

# PAYROLL 2025

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# How to reach us

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# We will cover ....

- Changes in Salaries
- National Insurance Contributions
- Tax Rates
- Overtime
- Bonuses
- Vacation Leave
- Public Holidays
- Retirement Age
- Sickness and Injury Leave & Benefits
- Other Special Leave types
- Data collection
- New Year Payroll Software roll-over
- Housekeeping



# Maltese Legislation Regulating Payroll



## Main Legislation



Chapter 452 – Employment and Industrial Relations Act (EIRA)



Chapter 343 – Employment and Training Services Act



Chapter 267 – Employment Commission Act



Chapter 318 – Social Security Act

EMPLOYMENT AND INDUSTRIAL RELATIONS | CAP. 452. 1

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**CHAPTER 452**  
**EMPLOYMENT AND INDUSTRIAL RELATIONS ACT**  
*To consolidate, with amendments, the Conditions of Employment (Regulation) Act (Cap. 135) and the Industrial Relations Act (Cap. 266).*  
 2nd December, 2002  
 27th December, 2002

*ACT XXII of 2002, as amended by Acts IX of 2003, III of 2004 and XIX of 2006; Legal Notice 427 of 2007, Acts V of 2009, V of 2011 and XVI of 2012; Legal Notice 426 of 2012; and Acts IV of 2015\* and XXXIII of 2016.*

**ARRANGEMENT OF ACT**

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# Changes in Salaries – C.O.L.A.

- Cost of Living Adjustment rate for 2025 announced during Budget Speech on 28 October 2024

*[LN 343 of 2024]*

- Full-timers: **Euro 5.24** per week
- Full-timers: Gross **Euro 272.48** per year
- Hourly Rate increase: **Euro 0.131**

*(based on a standard 40-hour week)*



# Minimum Wage 2025

LN 342 of 2024

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

Minimum Wage increased by an ADDITIONAL €8.24 per week over last year's Minimum Wage + COLA



# National Insurance 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)

# National Insurance Contributions - 2025

Class 2 Self-Occupied Persons Self-Employed Persons (*)		Annual Net Income from €910 (€1,006 for SP*) up to	Weekly NI Contribution payable by self- employed	Full-Time Farmers
Category	Age			
SP (*)	Income from Rents, investments or capital gains	€ 10,840.40	€ 31.27	n/a
SA		€ 12,301.39	€35.48**	€ 23.65
SB	Born <1962	€ 23,499.99	15% of net weekly	10% of net weekly
SB2	Born 1962+	€ 28,303.35	15% of net weekly	10% of net weekly
SC	Born <1962	€23,500.01+	€ 67.79	€ 45.19
SC2	Born 1962+	€28,303.36+	€ 81.64	€ 54.43

\*\* May choose to pay 15% of Net weekly income if:

- A part-time self-occupied woman
- A full-time student <24 years working part-time self-occupied
- A pensioner self-occupied with annual net earnings do not exceed €12,301.39





# National Insurance - Weeks

Month	No. of Mondays		Month	No. of Mondays
Jan	4		Jul	4
Feb	4		Aug	4
Mar	5		Sep	5
Apr	4		Oct	4
May	4		Nov	4
Jun	5		Dec	5

**52 weeks  
in 2025**

- Self-Occupied Persons pay their dues:
  - April – 17 weeks
  - August – 17 weeks
  - December – 18 weeks



# Tax Rates - 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%	<b>12,000</b>	0	<b>13,000</b>	0	<b>15,000</b>	0
15%	<b>16,000</b>	1,800	<b>17,500</b>	1,950	<b>23,000</b>	2,250
25%	<b>60,000</b>	3,400	<b>60,000</b>	3,700	<b>60,000</b>	4,550
35%	<b>60,000+</b>	9,400	<b>60,000+</b>	9,700	<b>60,000+</b>	10,550

**CHANGES FROM PREVIOUS YEARS!!**



# Tax Rates Year Basis 2025 (Non-Resident 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

**NO CHANGES HERE FROM PAST YEARS!!**



# Tax Rates

## 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



# Tax Rates

## PART-TIME EMPLOYMENT

- EMPLOYMENT **NOT** MAIN EMPLOYMENT
  - 10% on first €10,000
- SELF-EMPLOYMENT **NOT** MAIN EMPLOYMENT
  - 10% on first €12,000

