

SMEs at the Centre

Malta Chamber of SMEs General Election 2026 - Priorities

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Forward



In preparation for every general election, the Malta Chamber of SMEs presents its priorities for the political parties. These priorities are based on feedback from our members and research into the broader needs and sentiment of the Maltese business community.

The Malta Chamber of SMEs believes that the country is at a stage of renewal. While Malta has achieved significant economic growth in recent years, this progress has sometimes come with trade-offs and emerging challenges.

There is a clear national commitment to pursue economic prosperity in a sustainable manner and to provide businesses with the necessary support to make this transition and to address our productivity. Our focus is on fostering a resilient and forward-looking economy that balances growth with long-term stability and quality of life.

It is essential that Malta adopts clear, competitive and streamlined regulations to both to attract visitors and also to facilitate business mobility. Maintaining unnecessary administrative burdens harms our competitiveness and economic potential.

The Malta Chamber of SMEs is confident that implementing these proposals will contribute significantly to the improvement and sustainable advancement of our country and the business community in the coming years.

Introduction

The proposals outlined in this document are based through consultation with the Malta Chamber of SMEs' members, together with quantitative evidence reflecting the realities currently faced by Malta's business community. Findings from the SME Barometers throughout the years highlight several priority areas requiring policy attention to strengthen competitiveness and support long-term economic resilience.

Among the key challenges identified, during the last SME Barometer which took place in Q1 of 2026, 41.8% of businesses highlighted employee shortages as their principal concern, while 21.5% identified unfair competition and 15.7% traffic congestion as significant pressures affecting operations and growth.

The results presented in Figure 1 demonstrate that these concerns have remained consistent across every quarter since Q2 2025, with the same three issues continuing to dominate business sentiment and placing sustained pressure on enterprises.

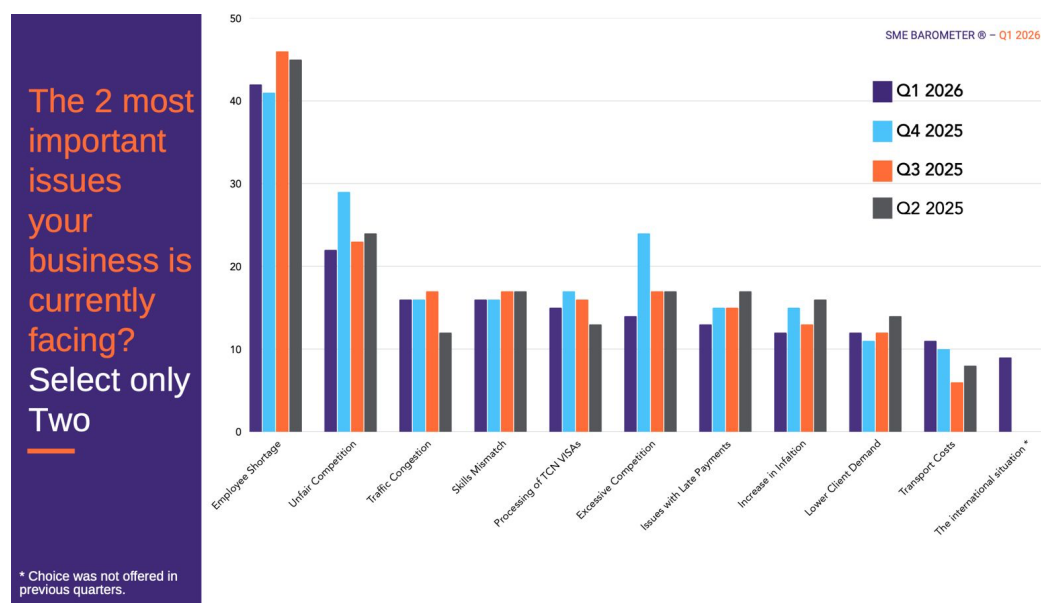


Figure 1: Q2 2025 to Q1 2026 responses on the most important issues that the businesses are currently facing

The findings also underscore the importance of fostering a business environment. Built on confidence and stability, with overpopulation (38%) ranked the highest, with good governance (33%) ranking as the second highest issue the country is facing. Furthermore, while 77% of SMEs recognise digitalisation as essential for future growth and competitiveness, many businesses continue to encounter financial and operational challenges in fully embracing this transition.

This trend is further illustrated in Figure 4, which compares the results between Q2 2025 and Q1 2026, the latest period covered by the SME Barometer.

