for final decisions. AI supports case selection, anomaly detection, and fraud identification in large datasets, strengthening customs risk analysis and cargo controls. It improves audit efficiency but operates under safeguards (e.g. legal compliance, data protection, human oversight) to mitigate errors and bias.

Malta has recently established a Large Taxpayer Office (LTO), while it applies standard OSS checks for e-commerce. In 2025, the MTCA announced the establishment of the LTO, providing specialised oversight and tailored services to entities and individuals who meet specific

[69] Council Directive (EU) 2018/822 of 25 May 2018 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation in relation to reportable cross-border arrangements.: automatic exchange of information on potentially tax-harmful cross-border arrangements.
[70] Yearly Assessment questionnaire 2026 (data 2026).
[71] Special Report 27/2024: Combatting harmful tax regimes and corporate tax avoidance
[72] New York Times, 5 August 2026, Crocs Has a Trick for Dodging Taxes: a Tiny Office in Malta
[73] See TSI - Enhancing the quality and use of tax information exchanged between Member States in the context of the Directive on Administrative Cooperation (DAC)
[74] Idem, Member States' annual reports (2026) under Article 12.
[75] European Commission: Directorate-General for Taxation and Customs Union, Mind the Gap – Challenges and opportunities for tax compliance and tax expenditures in the EU – Malta, 2025, https://data.europa.eu/doi/10.2778/8914385.

eligibility criteria set by the MTCA ([76]). Prior to that, large and complex taxpayers were managed under dedicated operational structures within the MTCA, with 1.9% of FTEs in 2024 (42.9% allocated to audits) targeting high-net-worth individuals and large taxpayers, though revenue impact data is unavailable ([77]). OSS-registered businesses undergo audits focused on VAT declaration accuracy, consistency, and supply verification within the VAT Compliance Risk Management framework. The MTCA does not maintain real-time monitoring for online suppliers beyond these standard OSS checks ([78]).

Malta makes limited use of advanced instruments of cooperation provided for in Directive on administrative cooperation in the field of taxation and Regulation 904/2010 to facilitate cooperation on specific cross-border issues. Such instruments entail multilateral controls (MLCs) such as simultaneous controls, joint audits and presence in administrative offices and administrative enquiries (PAOEs). The synergies between participating Member States derived from these coordinated activities usually lead to an increase in the tax assessed and, therefore, contribute to reduce the tax gap. Between 2023 and 2025 Malta has not initiated any MLC or any PAOE. On the other hand, Malta has participated in 3 MLC and 3 PAOE, representing respectively 1.0% and 2.3% of the total of these operations in the EU ([79]).

4.5 Payment and collection

Malta's e-payment and on-time compliance vary significantly across tax types ([80]). In 2024, 61% of all payments were done electronically. (EU average 94.9%). In 2018 this was 16%. On-time payment rates were for CIT 79.4%, (EU average 89.8%), for PIT 96.8% (EU average 79%) and for VAT 59.7%, (EU average 83.7%). Cash payments are restricted to 0.13% of VAT transactions (2025), and Malta is committed to further limiting cash usage in upcoming years ([81]).

Malta's VAT refunds use risk-based verification, while penalties follow a structured approach. The refund process links registration checks to compliance risk management, screening claims for identity, filing history, and trading patterns before processing or escalating for review. For penalties, late VAT filings trigger automated reminders and compliance interventions, followed by financial penalties. Late payments incur statutory interest, with persistent arrears escalating to debt collection. Penalties and interest rates are defined in national legislation ([82]).

