

Total tax revenue in 2017 amounted to €3,608.2 million, implying a tax burden of 32.4 per cent

Tax Revenues: 2017

Total tax revenue last year went up by €381.4 million over the previous year, and stood at €3,608.2 million. Tax revenue can be broadly classified under three main headings: indirect taxes, direct taxes and social security contributions. All three categories of tax revenue registered an increase.

Similar to 2016, the largest increase was recorded in direct taxes by €189.3 million, amounting to €1,589.2 million, or 44.0 per cent of total tax revenue. This increase was triggered by higher income tax receipts from individuals (€101.2 million) and corporations (€81.7 million), corresponding to an increase of 0.3 and 0.2 percentage points of GDP respectively over the previous year (Tables 1-3).

Concurrently, indirect taxes increased by €139.3 million, amounting to €1,423.8 million or 39.5 per cent of total tax revenue. The two main components of indirect taxes namely VAT and Taxes on Products, witnessed an increase of €98.6 million and €45.8 million respectively. Other taxes on production went down by €3.7 million to €58.1 million. Social contributions represented 16.5 per cent of total tax revenue in 2017, standing at €595.2 million, equivalent to a €52.8 million rise over 2016 (Tables 1 and 3).

Over the period of 20 years, the contribution of current taxes on income and wealth towards tax revenues increased substantially from 8.2 per cent of GDP in 1995 to 14.1 per cent of GDP in 2017. This increase has surpassed the proportion of taxes on production and imports by a margin of 0.6 percentage points in 2013. In 2017, direct taxes were equivalent to 14.3 per cent of GDP compared to the share of indirect taxes which stood at 12.8 per cent of GDP. Meanwhile, the share of social contributions as a percentage of GDP stood at 5.3 per cent of GDP, fairly stable over the years (Chart 1 and Table 2).

The overall tax burden denotes the total amount of taxes and actual social contributions, expressed as a percentage of GDP. In 2017, the tax burden for Malta was 32.4 per cent of GDP, which is 0.7 percentage points higher when compared to the total tax burden recorded in 2016 (31.7 per cent of GDP) (Table 2). The average tax burden for the period 1995 to 2016 is at 30 per cent.

Income Tax receipts by ESA 2010 institutional sector

In 2017, the household sector accounted for the biggest share of income tax received by Government with 51.6 per cent, while the financial and non-financial corporations sectors contributed 26.7 per cent and 21.3 per cent respectively. On aggregate, non-profit institutions serving households, general government and rest of the world totalled 0.4 per cent. The €184.0 million increase in income tax receipts from 2016 were mainly collected from households (€101.4 million), the financial corporations (€48.8 million), and non-financial corporations (€34.7 million) (Table 4).

Environmental taxes

An environmental tax is a tax whose tax base is a physical unit (or a proxy of it) of something that has a proven, specific negative impact on the environment and which is defined in the European System of Accounts (ESA 2010) as a tax. In 2017, Malta's total environmental taxes increased by €25.9 million, amounting to €303.1 million. This figure represents 2.7 per cent of GDP and 8.4 per cent of the total revenues derived from all taxes and social contributions. Energy taxes (which include taxes on transport fuels) made up the largest share of environmental taxes, accounting for 50.8 per cent, followed by transport taxes (40.8 per cent) and pollution taxes (8.4 per cent). All environmental taxes registered an increase over the preceding year (Table 5) ■

Table 1. Structure of tax revenues

€000

	ESA Code	2014	2015	2016	2017
Indirect Taxes		1,121,603	1,204,006	1,284,539	1,423,807
VAT	D211	642,248	673,346	711,553	810,195
Import Duties	D2121	14,157	15,951	16,468	15,059
Taxes on Products (incl. excise duties)	D214	415,002	452,113	494,695	540,474
Other Taxes on Production	D29	50,195	62,596	61,824	58,079
Direct Taxes		1,167,253	1,252,501	1,399,853	1,589,157
Personal Income Tax	D51	560,254	595,618	678,366	779,574
Corporate Income Tax	D51	512,588	586,337	649,633	731,317
Other Income Tax	D51	4,418	4,632	3,354	4,447
Other Current Taxes	D59	78,170	50,935	52,556	54,506
Capital Taxes	D91	11,823	14,978	15,943	19,314
Social Contributions		468,426	504,339	542,397	595,202
Employers	D6111	217,449	233,941	250,749	275,394
Employees	D6131	212,915	228,945	248,653	273,493
Self- and non-employed	D6131	38,062	41,454	42,995	46,315
Total Tax Revenues		2,757,282	2,960,846	3,226,789	3,608,166