## OVERTIME

- 15% on first €10,000  
(provided annual basic wage is <€20,000)



# Government Induced Bonuses

## 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



# 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)





# Vacation Leave

## 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

## Part-Timers

- Vacation Leave available pro-rata, based on average hours worked in the previous quarter (13 Weeks):
  - January – March
  - April – June
  - July – September
  - October - December





# Public Holidays

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

- **4 Public Holidays** falling on a weekend
- To be added to optional vacation leave

## ***SPOILER ALERT !!!***

In 2026, there will be **3** PH falling on weekends.



# Monthly Vacation Leave Allocation

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
	<b>192.00</b>	<b>32.00</b>	<b>224.00</b>	



# Retirement Age

- Persons born between 1959 and 1961
  - Retirement age = **64** years
- Persons born in 1962 or later
  - Retirement age = **65** years
- Persons reaching **61** years may retire earlier at a lower pension (Must have the minimum number of fully paid NI Contributions)
- Persons born after 1976 need an additional year of NI paid = 42 years



Year of Birth	No. of Years Paid	No. of Weeks Paid
Before 1962	35	1,820
1962 – 1968	40	2,080
1969 - 1975	41	2,132
1976 onwards	42	2,184

# Sick Leave

- 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)
- Use the DIER Resource Pack
- Medical Certificate is ALWAYS required



# Injury Leave

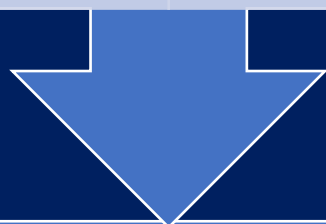
A maximum period of **one year** injury leave on full pay

less the full amount of any injury benefit received in terms of the Social Security Act

if employee is injured during the actual duty

and not due to contributory negligence on their part

or to any contravention of safety rules laid down by the employer



While being on Injury Leave, vacation leave and bonuses accrue whenever an employee is on paid status



# Sickness & Injury Benefits - 2025

Daily Benefit	Single Parent Or Married with Spouse not in FT Employment	Any other Person
Sickness Benefit	€25.19	€16.32
Injury Benefit	€37.79	€28.44



# Sickness Benefits

- This is deducted **pre-tax** from the salary of the person who has taken more than 3 days sick leave in consecutive days
- Sickness Benefits are **TAX EXEMPT!**  
Therefore they do **NOT** attract tax.



# Maternity Leave

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



# Paternity Leave

- Paternity leave from work is allowed to all employees who are equivalent second parents, on the occasion of the birth or adoption of a child, for the purposes of providing care
- The paternity leave is of **10 working days**
- To be taken immediately after the birth or the adoption of the child
- No loss of wages
- The right to paternity leave shall not be subject to a period of work qualification or to a length of service qualification



# Parental Leave

- All Employees have the individual right to be granted paid parental leave to enable them to take care of that child, upon:
  - Birth
  - Adoption
  - Child fostering
  - Legal custody of a child
- Parental leave entitlement is of a maximum of 4 months per parent until the child reaches the age of 8 years

**[LN 201 of 2022]**



# Parental Leave

- Paid Parental leave per parent for a maximum period of 2 months (8 weeks) at the same rate established for the sickness benefit entitlement and availed of in established periods of at least 2 weeks each.
- The 8 weeks of parental leave shall be taken in accordance to the age of the child, where the child is:
  - < 4 years = 50% of entitlement (4 weeks) will be paid
  - 4 - 6 years = 25% of entitlement (2 weeks) will be paid
  - 6 - 8 years = 25% of entitlement (2 weeks) will be paid



# Parental Leave

- For foster parents, the same rate of payment applies, on condition that payment will be given per parent not for each child fostered
- An employee must have at least 12 months continuous service with their employer to be eligible to apply for Parental Leave, unless a shorter period is agreed to
- Every employer shall be bound to keep parental leave records for every worker
- An employee may request such records in writing
- This request may be made even after termination of employment
- The employer should provide a written statement of such leave within 2 weeks of the request



# Carers' Leave

- All employees have the right to unpaid carers' leave of **5 working days** per year, to provide personal care or support for a serious medical reason in the following scenarios:
  - to a relative
  - to a person who lives in the same household as the worker
- Medical proof is to be provided by the employee that the supported relative/person is suffering from an illness and is in need of care and support
- For public sector employees, 3 days of **PAID** Carers' leave has been introduced this year.



