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Total tax revenue in 2018 amounted to €4,029.7 million, implying a tax burden of 32.7 per cent.

Tax Revenues: 2018

Total tax revenue in 2018 went up by €313.9 million over the previous year and stood at €4,029.7 million. Tax revenue can be broadly classified under three main headings: indirect taxes, direct taxes and social contributions. All three categories of tax revenue registered an increase over 2017.

As opposed to 2017, the largest increase was recorded in indirect taxes, which rose by €170.0 million, for a total of €1,593.8 million, or 39.6 per cent of total tax revenue. This increase was mainly triggered by higher Value Added Tax (VAT) receipts (€109.5 million) and Taxes on Products (€64.8 million), corresponding to an increase of 0.3 and 0.1 percentage points of GDP respectively over the previous year (Table 1).

Concurrently, direct taxes increased by €81.9 million, amounting to €1,671.1 million or 41.5 per cent of the total tax revenue. The two key components of direct taxes, namely Personal and Corporate Income Tax, registered an increase of € 125.0 million and a decrease of €47.3 million respectively. Social contributions¹ represented 19.0 per cent of total tax revenue in 2018, standing at €764.8 million. This reflects an increase of €61.9 million over 2017 (Table 1).

The overall tax burden denotes the total amount of taxes and social contributions, expressed as a percentage of GDP. In 2018, the tax burden for Malta was 32.7 per cent of GDP, which reflects a decrease of 0.2 percentage points when compared to the total tax burden recorded in 2017 (32.9 per cent of GDP) (Table 2). Since 2001, total tax burden has been consistently above 30 per cent of GDP, while the average tax burden for the period 1995 to 2018 stands at 31.3 per cent (Table 2).

The contribution of current taxes on income and wealth (D.51) towards tax revenues increased substantially from 8.2 per cent of GDP in 1995 to 13.4 per cent of GDP in 2018. Consequently, the share of current taxes on income and wealth surpassed the share of taxes on production and imports by a margin of 0.6 percentage points in 2013, which decreased slightly to 0.5 percentage points by 2018. By the end of last year, direct taxes were equivalent to 13.6 per cent of GDP compared to the share of indirect taxes which stood at 12.9 per cent of GDP. Meanwhile, the share of social contributions as a percentage of GDP stood at 6.2 per cent, remaining fairly constant over the years (Chart 1).

Income Tax receipts by ESA 2010 institutional sector

In 2018, the household sector accounted for more than half of the income tax received by General Government with a share of 57.0 per cent, equivalent to €907.3 million, while the contributions of the non-financial and financial corporations sectors were 22.4 per cent and 20.2 per cent respectively. On aggregate, rest of the world, non-profit institutions serving households and general government totalled 0.5 per cent. In absolute terms, the €77.6 million increase in income tax receipts over 2017 were mainly collected from households (€125.3 million) and the non-financial corporations (€36.3 million). Conversely, income tax receipts from financial corporations decreased by €82.0 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 2018, Malta's total environmental taxes increased by €18.7 million, amounting to €321.7 million. This figure represents 8.0 per cent of the total revenues derived from all taxes and social contributions and 2.6 per cent of GDP. Energy taxes (which include taxes on transport fuels) made up the largest share of environmental taxes, accounting for 50.3 per cent, followed by transport taxes (40.6 per cent) and pollution taxes (9.1 per cent). All environmental taxes registered an increase over the preceding year (Table 5) ■

¹Refer to methodological note 4.

Table 1. Structure of tax revenues

€000

	ESA Code	2015	2016	2017	2018
Indirect Taxes		1,204,006	1,284,539	1,423,807	1,593,846
VAT	D.211	673,346	711,553	810,195	919,663
Import Duties	D.2121	15,951	16,468	15,059	13,633
Taxes on Products (incl. excise duties)	D.214	452,113	494,695	540,474	605,284
Other Taxes on Production	D.29	62,596	61,824	58,079	55,265
Direct Taxes		1,252,501	1,399,853	1,589,157	1,671,106
Personal Income Tax	D.51	595,618	678,366	779,574	904,562
Corporate Income Tax	D.51	586,337	649,633	731,317	684,029
Other Income Tax	D.51	4,632	3,354	4,447	4,307
Other Current Taxes	D.59	50,935	52,556	54,506	57,508
Capital Taxes	D.91	14,978	15,943	19,314	20,699
Social Contributions		596,307	639,277	702,909	764,777
Employers'	D.6111	233,941	250,749	275,394	305,589
Employees'	D.6112	228,945	248,653	273,493	303,779
Self- and Non-Employed	D.6113	41,454	42,995	46,315	49,928
Imputed Social Contributions	D.612	91,968	96,881	107,707	105,481
Total Tax Revenues		3,052,814	3,323,670	3,715,873	4,029,729