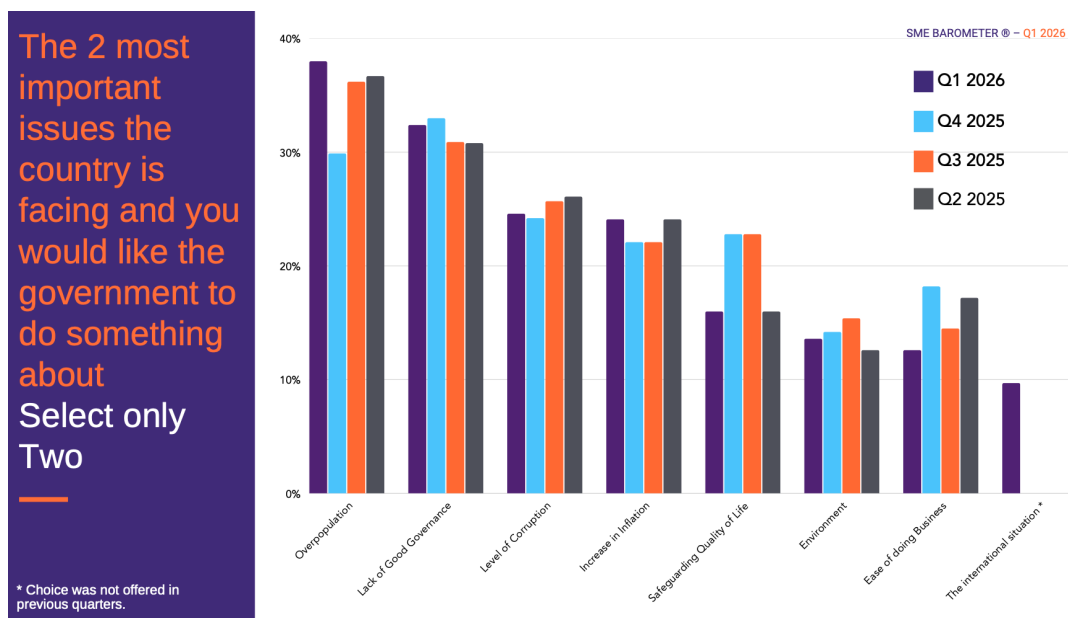


Figure 2: Q2 2025 to Q1 2026 responses on what the businesses believe the most important issues the country is facing and would like the government to assist.

These insights reaffirm the importance of forward-looking, practical and collaborative policy measures that empower businesses to invest, innovate and grow sustainably.

Based on these, the Malta Chamber of SMEs presents the following proposals for consideration within the upcoming Electoral Manifesto, with the aim of strengthening Malta's economic competitiveness, supporting enterprises across all sectors and improving the overall quality of life.

The SME Chamber proposals centre around the Key Areas:

- **Ensuring a level playing field and fair implementation of taxation policies**
- **Encourage Capital Expenditure**
- **Reforming the Legislative Framework to Support SMEs**
- **Addressing Employment Shortage & Productivity Rates**
- **Education, Training and the Future of Work**
- **Energy**
- **A Long-Term Strategy for Gozo**

Ensuring a level playing field and fair implementation of taxation policies

The Malta Chamber of SMEs welcomes the tax benefit proposals from both political parties, which reflects our long-standing advocacy for reducing the tax burden to accelerate business recovery. However, we must caution against the creation of unfair advantages between different business units particularly SMEs. While we support these commitments in principle, tax reform is a sensitive area that requires precise implementation to avoid market distortion. We emphasise that such reductions must be accessible to all businesses and applied in a strictly equitable manner, specifically for SMEs.

The Malta Chamber of SMEs recognises that over the years the current 5% effective tax rate for foreign owned companies has benefitted the country at large, however it has also effectively created a tax advantage over locally owned companies.

The SME Chamber welcomes the recognition that Malta's 35% corporate tax rate is uncompetitive and that targeted relief for smaller businesses is long overdue. This is a position the SME Chamber has itself advanced for some time.

The quarterly SME Barometer consistently shows that businesses highlight unfair competition as a top most issue their business is currently facing¹, which amongst other issues includes the difference in tax rates between Maltese owned and foreign owned businesses.

¹ <https://www.smechamber.mt/wp-content/uploads/2026/04/SME-Barometer-Q1-2026.pdf>

<p>Proposal 1</p>	<p>Tax Reduction</p> <p>The Malta Chamber of SMEs has long advocated a reduction of corporate income tax as a means of encouraging growth, compliance and creating a more equitable playing field with foreign owned companies.</p> <p>Reducing Corporate Tax will also alleviate the need to pass on inflationary pressures. Many businesses speak of their worries of not remaining competitive and their clients not being able to afford further increases.</p> <p>The Malta Chamber of SMEs therefore proposes that corporate tax rate is reduced from 35% to 25% across the board.</p>
<p>Proposal 2</p>	<p>Deferred Tax Rate</p> <p>A reduced corporate tax rate of 15% is made available to Small and Medium-sized Enterprises (SMEs), based on the EU SME Definition; businesses that employ under 250 Employees or have a turnover of less than Euro 50 million or a balance sheet of less than Euro 43 million².</p> <p>The Deferred tax rate will be subject to:</p> <ul style="list-style-type: none"> • Good Standing: The company must be tax compliant in order to be eligible for this preferential rate.

² https://single-market-economy.ec.europa.eu/smes/sme-fundamentals/sme-definition_en

	<ul style="list-style-type: none"> • Retained / Re-invested Profits: The reduced rate of 15% will apply to profits that are not distributed as dividends, therefore linking the tax benefit to profit retention and re-investment for growth and resilience. In the case of a dividend distribution, the 25% tax rate will apply. <p>This targeted tax structure directly stimulates growth by incentivising productive reinvestment over short-term profit distribution. It simultaneously builds SME resilience by encouraging the creation of internal capital buffers, making businesses less vulnerable to economic downturns. Moreover, the above proposal stimulates scaling of businesses, encourages innovation, decarbonization, workforce upskilling and investments in digitalisation.</p>
<p>Proposal 3</p>	<p>Removal of SISA</p> <p>The Malta Chamber of SMEs has long advocated against the introduction of SISA on certain product (non-Harmonised Goods) specifically, Toiletries, Cosmetics, Personal Care, Certain Food & Beverages. This further creates an un-level playing field as it is difficult to enforce.</p> <p>SISA is an unfair hidden tax. Unfair on businesses and unfair on consumers. It is an indirect way for the collection of public revenue, which is not fitting the current economic situation and with the increased inflation, members and consumers are experiencing.</p> <p>In this regard, the SME Chamber believes that consumption should be incentivised and not dis-incentivised.</p>

Proposal 4

Family Business Transfer

Transfers between the declared direct members of a family business should not incur tax or duty.

