



FAQs in Payroll

What is the minimum wage in Malta?

As of January 2025, the minimum wage is €221.78 per week for full-time employees.

Category	Per Week (€)	Per Hour (€)
< 17 years	212.16	5.30
17 years	215.00	5.38
18 years and over	221.78	5.54

Are there different minimum wage rates for different sectors in Malta?

Yes, there are different minimum wage rates for various sectors, such as retail, hospitality, and construction.

Look out for the **Resource Pack** published every year by the DIER (Department for Industrial and Employment Relations).

<https://dier.gov.mt/wp-content/uploads/2025/04/Resource-Pack-2025.pdf>



Resource Pack 2025



What is the standard working week ?

The standard working week in Malta is 40 hours.

The highest number of hours per week allowed is 48 hours.

Employees may sign an Opt-Out Clause

What is the Rest Period ?

Rest period from one working day to another

Every worker is entitled to a minimum daily rest period of 11 consecutive hours.

Weekly day of rest

Every worker is entitled to an uninterrupted weekly rest period of 24 hours in addition to the 11 hours daily rest within a 7-day period, or 48 consecutive hours in a period of fourteen days in addition to the 11 hours daily rest.

Are there regulations regarding overtime pay ?

Yes, employees are entitled to overtime pay, usually at a rate of 1.5 times their normal hourly wage.

Overtime is paid over the standard hours, during weekends and on Public Holidays.

How is overtime calculated ?

Overtime is typically calculated based on the number of hours worked beyond the standard 40-hour workweek.

Where the working day is longer than six hours, an employee is entitled to not less than 15 minutes of rest, unless a longer period of rest is provided by any other regulation or agreement.

The employer is not obliged to pay the rest break since it is not considered as working time.

Are there any special considerations for public holidays ?

Yes, employees are entitled to extra pay or time off in lieu for working on public holidays.

Date	Day	Holiday
01-Jan	Wed	New Year's Day
10-Feb	Mon	Feast of St Paul's Shipwreck
19-Mar	Wed	Feast of St Joseph
31-Mar	Mon	Freedom Day
18-Apr	Fri	Good Friday
01-May	Thu	Workers' Day
07-Jun	Sat	Sette Giugno
29-Jun	Sun	Feast of St Peter and St Paul
15-Aug	Fri	Feast of the Assumption
08-Sep	Mon	Victory Day
21-Sep	Sun	Independence Day
08-Dec	Mon	Immaculate Conception
13-Dec	Sat	Republic Day
25-Dec	Thu	Christmas Day

Are there any special considerations for public holidays ?

- 4 Public Holidays falling on a weekend in 2025
- To be added to optional vacation leave
- Full-Time Employees are entitled to **192 hours** vacation leave per annum
- 24 Days per year (or pro-rata)

PLUS

- 8 hours of additional vacation leave for every Public Holiday falling on a weekend
- In 2025: 192 hrs + 32 hrs = **224 hours** (28 days)

Can Vacation Leave be allocated on a monthly basis?

MONTH	VL	PH ON WEND	TOTAL VL	PUBLIC HOLIDAYS ON WEEKEND
Jan-25	16.00		16.00	
Feb-25	16.00		16.00	
Mar-25	16.00		16.00	
Apr-25	16.00		16.00	
May-25	16.00		16.00	
Jun-25	16.00	16.00	32.00	7- Jun & 29-Jun
Jul-25	16.00		16.00	
Aug-25	16.00		16.00	
Sep-25	16.00	8.00	24.00	21-Sep
Oct-25	16.00		16.00	
Nov-25	16.00		16.00	
Dec-25	16.00	8.00	24.00	13-Dec
	192.00	32.00	224.00	

How is income tax calculated on salaries ?

Income tax in Malta is calculated based on a progressive tax system, with rates ranging from 0% to 35% depending on income levels.

In 2025, new tax bands were introduced.