4.6 Tax debt recovery

Tax arrears in Malta have been significantly above the EU average in recent years. In 2024, the closing stock of arrears stood at 119.8% of total revenue (vs. EU average: 30.7%), showing a reduction trend as compared to previous years (131.3% in 2023 and 140% in 2022) but

[76] See dedicated press release: Introduction of the Large Taxpayer Office (LTO)
[77] International Survey on Revenue Administration data. https://data.imf.org/en/datasets/ISORA:ISORA_LATEST_DATA_PUB
[78] Findings based on Member States' annual reports (mostly 2025-2026) under Article 12, Regulation (EEC, Euratom) No 1553/89 (VAT own resources collection.
[79] EU AIAC Statistics -2023-2025.
[80] International Survey on Revenue Administration data. https://data.imf.org/en/datasets/ISORA:ISORA_LATEST_DATA_PUB
[81] Findings based on Member States' annual reports (mostly 2025-2026) under Article 12, Regulation (EEC, Euratom) No 1553/89 (VAT own resources collection).
[82] Ibidem

remaining high. Similarly, the share of collectable arrears increased only marginally, from 12.7% in 2023 to 13.1% in 2024 ([83]).

Average times, reported by Malta, to decide on contestations of tax claims may be excessively long. In Malta, 4-6 months is the time needed on average to decide at administrative level on contestations of tax claims, but a final decision to solve contestations of tax claims may take on average 6 years, or longer if the case includes court proceedings. This length may be detrimental to the success of the recovery ([84]).

Recent legislative changes are expected to improve tax recovery in Malta. The Various Revenue Laws (Amendment) Act, 2025 introduced a special out-of-court settlement mechanism, letting taxpayers and debtors voluntarily correct past breaches, pay outstanding amounts plus additional penalties, and in exchange have related criminal liability extinguished. These additional penalties can range from EUR 10 000 to EUR 1 million depending on the circumstances, and the Act harmonised enforcement procedures across income tax, VAT, stamp duty, and social security law. Recovery of all these taxes falls under the competence of the same authority, the MTCA.

Also in 2025, Malta has introduced legislative amendments to strengthen its implementation of the EU's Mutual Assistance Directive (MAD) in Recovery (2010/24/EU), which governs how EU Member States help each other recover cross-border tax, duty, and other public-law claims. In particular, the Code of Organisation and Civil Procedure (COCP) ([85]) now formally recognises the "uniform instrument" the standard form used under Article 12 of the MAD to request enforcement and collection of a foreign tax claim as a specific executive title in Malta. After this amendment, the uniform instrument itself carries executive force automatically, so Malta's tax authority can proceed straight to enforcement no preliminary court registration or proceedings needed. Moreover, technical and procedural details (how services work, instalments, and reporting between authorities) have been adopted to make cross-border tax recovery faster and more consistent with EU-wide practice, while preserving safeguards like deemed-service rules and instalment options for debtors.

Malta has specific legislation in place to deal with cooperation between insolvency administrators and the tax recovery authorities. Tax authorities are allowed to exchange information with insolvency administrators concerning assets that could be used to recover unpaid claims in insolvency proceedings. However, this exchange does not cover information obtained from other Member States under DAC or other EU legislation ([86]).

Regarding cross-border recovery assistance within the EU, no Maltese recovery requests were suspended in 2025, and no recovery requests were sent by Malta to other Member States that year.

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[83] 2025 ISORA Data - closing stock and collectable arrears. A significant proportion of these arrears are classified as uncollectable, as noted by Malta's National Audit Office

[84] Maltese replies to question n. 12 of the Commission Survey on Article 27 of Directive 2014/2010

[85] Budget Measures Implementation Act, 2025 amended Article 253 of the Code of Organisation and Civil Procedure (COCP) by adding a new paragraph (j).

[86] European Commission: Directorate-General for Taxation and Customs Union, Mind the Gap – Challenges and opportunities for tax compliance and tax expenditures in the EU – Malta, 2025, https://data.europa.eu/doi/10.2778/8914385.

Although Malta has a strategy to modernise its tax administration, it currently does not have a dedicated tax recovery strategy/plan. Also, the MTCA does not publish a regular tax recovery activity.

Malta does not use the information obtained under the DAC for recovery purposes. Given the difficulties encountered to develop a coherent strategy in the use of AEOI data, this could be part of the necessary reflection on the matter by the Maltese authorities.