The Malta Chamber of SMEs proposes the total exemption of taxes and document duties on the transfer of business assets and shares between identified family members, specifically children and siblings. To ensure the long-term stability of the business during successional transitions.

This exemption should apply to:

- **Inter-vivos transfers:** Transfers made during the lifetime of the owner to facilitate proactive succession planning.
- **Causa mortis transfers:** Transfers occurring upon the death of the owner.

By eliminating these fiscal barriers, the government will support the seamless transition of businesses from one generation to the next, ensuring economic stability and the preservation of local jobs.

Proposal 5

Removal of Death Tax:

For too long, families have had to deal with a 'death tax' that has a direct negative impact on their livelihood at their most vulnerable moment. It is unfair and unjust that, while a family is grieving, they have to put up with this unjust tax. We must recognize the family as a unified nucleus.

	<p>These enterprises pay their fair share of taxes every day they operate; to tax the remaining value upon death is a form of double taxation. This financial burden creates a liquidity crisis that too often forces the heart-wrenching sale of long-standing family firms.</p>
<p>Proposal 6</p>	<p>Tax Deductibility of National Insurance Contributions:</p> <p>Under the current system, the maximum rates of national insurance (NI) contributions are triggered at an income level of €28,303.08. Consequently, a self-employed individual earning €28,303.08 pays the same NI contribution as someone earning €100,000. Maximum tax and NI rates are triggered at an earnings level that is too low, especially when one considers the significant increase in the cost of living. Furthermore, self-employed individuals cannot deduct their annual NI contributions as an expense in their profit and loss accounts.</p> <p>To alleviate the financial burden on self-employed individuals, we propose making national insurance contributions tax deductible, thereby reducing their overall tax liabilities and further incentivising entrepreneurship and job creation</p>
<p>Proposal 7</p>	<p>VAT Domestic Reverse Charge</p> <p>The current VAT system requires businesses to pay VAT on purchases and then reclaim it later, creating cash flow challenges and administrative burdens. This conventional approach can hinder business operations, particularly for small and medium-sized enterprises (SMEs), and often results in delays and complexities for both businesses and tax authorities.</p>

Additionally, maintaining compliance and embracing digitalisation remain significant challenges within the VAT system.

Similar to existing practice in transactions with suppliers from other EU countries, a domestic reverse charge mechanism could be introduced for B2B transactions among local VAT registered entities, resulting in no VAT being charged and subsequently no VAT being claimed. Taxpayers could also be required to adopt an e-invoicing system to make use of this mechanism.

This presents an opportunity to introduce a VAT reverse charge mechanism which would alleviate cashflow pressures, reduce administrative complexities, and streamline the VAT process for businesses, facilitating greater compliance and encouraging digitalisation within the VAT system, without impacting the government's revenues.

Encouraging More Capital Expenditure

Recent data from the Central Bank of Malta reveals a significant trend in the local economy: total deposits held by residents reached over €27.4 billion by the end of 2025.³ This 7.5% year-on-year growth demonstrates that despite global economic shifts, the Maltese public maintains a high propensity to save, with billions of euros currently sitting in low-yield accounts.

While this liquidity signals financial stability, it also represents a missed opportunity for the national economy and local businesses. At a time when many small and medium-sized enterprises (SMEs) struggle with cashflow and access to finance, often hindered by rigid bank lending criteria and high collateral requirements. Although the Malta Development Bank has given greater access to finance to SMEs by providing reduced lending rates and more guarantees, there is a clear disconnect between the country's wealth and easy and efficient access to finance.

The Malta Chamber of SMEs therefore believes that this "idle capital" could be the key to solving the liquidity challenges faced by local businesses. This has proven beneficial in other member states such as Belgium.⁴ However, to mobilize these funds, the government must introduce robust fiscal incentives designed to encourage the general public to shift their focus from passive saving to active investment in local enterprises.

By providing tax credits or investment schemes for individuals who invest in local businesses, the government can create a win-win scenario:

³<https://www.centralbankmalta.org/site/Publications/AR-2025/Part-I-Chp-2.pdf?revcount=6818>

⁴ <https://finance.brussels/nl/proxi/>

Proposal 8

Business Investment Scheme

The Malta Chamber of SMEs proposes an investment scheme for the general public to lend local businesses up to a certain threshold.

The Scheme will be:

Open to SMEs (set-up as a legal entity or self-employed) that are:

- Established and Operational in Malta; and
- Can borrow up to Euro 250,000 (Combined)
- Need to be of Good Standing

Lender (General Public) can;

Can grant one or more micro loans up to a maximum of Euro 50,000 per year up to a total of Euro 250,000 across all loans;

A minimum interest between 2.25% and 4.50%

Government Incentive:

- The lender will benefit from an annual tax credit of 4% for the first three years and then 2.5% for the remaining years (Up to 8 years).
- The Lender can benefit from a one-off tax credit of 50% on the definitively lost principal, for example in the event of bankruptcy. This tax credit increases to 60% if the borrower is a business that focuses its activity on digital or green initiatives.

