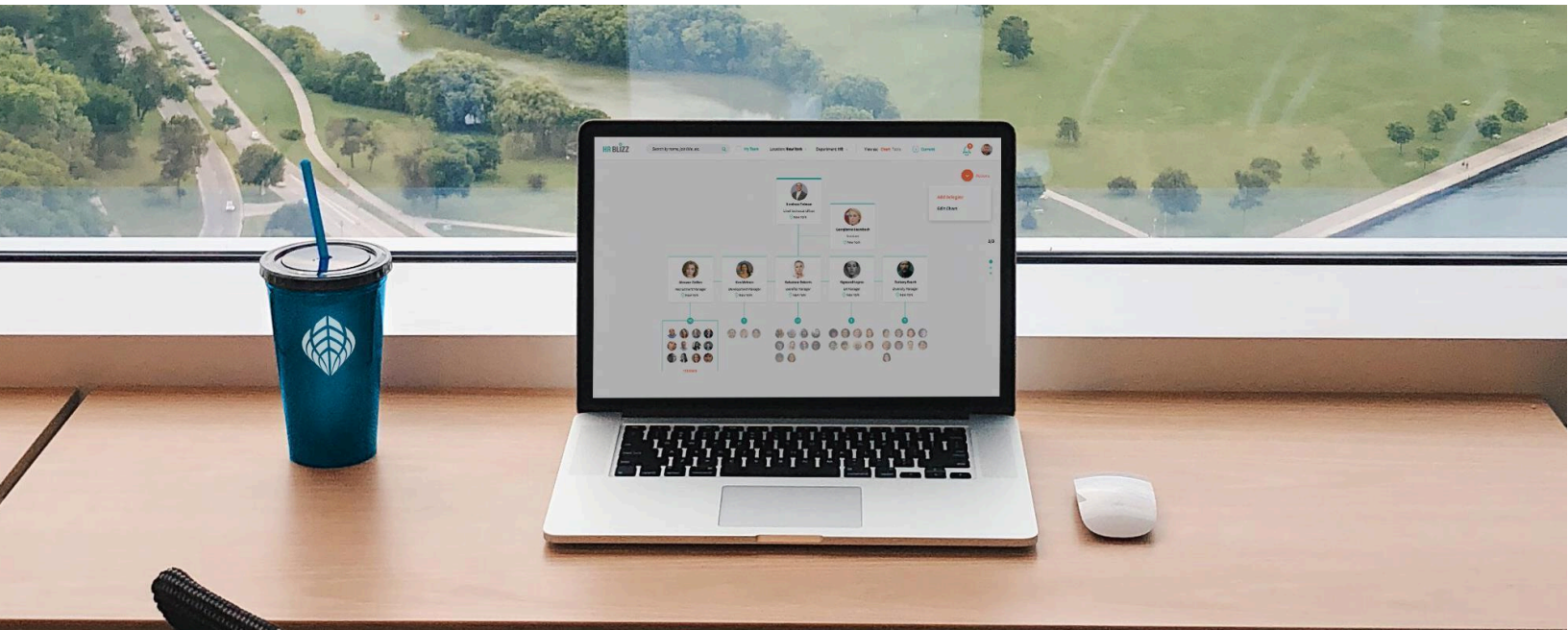




Simplifying Employment
Tasks Worldwide

Statutory Change Alert

Malta – Changes in tax Rates, Pension & social security
contribution rates – 1st January 2026



MALTA



Dec 16, 2025

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MERCANS

We help you achieve your global ambitions

Thank you for trusting Mercans to outsource your HR and Payroll functions. We propose HR consulting services, actionable solutions, and cost-effective global payroll processing tools to energize your human capital management in real-time and augment your performance. We are dedicated to becoming your business growth facilitator.



Global Payroll Solutions – Boost your HR brand and employee satisfaction

Rationalize your HR budgets, monitor your data, and optimize your global payroll tasks in real-time. Systematize processes and streamline HRM lifecycles with HR Blizz™, our unified SaaS platform, to ensure your employees are paid accurately and on time.



PEO/GEO Services – Easily hire, deploy and manage your workforce abroad

A reliable Professional Employer Organization (PEO), Mercans is your trusted employer of record to globally select, engage, and manage highly qualified personnel on your behalf, through integrated Global Employment Outsourcing (GEO).



Global Talent Acquisition – Quickly fill vacancies with only the best candidates

Mercans supports you in designing/deploying long-term HR strategies and processing full-cycle recruitment. Our ATS Suite Mesaar™ and our hiring experts help to screen, select, attract the right candidates for your organization and populate your pipeline of prequalified talents.



BPO Services – Reclaim the focus on your core activities to expand your business

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HR Management SaaS – Access customizable cloud-based online platforms

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Local Statutory Compliance – Forget the hassle of setting up branches abroad

Mercans seasoned HR advisory team are compliance experts specialized in local cultures, business protocols, and tax and legal specificities. They are committed to ensure quick go-to-market abroad and achieve a compliant global expansion, risk-free from A to Z.