Chart 1. The evolution of the main tax components in Malta as per cent of GDP

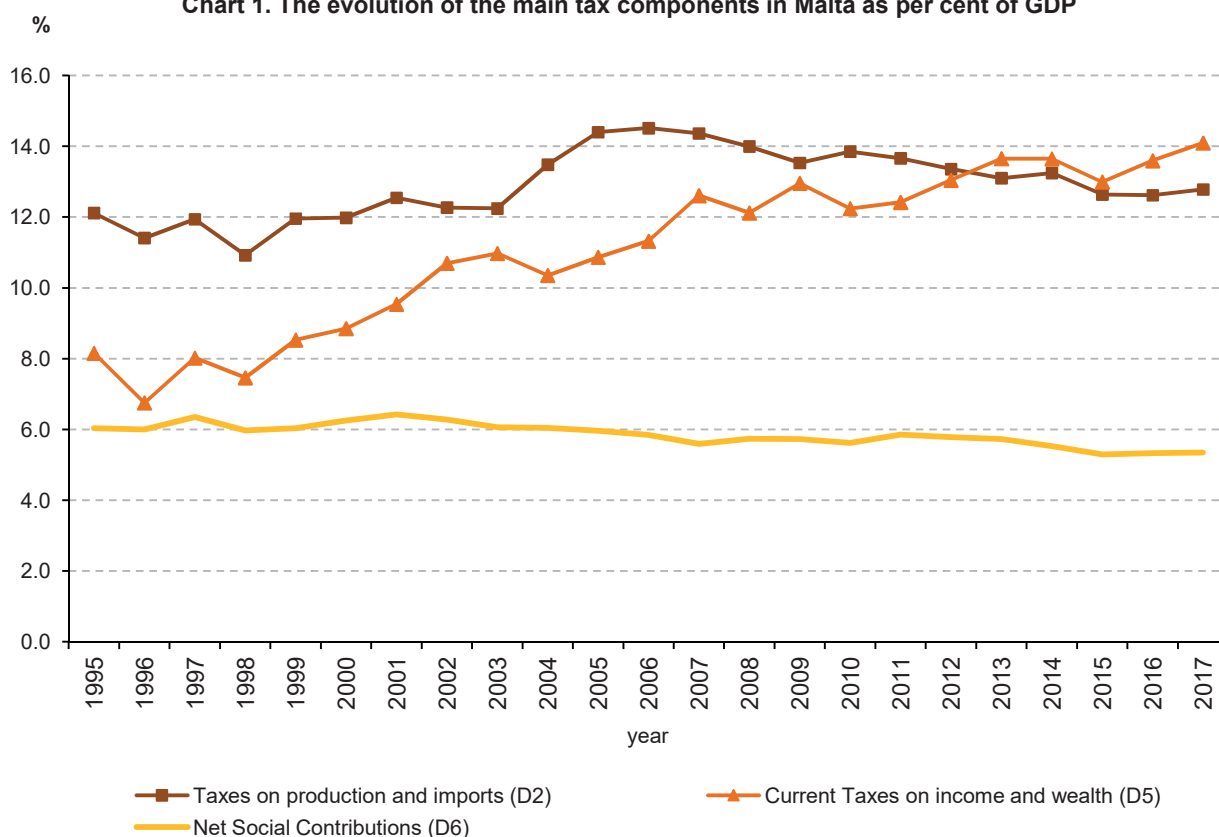


Table 2. Structure of tax burden
Tax-to-GDP ratio

	ESA Code	2014	2015	2016	2017
per cent					
Indirect Taxes		13.2	12.6	12.6	12.8
VAT	D211	7.6	7.1	7.0	7.3
Import Duties	D2121	0.2	0.2	0.2	0.1
Taxes on Products (incl. excise duties)	D214	4.9	4.7	4.9	4.9
Other Taxes on Production	D29	0.6	0.7	0.6	0.5
Direct Taxes		13.8	13.2	13.8	14.3
Personal Income Tax	D51	6.6	6.3	6.7	7.0
Corporate Income Tax	D51	6.1	6.2	6.4	6.6
Other Income Tax	D51	0.1	0.0	0.0	0.0
Other Current Taxes	D59	0.9	0.5	0.5	0.5
Capital Taxes	D91	0.1	0.2	0.2	0.2
Social Contributions		5.5	5.3	5.3	5.3
Employers'	D6111	2.6	2.5	2.5	2.5
Employees'	D6131	2.5	2.4	2.4	2.5
Self- and non-employed	D6131	0.4	0.4	0.4	0.4
Overall tax burden		32.6	31.1	31.7	32.4