Reforming the Legislative Framework to Support SMEs

The current economic landscape demands a legislative environment that is as dynamic and resilient as the small and medium-sized enterprises (SMEs) it governs. As the backbone of the Maltese economy, SMEs require a regulatory framework that facilitates growth rather than imposing administrative and fiscal bottlenecks.

Additionally, any framework needs to have a self-adjusting mechanism that would ensure that legislation implemented automatically adjusts to future changes and increases.

The SME Barometer survey for Q1 (2026) asked respondents what type of government support would be most effective for their business to counter the Middle east conflict, of which the most popular reply selected (29%) was 'Regulatory flexibility/reduced administrative burden'⁵ which shows the impact of regulation on SMEs and Sole Traders.

In light of the increasing complexity of regulatory frameworks, particularly with the introduction of the Omnibus Directive, it has become evident that while the intention behind these regulations is to ensure long-term sustainability and compliance, the current over-regulation is creating unintended challenges.

Members are experiencing significant administrative burdens. Often members feel that regulation is given more importance than the end goal, leading to reluctance in compliance and stifling operational efficiency. This proposal seeks

⁵<https://www.smechamber.mt/wp-content/uploads/2026/04/SME-Barometer-Q1-2026.pdf>

to address these issues by streamlining the regulatory process, ensuring that sustainability goals are met without overwhelming our members.

The Malta Chamber of SMEs is calling for a comprehensive **legislative review** focused on modernizing outdated laws that currently hinder business continuity and financial agility.

Proposal 9	Simplifying / Consolidating Requirements Conduct a comprehensive review of existing regulations to identify overlaps and redundancies. Streamline processes by consolidating similar requirements under a unified framework. Ensure that any streamlined regulatory processes are aligned with the Omnibus Directive, particularly in areas related to sustainability and market efficiency.
Proposal 10	Self-Adjusting Mechanism Introduce a self-adjusting mechanism (based on annual inflation rates) for certain business benefits such as Fringe benefits Rules and benefits related Workplace Accessibility amongst others. This would ensure that any fringe benefits and incentives for businesses truly reflect the value of any particular year, rather than having to adjust these amounts manually through rigorous and overburdensome review. The percentage increase introduced would be in discussion with social partners and reflecting the general inflation rates or any other more accurate means of measure available.

<p>Proposal 11</p>	<p>Introduce a Mandatory SME Test</p> <p>Introduce a mandatory SME Test requirement for any future legislation and regulation implemented and not deriving directly from EU Regulations and Directives.</p> <p>This would ensure that any future regulation implemented would need to conduct a thorough SME Test to understand the level of impact on SMEs, especially the Small, Micro and Sole Traders.</p> <p>The SME Test would be required as part of the current required consultative process conducted by various entities.</p>
<p>Proposal 12</p>	<p>Remove the Requirement of Audit on Micro Businesses</p> <p>Building on the principles reflected in Malta’s Audit Exemption Rules, which relieve qualifying small companies from mandatory statutory audits, the SME Chamber recommends, widening this bracket.</p> <p>Specifically, the SME Chamber propose removing the audit requirement for micro businesses with under Euro 250,000 Turnover) to prevent imposing disproportionate administrative and financial burdens on the smallest businesses.</p>
<p>Proposal 13</p>	<p>Review and Revamp the Persons with Disability (Employment Act)</p> <p>The current framework of the Persons with Disability (Employment) Act, while well-intentioned in its aim to promote inclusion, in the current labour market it is creating</p>

significant and often disproportionate burdens for SMEs. For these businesses, often operating with limited administrative capacity and tight financial margins, the regulatory requirements can feel overwhelming and misaligned with their practical realities.

Furthermore, the financial contribution, while intended as an incentive, can instead be perceived as a penalty that strains limited cash flow, especially when the business may already be informally accommodating employees with varying needs without a formal framework.

The current regulatory framework bases its inclusion quota on a company's total workforce, without accounting for the practical realities of specific job roles. This calculation includes positions that are physically intensive or classified as high-risk roles which, in practice, many persons with disabilities available in the labour market are understandably unable to perform due to legitimate physical or safety constraints. In this regard, any quota set should exclude such job designations.

This creates a fundamental bottleneck for businesses that have set targets that do not align with the actual suitability of their available job openings.

As a result, these companies often find themselves unable to meet the quota not through lack of willingness, but simply because the roles they need to fill are not accessible to the current pool of candidates with disabilities. Businesses in such scenarios are constrained to pay the contribution nonetheless to ensure compliance.

Moreover, there is a huge mismatch between the current job labour market realities and the number of registered persons with disability looking for employment. In this regard it is being proposed that the set threshold to apply the **quota is increased from 20 employees to 50 employees.**

Additionally, it is also recommended that the Financial Incentive⁶, for employee equivalent to 25% of the person's basic wage, up to a maximum of €4500 (equivalent to 25% of €18,000) for each person with a disability employed, is increased to 50% of the person's basic wage, up to a maximum of €12,900 (which reflects 50% of the average salary in Malta (labour force Survey Q4/2025)⁷

The SME Chamber therefore recommends this legislation, in consultation with social partners is thoroughly reviewed to reflect the current realities with the goal remains; to make inclusion achievable and attractive for businesses without creating a regulatory hurdle.

