

BUSINESSES REPORT IMPROVEMENT IN 2021, POSITIVE OUTLOOK FOR 2022 – SME CHAMBER PRESENTS 5 PROPOSALS TO MITIGATE INFLATION

A study conducted by the Malta Chamber of SMEs among 250 business owners shows that 44% of SMEs in Malta expected their business to fare better this year.

The survey was carried out between the 10th and 27th of January amongst business owners. 17% replied that 2022 will be worse than 2021 while 39% replied that 2022 will be the same as 2021.

The press conference was addressed by SME Chamber Vice-President Mr Marcel Mizzi, Deputy President Mr Philip Fenech and CEO Ms Abigail Agius Mamo.

According to the Business performance survey, businesses reported a better 2021 over 2020 but it was nowhere close to 2019, before the COVID-19 pandemic hit.

Asked about their biggest concerns for the year, businesses said they were seriously concerned about the increases in costs, the prolonged uncertainty due to the COVID-19 pandemic as well as the uncertainty created by the impending general election.

In terms of financial constraints, businesses biggest concerns were sales levels, cash flow, problems with collecting payments, employee wages, banking issues and repaying deferred taxes.

ABOUT MALTA CHAMBER OF SMES

Malta Chamber of SMEs (Formerly known as GRTU) is the largest social partner in Malta representing over 7,000 SMEs from over 90 different sectors. The SME Chamber has been established for over 70 years and its aim is of safeguarding the interest of businesses at large.

SPOKESPERSONS

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Several businesses reported that they have suffered a difficulty in performance due to quarantine rules, as 13% reported that 30% or more of their employees were out at one go due to quarantine.

38% of the respondents remained neutral on whether they were satisfied with the overall business sales in the first few weeks of 2022. 20% and 15% responded being dissatisfied and very dissatisfied respectively. Despite this, an overwhelming 44% of the respondents believe that 2022 will have better results than 2021, factoring in better control of the pandemic and increased consumer confidence.

During the same press conference, the Malta Chamber of SMEs has presented 5 key proposals that will address the biggest challenges facing our economy and businesses during 2022:

1. **Eliminate Excise Tax on Consumer goods** such as Water, Non-Alcoholic Beverages and Toiletries. Eliminating this invisible tax imposed by our policy makers would leave Eur 5 Million in the pockets of local consumers during 2022, according to government budget estimates.
2. **Reduce the VAT rate from 18% to 15.5%.** While safeguarding Government's income, this measure would ensure that the Government would not be gaining out of the calculation of the VAT percentage on the inflationary increases. This leaves the difference in VAT in the pockets of consumers and businesses.

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3. **Reduce quarantine leave**, in accordance to the recommendation by the CDC, to 5 days for positive cases only. This would be followed by 5 days of mask wearing.
4. **Facilitate the employment of TCNs** from countries that have a positive track record in terms of visa acceptance. The engagement of TCNs should be centrally administered by the government and fast tracked.
5. Malta to lobby in favour of **harmonised travel rules** in order to increase the level of confidence in travelling for private and corporate clients.

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