Note: See methodological note 3 for more information on the tax-to-GDP ratio.

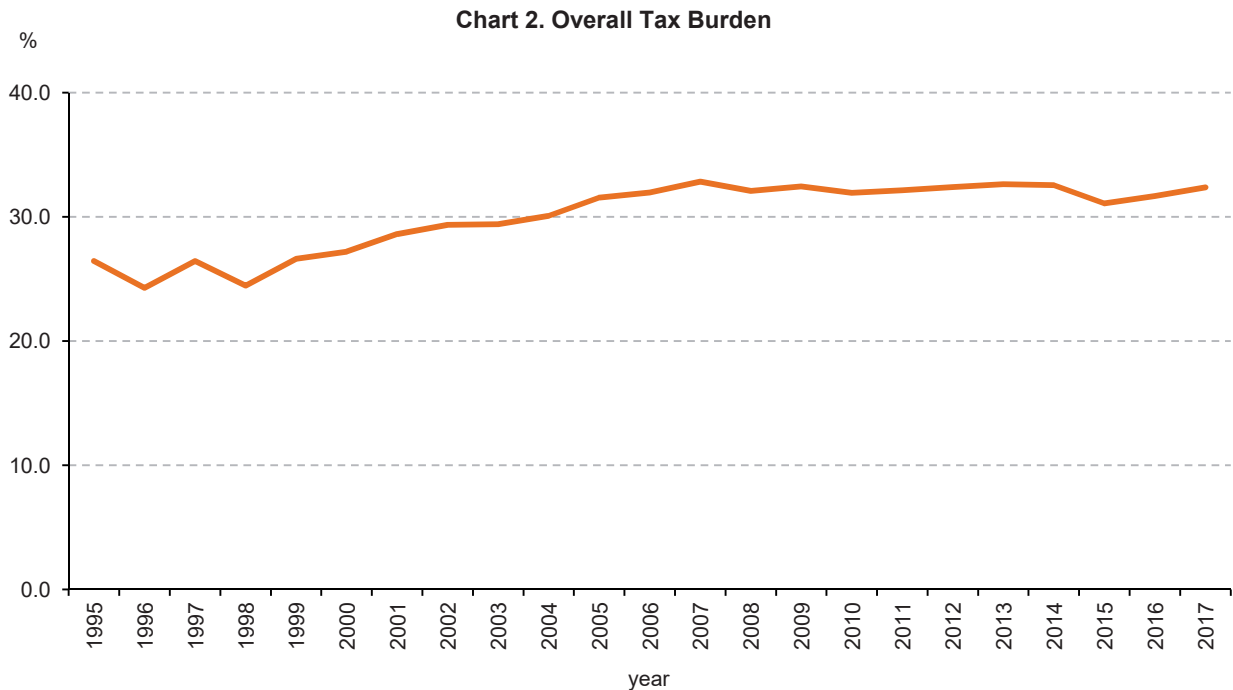


Table 3. Structure of tax revenues as a percentage of total

per cent

	ESA Code	2014	2015	2016	2017
Indirect Taxes		40.7	40.7	39.8	39.5
VAT	D211	23.3	22.7	22.1	22.5
Import Duties	D2121	0.5	0.5	0.5	0.4
Taxes on Products (incl. excise duties)	D214	15.1	15.3	15.3	15.0
Other Taxes on Production	D29	1.8	2.1	1.9	1.6
Direct Taxes		42.3	42.3	43.4	44.0
Personal Income Tax	D51	20.3	20.1	21.0	21.6
Corporate Income Tax	D51	18.6	19.8	20.1	20.3
Other Income Tax	D51	0.2	0.2	0.1	0.1
Other Current Taxes	D59	2.8	1.7	1.6	1.5
Capital Taxes	D91	0.4	0.5	0.5	0.5
Social Contributions		17.0	17.0	16.8	16.5
Employers	D6111	7.9	7.9	7.8	7.6
Employees	D6131	7.7	7.7	7.7	7.6
Self- and non-employed	D6131	1.4	1.4	1.3	1.3
Total Tax Revenues		100.0	100.0	100.0	100.0