⁶ <https://jobsplus.gov.mt/funding-employer/fiscal-incentive-scheme>

⁷ <https://nso.gov.mt/labour-force-survey-q4-2025/>

Addressing Employment Shortage & Productivity Rates

While Malta's population levels present undeniable challenges in infrastructure and sustainability, it is also a reflection of the economy's current momentum and labour dependency. This growth cannot be abruptly slowed down without causing significant economic disruption and a loss of competitiveness.

From one quarter to another, members of the SME Chamber note that employment shortage remains a topmost issue their business is currently facing and this cannot go unnoticed.⁸

Malta's dependence on TCNs is undeniable, yet the current recruitment process is very complex and fragmented system that wastes resources and is very costly for all stakeholders involved. An efficient system of sourcing TCNs from selected countries should be implemented in a much more effective way.

The ultimate way forward should not halt progress, but to actively and strategically transition the economic model to a less labour intensive one.

This means investing in technology adoption, upskilling the resident workforce, and incentivising productivity gains to ensure that our expanding economy becomes more efficient, innovative, and ultimately sustainable for the long term.

While Malta experienced positive economic growth in the past years, productivity levels remain low, which is also contributes to the labour shortage. Until such goal is successfully achieved, recruitment and talent search needs to be accessible for businesses experiencing this shortage.

⁸ <https://www.smechamber.mt/wp-content/uploads/2026/04/SME-Barometer-Q1-2026.pdf>

Likewise, the SME Chamber believes that businesses even the micro and small ones, should be further encouraged to professionally look into their processes and understand how their business can improve in terms of Environmental, Social and Governance. This would also ensure long term sustainability and directly contribute toward productivity. W

Proposal 14

TCN One-Stop Shop

While it is understood that the employment of TCNs requires rigorous check from authorities to safeguard the country's national security, the current process is more often fragmented with numerous entities involved.

The new labour migration policy brought about a number of positive results, especially with the quality of TCNs coming to Malta and with a special focus to sustain and safeguard our country's national identity and patrimony, this came at a cost for employers, financially, regulatorily and administratively.

The Malta Chamber of SMEs proposes the establishment of a dedicated one-stop-shop for SMEs to recruit Third Country Nationals (TCNs). This service would guide businesses through the entire process from initial application to final approval; ensuring clarity, efficiency, and compliance.

Under the proposed model, an SME would be assigned a single, competent officer who understands all relevant criteria, checks, and sector-specific requirements. This officer would act as the business's main point of contact, navigating the complex regulatory landscape on their behalf.

	<p>This would heavily reduce the administrative burden on both SMEs and entities and reduces the costs involved.</p>
<p>Proposal 15</p>	<p>Reduced Tax Rate on Overtime</p> <p>The SME Chamber proposes that the current 15% tax rate for the first Euro 10,000 pegged at a minimum basic weekly wage of Euro 375 weekly is changed. In this regard the SME Chamber proposes that; Tax on overtime is reduced from 15% to 10% on the First Euro 15,000 pegged at a basic weekly wage of Euro 500.00 and adjusted annually based on C.O.L.A.</p> <p>Employees opting to work part-time due to the lower tax will be encouraged to instead work over-time with their main employer.</p> <p>Overtime is and will continue to be voluntary and where this is chosen employees should be given an extra hand for giving more to the economy and helping their employer in this difficult human resource moment.</p> <p>In addition to this, it is also being proposed that the capping for part-time work (in employment or self-employed) is also increased to Euro 15,000 and Euro 17,000 respectively.</p>
<p>Proposal 16</p>	<p>Implement the "Once-Only" Principle</p> <p>The SME Chamber proposes that reporting obligations to government entities is centralised and data provided or requested for one purpose, should be pre-filled for other requirements, drastically cutting time spent on paperwork.</p>

<p>Proposal 17</p>	<p>Productivity Tech Kit Grant</p> <p>The SME Chamber proposes a simple grant covering a bundled package of essential, cloud-based productivity software (e.g., accounting, inventory, scheduling) which would include training and the consultancy to set it up. The grant can also help Sole traders and SMEs comply with the Vat in the Digital Age Package.</p>
<p>Proposal 18</p>	<p>Incentivise Employee Wellbeing</p> <p>Often incentives catered at addressing team dynamics are often excluded from Training and are regarded not necessary for the sustainability of businesses.</p> <p>With the increased new forms of work, including remote working and work from home, managing people continues to prove challenging for employers.</p> <p>The SME Chamber therefore proposed Incentives for employers to create safe and professional team building activities, the aim of this would be to create a sense of purpose and strengthening teams within the business and also to address mental health and detachment issues; all having an impact on productivity.</p>
<p>Proposal 19</p>	<p>Re-Introduction of the ESG Grant</p> <p>The ESG framework has become a cornerstone for businesses to measure and report their impact on the environment, society, and governance practices. While larger corporations are slowly adopting ESG principles, Micro and Small companies often lag behind due to resource constraints, lack of expertise, and</p>

perceived complexity. The ESG Grant was previously introduced to assist SMEs in conducting their first ESG review, but the uptake was disappointingly low.

However, given the growing importance of ESG in business sustainability, investor expectations, and regulatory requirements, it is crucial to reintroduce this grant with improvements to encourage more SMEs to engage in voluntary ESG reviews.