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Mercans at a Glance

160+ Countries	20 Years of Success	1K+ Payroll and HR Specialists
22k+ Clients Worldwide	97% Client Retention Rate	1.5X Annual Revenue Growth
95k+ Largest Single Country Payroll	25M+ Pay Slips per Annum	0 Security Breaches

Number one for outsourced payroll services, we are endorsed by international authorities.



Mercans has the highest industry quality and IT security certificate certificate





Malta - Changes in Tax Rates & social security Rates - 1st January 2026

Tax rates

New Parental Tax Bands: Introduction of four new income tax rate categories for parents (married couples or single parents with 1 or with 2+ children). These provide higher tax-free thresholds and lower rates on initial income brackets.

Married Computation with one Child

2026

Income Bracket	Tax rate	Subtracts
€0–€17,500	0%	€0
€17,501–€26,500	15%	€2,625
€26,501–€60,000	25%	€5,275
€60,001 and above	35%	€11,275

Parent with One child

2026

Income Bracket	Tax rate	Subtracts
€0–€14,500	0%	€0
€14,501–€21,000	15%	€2,175
€21,001–€60,000	25%	€4,275
€60,001 and above	35%	€10,270

Married computation with 2 or more child



2026

Income Bracket	Tax rate	Subtracts
€0–€22,500	0%	€0
€22,501–€32,000	15%	€3,375
€32,001–€60,000	25%	€6,575
€60,001 and above	35%	€12,575

Parent computation with 2 or more child

2026

Income Bracket	Tax rate	Subtracts
€0–€18,500	0%	€0
€18,501–€25,500	15%	€2,775
€25,501–€60,000	25%	€5,325
€60,001 and above	35%	€11,325

Pension Income Tax Exemption:

Starting in 2026, **all retirement pension income is fully exempt** from income tax in Malta for individuals aged 61 and over. This represents a change from 2025, when 80% of pension income (up to the maximum pension amount) was tax-free, with the remaining 20% (or amounts exceeding the maximum pension) still being taxable. As of 2026, **100% of pension income is exempt**, including any amount above the state pension maximum, effectively removing tax on pensions. Widow/er's pensions also remain fully exempt.

Pensions for widowers are set to rise by €3.50 weekly. Widowers who are raising children will receive an extra €10 per week until the child turns 23.

Social Security (Class 1) - 2026



Basic Weekly Wage ¹ €				Weekly Rate Payable ² €		
Category	From	To	By Employee	By Employer	Total	Maternity
A	0.10	229.44	6.62	6.62	13.24	0.20
B	0.10	229.44	22.94*	22.94	45.88	0.69
			Person Born Up to 31st Dec 1961			
C	229.45	490.38	10%	10%	n/a	0.30%
D	490.39	n/a	49.04	49.04	98.08	1.47%
			Persons born from 1st January 1962 onwards			
C	229.45	559.30	10%	10%	n/a	0.30%
D	559.31	n/a	55.93	55.93	111.86	1.68
E	n/a	n/a	10%Max.4.38	10%Max.4.38	n/a	0.3%Max.0.13
F	n/a	n/a	10%Max7.94	10%Max7.94	n/a	0.3%Max.0.24

Note: *Or if the employee chooses, 10% of the basic weekly wage. This rate of contribution entitles the contributor to pro-rata contributory benefits



1 Basic weekly wage or the weekly equivalent of the basic monthly salary.

2 For percentage rates, the weekly rate payable is calculated to the nearest cent.

Please contact your Mercans' services delivery team for any additional information regarding the implications of the above change.



They already **trust Mercans**





What Makes Mercans your HR and Payroll **Partner of Choice?**

We Simplify Employment Tasks Worldwide Everywhere for Everyone

We are a borderless people engagement enabler, driven by technology and innovation. We deliver bespoke human capital management services and global payroll solutions to empower businesses across 110+ countries regardless of their organizations' size and their industry. We pride ourselves on being global people experts with a striking local presence, committed to making your teams happy, and ensuring the consistent and sustainable growth of your organization.

Local Presence. Regional Strategy. Global Success

Supported by 500+ payroll and HR specialists with in-depth local knowledge, Mercans operate globally. Our pioneering human resources consulting services and trailblazing SaaS platforms are already satisfying 5,000+ international clients, ensuring timely measurable results and bottom-line savings. Thanks to success-oriented teams striving for excellence and taking care of our clients' tasks within budget, we have gained the trust of major multinational companies.

A Revolutionary Service Delivery System

Say goodbye to third-party service providers, offshore call centers, fragmented data, and endless chains of sub-contracts.

Mercans cloud-based SaaS Products, HR Blizz™ & Mesaar™, combine the performance of proprietary technologies with a human touch. Cost-effective, they are fully-compliant self-service tools, packed with smart built-in features for your peace of mind. All your data are integrated into single interfaces accessible from everywhere and on any device.

Trailblazing Cloud-Based SaaS Products



HR Blizz & Mesaar, our Software-as-a-Service platforms, both propose a preconfigured API integration capability with all the major global HRMS platforms, including SuccessFactors, Workday, Oracle HCM, and MS Dynamics. All Mercans systems and processes are GDPR compliant, ISO 9001, 20000, 27001 certified, and SOC 1 and SOC 2 audited. A registered Finpro expert, Mercans is also a member of the Global Payroll Association and the Global Payroll Management Institute.



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