

ANNUAL REPORT 2025



TAX & CUSTOMS
ADMINISTRATION

MALTA



ANNUAL REPORT **2025**



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FOREWORD





1



MESSAGE FROM THE **COMMISSIONER FOR TAX AND CUSTOMS**

The Strategic Plan for 2023-2025 that we launched in April 2023 laid out the way in which we would deliver transformation. The objectives were very clear but at that time, the work needed seemed insurmountable.



Mr Joseph Caruana
Commissioner for Tax and Customs

Now, here we are three years later, preparing to launch the next plan, and we can already look back at all that has been achieved with a real sense of pride.

One of the most important aspects of the transformation was for the Strategy to guide the MTCA over the coming years and to ensure that objectives were established and achieved in pragmatic and functional ways. It was based on two main approaches: the changes required for better internal operations; and those aimed at improving revenue collection and services.

Both of these were based squarely on our mission and vision, which made the MTCA more aware of its role, helping us to become more customer-centric, more efficient and more effective.

What did this involve? First of all, technology. Bolstered by appropriate financial allocations, the MTCA was able to embark on numerous projects to improve data collection and analytics, using artificial intelligence and software, for example. It also introduced a number of digital tools to help e-services and online processing, with all the advantages that this represents in terms of speed and accuracy. The results were encouraging: as you will see from the Annual Report, in 2025, the MTCA showed marked improvements in collection and compliance, as well as in the use of online services.

The MTCA took its role to assist taxpayers very seriously and sent out nearly 500,000 emails, letters and text messages, all of which helped to improve compliance, whether with regard to filing returns and making payments, or to doing so on time. Of course, this outreach was also used to notify taxpayers of changes to legislation: there is never a dull moment and change is a constant in our world, as you will learn from the chapters dedicated to Legislative and International Affairs, and to Verifications and Audit.

There was also an important metric reached for Customs Operations: 5%. This refers to the reduction in controls at the border, which means using a more risk-based approach to facilitate trade without compromising our role as the public's gatekeepers.

Apart from introducing various social media channels which complemented the MTCA's outreach, the MTCA also worked on step-by-step explainers, as well as launching its new website with its more intuitive site-plan, which will shortly – for the first time ever – be available in Maltese.

The MTCA is also focussing on talent acquisition and retention, positioning itself as an employer of choice. It offers a clear career path, with – for example – advantages for those who are working towards an accounting warrant.

Working with the MTCA offers our team the unique opportunity to interact with all types of individual and corporate taxpayers, from the most basic to the most complex. The team has to remain up-to-date with legislative changes locally and with international debates at various forums, from the IMF and the EU, to the OECD.



Apart from using social media to communicate our recruitment messages, we are also reaching out to students at various levels, as well as to their parents, at events like Freshers' Week, to explain what makes the MTCA a better option.

Over the past year, we ensured that our Human Resources Directorate was using best practice, which has resulted in a variety of measures to help career progression and mobility, not the least of which is the introduction of a competency framework.

The bottom line is that each and every one of our 760 talented employees is given support and opportunities. Without them, our strategic objectives and operational customer-centricity would simply not be possible.

However, the MTCA also had to focus on clearing legacy issues, something that involved a number of external factors. It is working on updating the taxpayer register with the help of returned mail and third-party entities, even collecting taxpayer IBANs to be able to dramatically speed up the payment of VAT refunds.

The MTCA followed up on the IMF's recommendations and opened up a Large Taxpayer Office, which is offering its expertise to multiple eligible companies and High Net Worth Individuals. It also carefully analysed the findings of the EU's TADAT self-assessment to identify weaknesses and prioritise how to rectify them. Some of these required minor changes; others were fundamental and require external input. Whichever category they fall into, progress is being monitored and mapped to ensure that the MTCA is moving in line with its self-imposed deadlines.

The MTCA is also committed to financial literacy, working with other stakeholders in a Task Force which is mapping out initiatives to ensure that no sectors or segments are overlooked. It also introduced a Stakeholders' Forum, which will meet national employer and employee associations, as well as trade and professional bodies, twice a year to get feedback about proposals and to listen to their suggestions. The MTCA delegations already meet many of these entities bilaterally on a regular basis but this more formal set up ensures dialogue on a variety of subjects.

Are these changes having an impact? Certainly, public perception and satisfaction improved, and the focus on ensuring clear and accessible information means an impressive decline of 17% in public queries, representing fewer frustrated taxpayers who previously had to contact us because they could not find an answer anywhere else.

There is still much going on in 2026. Major steps have been taken to prepare for the EU's Customs Reform, for VAT in the Digital Age, and for real-time reporting. The ITCAS tender – a system which will fully automate all tax administration processes – is one step away from becoming reality.

In the last Strategic Plan, I wrote “Creating a better future begins by imagining the possibilities that lie ahead!” It seemed like such an uphill struggle but here we are, able to look back at the past three years, and ready to plan for the five years ahead.

As Commissioner, it would be most remiss of me to leave out the important support and dedication of our staff, who handled all this change with such commitment.

This Annual Report will outline all that has been achieved and I can say with confidence that the future looks bright!

A handwritten signature in blue ink, appearing to read 'J. Caruana', with a long horizontal line extending from the end of the signature.

Mr Joseph Caruana
Commissioner for Tax and Customs

STRATEGY & IDENTITY






2

A black and white photograph of a rocky coastline. In the upper left, a dirt path winds up a rocky slope, with two people walking away from the camera. The rest of the image shows a steep, rocky cliffside that meets the water at the bottom. A large, teal-colored graphic overlay is positioned in the center, featuring a dark teal upper section and a lighter teal lower section that tapers to a point. The text "OUR MISSION" is written in white, thin, sans-serif capital letters across the dark teal section.

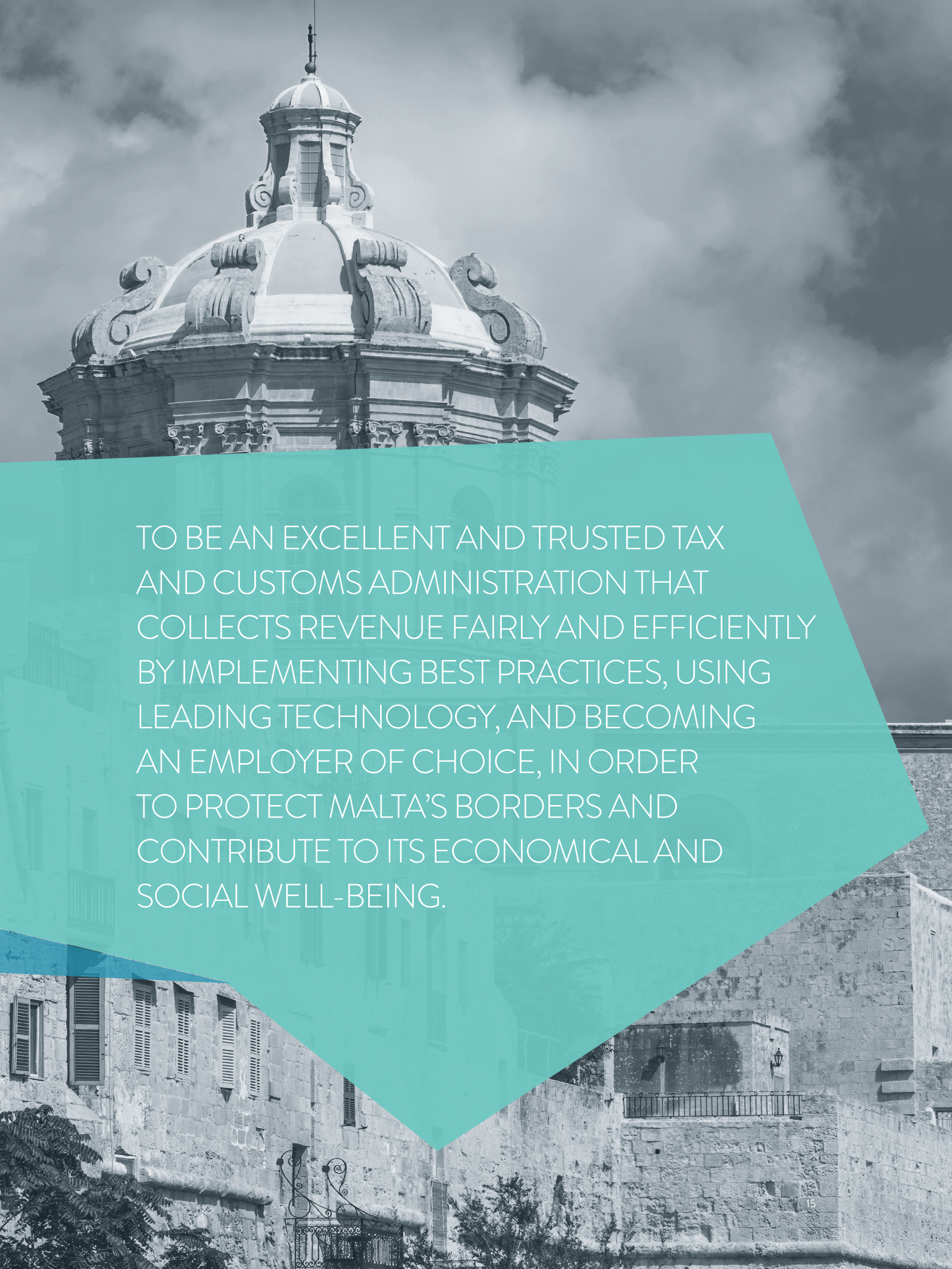
OUR MISSION

A scenic view of a rocky coastline with a body of water in the foreground and a teal overlay containing text. The background shows rugged, light-colored rock formations and a dark, calm body of water. A large, semi-transparent teal shape is overlaid on the right side of the image, containing white text.