The SME Chamber therefore proposes that an ESG Grant is re-launched, with the option to engage and advisor to recommend improvements and also assist with sourcing funding opportunities to implement such recommendations. This would ensure the Micro and Small Companies receive the necessary guidance and funding to shift towards more sustainable processes irrespective of their business nature.

Education, Training and the Future of Work

The same way the country is facing a shortage of employees, likewise members experience a huge skills gap in current and eventually in future jobs. The Q1 2026 SME Barometer found that almost 16% of members experience skills mismatch as one of the top issues their business is facing⁹. As traditional roles evolve, the need for continuous upskilling and re-skilling is becoming imminent.

Although a few grants and incentives are already in place and easily accessible, such grants are not always accessed by those needing them the most. Skilling and re-skilling are no longer optional career enhancements but essential strategies for both individual employability and resilience of businesses. This shift demands a proactive approach to learning, where adaptability and lifelong education become central to professional success. This is not only necessary for Employees but also for Employers who often prioritise training their employees over their own up-skilling and re-skilling.

Significant challenges persist, including skills mismatches, unequal access to training, and the pace of change outstripping current educational frameworks. In addition, work ethic and social skills are basics which have become a rare expectation in recruitment.

The SME Chamber believes that the current educational system lacks preparing students to be entrepreneurs and to equip them with the basic life and soft skills.

Education should be looked into in a wider scope. The higher education sector offers an untapped opportunity to create a stronger niche in Malta for education tourism and making Malta the centre for excellence for Educational Services. In

⁹<https://www.smechamber.mt/wp-content/uploads/2026/04/SME-Barometer-Q1-2026.pdf>

view that Malta should be planning to diversify its economic dependence this is surely a sector that should take priority.

In order for the higher education to flourish the regulatory environment should be facilitated and seen as an important resource that can complement the strategy of the public sector.

To address these challenges, a multi-stakeholder effort is required. Below are several proposals aimed at fostering a more agile, inclusive, and future-ready workforce:

Proposal 20

Taskforce Dedicated to Devising a Vision for the Future of Work

This taskforce would be tasked with developing a bipartisan vision for the future of work, ensuring that all perspectives are considered, and that comprehensive, forward-looking solutions are crafted to navigate the complexities of digital transformation effectively, additionally the aspect of financial literacy and how this can be integrated in the education system together with work based learning, should also be looked into in order to prepare current and future generations with necessary tools to handle their finances.

The taskforce will design frameworks for **large-scale reskilling and upskilling initiatives**, particularly targeting sectors that are likely at risk. Additionally, any vision developed must be supported with a detailed strategy with clear KPIs to be implemented.

<p>Proposal 21</p>	<p>Launch Individual Learning Accounts</p> <p>The Malta Chamber of SMEs recommends the launch of Individual Learning accounts aimed at incentivising individuals to up-skill and Re-skill. These grants should be made available to all individuals, within working age (16-65) and including self-employed. Governments, in partnership with employers, could create funded, portable digital accounts for every worker.</p> <p>These accounts would provide annual credits for accredited training programs, enabling individuals to pursue skilling or re-skilling without financial burden, regardless of employment status.</p>
<p>Proposal 22</p>	<p>Every Student an Entrepreneur</p> <p>Malta’s current education system, traditionally prepares students to be employees rather than innovators. As the economy becomes increasingly driven by AI and rapid technological change, many young people leave school lacking fundamental financial literacy, an understanding of taxation, or the digital skills required in the modern workplace.</p> <p>This misalignment leaves local SMEs struggling to find work-ready talent capable of problem-solving and adapting to the realities of a digital economy.</p> <p>Students should be exposed practical business experiences, innovation at an early stage and learn to apply skills directly and how these can be used locally and internationally.</p>

	<p>The Proposal aims for a shift toward practical learning, making entrepreneurship and financial intelligence a compulsory part of the secondary education curriculum.</p> <p>This would include:</p> <ul style="list-style-type: none"> • Core Subject Integration • Mentorship programs involving SMEs • Organising national student startup competitions • Establishing Partnerships between schools and local SMEs
<p>Proposal 23</p>	<p>Education as an Economic Pillar</p> <p>Create a new economic pillar through accredited institutions which can make a bigger name for Malta and attract more value added into the country. This should come with further reforms of MFHEA and schemes that specifically support the sector.</p> <p>The Malta Chamber of SMEs also Encourages a level of collaboration through Public-Private Partnerships aimed at benefitting the sector at large. This collaboration can be aimed to generate more business development opportunities for the private sector, which will also promote Malta as a product. This is similar to the way Finance Malta, plays a vital role in the promotion of Financial Services in Malta. The SME Chamber suggests a similar setup for the Educational Sector.</p>

Energy

Malta's transition towards a cleaner, more resilient and sustainable energy system presents both significant opportunities and pressing challenges. While important progress has been achieved in strengthening energy supply and reducing disruptions, further investment is required to modernise grid infrastructure, facilitate renewable energy integration and ensure that businesses and households can actively participate in the green transition.

As Malta continues to face increasing energy demands driven by population growth, economic expansion, electrification of transport a long-term and business-friendly strategy is required.

The Malta Chamber of SMEs believes that the energy transition must be underpinned by stronger infrastructure, streamlined processes, targeted incentives and encourages also greater collaboration between the public and private sectors.