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

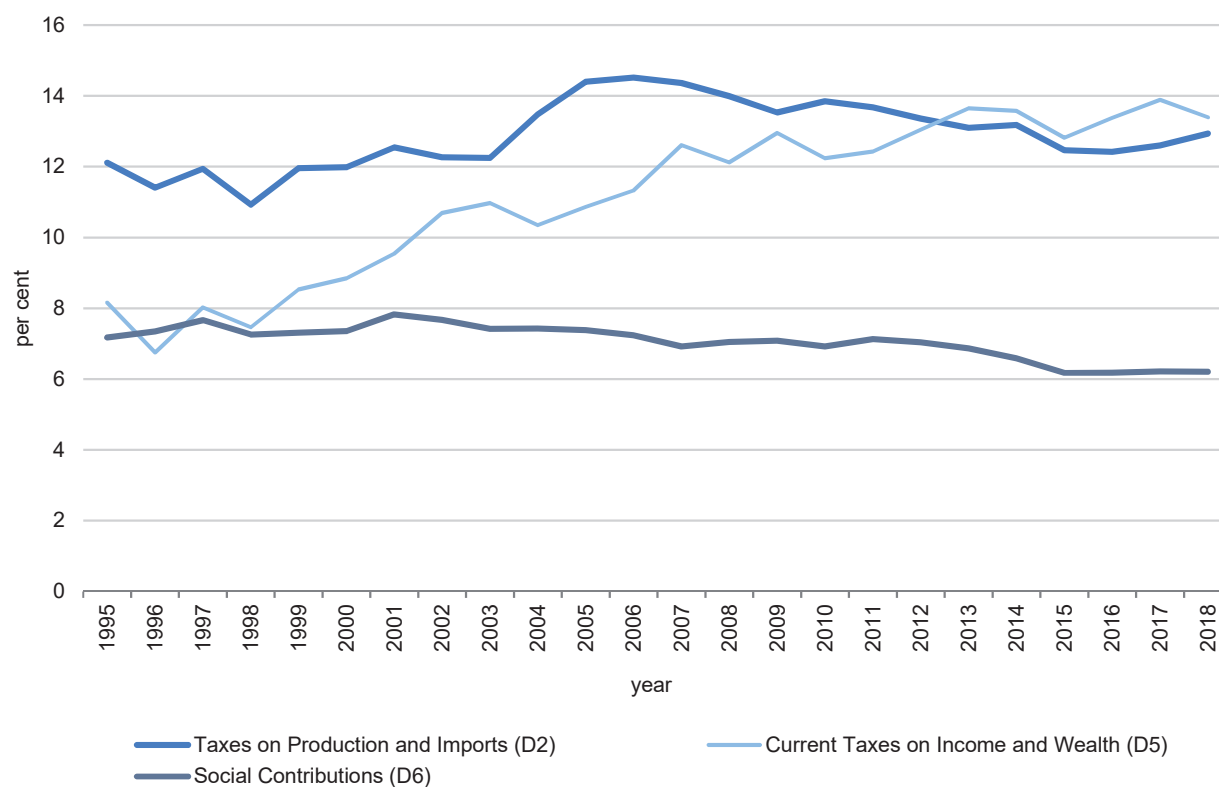


Table 2. Structure of tax burden
Tax-to-GDP ratio

	ESA Code	2015	2016	2017	2018
per cent					
Indirect Taxes		12.5	12.4	12.6	12.9
VAT	D.211	7.0	6.9	7.2	7.5
Import Duties	D.2121	0.2	0.2	0.1	0.1
Taxes on Products (incl. excise duties)	D.214	4.7	4.8	4.8	4.9
Other Taxes on Production	D.29	0.6	0.6	0.5	0.4
Direct Taxes		13.0	13.5	14.1	13.6
Personal Income Tax	D.51	6.2	6.6	6.9	7.3
Corporate Income Tax	D.51	6.1	6.3	6.5	5.6
Other Income Tax	D.51	0.0	0.0	0.0	0.0
Other Current Taxes	D.59	0.5	0.5	0.5	0.5
Capital Taxes	D.91	0.2	0.2	0.2	0.2
Social Contributions		6.2	6.2	6.2	6.2
Employers'	D.6111	2.4	2.4	2.4	2.5
Employees'	D.6112	2.4	2.4	2.4	2.5
Self- and Non-Employed	D.6113	0.4	0.4	0.4	0.4
Imputed Social Contributions	D.612	1.0	0.9	1.0	0.9
Overall tax burden		31.6	32.1	32.9	32.7