TO SUSTAIN NATIONAL DEVELOPMENT
BY COLLECTING ALL TAXES FAIRLY AND
EFFICIENTLY THROUGH VOLUNTARY
COMPLIANCE, WHILE ENSURING THAT
CUSTOMS CONTROLS ARE EFFECTIVELY
APPLIED TO PROTECT MALTA'S CITIZENS,
ECONOMY AND ENVIRONMENT.

A photograph of a stone building with a balcony and a teal overlay. The building is constructed from light-colored, rough-hewn stone blocks. A balcony with a black wrought-iron railing is visible on the upper left. The sky is overcast with grey clouds. A large, semi-transparent teal shape is overlaid on the right side of the image, containing the text 'OUR VISION'.

OUR VISION

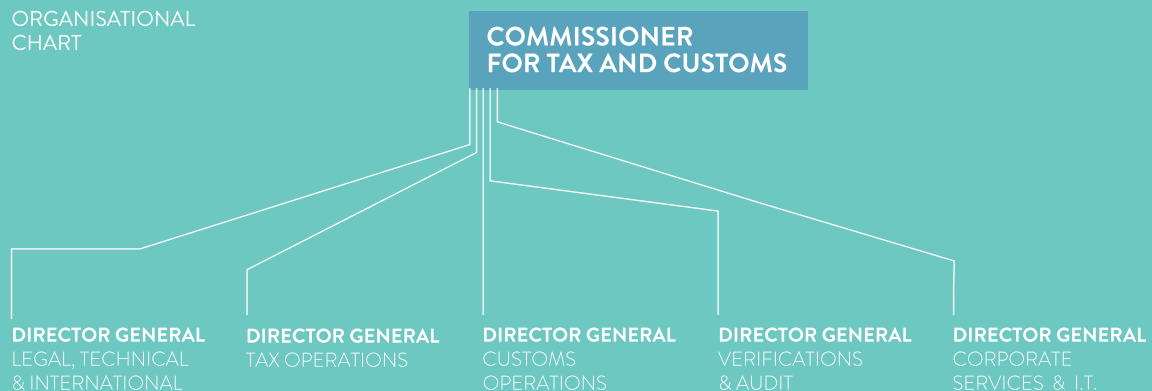


TO BE AN EXCELLENT AND TRUSTED TAX AND CUSTOMS ADMINISTRATION THAT COLLECTS REVENUE FAIRLY AND EFFICIENTLY BY IMPLEMENTING BEST PRACTICES, USING LEADING TECHNOLOGY, AND BECOMING AN EMPLOYER OF CHOICE, IN ORDER TO PROTECT MALTA'S BORDERS AND CONTRIBUTE TO ITS ECONOMICAL AND SOCIAL WELL-BEING.

ORGANIGRAM AND EXCO

The Executive Committee (EXCO) meetings are set up by the Office of the Commissioner for Tax and Customs. Its role is to implement the strategic policies and objectives of the MTCA. EXCO is led by the Commissioner for Tax and Customs as the Chairperson, and comprises the respective Directors General representing all the divisions of the MTCA.

ORGANISATIONAL
CHART





Mr Joseph Caruana
Commissioner
for Tax and Customs



Mr Joseph Schembri Kamm
DG - Corporate Services & IT

Mr Shawn Agius
DG - Tax Operations

Mr Manfred Barbara
DG - Verifications & Audit

Mr Aldo Farrugia
DG - Legal, Technical &
International Affairs



Mr Alan Mamo
DG - Customs Operations

Ms Kirsten Cutajar Miller
TAR Advisor

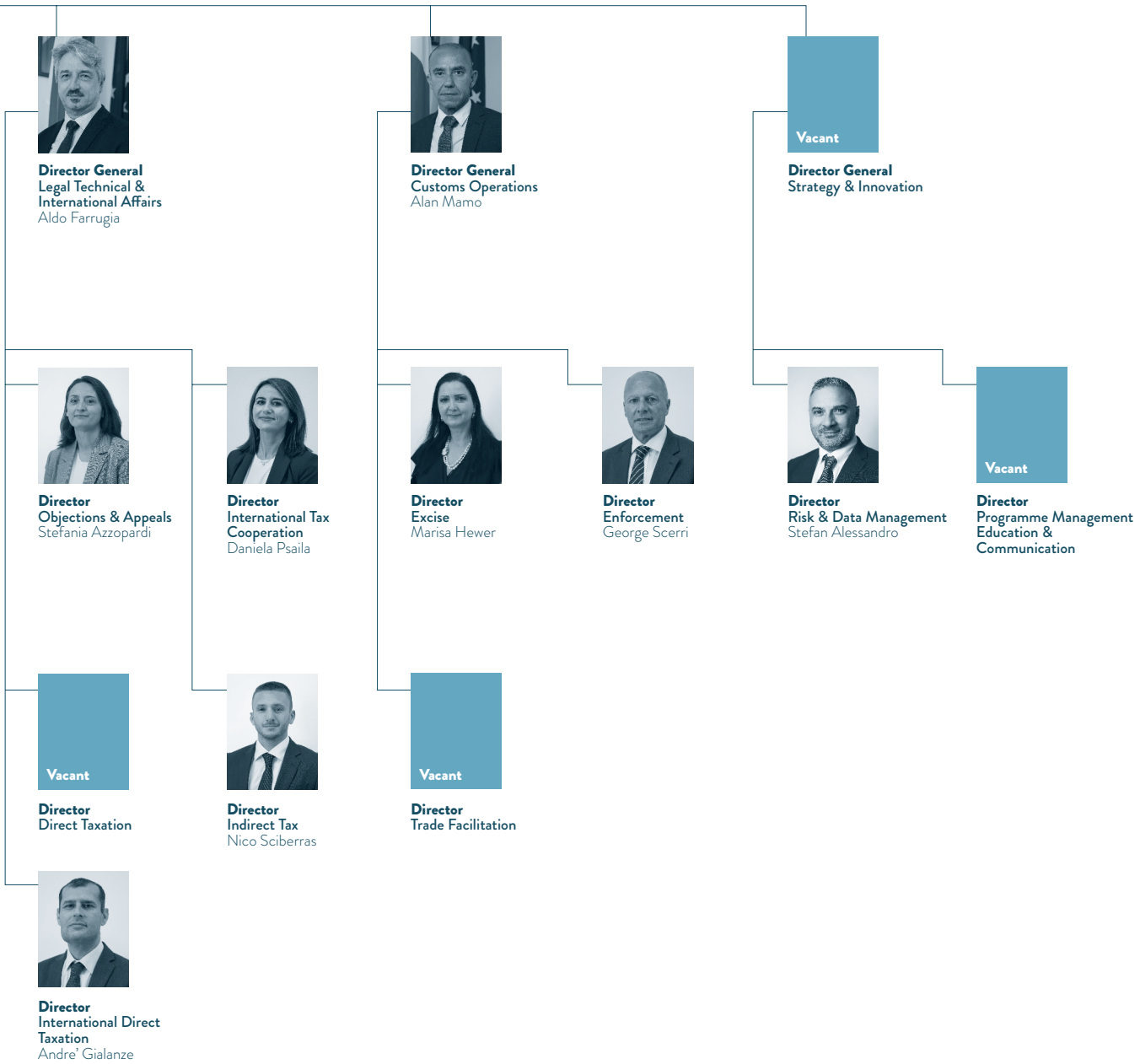
Mr Pierre Vella
TAR Advisor

Ms Antoinette Coleiro
Director - Management
Support

In 2025,
the EXCO convened

19 times





TRANSFORMATION & ADMINISTRATION



3





PROJECT MANAGEMENT

The 2023-2025 Reform Programme aimed to modernise MTCA by leveraging digital technology, data analytics, streamlined processes, and stakeholder-focused services to ensure efficient revenue collection without increasing tax burden.

This involved 43 distinct projects, which were grouped under five key enablers. In some cases, projects were assigned to more than one enabler due to their relevance across multiple areas.

By the end of 2025, 65% of the 43 projects had been completed, along with 79% of the milestones.