# Working Conditions

- 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
- Information to be provided to Employees
  - Details of Employer
  - Place of Work
  - Description of work to be performed
  - Date of Commencement of Employment
  - Probationary period duration
  - Training entitlement, if any (free of charge and during working hours)
  - All different categories of Leave, and their remuneration





# Transparent & Predictable Working Conditions

- Information provided either as part of **employment contract**, or in paper format (record of delivery required)
- Information to be provided by not later than **7<sup>th</sup> calendar day** from start of work
- Records to be kept by Employer – existing requirements **PLUS** record of **periods of leave** given to employee
- **Prohibition of zero-hour contract:**
  - Exception when employee is providing replacement work and does not constitute their whole-time employment; or
  - Employee is a full-time student



# Transparent & Predictable Working Conditions

- **Parallel Employment:** May **not prohibit** employee from taking up employment outside of working schedule, even with competitors
- Employer may prohibit other work if it impacts business confidentiality, health and safety
- **Minimum predictability of work:** Employee entitled to know beforehand of work assignment and timeframe. After probation period, employee may seek **written** confirmation of secure working conditions
- **Remedies to Employee:** Seek redress from DIER
- If terminated due to refusal to comply with any requirement, may be considered as **unfair dismissal**





# Payslip 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



# Fast Track Scheme for specialist TCNs

- Identita` - 'Specialist Employee Initiative' Scheme
- Fast-track process for skilled foreign workers
- Process applications within 15 working days
- Open to university graduates or with equivalent qualifications
- In a managerial or technical role
- Earning a minimum €25,000 per year
- Is an extension of the 'Key Employee Initiative' – Highly paid individuals (5 days)

**Watch out for the new TCN requirements and rules currently being discussed in the Malta Labour Migration Policy**



# Pension Income Exemption

- Income Tax Exemption increased to 80% of pension income
- Will impact pensioners still working with you
- Realistically will pay less tax – you might need to amend the tax charges for employees not to receive a refund after 11 months next year



# Occupational Pensions

- As from 1 January 2025, government employees will receive matching contributions up to €100 per month for any Private Pension signed up to by the employees.
- This is not enforceable on private and non-government entities and establishments.
- New employees will be able to have occupational pensions.

**Watch this space !!**



# Closing off 2024....

## Year-end rituals

- Ensuring all terminated employees have been so marked
- All employee data (especially ID No. / Tax No. / NI No.) have been correctly inputted
- If an employee changed their civil status, ensure to include the spouse ID in your system .... or remove it !
- Generation of FS3s and FS7 (by 15 February 2025)
- Updated list of unutilised Vacation Leave for 2024
- Generation of all Payroll Reports to be used for reconciliation and Accounting
- Record any Special Bonuses, or Overtime hours, not paid during 2024 to include in next pay run



# ... and opening of 2025 Payroll

## After setting up the Payroll process for 2025

- Run the COLA Wage Increase for all existing employees as on 1 January 2025
- Ensure that COLA increase per week is applied to all Full-timers; whilst the hourly increase is applied to Part-Timers only
- **Ensure that no one is below the Minimum Weekly Wage level**
- Check the Payroll Software's updated National Insurance contributions tables
- Check the Software's Tax Rates – **Changes for 2025**
- Update Vacation Leave entitlements and Public Holidays
- Decide on 2024 unutilised Vacation Leave hours: to Write-off; Pay-off; or add to 2025
- Add new Departments / Sections
- Add new Employees
- Update Job Titles



# Housekeeping during 2025

- New Employees – Obtain all the necessary documents required before their employment commences
- Update Jobsplus data – dates and Occupations must match
- Ensure that previous employer's FS3 is in hand, and Gross Income and Tax Paid are correctly included in your Payroll Employee details
- Keep track of any FS4s required during the year, especially when employees have a new-born; or other change in tax status
- Liaise with other departments, especially when an employee is terminated
- Procedures re: Third Country Nationals (Identita`)









Thank you