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

Chart 2. Overall Tax Burden

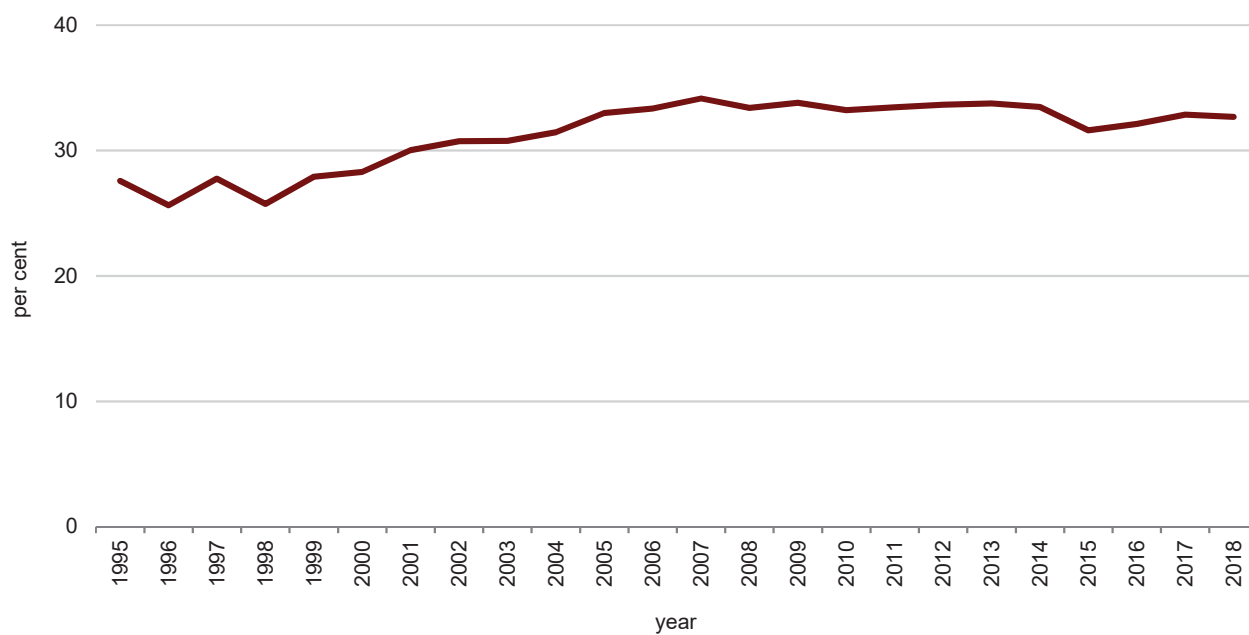


Table 3. Structure of tax revenues as a percentage of total

	ESA Code	2015	2016	2017	2018
					per cent
Indirect Taxes		39.4	38.6	38.3	39.6
VAT	D.211	22.1	21.4	21.8	22.8
Import Duties	D.2121	0.5	0.5	0.4	0.3
Taxes on Products (incl. excise duties)	D.214	14.8	14.9	14.5	15.0
Other Taxes on Production	D.29	2.1	1.9	1.6	1.4
Direct Taxes		41.0	42.1	42.8	41.5
Personal Income Tax	D.51	19.5	20.4	21.0	22.4
Corporate Income Tax	D.51	19.2	19.5	19.7	17.0
Other Income Tax	D.51	0.2	0.1	0.1	0.1
Other Current Taxes	D.59	1.7	1.6	1.5	1.4
Capital Taxes	D.91	0.5	0.5	0.5	0.5
Social Contributions		19.5	19.2	18.9	19.0
Employers'	D.6111	7.7	7.5	7.4	7.6
Employees'	D.6112	7.5	7.5	7.4	7.5
Self- and Non-Employed	D.6113	1.4	1.3	1.2	1.2
Imputed Social Contributions	D.612	3.0	2.9	2.9	2.6
Total Tax Revenues		100.0	100.0	100.0	100.0

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

	Sector	2015	2016	2017	2018
					€000
Non-Financial Corporations	S.11	255,691	287,662	319,773	356,110
Financial Corporations	S.12	324,305	355,420	404,119	322,094
General Government	S.13	2,300	2,084	3,954	1,786
Households	S.14	598,873	680,569	782,008	907,349
Non-Profit Institutions serving Households	S.15	2,657	3,035	3,196	2,702
Rest of the World	S.2	2,762	2,584	2,288	2,858
Total Income Tax (D.51) receipts		1,186,587	1,331,354	1,515,337	1,592,899

Table 5. Total environmental tax revenues by type of tax

	2015	2016	2017	2018
				€000
Energy taxes	139,227	145,020	154,047	161,738
Transport taxes	108,585	112,858	123,650	130,730
Pollution taxes	22,088	19,259	25,357	29,277
Resource taxes	0	0	0	0
Total environmental taxes	269,900	277,136	303,054	321,745

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 (S.1311) (which consists of Government Ministries and Departments and the Extra Budgetary Units) and the EU Institutions (S.212). 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 social contributions as a percentage of GDP. GDP figures for 2015-2018 are in line with News Release 145/2019 published on 6 September 2019.
4. As from this news release, the Social Contributions figure includes also the Imputed Social Contributions (D.612). These represent the counterpart to social benefits paid directly by employers to their employees or former employees and other eligible persons. In Malta's case, these refer to Treasury Pensions.
5. 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 (D.214), Other Taxes on Production (D.29) and Other Current Taxes (D.59).
6. 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.
7. Malta's National Tax List (NTL) is available on the online excel version of this release.
8. 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
9. All data in this release should be considered as provisional and therefore subject to revision. Figures may not add up due to rounding.
10. 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>
11. Any quotations from this news release are to be cited and/or referenced.
12. 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>

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