The balance of the projects are in progress, as follows:

- 14% Minor outstanding tasks
- 9% Organisational challenges
- 9% Technical challenges
- 3% Dependencies on approvals by higher-level authorities

Table 1
MTCA REFORM PROGRAMME

Technology, Data & Intelligence	ITCAS Tendering
	Data Governance Strategy
	Taxpayer Segmentation and Risk-Based Compliance Management
	Strengthening of IT Directorate
	Set up of a dedicated Data Unit
	SAS Implementation
	Customs Business Process Reengineering
	UCC IT Customs Systems Modernisation
	RPA's pilot on selected manual processes
	Stocktake and Categorisation of all MTCA's IT Initiatives
Structure & Governance	Integration of Decentralised Functions Into a Single Division (CSIT & LTIA)
	Set up of Internal Reform Team Function
	Development of a Strategy and Innovation Division
	Set up of an Internal Audit Function
	Set up of a Large Taxpayer Office
	Set up of Senior Management Committees
People, Culture & Talent	Leadership Development & Cultural Framework Update
	Set Up of a Dedicated HR Function
	Reconciliation of Salary Anomalies
	Enhanced Performance Management
	Comprehensive Staff Training
	Employee Engagement for Cultural Readiness
	Succession Planning for Key Roles
	Employer Branding Campaigns
	External Tax Culture Improvement
	Establishment of Change Management Function
Set Up of Collaborative Working Groups	
Strategy, Policy, Regulation & Research	Enterprise-Wide Strategy Refinement
	Revenue Act Review & Alignment
	SMART KPIs revamping
	Scheduling external reviews and audits
Processes, Operations & Standards	Robust Project Management Practices
	Set up of an Enterprise Risk Management (ERM) Function
	Implementation of Client Relationship Management system
	Evaluation of Continuous Client Feedback
	Organisational Structure Reform
	Set Up of a Non-Filer & Non-Registration Function
	Strengthening of the Debt Management Function
	FSS & VAT Real-Time Reporting
	Development and Implementation of a Compliance Risk Management Framework
	Modernisation of the reconciliation aspects of MTCA with Banks



Figure 1.
PROJECTS PER ENabler

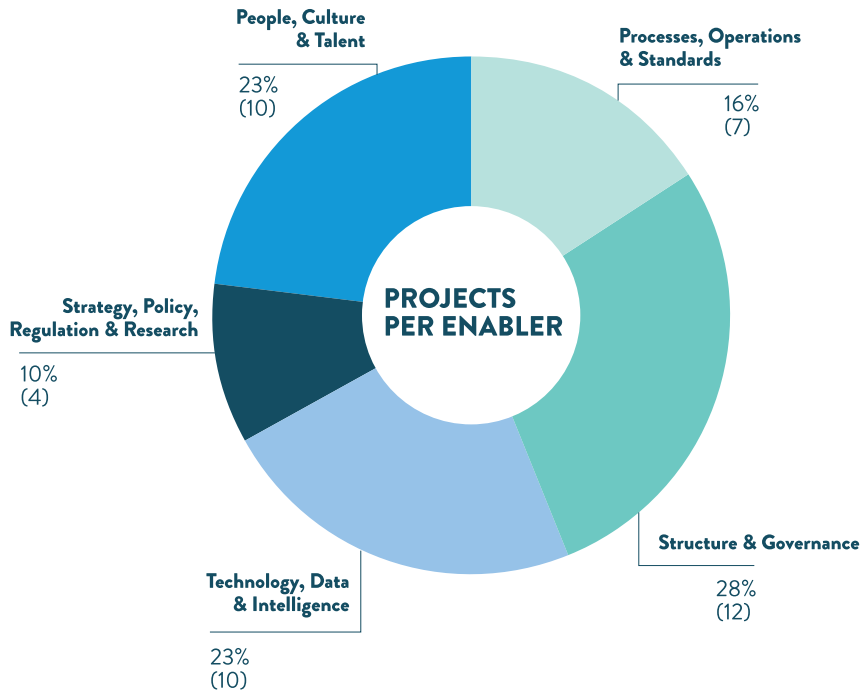


Figure 2.
OVERALL PROGRESS

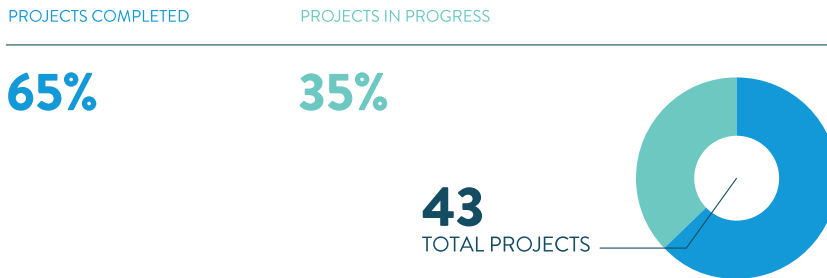
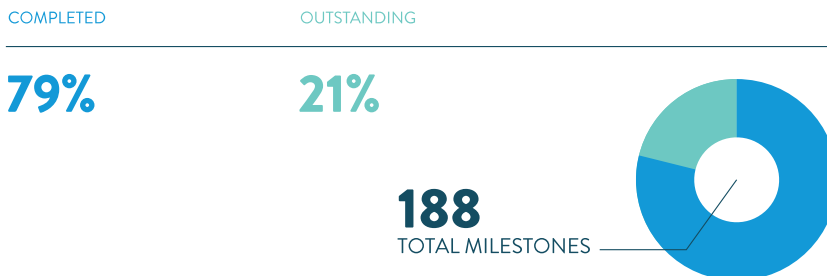


Figure 3.
MILESTONES



DIGITISATION

Many of the projects being undertaken by the MTCA are underpinned by digitisation, which cut across areas ranging from the customer-centric experience to internal analysis.

The launch of the new website introduced several enhancements that made it easier to access information and submit tax filings and payments more quickly. Another important project dealt with the introduction of multiple function level dashboards for data-oriented decision making, as well as the introduction of an internal Enterprise Risk Management monitoring solution.

However, there were also a number of initiatives that laid the foundations for ongoing reporting systems looking forward, such as e-Invoicing, e-Receipting and VAT Digital Reporting once VAT in the Digital Age is implemented. The MTCA is also preparing to enhance the digital reporting initiatives within the EU for Directive on Administrative Cooperation (DAC), Automatic Exchange of Information (AEOI) and Central Electronic System of Payment Information (CESOP).

And finally, governance structures were set up to oversee the main Digitisation Transformation Projects, including:

- IT Steering Board (monitoring of all ongoing IT initiatives)
- Union Customs Code Steering Committee
- Statistical Analysis System Steering Committee





ADMINISTRATION

A number of projects were tackled during the year, as part of the ongoing transformation of the corporate side of the MTCA.

One major project focused on restructuring and reorganising the records management system. The retention and destruction policy and retention schedule were revised and updated to reflect the evolving needs. MTCA is working towards the digital transformation of documents pertaining to HR, Finance, Procurement, Tax, VAT and Customs.

A very interesting project was the formulation of a competency framework for all MTCA personnel. The aim of this framework is to align MTCA at all levels with organisational goals, clarify expectations, support fair and objective HR decisions, identify skills gaps and training needs, enable career development and mobility, strengthen organisational culture, and improve performance and consistency.

TRAINING

The transformation involved considerable new technology, as well as a different emphasis on outreach to customers. Training was therefore a crucial element in ensuring that staff were given the opportunity to familiarise themselves with new programmes and frameworks.

In 2025, 131 internal and 4 third-party training sessions were delivered, split across 49 programmes, which were attended by 1,571 employees, 4 of whom on their own initiative. This represents an increase of 948 over the previous year.

Table 2
LIST OF COURSES

Course Title	No. of Participants MTCA Staff
Achieving Personal Effectiveness through Self-Motivation	519
NCTS-P5 Hands-On Training Sessions - Customs Officials	119
NIS Hands-On Training for CO's	115
New CES NIS 2025 Upgrade Informative Session	96
VAT Seminar - Updates 2024-2025	89
E-ATA Carnet for Customs Officers	80
Automated Export System Hands-On Training Sessions - Customs Officials	63
Cash Control	49
MCCAA Eco Design & Energy Labelling	45
Airport Driving Pass - Familiarisation Session	40
Elevating Organisational Communication Among Leaders	37
Insight 4GRC - Compliance Risk Mgmt & Compliance Improvement Plans	34
Radiation Awareness Course 2025	31
First Aid & Life Support	27
MTCA Peoples' Performance Enhancement Programme	24
Border Guards Training Course	23
VAT Session	18
IBDF - Fundamentals of Transfer Pricing (Taxation)	16
Transfer Pricing from Policy to Practice	16
ICS2 for Customs Officers	15
General Security Awareness Training (GSAT)	13
Payroll Session	13
Change Management General	12
Train the Trainer	11
AN PN TS Hands-On Customs Officials	10
Vitara Compliance Risk Management	7
FHRD Annual Conference	6
IBFD - Building Capacity to Fight Aggressive Tax Planning 1B	6
Transfer Pricing meets Technology	6
MIA New Website Structure & Functionality Online - Webinar	5
CPE VAT Updates 2024 - 2025 Online Course	4
24th Meeting of the Administrative Committee on the Convention on Temporary Admission (Istanbul Convention)	2
IBDF - Fundamentals of the GloBe Rules Pillar Two	2



Tax Treatment of Fringe Benefits Online	2
Training on Monitoring Conflict of Interest & Ultimate Beneficiary Owners	2
Rules governing Malta's Jurisdiction to Tax	1
Building Capacity to Fight Aggressive Tax Planning	1
Capital Gains Tax & Stamp Duty on Transfers of Securities 2025 Online Moodle Platform	1
IBDF - Principles of International Business Taxation (Taxation)	1
Addressing HR Competences	1
Supporting the Employee on the Autism Spectrum and/or with ADHD	1
Fiscal Units by Malta Institute of Accountants	1
Joint Committee for the Prevention of Money Laundering & Funding of Terrorism Mgt	1
Interest, Dividends & Royalties Online	1
MIT Short Course on Personal Tax	1
Practical Applications of Maltese Employment Law	1
OE8822 - Evaluators Training for e-Tenders	1
Overview & Update on DAC's	1
Payroll Core Principles	1

IT

During 2025, the IT function saw significant advancements across data, applications, and service delivery, strengthening digital transformation for both Tax and Customs operations.

Key achievements included the deployment of new workflow-driven public services, extensive migration and modernisation of reporting platforms, and the rollout of multiple Power BI dashboards to enhance internal operational visibility, compliance monitoring, and decision-making.

Major VAT, Property Tax, and Customs systems were optimised or upgraded to meet EU and UCC requirements, improve performance, and reduce processing times, while several legacy systems were successfully replaced, upgraded, or integrated. These efforts were complemented by the launch of the MTCA's unified website and the implementation of modern ticketing and support platforms for internal purposes. These changes improved system reliability, transparency, and user experience for both internal stakeholders and the public.