Income Tax rates for 2025

Tax Rate (Marginal)	SINGLE		PARENT		MARRIED	
	Chargeable Income up to €	Deduct from Income X Tax Rate	Chargeable Income up to €	Deduct from Income X Tax Rate	Chargeable Income up to €	Deduct from Income X Tax Rate
0%	12,000	0	13,000	0	15,000	0
15%	16,000	1,800	17,500	1,950	23,000	2,250
25%	60,000	3,400	60,000	3,700	60,000	4,550
35%	60,000+	9,400	60,000+	9,700	60,000+	10,550

Tax Rates 2025

FULL-TIME EMPLOYMENT

- **SINGLE**

- Single Persons
- Married Persons whose spouse is in employment and have no dependent children (<18 years or <23 years full-time students)

- **PARENT**

- Married Persons both in employment with dependent children

- **MARRIED**

- Married Persons whose spouse is unemployed
- Single Parents with dependent children

Your Question

A Person who is relocating from abroad who is married but their spouse is not living in Malta – what tax rate should be applied to them (married or single)?

As the income is to be earned in Malta, if the person stays for over 183 days in a 12-month period, the Resident Rates are applicable. Otherwise, the Non-Resident Rates apply.

As the spouse is not in Malta, tax at Single Tax Rates.

The person may be advised to go to the Inland Revenue Department to have their personal situation assessed, and any change in rates given by way of a letter from the Department.

Your Question

A person relocating to Malta who happens to be a parent, but kids are not living in Malta – what tax rate should be applied to them?

As in the previous reply, tax at Single rates (Resident or Non-Resident subject to number of days in Malta over a 12-month period.)

The person may be advised to go to the Inland Revenue Department to have their personal situation assessed, and any change in rates given by way of a letter from the Department.

Are there any tax deductions or allowances available for employees ?

Yes, there are various tax deductions and allowances available, such as for medical expenses and contributions to private pensions.

What is the social security contribution rate for employees ?

As of January 2025, the social security contribution rate for employees in Malta is 10%.

Are employers also required to contribute to social security ?

Employers are required to make social security contributions on behalf of their employees, at a rate of 10%.

Additionally, they are required to pay a Weekly Maternity Leave Contribution of 0.3% of Basic Salary.

Social Security Contributions 2025

Class 1 Employed Persons		Basic Weekly Wage to €	Weekly NI Contributions (Employee)	Weekly NI Contributions (Employer)	Weekly Maternity Leave Contribution (Employer)
Category	Age				
A	< 18 years	221.78	6.62	€ 6.62	€ 0.20
B	18+ years	221.78	€ 22.18 (or 10%)	€ 22.18	€ 0.67
C	Born <1962	451.91	10%	10%	0.30%
C2	Born 1962+	544.28	10%	10%	0.30%
D	Born <1962	>451.91	€ 45.19	€ 45.19	€ 1.36
D2	Born 1962+	>544.28	€ 54.43	€ 54.43	€ 1.63
E	< 18 years		10% (max. €4.38)	10% (max. €4.38)	0.30% (max. €0.13)
F	18+ years		10% (max. €7.94)	10% (max. €7.94)	0.30% (max. €0.24)

How are bonuses taxed

Bonuses are generally taxed as part of the employee's regular income, subject to the same income tax rates.

STATUTORY BONUS

- **€135.10** every 6 months
- Payable at:
 - End of June
 - Between 15 – 23 December
- €0.74 per calendar day pro rata (incl. Saturdays and Sundays)

WEEKLY ALLOWANCE

- **€121.16** every 6 months
- Payable at:
 - End of March
 - End of September
- €4.66 per working week pro rata

Is there a statutory notice period for terminating employment ?

Yes, there are statutory notice periods for terminating employment, which vary depending on the length of service.

- For more than one month but not more than six months: **1 week**
- For more than six months but not more than two years: **2 weeks**
- For more than two years but not more than four years: **4 weeks**
- For more than four years but not more than seven years: **8 weeks**
- For more than seven years: an additional **1 week** for every subsequent year of service or part thereof up to a maximum of **12 weeks**
- For such longer periods as may be agreed by the employer and employee in the case of technical, administrative, executive or managerial posts

Are there any regulations regarding maternity leave ?

Female employees are entitled to maternity leave of 14 weeks, with additional leave available in certain circumstances.

Equivalent second parents are entitled to paternity leave of 10 working days, taken immediately after the birth or adoption of a child.

