

Malta: New social measures to mitigate the negative effects of COVID-19

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As the incidence of COVID-19 infections is brought under control, a number of social measures are being introduced to mitigate the negative social effects of the pandemic. These measures are part of a holistic approach to setting the economy in motion again. This short report seeks to summarise innovative aspects contained in this set of initiatives and to highlight the most important measures.



Description

The measures announced on 8 June 2020 were designed primarily as an instrument whereby the economy could be pump-primed so that the negative effects of the COVID-19 pandemic could be minimised. They are intended to stimulate economic activity at the macro level, as Malta moves out of lockdown, and, at the micro level, to boost morale by providing individuals with resources, thus encouraging them to take action and to look optimistically towards the future. The most innovative social measures announced are those affecting the cost of housing and job retention. The main measures proposed can be summarised as follows:

Measures affecting the cost of Housing

1. Stamp duty on the purchase of property will be reduced for both purchasers and sellers. The measure, which also applies to those still under a promise of sale agreement (konvenju) will continue up to March 2021 for property values up to €400,000. For those buying property, the current 5% duty will drop to 1.5%. For sellers, the current 8% property transfer tax will be reduced to 5%.

2. This measure will also apply to first-time buyers who were previously excluded because they had bought a garage or another non-residential property.

Measures that ensure that jobs are safeguarded

3. Wage supplements up to a maximum of €800 per month per employee will continue to be provided, with some changes, by the state to employers whose enterprises have been negatively affected by the COVID-19 pandemic, to ensure that despite the downturn in their business activity, they can retain their workforce.

4. The cost of water and electricity for businesses will be subsidised to ensure that these have enough resources to retain their staff.

5. Special grants will be given to enterprises to pay their rent during the lockdown, as an added measure to enable them to retain their staff.

Measures to assist low-income families through improvements in “in-work benefits”

6. The in-work benefit will be extended to include more low-income families, and there will be an increase in the grant given per child. Furthermore, all those in the scheme will be given a grant of €250.

7. 210,000 workers will also receive a partial tax refund, depending on their income.

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Measures that provide special assistance to NGOs, homes for the elderly

8. A €3 million fund is being set up to help NGOs, whose income was severely hit by the impact of COVID-19.

9. €2 million will be allocated to homes for the elderly, which saw their costs soar as they were locked down, with staff having to sleep there as well.

Measures addressed to individuals

10. Cash vouchers of up to €100 will be given to all residents in Malta aged 16 or over as a measure to get businesses going again following the pandemic. These are to be spent by the end of September 2020 in the following proportion: 80% on recreational services (such as restaurants, sport etc.) and 20% in shops that had been closed during the pandemic.

11. Petrol and diesel prices will be reduced by 7c per litre.

12. Couples whose wedding had to be postponed because of the COVID-19 measures will receive compensation of up to €2,000.



Outlook and commentary

These social measures, and the other measures aiming to kick-start an economic recovery, have already been almost universally welcomed, from across the whole spectrum of Maltese society. The

measures seek to ensure that jobs are not lost, and to instil new confidence in the Maltese, encouraging them to resume economic activity and develop their entrepreneurial skills further.

The measures targeted at ordinary citizens are the result of a careful analysis of how COVID-19 has negatively affected ordinary life in Malta. The measure that seeks to reimburse expenses incurred by those who have had to postpone their wedding is particularly appreciated by young adults, as is the reduced taxation on property purchases.

The criticism levied by the Opposition has so far addressed the following issues:

a) the measures do not include an across-the-board reduction in water and electricity tariffs; reductions in tariffs are only applicable to businesses and only for three months;

b) no incentive was established to encourage tourists to come to Malta rather than other countries when travel was restored;

c) no assistance was offered to businesses which had already been excluded from previous assistance packages;

d) despite the reduction in the cost of petrol and diesel, these are still among the most expensive in the EU; and

e) no gesture was made to front-line workers in the fight against COVID-19, except for applause.

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