STAKEHOLDER ENGAGEMENT



4

LYDON JOSEPH
MEGA

JOSETTE GALDES
MEGA

NAME
EVA

EDENKALF
MEGA

NAME
EVA

EDENKALF
MEGA

NAME
EVA

EDENKALF
MEGA



CONTACT POINTS AND OUTREACH

The Communications Plan for 2025 was influenced by the Strategic Plan's emphasis on both customer-centricity and voluntary compliance. This meant that the underlying principles of transparency and accountability were complemented by the drive to improve simplicity. This applied to everything done by the team, whether reaching out to stakeholders, taxpayers or the public in general.

Table 3
CONTACT POINTS COMPARISON

MTCA HANDLED	2024	2025	DIFFERENCE
Calls	220,000	188,000	32,000
Emails	130,000	80,000	50,000
Visits	79,000	71,000	8,000
Visits at Business First	8,500	8,000	500
Chatbot	0	14,500	14,500

In 2025, the MTCA handled 361,500 queries, an impressive 17% decrease on the previous year and an important metric in the context of the customer-centric strategic objective. This was done through various initiatives.

The MTCA understands that while many people reach out because their situation is particular and requires specific advice, there are many people who reach out and make contact because they could not easily find the information required.

The re-design of the website has certainly assisted with this aspect, although more has to be done. The queries were analysed and targeted focus groups were then put together to identify ways to reduce any frustration, suggesting ways to improve everything from the information available to the forms and procedures. This is an ongoing process but an important one.

Another important development as part of the integration of Customs into the MTCA was for it to be added to the services provided for individuals through servizz.gov. In 2025, preparatory work was conducted and as from 2026, the public will be able to reach out to servizz.gov for assistance.

Monitoring performance is a priority as the MTCA needs benchmarks against which to gauge its performance. In 2025, a Customer Relationship Management (CRM) system was introduced for Income Tax, VAT and Capital Transfer Duty. The CRM is able to monitor response times and will flag outliers to ensure that the targets are met.

The MTCA’s objective was also to assist people to meet their obligations, in line with the objective of voluntary compliance. In 2025, it sent out an impressive 480,000 emails, text messages and letters to inform people about new legislation, reporting requirements and deadlines.

Table 4
OUTREACH

LEGISLATION	EMAILS	SMS	LETTERS
VAT	224,652	190,583	34,430
PIT	8,935		
ECO	10,751	10,488	

Tax and Customs legislation is regularly updated, whether as a result of EU-wide changes, budgetary measures, or reviews to the MTCA’s operations as it continues its digitisation journey. For this reason, MTCA continued to hold regular meetings with servizz.gov and Business First to brief them on any updates, as well as providing training for customer care staff to ensure that they were kept up-to-date.

FINANCIAL EDUCATION

The dissemination of information about the MTCA and its services was considered to be an important aspect of its outreach, aimed at existing taxpayers and users of customs channels, as well as for those accessing its services for the first time.

The MTCA continued to interact with other stakeholders in the Financial Literacy Task Force set up through the Malta Financial Services Advisory Council, which ensured that any initiatives complemented those being undertaken by other entities.



WEBSITE

The first phase of the website update was concluded in 2025, after a series of consultations and a thorough review of the existing website using analytics to understand how it was being used, and how it could be improved.

The new website offers a complete, new approach to users by function, with more interactive content, a streamlined site map, and visual aids to assist visitors to the site.

Work was at an advanced stage by year end for the introduction of the Maltese version – no easy task given the complexity and scope of the website – the first time that this has been offered.

The team has been slowly but surely working through the various documents, streamlining them and reducing jargon, while at the same time designing various explainer videos and presentations, using screenshots and clear language to focus on the most common queries.

OUTREACH

The MTCA holds regular meetings with various stakeholders, especially those who act as intermediaries such as tax practitioners and accountants.

However, its operations affect a wide variety of entities, from import and export, to tourism and retailing. It has for this reason set up a Stakeholder Forum which is being held twice a year, to which all appropriate entities are being invited. The Forum is an opportunity for interaction, allowing the MTCA to receive feedback and input from those who would be affected by any changes or updates – which it can then evaluate to find the most appropriate way forward.

The MTCA continued with its participation in television and radio programmes, which has proved very effective, while also organising various campaigns through advertising or social media. The MTCA has also been very active with regard to written communication, with articles published in local and international magazines and newspapers.

Once again, the MTCA participated in the Public Service EXPO held in May, offering a variety of interactive games designed to educate the thousands who visited its stand. Apart from information about its activities – including awareness of counterfeit goods – the MTCA organised a series of podcasts on the most important topics, with the help of interviewers who were able to ensure that the MTCA experts were able to get their messages across. These podcasts are now available on the MTCA's YouTube channel.

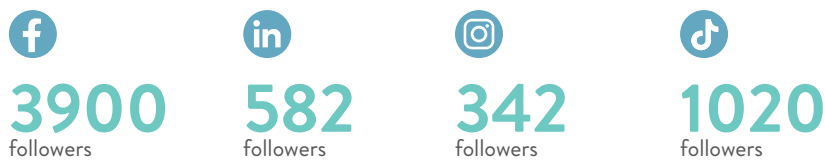
It was important to monitor whether these initiatives are having a positive impact, and the MTCA conducted an independent survey on user satisfaction which showed an encouraging 80% satisfaction overall rate.

SOCIAL MEDIA

The Communications Plan for 2025 was based on three pillars: education; information; and perception. The ability to use social media for these purposes resulted in a comprehensive stream of uploads, which is steadily gaining traction in terms of ‘views’ and ‘followers’.

To give an example, its Facebook page was viewed over one million times over the year, with visuals used very effectively to catch the audiences’ attention (28.4%) but also encouraging visitors to learn more by adding links to its website. The latter was used by 47% of its users, showing how many people were trying to find out more about procedures and legislation.

The Communications team now runs four social media platforms, each aimed at different segments of its audience. By end of year, the platforms achieved:



The MTCA also has its own channel on YouTube, where it has posted many podcasts.

Its social media channels are used to disseminate reminders about deadlines, complementing hundreds of thousands of contacts on various subjects already sent by text message, email and letter.

LEGISLATIVE & INTERNATIONAL AFFAIRS



5



The work of the Division for Legal, Technical and International Affairs (LTIA) supported the MTCA's strategic emphasis on modernising legislation, strengthening cross-border cooperation, enhancing consistency in tax administration, and advancing Malta's international fiscal standing. The Division's achievement reflect the MTCA's core values of transparency, service quality, and operational excellence.



LEGISLATIVE WORK

During 2025, the LTIA Division sustained momentum in legislative modernisation across the Revenue Acts. A total of 17 legal notices were drafted and published, covering Income Tax, VAT, Duty on documents and transfers, and acquisition-by-non-residents legislation.

Work was also conducted in relation to:

- the early transposition of elements of the EU's VAT In the Digital Age (ViDA) package ahead of 2027 applicability.
- amendments to the Code of Organisation and Civil Procedure, as well as consequential amendments to S.L. 460.08 for the proper implementation of the Mutual Assistance in the Recovery of Claims Relating to Taxes, Duties, and other measures directive.

Work also progressed on new legislation relating to Individual Programmes and Highly Qualified Individuals, contributing to a consolidation exercise aimed at simplifying and harmonising rulebooks.

The Division issued an extensive range of guidance notes, manuals, and clarifications, and processed a considerable number of technical clarification requests concerning several types of taxes, including VAT, Income Tax, duty, and double taxation agreements. These included a number of cases involving in depth technical analysis.



OBJECTIONS AND APPEALS

During 2025, 112 income tax objections and VAT reviews were handled. Most cases were resolved through agreement, 18 were refused, 5 were referred to the Verifications and Audit Division for further action, and 1 assessment was revoked. Overall, the total financial value associated with these cases amounted to €6.7 million.

The Legal Section assisted in over 1,000 criminal cases for VAT, the Final Settlement System, and Customs before the Court of Magistrates. Together with the Appeals Section, it assisted in over 340 civil cases before the Courts of Malta and Gozo.

Furthermore, 1,879 judicial letters were signed, and 132 cases were handled under the Mutual Assistance in the Recovery of Claims Relating to Taxes, Duties, and Other Measures Directive. In addition, 14 schedules of deposit were filed in Court.

As part of its enforcement work, the Prosecutions Section issued 616 letters to prosecute for VAT and Customs, resulting in 440 new criminal cases. Eleven seizure notes were issued for Customs.

To resolve cases efficiently and proportionately, 437 compromise fines for VAT defaults were issued together with 32 out-of-court settlements for VAT and Customs, all in lieu of criminal proceedings. These measures helped to promote compliance while reducing the need for lengthy court proceedings. The sum of €68,000.00 was collected by the Customs Operations Division as payment of penalties, import duties, and anti-dumping duties.

Throughout the year, the Directorate also testified, either verbally or through affidavits, in 245 third-party cases before the Civil and Criminal Courts, in which the Commissioner for Tax and Customs was summoned to provide information.

INTERNATIONAL ENGAGEMENT AND COOPERATION

Malta's commitment to international transparency continued to be reinforced and the LTIA Division engaged with European and international institutions including through numerous meetings at the EU, OECD, and UN level.

Achievements in this area included the development of a CRS Administrative Compliance Strategy, the design of a Self-Compliance Questionnaire for Financial Institutions, legislative drafting for the EU DAC 8, and considerable progress under the EU Technical Support Instrument (TSI) project on automatic exchange of information.