Maternity Leave in Malta

A pregnant employee is entitled to maternity leave for an uninterrupted period of **18 weeks**

First 14 weeks paid by Employer

Last 4 weeks
paid by Govt

Min. 4 weeks before



Min. 6 weeks after

The Employer must be informed in writing at least 4 weeks before the start of Maternity Leave

An employee is obliged to work for 6 months upon returning back to work

Your Question

A new joiner signed the contract for the open position and after signed she then advised us that she is pregnant, if her maternity happens to start while she is still on probation, does the probation goes on hold and re-starts when she is back from her maternity leave?

If a pregnant employee has not completed her probation by the time she begins maternity leave, the probation is automatically suspended until she returns to work.

If special maternity leave is granted before the probation period is completed, the probation is also suspended until she returns.

Are employers required to provide paid sick leave ?

Yes, employers are required to provide paid sick leave to employees, with the duration depending on the length of service.

- Sick Leave is available to all employees as per S.L. 452.101 – Minimum Special Leave Entitlement Regulations
- Sick Leave entitlement varies according to the relevant Wage Regulation Orders
- Where the work activity is not covered by the WRO, the sick leave entitlement amounts to **two working weeks** per year (80 hours; 10 days)

Your Question

When an employee resigns, If they have taken sick leave more than entitled for that period, can we (as a company) claim it back or deduct it off the employee's last payroll?

If the employee has been in employment before the 1st of January of that year, if they resign, they are still entitled to the 80 hours (on FT basis, or pro-rata), even if they resign / are terminated before year end.

If an employee is engaged during the calendar year, sick leave is calculated as pro-rata of the full entitlement, from the date of engagement till year end.

Your Question

In the event of sick leave, who is responsible for the payment of sick benefits—the employer, or the SS?

Sickness Benefits are always paid by the Social Security Department.

The Employer deducts the relative Sickness Benefits to be received by the Employee, as long as continuous sickness period is more than three days.

How are annual leave entitlements calculated for employees ?

Annual leave entitlements are typically calculated based on the number of days worked during the year, with a minimum entitlement set by law.

Shutdowns and Bridge Holidays

- A maximum of **96 hours** (12 days) may be utilised by Employer for Shutdowns and Bridge Holidays
- Employer must notify employees by 31 January of these dates

Your Question

In relation to vacation leave, EX: a new joiner who requested vacation leave for let's say 10 days and after 6 months of being employed the employee decides to resign, in that case can we claim it back or deduct it off the employee's last payroll? In a case such as this, can we add an addendum to the contract?

Vacation Leave is always given pro-rata. The general rule is 2 days (16 hours) for every completed month = 192 hours.

If an employee takes more hours than that due to them, the 'extra' hours may be recovered in the last payslip.

In the example, no recovery is due; as 6 months = 16hrs x 6mths = 96 hours. Taken 10days x 8hrs = 80 hours.

No addendum required as this is provided in the law.

Are there any specific payroll requirements for part-time employees ?

Part-time employees are generally entitled to the same rights and benefits as full-time employees on a **pro-rata basis**.

Vacation Leave available pro-rata, based on average hours worked in the previous quarter (13 Weeks):

- January – March
- April – June
- July – September
- October - December

What is the process for registering employees with the Maltese tax authorities?

Employers are required to register their employees with the Inland Revenue Department and obtain a tax identification number for each employee.

Third Country Nationals – Single Permit from Identity

When should an employee be registered with Jobsplus?



GOVERNMENT OF MALTA
MINISTRY FOR HOME AFFAIRS,
SECURITY AND EMPLOYMENT



May 2025

Ensure your employee records are accurate and up to date.

We wish to remind all employers that it is mandatory to submit **Engagement forms** as per the Employment and Training Services Act, Cap 594 (Articles 36 and 37).

In accordance with Cap 594, Jobsplus will, shortly, be adopting a policy setting out a 4-day timeframe for the submission of such forms following engagement.

You are also reminded that Termination forms as per Cap 594 (Article 40) must be submitted not later than 4 days from end date of employment.

Reference is also made to Article 53 of Cap 594 relating to administrative penalty.

Furthermore, following the adoption of the Malta Labour Migration Policy, late submission of engagement and termination forms may lead to the temporary disqualification from the processing of applications for employment licences.

Hot off the press !



Are there any payroll reporting requirements for employers ?

Yes, employers are required to submit regular payroll reports to the tax authorities, detailing employee earnings and deductions.