To support Malta's carbon neutrality objectives while safeguarding competitiveness and energy security, the Malta Chamber of SMEs proposes the following measures.

Proposal 24	Strengthening Grid Connection For renewable energy projects, integration is essential to support Malta's renewable energy ambitions and ensure long-term energy security. The Malta Chamber of SMEs believes that, as businesses increasingly invest in renewable energy solutions, the national
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	<p>electricity grid must have the necessary capacity to accommodate growing demand and facilitate efficient and timely connections.</p> <p>The SME Chamber proposes that investment in grid modernisation is maintained while introducing a clear, transparent and predictable framework for grid connection costs based on objective energy capacity thresholds.</p> <p>Greater visibility on infrastructure requirements and associated costs would provide businesses and investors with improved certainty when planning renewable energy projects, while reducing unnecessary financial unpredictability.</p> <p>Attention should also be given to reinforcing grid infrastructure in strategic areas with high renewable energy potential and encouraging distributed energy generation to ease pressure on existing systems.</p> <p>Such measures would strengthen investor confidence, accelerate the deployment of renewable energy projects, improve fairness and transparency in grid access and ultimately contribute towards a more resilient and sustainable energy system with reduced dependence on imported energy.</p>
<p>Proposal 25</p>	<p>Encourage Industry Energy Storage Projects</p> <p>The SME Chamber proposes that support mechanisms should be expanded to encourage commercial and industrial-scale renewable energy generation and energy storage systems.</p>

	<p>As businesses face increasing energy demands and operational costs, targeted incentives should be introduced to facilitate investment in battery storage, smart energy technologies, electric vehicle charging infrastructure and self-generation solutions.</p> <p>Greater support for commercial renewable energy investments would not only improve business competitiveness and resilience but also contribute towards national grid stability and energy security.</p> <p>The SME Chamber therefore proposes the introduction of dedicated grant schemes, fiscal incentives and financing mechanisms that support business investment in energy resilience while strengthening collaboration between energy providers and the private sector.</p> <p>Such measures would help reduce energy costs for enterprises, lessen pressure on national electricity infrastructure during peak demand periods, and accelerate private sector participation in Malta’s green transition.</p>
<p>Proposal 26</p>	<p>Strengthening Public Private Partnerships</p> <p>Recognising Malta’s geographical limitations and increasing energy demands, while understanding the country’s opportunities, the Malta Chamber of SMEs believes that public-private partnerships (PPPs) should be further encouraged and assisted to unlock strategic renewable energy opportunities that may not be feasible through individual investment alone.</p>

	<p>Such Public Private Partnerships such as projects undertaken by Malta Energy Ltd (a public private partnership between Malta Chamber of SMEs and Water Services Corporation) proven to be very successful and cost effective for both the government and private businesses contributing to these projects.</p> <p>The SME Chamber therefore proposes that prospective projects are further encouraged to take place.</p>
<p>Proposal 27</p>	<p>One-Stop-Shop for Large projects</p> <p>Currently anyone willing to invest in a RES system has to deal with the following various entities, particularly with:</p> <ul style="list-style-type: none"> • Planning Authority; • ERA (where applicable); • REWS (regarding submission of bids, subsequent authorization to construct a RES plant, ministry for signature of FIT contract); • Enemalta (for pre- and post-bid grid connection study, allocation of grid capacity, etc.); • ARMS; • Infrastructure Malta (Trench Works); and • Transport Malta (Road Closures) <p>To address having to deal with multiple entities, the SME Chamber recommends the establishment of a One-Stop-Shop for large RES projects. This centralized entity would handle all aspects of the application and approval process, making it more efficient, transparent, and user-friendly for investors.</p>

Creating a Fair, Equitable Level Playing Field

Unfair competition represents critical barriers to sustainable economic development, social equity, and public trust. Members often note Unfair Competition and Lack of good governance as two of the topmost issues both their businesses and the country is facing.¹⁰

Although the reasons behind this choice have yet to be further understood and defined, members often note that public procurement mechanisms and lack of enforcement (creating an un-level playing field) often contribute towards this mentality.

To effectively address these intertwined issues, a holistic and enforceable framework of reforms is necessary. Below are integrated proposals aimed at strengthening governance while dismantling unfair competitive practices:

Proposal 28	Public Procurement Fairness & Accessibility Although tenders may appear fair at face value, they are often not accessible to many businesses, particularly Small and Medium Enterprises (SMEs) and smaller investors. This is due to several barriers, such as high financial requirements, complex application processes, and the tendency to favour larger, well-established companies. As a result, smaller businesses are frequently excluded from participating, limiting competition and innovation.
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¹⁰ <https://www.smechamber.mt/wp-content/uploads/2026/04/SME-Barometer-Q1-2026.pdf>

	<p>Additionally, the focus on the lowest price rather than the best value can lead to suboptimal outcomes for public projects.</p> <p>To address these issues, reforms are needed to make tenders more inclusive, transparent, and focused on quality, ensuring that all businesses, regardless of size, have a fair opportunity to compete.</p> <p>The SME Chamber Proposes:</p> <ul style="list-style-type: none"> • BPQR System for Adjudication • Smaller Lots for Tenders: • Revision of Financial Requirements for Tenders
<p>Proposal 29</p>	<p>Strengthening Enforcement mechanisms</p> <p>Local businesses often face unfair competition from foreign businesses selling undeclared goods at lower prices, creating an uneven playing field. This harms local SMEs and results in lost tax revenue.</p> <p>The SME Chamber proposes that the general public should be encouraged and Incentivised to Report Undeclared Goods and Implement consistent customs control measures across all entry points to ensure that no goods enter Malta undeclared or untaxed.</p>
<p>Proposal 30</p>	<p>Public Procurement Watchdog</p> <p>Public procurement is a critical component of government operations, involving the acquisition of goods, services, and works from external suppliers. However, the current system faces several challenges, including a lack of transparency,</p>

inefficiencies in the adjudication process, and barriers for smaller businesses and green initiatives.