2025 was marked by major developments in international tax cooperation with foreign tax authorities. The Division successfully concluded Malta's first multilateral Advance Pricing Agreement, an outcome involving concurrent negotiations with multiple jurisdictions.

The Division also advanced with regard to the ongoing Mutual Agreement Procedure (MAP) caseload, successfully resolving a case in Malta's favour.

Malta's adherence to dispute-resolution standards continued to undergo peer review under the OECD BEPS ACTION 14, with favourable feedback anticipated in 2026.

Capacity-building efforts through international engagement featured prominently, including participation in an intensive training programme held jointly with the Cyprus Tax Administration under the EU TSI.



LARGE TAXPAYER OFFICE



6



The Large Taxpayer Office (LTO) made substantial advancements in enhancing communication and compliance among large taxpayers throughout 2025. Its achievements demonstrate its dedication to improving taxpayer engagement, enhancing service delivery, and promoting compliance.

These initiatives have successfully resolved outstanding issues and positioned the LTO as a proactive partner in the taxation ecosystem. Moving forward, the LTO aims to build on these successes to continue effectively supporting large taxpayers.

STAKEHOLDER OUTREACH

The LTO organised eight courtesy meetings at the Commissioner's office, allowing large taxpayers to engage directly with the Commissioner and the Director of the LTO. This initiative fostered open dialogue, enabling taxpayers to discuss various matters, voice concerns, and seek guidance.

The LTO also actively participated in various forums for tax practitioners including one with the gaming sector, discussing its functions and enhancing awareness of its services and initiatives.

The LTO also participated in a panel in three seminars: two for the Malta Institute of Taxation; and one gaming event. It also organised a seminar for tax practitioners updating them on the various functions of the LTO.

LAUNCH OF LTO CUSTOMER SERVICE INITIATIVE

A dedicated customer service initiative was launched to streamline the handling of queries and requirements. This programme proved effective in fast-tracking requests, resolving several long-standing issues, and significantly enhancing taxpayer satisfaction. Also of great importance was the collaboration and communication levels achieved with the other divisions.

- Generic LTO e-mail became active: 23 April 2025
- Total number of queries received: 110
- Total number of resolved queries: 89
- Average time to resolve queries: 12 days

COMPLIANCE STRATEGIES

To encourage timely compliance, the LTO contacted large taxpayers who previously defaulted, sending reminders two months prior to tax return due dates. Additionally, company auditors received lists of their clients with upcoming submission deadlines, ensuring that everyone was well-informed.

- Reminders sent to Large Taxpayers to submit Income Tax returns – 193 reminder letters
- Number of letters sent to Large Taxpayers drawing their attention to their failure to submit income tax return – 11 default letters
- Number of emails / nudges sent to practitioners (Income Tax returns): 53 emails

Corporate Service Providers were also notified two months in advance about their clients' submission dates, reinforcing the LTO's proactive engagement strategy and enhancing compliance across the board.

In the meantime, Compliance Improvement Plans (CIPs) were drawn up for key sectors – gaming, tourism and construction – identifying potential risks and outlining strategies to mitigate them. The risks were then discussed with the Risk Management Unit and included in the SAS software.

The LTO developed several dashboards to assess compliance in real time, allowing for immediate insights and comparisons with previous years. This data-driven approach brings us into a position to forecast compliance levels and devise strategies to improve compliance.





As at 31 December 2025, compliance was as follows:

Table 5
INCOME TAX RETURNS
(YA 2025)

DUE DATE	TOTAL	SUBMITTED	NOT SUBMITTED
Jul / Aug / Sep / Oct / Nov	268 100%	213 79%	55 21%

Table 6
VAT RETURNS
(DUE DATE 2025):

DUE DATE	TOTAL	SUBMITTED	NOT SUBMITTED
January	37 100%	35 94.6%	2 5.4%
February	272 100%	271 99.6%	1 0.4%
March	47 100%	44 93.6%	3 6.4%
April	36 100%	34 94.4%	2 5.6%
May	270 100%	267 98.9%	3 1.1%
June	41 100%	37 90.2%	4 9.8%
July	37 100%	34 91.9%	3 8.1%
August	272 100%	266 97.8%	6 2.2%
September	40 100%	35 87.5%	5 12.5%
October	34 100%	30 88.2%	4 11.8%
November	269 100%	262 97.4%	7 2.6%
December	41 100%	34 82.9%	7 17.1%
Total	1,396 100%	1,349 96.6%	47 3.4%

Table 7
FS7 (2024)

DUE DATE	TOTAL	SUBMITTED	NOT SUBMITTED
February 2025	314 100%	310 99%	4 1%

ASPECT AUDITS

The LTO commenced several aspect audits, yielding fruitful outcomes that contributed to improved compliance and operational efficiency among large taxpayers.

By end of 2025, the LTO had five ongoing audits (four companies and one High Net Worth Individual (HNWI)). First meetings have been carried out with four of these taxpayers, since one company had not yet been notified by year end.

In October 2025, the LTO also started sending out letters of enquiry/notification for verifications, with four having been sent during the last quarter.

The potential tax for the taxpayers under audit, if any, still needs to be quantified. However, there has already been an adjustment relating to the reversal of losses of €17 million, resulting in a tax implication of €6 million. Further adjustments are required for YA 2021.

Another case, now in the final stages, will yield approximately €600,000 in tax.

The case of the HNWI is also in the final stages and will result in around €34,000 in tax.

TRAINING ON TRANSFER PRICING

All LTO staff received extensive training on transfer pricing, equipping them with the basic necessary knowledge and skills to effectively address and manage related issues, thereby enhancing the overall capability of the office. Over the year, four courses were attended by LTO staff, two of which were overseas.

TAX OPERATIONS



7





GENERAL OPERATIONS

Although a number of changes made within the MTCA are forward-looking, there were also a number of measures that involved looking at the past and present. Technology has helped to achieve numerous changes to tax operations and will help in no small way to improve its efficiency and effectiveness.

In response to compliance requirements from the banking sector, the MTCA improved the way in which compliance certificates – which give a summary of a taxpayer’s Income Tax, FSS and VAT liabilities – are issued. Although further improvements are in the pipeline, in 2025, 13,000 compliance certificates were requested and issued. In addition, 1,000 clearances were issued by the Certifications unit.



TAXPAYER REGISTER

The taxpayer register is the cornerstone in supporting compliance, service delivery, and enforcement functions. Maintaining complete, accurate and timely registration data enables the Administration to strengthen transparency, improve taxpayer engagement, and ensure equitable revenue collection.

The MTCA embarked on improving internal processes and standardising operational procedures, aiming to enhance efficiency and consistency in the management of registration records across the Division. This means better oversight of tax-related lifecycle events, covering new registrations, modifications to tax obligations, and deactivations: all this has strengthened the alignment between registry data and real-time economic activity.

The MTCA would like to express its appreciation of the invaluable assistance it has received from other entities with regard to the collation of this information: JobsPlus, Identita, the Social Security Department, the Malta Business Registry and the National Statistics Office.



UNDERSTANDING MOVEMENTS IN THE TAXPAYER REGISTER

Table 8
**MOVEMENTS IN THE INCOME TAX
TAXPAYER REGISTER – 2025**

	REGISTERED TAXPAYERS <i>Refer to Note 1</i>	NEW REGISTRATIONS <i>Refer to Note 2</i>	TAXPAYERS DEREGISTERED DURING THE YEAR <i>Refer to Note 3</i>
Personal Income Tax	515,861	45,371	26,415
Corporate Income Tax	54,555	4,890	2,797
Employers PE Numbers	37,341	3,949	448

Explanatory Notes:

Note 1 - A registered active taxpayer who is in the MTCA's taxpayer database.

Note 2 - Newly Registered Taxpayers during calendar year 2025

Note 3 - Deregistered Taxpayers during calendar year 2025

The table above presents movements within the personal income tax, corporate income tax, and employer registers during 2025, showing the total number of active taxpayers registered as at the end of calendar year 2025, together with new registration and deregistration records across the main tax categories during the same year.

The data reflects the continuous evolution of the taxpayer base, as new individuals and businesses enter the tax system while others cease activity.

Table 9
MOVEMENTS IN THE VAT
TAXPAYER REGISTER – 2025

	REGISTERED TAXPAYERS <i>Refer to Note 1</i>	NEW REGISTRATIONS <i>Refer to Note 2</i>	TAXPAYERS DEREGISTERED DURING THE YEAR <i>Refer to Note 3</i>
VAT article 10	60,365	4,340	3,377
VAT article 11	48,880	4,493	2,517
VAT article 12	1,341	167	162

Explanatory Notes:

Note 1 - A registered taxpayer who is in the MTCA's taxpayer database.

Note 2 - Newly Registered Taxpayers during calendar year 2025

Note 3 - Deregistered Taxpayers during calendar year 2025

Movements within the Income Tax and VAT registers during 2025 reflect sustained expansion of the taxpayer base and continued economic momentum. The VAT register alone recorded 9,000 new registrations against 6,056 deregistrations, resulting in a net increase of 2,944 taxpayers by year end.

These developments underscore the evolving composition of the taxpayer population and highlight the strategic importance of robust registry governance, proactive monitoring of tax lifecycle events, and timely data updates to ensure that the registers remain an accurate and reliable foundation for compliance management and revenue administration.



COLLECTION AND COMPLIANCE

The MTCA's strategy is founded on the principle of voluntary compliance, which at its most basic levels involves the timely submission of returns and relevant payments.

However, the MTCA understands the importance of dealing with arrears, partly because of its obligation to the government, but also because of the deterrent factor. Using various enforcement actions over the course of the year, it was able to collect €419.8 million of arrears.