Monthly FS5s returns with settlement of all Social Security, Tax (FSS) and Maternity Fund dues.

Annual FS3s and FS7.

Can employers outsource payroll processing ?

Yes, employers can outsource payroll processing to third-party payroll providers or accounting firms.



Are there any penalties for non-compliance with payroll regulations ?

Employers who fail to comply with payroll regulations may face penalties, including fines and legal action.

Personal criminal liability of Owners or Company Directors for failing to submit returns and payments.

How are employee contributions to pension schemes handled ?

Employee contributions to pension schemes in Malta are typically deducted from their salary and remitted to the pension provider by the employer.

Can employees opt out of social security contributions ?

No, employees in Malta are not allowed to opt out of social security contributions.

Non-Maltese employees may obtain an exemption from paying Social Security if they can prove to the Department that they are paying their own private pension contributions.

Are there any regulations regarding the payment of travel allowances or expenses ?

Yes, travel allowances and expenses must be included in employees' taxable income unless specifically exempted by law.

Fixed Car Cash Use Allowances, with partial exemption on tax.

Are there any payroll considerations for foreign employees working ?

Yes, foreign employees working in Malta must comply with the same payroll regulations as Maltese employees, including tax and social security contributions.

There are specific Non-Resident Tax Rates.

Chargeable Income (€) From	Chargeable Income (€) To	Rate	Subtract (€)
0	700	0%	0
701	3,100	20%	140
3,101	7,800	30%	450
7,801	And over	35%	840

Your Question

What happens when a person comes to Malta EU/NON EU pays tax but then leaves the country, after a short period of time?

Tax is due to be paid in Malta on the earnings in Malta.
If the person leaves the island, they will have their FS3 forms.
Subject to any double-taxation agreements with the particular country, the taxes paid in Malta may be set-off against other tax due to be paid by the ex-employee in their home country.

How are employee loans or advances treated for tax purposes ?

Loans or advances provided to employees are generally considered taxable income unless specifically exempted by law.

If an employee is given a wage advance during the month, the recovery of this amount is deducted post-tax from their payslip.

Are employers required to provide employees with payslips ?

Yes, employers are required to provide employees with detailed pay slips showing earnings, deductions, and contributions.

LN 267 of 2022 came into force on 21 October 2022

Applies to all employment relationships as from 1 August 2022

Sets minimum requirements to **working conditions**

Payslips Details

Name of Employee	Address of Employee	Employee ID No.
Employee NI No.	Department / Section / Unit	Grade / Occupation
Employer's Name	Employer's Address	PE Number
Pay Date	Payroll Period	

Basic Salary	Other Pre-Tax Additions / Deductions	NI Contributions
Tax (FSS)	Any Post-Tax Additions / Deductions	Net Pay for Period
Gross Pay Totals to Date	NI Totals to Date	FSS Deducted to Date
Overtime Tax Concession	Vacation Leave (Hrs) Taken	Available Vacation Leave Hrs

Are there any regulations regarding the payment of back wages or arrears ?

Yes, back wages or arrears must be included in employees' taxable income for the relevant tax year.

Collective Agreement provisions.

Are there any restrictions on the frequency of salary payments ?

Employers are generally free to determine the frequency of salary payments, as long as employees are paid at least once a month.

- Weekly
- Fortnightly
- 4-weekly (13 periods)
- Monthly (12 periods)

Can employers deduct money from employees' salaries without their consent ?

Employers are generally not allowed to make deductions from employees' salaries without their consent, except in specific circumstances allowed by law.

- Order by a Court of Law
- Collective Agreement provisions
- Prior permission from DIER to inflict fines

Are there any regulations regarding the payment of expenses incurred by employees for business purposes ?

Yes, employers are generally required to reimburse employees for legitimate business expenses, which are typically tax excluded.

These reimbursements are included as post-tax additions.



Are employers required to provide employees with annual statements of earnings ?

Yes, employers are required to provide employees with annual statements of earnings for tax purposes.

FS3s – At end of year, or when an employee terminates their work relationship with employer.

Can employees request changes to their payroll information ?

Yes, employees can request changes to their payroll information, such as updating their bank account details or tax withholding status.

FS4 to be submitted.