Although public procurement regulations allow for a level of redress, this is most of the time, costly, lengthy and a barrier in itself, especially for small and micro businesses.

The Watchdog would be able to look into specific reports and issue recommendations to improve the overall procurement procedure and regulations.

A Long-Term Strategy for Gozo

Gozo's current socio-economic profile reveals deep-seated structural disparities that go beyond temporary cyclical trends. Despite its significant contribution to the national fabric, the island's GDP per capita remains at a staggering **59.8% of the national average**¹¹, reflecting a heavy reliance on low-value-added services and public sector employment. This "productivity gap" is exacerbated by the island's "double insularity," which drives a persistent brain drain as Gozitan tertiary graduates often find no choice but to relocate to Malta for professional growth.

To change this, Gozo must transition from a peripheral region into an island hub for innovation. This requires a "place-based" policy approach that leverages Gozo's unique quality of life to attract knowledge-based sectors; such as digital media, med-tech, and AI-enabled solutions, which are less constrained by physical geography and more reliant on human and digital capital.

In tandem with economic diversification, Gozo's accessibility framework must evolve to become more resilient. Currently, the island's entire economic security is tethered to Mġarr Harbour, which acts as a single, congested node for passengers, vehicles, and essential freight.

This concentration of functions creates a systemic vulnerability; any disruption at this single point of failure threatens the security of supply for goods and services alike. Connectivity should no longer be viewed as a mere infrastructural project but as a strategic economic enabler.

¹¹ <https://nso.gov.mt/economy-regional-gross-domestic-product/>

By separating these functions, such as; relocating freight management to a dedicated logistics hub and diversifying maritime access point, Gozo can ensure business continuity and operational reliability. Only through this integrated approach to connectivity and diversity can Gozo compete on fairer terms and become a resilient, high-value contributor to Malta’s long-term economic vision.

<p>Proposal 31</p>	<p>The Development of a Dedicated Logistics Hub in Gozo</p> <p>The SME Chamber therefore proposes that the setting up of a logistics hub to ensure more reliability, resilience and gives businesses more predictable access to their supplies while reducing pressures on Mgarr Harbour.</p>
<p>Proposal 32</p>	<p>Extension of Mgarr Harbour</p> <p>Through the years with the increased economic activity, Mgarr harbour has become too small to cater for all the ongoing operations, which apart from the Gozo Ferry and Fast Ferry service, also caters for pleasure boat operators and various tours.</p> <p>The current harbour needs more space for parking and organizing vehicles before they board. No segregation for foot passengers from heavy trucks to make the port safer and faster. Additionally, there are no proper dedicated areas for delivery vans and essential goods.</p> <p>The recommendation includes, a harbour, able to cater for cleaner, eco-friendly ferries, dedicated access for pleasure</p>

	boats, better link to buses and a stronger plan to deal with busy holidays or bad weather when the ferry is delayed.
Proposal 33	<p>Promoting Economic Diversification</p> <p>Gozo's economy is currently too reliant on traditional sectors such as; construction and Tourism. The SME Chamber believes that the island's next big step is not just increasing activity in these areas but diversifying the economy.</p> <p>We must shift our focus toward high-value sectors like digital and financial services. While better accessibility is a necessary foundation, Gozo's long-term success depends on building a broader, more modern economic base that moves beyond its traditional sectors.</p>

Conclusion

The Malta Chamber of SMEs firmly believes that Malta stands at an important crossroads. While the country has experienced strong economic growth over recent years, the challenges identified by businesses clearly demonstrate that economic success alone is no longer sufficient. The next phase must be built on sustainability, productivity, fairness, competitiveness and an improved quality of life for all, including Business owners.

The proposals outlined in this document are practical recommendations shaped through continuous consultation with the business community and supported by findings from the SME Barometers and feedback on a daily basis. They reflect the daily realities faced by enterprises across Malta and Gozo, particularly SMEs, including sole traders and family run enterprises that continue to form the backbone of the Maltese economy.

This document presents a clear vision for a stronger and more resilient Malta, one that supports entrepreneurship, rewards productive investment, addresses labour shortages through smarter workforce strategies, modernises legislation, encourages innovation, strengthens energy resilience, ensures fair competition and creates greater opportunities for businesses to thrive sustainably.

As Malta prepares for the next General Election, the Malta Chamber of SMEs calls upon all political parties to embrace a collaborative, forward-looking approach and give serious consideration to these proposals within their respective electoral programmes. Additionally, the SME Chamber calls for sustainable proposals that do not negatively impact SMEs. The challenges ahead require practical solutions, developed in partnership with the social partners and business community.

The Malta Chamber of SMEs remains committed to contributing constructively towards national policy discussions and to working alongside any future Government, institutions and stakeholders to ensure that Malta remains competitive, resilient and economically sustainable for current and future generations.