This was achieved through various enforcement actions held during this year:

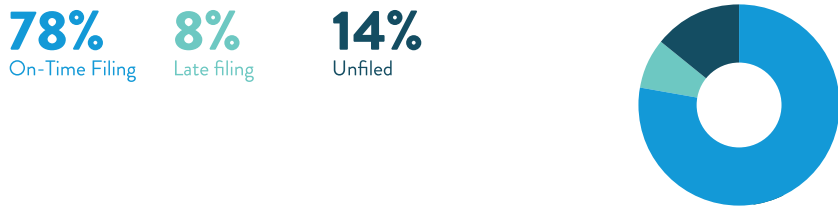
Table 10
COLLECTION OF TAX ARREARS

4,910	Demand Notices Income Tax (companies/individuals), VAT	105	FSS judicial letters (employers)
2,145	Judicial Letters Income tax (companies/individuals), VAT	1,180	FSS repayment plans (employers)
667	Instalment plans Income tax (companies/individuals), VAT	269	Notices of repayment plan in default (letters)
2,159	Provisional tax enforcement letters	956	Notices of repayment plan in default (emails/text messages)
5,980	VAT payment defaulters (text messages)	9,825	Notices of payments for basis year 2024 in default (emails/text messages)
5,429	VAT Tax Deferral reminder (emails)	159	Number of Court sittings
989	Remission agreements	827	Number of Court cases
716	FSS default notices	71	Garnishees Issued
525	FSS demand notices (employers)	10	Counter garnishees

Table 11
PIT DECLARATIONS
FOR YA 2025

ON-TIME FILING	LATE FILING	UNFILED
69,418	6,991	12,286

Table 12
PIT DECLARATIONS YA 2025



Building on the positive outcomes achieved in the previous year, in 2025, the MTCA continued to build on its compliance strategy by exploiting digital channels to deliver timely reminders, targeted guidance and proactive engagement. In line with its customer-centric approach, this was complemented by continued personalised outreach to taxpayers requiring additional support to regularise their obligations.

These coordinated measures contributed to sustained improvements in filing behaviour and strengthened voluntary compliance across taxpayer segments. As a result, timely compliance improved further, with on-time Personal Income Tax submissions increasing by approximately 2% compared to 2024.

Table 13
PIT SUBMISSION TYPE - YA 2025



The distribution of Personal Income Tax submissions for Year of Assessment 2025 shows that digital channels remain the preferred method of filing, with online submissions increasing by 4.5% compared to the previous submission cycle. This trend demonstrates growing taxpayer confidence in digitalised submissions.



Table 14
CIT DECLARATIONS
FOR YA 2025

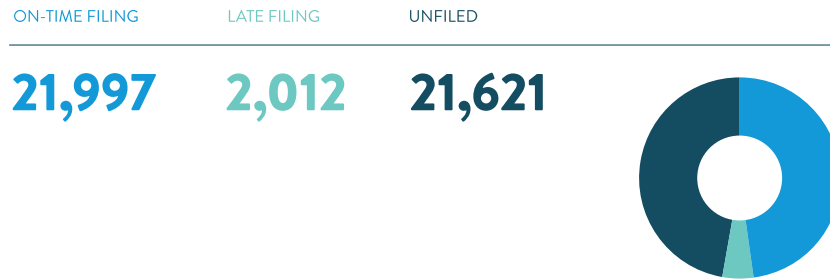


Table 15
CIT DECLARATIONS YA 2025



Corporate tax compliance levels showed modest improvement during 2025 with a total overall submission reaching 53%. This represents an overall improvement of approximately 5% in total submissions.

Notwithstanding this progress, compliance levels remain below international best practice standards, and improving corporate filing behaviour therefore remains a key priority for the MTCA. Ongoing efforts will continue to focus on strengthening engagement, improving support mechanisms, and applying proportionate enforcement measures to further increase timely compliance in the corporate sector.

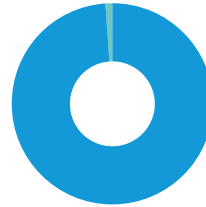
Table 16
CIT SUBMISSION TYPE - YA 2025

ONLINE FILING

MANUAL FILING

99%

1%



Corporate income tax filings continue to be submitted predominantly through electronic channels, with approximately 99% of returns filed online during 2025, while manual submissions accounted for only 1% of total filings.

This high level of digital adoption is partly attributable to the fact that corporate tax returns are generally prepared and submitted by accounting and tax professionals who are familiar with digital filing systems. However, notwithstanding the strong use of online services, overall corporate tax compliance levels remain comparatively low, indicating that challenges persist in achieving timely submission even when filings are handled by experienced practitioners.

Table 17
VAT ARTICLE 10 DECLARATIONS
FOR YEAR 2025

ON-TIME FILING

LATE FILING

UNFILED

153,638 **24,426** **43,199**

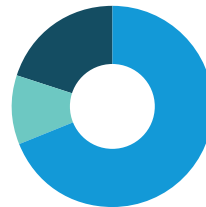


Table 18
VAT DECLARATIONS ARTICLE 10
SUBMISSION DUE IN 2025

69%

On-Time filing

11%

Late filing

20%

Unfiled



Table 19
VAT ARTICLE 11 DECLARATIONS
FOR YEAR 2025

ON-TIME FILING	LATE FILING	UNFILED
15,923	3,555	8,298

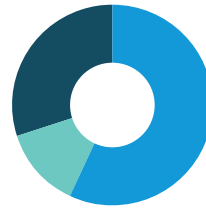


Table 20
VAT DECLARATIONS ARTICLE 11
SUBMISSIONS DUE 2025

57% On-Time filing	13% Late filing	30% Unfiled
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Table 21
VAT ARTICLE 12 DECLARATIONS
FOR YEAR 2025

ON-TIME FILING	LATE FILING	UNFILED
522	351	636

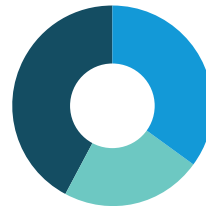


Table 22
VAT DECLARATIONS ARTICLE 12
SUBMISSIONS DUE 2025

35% On-Time filing	23% Late filing	42% Unfiled
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VAT filing compliance during 2025 remained strongest among VAT registered businesses under Article 10, where the majority of declarations were submitted within statutory deadlines, reflecting generally established compliance practices among businesses with regular VAT charging and reporting obligations. In contrast, smaller enterprises and taxpayers registered primarily for acquisition or occasional VAT purposes recorded comparatively higher levels of late and outstanding submissions.

This variation in compliance performance partly reflects the differing nature of obligations across VAT registration categories, as smaller or occasional operators often have limited transactions or less frequent interaction with VAT reporting requirements, which can lead to delayed or missed submissions. The data therefore illustrates both the stability of compliance among core VAT taxpayers and the ongoing challenges in ensuring consistent filing behaviour across all segments of the VAT population.

Table 23
FSS DECLARATIONS
YA 2025

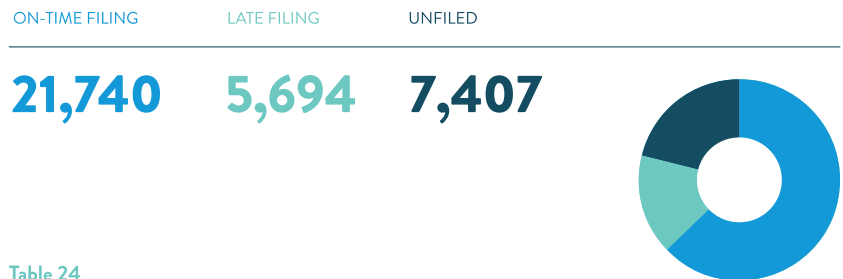
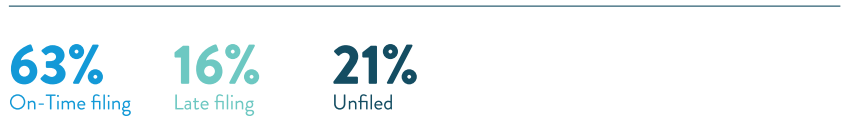


Table 24
EMPLOYERS' DECLARATIONS
DUE IN 2025





The employers' compliance data for 2025 show a further improvement in on-time submission rates when compared with the previous year. Building on the progress recorded up to December 2024, compliance levels increased by a further 3% during 2025.

This improvement represents approximately 1,000 additional employers meeting their reporting obligations within the stipulated deadlines, marking a significant enhancement in overall compliance performance. The continued upward trend reflects the sustained impact of ongoing engagement efforts, reminders, and employer support initiatives, while also demonstrating increased awareness and commitment among employers towards fulfilling their obligations. Collectively, these developments contribute to a more efficient and reliable tax compliance framework.

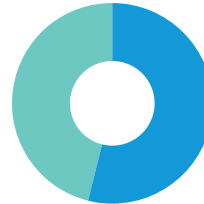
Table 25
EMPLOYERS SUBMISSION TYPE (FSS)
2025

ONLINE FILING

MANUAL FILING

54%

46%



The distribution of employers' declarations submitted during 2025 shows that electronic filing was the primary submission channel, with 54% of declarations submitted online, compared to 46% filed manually. The share of online submissions increased by approximately 4% compared to the previous reporting period, indicating continued adoption of digital filing services by employers.

VAT UPDATES

Updates to VAT legislation required new processes to be introduced. Organisers are obliged to request MTCA's approval before they organise an event in the Maltese Islands. Any registered person organising an event who charges an admission fee must first obtain a VAT Permit Number as an alternative to issuing fiscal receipts for admission tickets. In 2025, 849 VAT permits were also approved by MTCA.