Your Question

When a single tax rate person becomes a parent, the employer is aware of the employee becoming a parent, but should we just update the tax rate on our payroll system whilst also filling out the FS4 again, will this be enough or the employee need to advise the tax department directly with the changes?

ALWAYS prepare a new FS4 form with the new Parental Tax Rate box duly ticked. Obtain the signatures.

Send the original to the Inland Revenue Department.

Update your payroll files.

Are there any regulations regarding the payment of termination or redundancy pay ?

Yes, employees may be entitled to termination or redundancy pay under certain circumstances, as specified by law.

Any lump sum payments not agreed upon in the employment contract should **not** be taxable as a rule. This treatment should always be verified with the Revenue (CfR)

Calculation of FSS

Monthly Gross Basic Salary		2,500.00
Annualised Gross Salary		30,000.00
SINGLE TAX RATES		
Rate of 25%		7,500.00
Deduction of €3,400	-	3,400.00
Total Annual Tax Due		4,100.00
Tax Charged in January		4,100 / 12
Tax Due in January		342.00

Monthly Gross Basic Salary		2,500.00
Annualised Gross Salary		30,000.00
SINGLE TAX RATES		
Rate of 25%		7,500.00
Deduction of €3,400	-	3,400.00
Total Annual Tax Due		4,100.00
Tax Charged in January & February		4,100 / 12 * 2
		684.00
Less Tax deducted in January	-	342.00
Tax Due in February		342.00

Monthly Gross Basic Salary		2,500.00
March Bonus		121.13
Annualised Gross Salary		30,484.51
SINGLE TAX RATES		
Rate of 25%		7,621.13
Deduction of €3,400	-	3,400.00
Total Annual Tax Due		4,222.00
Tax Charged in January to March		4,222 / 12 * 3
		1,056.00
Less Tax deducted in January & February	-	684.00
Tax Due in March		372.00

Just in!!

Beware – Harsher Penalties are coming!

The proposed amendments to the EIRA will increase the penalties for employers who breach the employment laws.

Proposed changes (Parliament to debate next week) are:

- **First-Time Offence:** Minimum fines to increase from the current Euro232 to Euro2,000. Maximum of Euro5,000. [New minimum = Old maximum]
- **Repeat Offences:** For subsequent breach, fines range between Euro5,000 to Euro7,000.
- **Extended Prescription Period:** The time limit to initiate legal action for a breach will be extended from 1 year to 2 years.

DIER's scrutiny

The Department will possibly be looking out for:

- Non-compliance (or mistakes, even unintentional) on payslips
- Full details shown on payslips
- Working time and rest periods
- Statutory leave calculations
- Unauthorized salary deductions

Your Question

Since we have received that we are now responsible for Third County National tax receiving letters and receipts when an employee is paying back dated tax, can we have a further explanation about it, how exactly is the company responsible for them?

New rules require the employer to be the tax representative of the non-Maltese employee. Therefore, any pending balances will be requested from the Employer.

Before engaging a new employee, request the person to obtain a tax clearance certificate from the Inland Revenue.



Your Question

A person is working part-time within a company and receives payments through payroll. If he or she receives another part-time job opportunity, how should they be registered in the new position? Additionally, how would social security contributions be handled in this case?

Persons working both full-time and part-time are to pay Social Security Contributions only from their full-time job.

Persons holding more than one part-time job may choose to pay contributions on more than one job (up to a maximum of forty (40) hours), enabling them to benefit from a higher contribution rate and, consequently, a higher pension rate.

Your Question

An individual has a 50/50 contract agreement in a business activity (e.g., taxi service). Since the income may vary monthly, how should the employment rate be set and reported?

If the agreement refers to profit-sharing, and person is a self-occupied person, then SSC to be paid using Class 2 Rates.

If employed with someone on a variable income basis, then SSC to be calculated on a 4-week period to establish the basic weekly earnings.

SSC paid for those weeks on Class 1 rates, i.e. Category B, C or D rates.

Your Question

How should internship, student employees or Apprenticeship be registered in the payroll system, and are there any specific legal requirements or exemptions compared to regular employees? Should they pay tax and social security contributions?

Registered as Employees, either as Casual, or part-time, or Apprentices.

SSC rates - Category E or F are applicable.

FSS rates – Presumably, Single rates, if they exceed the Euro12,000 annual earnings threshold.