MALTA CHAMBER OF SMEs RECOGNISES BUDGET 2027'S FOCUS ON STABILITY BUT RAISES CONCERNS OVER UNADDRESSED BUSINESS CHALLENGES AS WELL AS PRODUCTIVITY

The Malta Chamber of SMEs welcomes a number of measures announced in Budget 2027, particularly the continuation of energy subsidies, which provide businesses with much-needed support and stability amid ongoing international economic uncertainty. According to the latest SME Barometer close to 80% of the businesses replied that subsidies are essential or moderately important.

However, the SME Chamber notes that, despite the positive intentions behind certain measures, their practical implications and spillover, risk placing additional burdens on employers, particularly small businesses. One such example is the withdrawal of free childcare eligibility for employees who are Third-Country Nationals (TCNs) and the steep increase in single permit license and Infrastructure fees, both measures that could further increase employment costs and create additional labour shortages.

The SME Chamber welcomes the reduction in the corporate tax rate from 35% to 25% for businesses with a turnover of up to €1 million. This is a step in the right direction and the SME Chamber calls for further widening of this tax reduction.

Although the Government recognises the importance in strengthening Malta's economic competitiveness. Nevertheless, the Chamber is concerned that, despite the emphasis on productivity, the Budget does not introduce concrete incentives or solutions to help businesses improve efficiency and achieve more with fewer resources. Instead, certain measures risk limiting immediate workforce availability and increasing the burden on employers, without providing enough tools or support to

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address productivity challenges. The Chamber of SMEs' budget proposals included a number of measures to strengthen the country's productivity.

Furthermore, several pressing challenges continue to affect businesses and remain insufficiently addressed. These include persistent employee shortages, traffic congestion, unfair competition and rising inflation, alongside other concerns repeatedly highlighted in the Quarterly SME Barometer. Following the recent Pisa report, the SME Chamber would have expected better measures in relation to the education sector.

Improving productivity must be supported by practical measures that enable businesses to optimise resources, invest in innovation and strengthen competitiveness.

Several proposals put forward by the SME Chamber remain unaddressed, including the establishment of a cross-party taskforce to discuss and define Malta's long-term priorities for businesses. The SME Chamber stresses that such proposals must move beyond commitments and translate into concrete action.

The SME Chamber reiterates the importance of encouraging and facilitating investment. Businesses need a supportive environment that promotes expansion, innovation and sustainable growth, rather than additional barriers to operate.

The Malta Chamber of SMEs urges the Government to ensure that budgetary measures reflect the realities faced by employers and translate into tangible improvements for businesses, greater emphasis must be placed on reducing operational burdens, addressing labour market challenges and introducing practical

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solutions that enhance productivity, encourage investment and strengthen the long-term sustainability of Malta's SMEs.

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