The MTCA also processed an increase of 12.8% on deferment of VAT on import for capital assets. This applied to sea vessels, aircraft and heavy vehicles. In addition, it collected €24.3 million in VAT paid on sea vessels.

Outlets planning to use a computerised system as a cash register were also offered the opportunity to apply for an exemption number (EXO) which would render the receipt as fiscal. In 2025, the MTCA approved the EXO request for 1,034 outlets.



PROPERTY TAX

The property market was stable in 2025, with the Property Tax Directorate handling 17,882 promise of sale registrations (2024: 16,837) and 20,209 sales contracts (2024: 19,164).

This was in part due to the extension of budget measures by the government, including that for first time buyers (2025: 2,903 contracts; 2024: 2644), second time buyers (2025: 158 contracts; 2024: 165), purchases of vacant properties (2025: 136 contracts, 2024: 118) and purchases in Urban Conservation Area (2025: 1,907 contracts; 2024: 1,992).

The Gozo scheme is being phased out, with 1,694 contracts in 2025. There were 78 contracts for transfer of business as the result of a Budget measure announced by the government, down from 125 in 2024.

Apart from the registration of contracts, the MTCA is also responsible for the risk management aspect. Its architects carried out 5,450 inspections to verify the declared amount on contracts (2024: 4,338).

A total of 690 Acquisition of Immovable Property permits were issued, up from 538 the previous year.

The Directorate also handles causa mortis declarations, which – at 4,970 – saw negligible differences from the 4,933 of the previous year, as one would expect, given the stability of the mortality rate.

The Directorate also handled 2,206 share transfers on which duty was paid, up from 1,903 the previous year.



VERIFICATIONS AND AUDIT





8



OPERATIONS

Digital Transformation and Risk-Based Operations

The Verifications and Audit Division continued to consolidate the Digital Transformation Programme, positioning compliance risk management at the core of its operations. The deployment of SAS Viya analytics enabled automatic compliance checks, based on risk scoring designed by the Risk Management Data Unit, on all the taxpayer population.

This enabled the Verification and Audit Division to transition towards a data-driven operational model, especially with regards to its Audit Selection and Field Inspection strategies. The SAS Workflow for VAT Credit Control and Administrative Audits became fully operational with all audit case selections through SAS and the Triage Committee.

During 2025, the Division carried out a wide range of verification and audit activities across administrative audits, criminal assistance audits, aspect audits, field inspections, and refund verifications. Throughout the year, the Division also supported other law enforcement agencies through criminal assistance audits and exchange of information work, contributing to the fight against tax evasion and financial crime. At the same time, verification work relating to Income Tax refunds, VAT refunds, and pre-registration controls remained a core function, balancing compliance enforcement with timely taxpayer service delivery by retaining the 30-day VAT refund timeframe.

Structural and Governance Reforms

During the year, the Verifications and Audit Division also carried out the successful amalgamation of the Aspect Audits Directorate and the Tax Audits Directorate into one Directorate, streamlining workflows and eliminating some elements of duplication.

At the same time, the Risk and Data Management Directorate was created. The aim of creating this separate Directorate is to place Compliance Risk Management at the centre of MTCA's operational structure, preparing the organisation for the phasing in of the ITCAS system.

Together with these reforms a new Monthly Progress Report was introduced enabling management to closely monitor productivity and efficiency of audit staff. Departmental Key Performance Indicators (KPIs) were re-defined, tracked, and reported monthly, supporting evidence-based decision making and accountability.

Centralised Risk Management and Governance

The newly established Risk Management and Data Directorate finalised the consolidation of the Central Compliance Risk Register covering all MTCA divisions. During the year it also drafted a new Compliance Risk Management policy that now forms part of MTCA's Risk Management Policy. An Environmental Scan was conducted to identify emerging and systemic compliance risks, strengthening forward-looking tax risk management.





STAFF DEVELOPMENT AND UPSKILLING

During 2025 staff at the Verifications and Audit Division together with those at the Large Taxpayer Office and Legal, Technical, and International Affairs Division underwent a comprehensive training programme on Transfer Pricing training in collaboration with the Cypriot Tax Administration. This training was funded by the EU through the Technical Support Instrument, under SG Reform.

Workshops on Criminal Assistance Audits, DAC, VAT in the Digital Age (ViDA), Real Time Reporting, and e-invoicing were also held. Management also underwent soft skills training on personal effectiveness and communication.

AUDITS

In 2025, the Division carried out a total of 110 administrative audits resulting in €23.2 million in additional tax assessed or adjusted (figure excludes penalties and interest).

This was the highest annual yield recorded over the past six years and represents an increase in the audit yield of 112%.

In the area of criminal assistance audits, 38 cases were closed, with a total of €18.5 million in tax, deemed evaded.

Verifications and Audit staff also provided testimony and evidence in criminal money laundering court cases, reflecting the Division's continued contribution to the fight against Money Laundering and Terrorism Financing.

During the last few weeks of 2025, the Division also concluded 11 cases under the newly enacted Various Revenue Laws (Amendment) Act – Act XXX of 2025 – collecting over €26.1 million more tax, together with the imposition of additional penalties amounting to approximately €1.6 million.

Verification activities also remained substantial. Aspect Audits remained a significant compliance tool, with 188 cases closed and over €11.7 million in assessments and corrections raised during the year.

In parallel, 4,990 field inspections were carried out, resulting in 459 reports, supporting on the ground compliance monitoring and deterrence.

With regards to Income Tax Refund verifications, 2,485 applications were processed in 2025, involving refund amounts totalling approximately €1.44 billion, reflecting both the scale and sensitivity of this function. Under the 8th and 13th Directive verifications, over €4.4 million refunds were checked, with €882,549 refused. Fraud prevention measures at the pre-registration stage resulted in 288 applications being refused or withheld out of 4,597 applications received, while 1,088 compliance letters were issued, leading to tax adjustments exceeding €1.16 million.

Overall, the 2025 outputs results confirm that the Verifications and Audit Division delivered high volumes of work with significant fiscal impact, while supporting MTCA's broader objective of maximising voluntary compliance.

CUSTOMS OPERATIONS







The following initiatives delivered measurable outcomes and reflect the continued efforts of Customs Operations to strengthen compliance, advance systems modernisation, and ensure alignment with EU regulatory frameworks. The results demonstrate sustained progress across key excise areas, including improved revenue performance, enhanced control measures, and the implementation of updated legislative and operational frameworks.

Table 26
INITIATIVES

Initiative	Outcome
Systems modernisation	EMCS integration supported from 2026
Beer taxation reform	80% reduction in misdeclarations
Small wine producer derogation	50% reduction in excise liability
Vaping products excise + tax stamps	€607k revenue (vs €500k estimate)
LN 195 of 2025 (heated tobacco)	EU-aligned framework established
Compliance activity	432 checks, 426 corrective, 7 enforcement

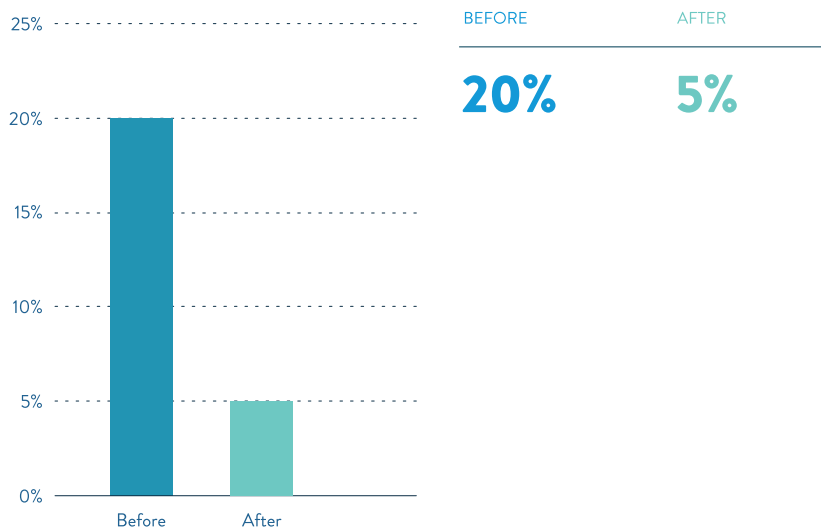


TRADE FACILITATION

In 2025, Customs Operations strengthened regulatory consistency while delivering tangible trade facilitation gains. A review of the valuation process led to updated guidance, promoting uniform application, transparency, and legal certainty.

Risk management and targeting were enhanced to support an intelligence-led approach, reducing physical controls from around 20% to 5% while maintaining effective oversight.

Figure 4
REDUCTION IN PHYSICAL
CONTROL RATES (2025)





There was a major advance with regard to facilitation for trusted trade, thanks to the approval of decentralised temporary storage facilities for Authorised Economic Operators (AEOs) outside the Hal Far Complex, easing congestion and improving logistics.

In line with the MTCA's customer-centric strategy and the country's digitisation progress, financial processes were modernised by fully eliminating cash and cheque payments, closing the cash office, and simplifying administration, including the abolition of storage rent fees at Hal Far.

Key milestones included completion of Phase I of the Local Operators Certificate (LOC), establishing the framework for a new trusted-operator scheme, and the phasing-out of the Transfer of Residence deposit requirement, reducing burdens and improving service delivery.