Table 4. Income tax (D.51) receipts by institutional sector in ESA2010

€000

	Sector	2014	2015	2016	2017
Non-Financial Corporations	S.11	223,094	255,691	287,662	322,373
Financial Corporations	S.12	285,406	324,305	355,420	404,199
General Government	S.13	2,642	2,300	2,084	1,274
Households	S.14	563,543	598,873	680,569	782,008
Non-Profit Institutions serving Households	S.15	2,404	2,657	3,035	3,196
Rest of the World	S.2	171	2,762	2,584	2,288
Total Income Tax (D.51) receipts		1,077,260	1,186,587	1,331,354	1,515,337

Table 5. Total environmental tax revenues by type of tax

€000

	2014	2015	2016	2017
Energy taxes	128,609	139,227	145,020	154,047
Transport taxes	94,634	108,585	112,858	123,650
Pollution taxes	16,528	22,088	19,259	25,357
Resource taxes	0	0	0	0
Total Environmental Taxes	239,771	269,900	277,136	303,054

Methodological Notes

1. All data in this news release is in line with the European System of Accounts (ESA) 2010 Manual (ISBN 978-92-79-31242-7). This system of accounts is mandatory for all EU Member States.
2. Total tax revenue is made up of taxes received by the Central Government (S1311) (which consists of Government Ministries and Departments and the Extra Budgetary Units) and the EU Institutions (S212). The taxes that are reported represent 'ultimately received' tax revenues including the 'own' taxes paid to the EU.
3. The tax-to-GDP ratio measures the overall tax burden as the total amount of taxes and compulsory actual social security contributions as a percentage of GDP. GDP figures for 2014-2017 are in line with News Release 139/2018 published on 6 September 2018.
4. An environmental tax is a tax whose tax base is a physical unit (or a proxy of it) of something that has a proven, specific negative impact on the environment and which is defined in the European System of Accounts (ESA 2010). The environmental taxes feature in Taxes on Products (D214), Other Taxes on Production (D29) and Other Current Taxes (D59).
5. Revenues from VAT, Income Tax and Social Security Contributions are recorded using the time-adjusted cash method. Following a study undertaken by NSO in 2008, Eurostat approved a time adjustment of t+1 for VAT and t+2 for Income Taxes and Social Security Contributions.
6. Malta's National Tax List (NTL) is available on the online excel version of this release.
7. For additional information on the taxes in Malta refer to the "Taxes in Europe" database which contains, for each individual tax, information on its legal basis, assessment base, main exemptions, applicable rate(s), economic and statistical classification, as well as the revenue generated by it. The "Taxes in Europe" database is the European Commission's on-line information tool covering the main taxes in force in the EU Member States (IP/07/662). The system contains information on around 650 taxes, as provided to the European Commission by the national authorities. Access is free for all users at: http://ec.europa.eu/taxation_customs/tedb/splSearchForm.html
8. All data in this release should be considered as provisional and therefore subject to revision. Figures may not add up due to rounding.
9. More information relating to this news release may be accessed at:
Statistical Concepts: <http://nso.gov.mt/metadata/concepts.aspx>
Glossary: http://nso.gov.mt/en/nso/Sources_and_Methods/Unit_A2/Public_Finance/Pages/Tax-Revenues.aspx
Statistical Database: <http://nso.gov.mt/statdb/start>
10. Any quotations from this news release are to be cited and/or referenced.
11. A detailed news release calendar is available on https://nso.gov.mt/en/News_Releases/Release_Calendar/Pages/News-Release-Calendar.aspx

European statistics comparable to data in this News Release are available at:

<http://ec.europa.eu/eurostat/data/database>

Data Navigation Tree

>Database by themes

>Economy and finance

>Government statistics (gov)

> Government finance statistics (EDP and ESA2010) (gov_gfs10)

> Annual government finance statistics (gov_10a)

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