Table 27
FOCUS AREAS

FOCUS AREA	MEASURE	RESULT
Valuation	Updated valuation guidance	Improved consistency, transparency and legal certainty
Risk Management	Enhanced targeting	Physical controls reduced from 20% to 5%
Authorised Economic Operators	Groupage warehouses decentralisation	Maximise the use of the Hal Far Complex
Compliant Traders	LOC Phase 1	Reducing controls for LOC operators
Digital Services	Cash/cheque eliminated; cash office closed	Fully digital payment process
Simplification	Hal Far store rent fees abolished; Transfer of Residence deposit removed	Reduced costs and administrative burden

EXCISE

In 2025, the Excise Directorate focused on advanced system modernisation, securing approval to upgrade excise declarations and stock management. This paved the way for collaboration with international experts and future Excise Movement and Control System (EMCS) integration.

Targeted legislative reforms addressed key policy gaps, with simplified beer taxation and reduced rates for low-alcohol beer cutting misdeclarations by 80%, while a derogation for small wine producers halved excise liabilities.

New excise duty on vaping products, supported by a tax stamp system, generated over €607,000 against a €500,000 estimate and strengthened traceability.

A comprehensive framework for heated tobacco products was introduced, accounting and payment cycles were standardised across all excise sectors, and compliance was reinforced through expanded tax stamps and risk-based inspections, resulting in 432 checks, 426 corrective actions, and seven enforcement actions.





ENFORCEMENT

Throughout 2025, the Enforcement Directorate coordinated frontier control and intelligence functions, ensuring effective border controls and the protection of national and EU financial interests.

Risk-based controls targeting high-risk passengers and economic operators strengthened efforts to combat tax evasion and illicit trade. Enforcement activities at Malta International Airport generated €213,614 in government revenue.

In support of Malta's National AML/CFT and TFS Strategy, six undeclared cash cases involving non-EU individuals were processed, resulting in €69,272 in assets restrained and €4,790 in fines collected.

Significant interceptions were recorded across narcotics, tobacco products and other restricted goods.

The Directorate maintained close cooperation with national and international enforcement bodies, including the Malta Police Force, EPPO, OLAF and the WCO, and contributed to UN, CTED and MONEYVAL activities, Joint Customs Operations and other EU initiatives.

Table 28
AREAS

AREA	2025 RESULT
Airport enforcement	€213,614 revenue collected
AML/CFT cash controls	6 cases; €69,272 restrained; €4,790 fines

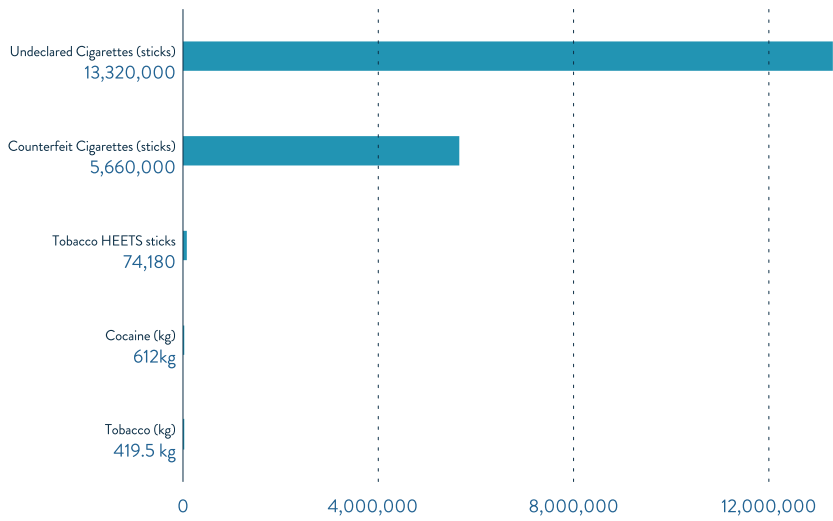
Table 29
INTERCEPTIONS

CATEGORY	ITEM	QUANTITY
Narcotics & Drugs	Cocaine	612 kg
	Herbal cannabis	272.8 kg
	Heroin	1 kg
	Khat	19.4 kg
	Ketamine	30 grams
	Ecstasy pills	760 pills
	Synthetic crystal methamphetamine	4 kg
	Drug cutting agent	20 kg
	New psychoactive substances (synthetic pills)	40 pills
Tobacco Products	Counterfeit cigarettes	5,660,000 cigarettes
	Undeclared cigarettes	13,320,000 cigarettes
	Tobacco (loose)	419.5 kg
	Tobacco HEETS sticks	74,180 sticks
Alcohol	Alcohol and wine	65 bottles
IPR & Restricted Goods	Intellectual Property Rights goods	7 containers
	Radioactive contaminated clothing	2 containers



Figure 5 highlights the five largest seizures by reported quantity (mixed units).

Figure 5
TOP 5 SEIZURES (2025)
MIXED UNITS





FINANCIAL STATEMENTS





10



Table 30
TAX REVENUE

	Jan-Dec 2024 €	Jan-Dec 2025 €	Variance €	Variance %
Income Tax Revenue (Net of Refunds)	3,416,662,185	3,366,190,947	-50,151,674	-1.47
Value Added Tax (Net of Refunds)	1,464,247,149	1,553,118,723	88,871,574	6.07
Duty on Documents (Net of Refunds)	225,317,729	288,498,779	63,181,050	28.04
Environmental Contribution	5,128,438	5,638,387	509,949	9.94
Eco Contribution	42,529	44,810	2,281	5.36
Non Tax Revenue	920,312	921,024	712	0.08
Receipts on behalf of Others	898,794,933	966,896,894	68,101,961	7.58
Total	6,011,113,262	6,181,629,128	170,515,866	2.84

Figure 6
TAX REVENUE

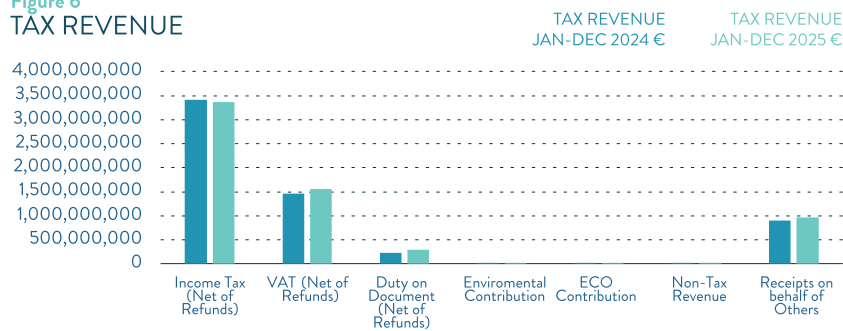


Table 31
CUSTOMS OPERATIONS
REVENUE

	Jan-Dec 2024 €	Jan-Dec 2025 €
Import Duty ad valorem	26,536,604	35,945,903
Electronic Cigarettes and refills	0	579,412
Machine Made Cigarettes	95,424,321	97,922,179
Beer	4,690,480	4,103,071
Spirits	18,016,342	17,384,349
Petroleum	118,038,401	119,623,162
Tobacco	8,311,093	8,645,497
Wine	2,336,440	2,174,437
Mob. Telephony Services	4,211,146	5,092,119
Electricity	4,287,932	4,197,014
Cement	20,726,084	19,919,513
Pneumatic Tyres	1,916,901	2,138,095
Chewing Gum	716,922	689,901
Plastic Bags	1,315,645	1,321,285
Bottled Water	998,145	981,309
Non Alcoholic Beverages	3,386,707	3,018,478
Toiletries	1,138,136	1,195,195
Construct. Comp. & Fixtures	1,639,476	1,917,777
Others	4,760,699	3,066,371



Figure 7
CUSTOMS REVENUE

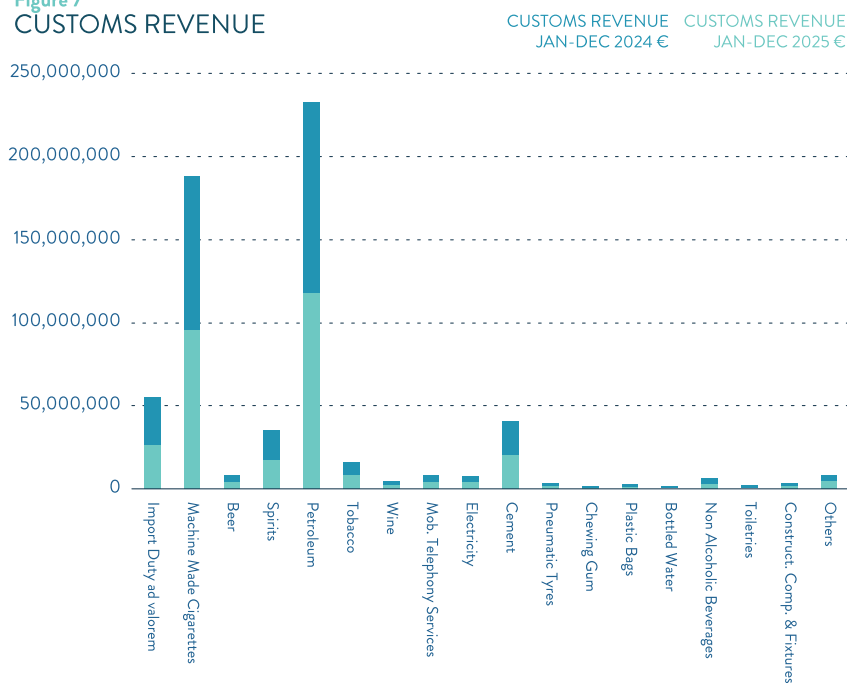


Table 32
VAT/INCOME
TAX REFUNDS

	2024	2025
VAT Refunds	€522,915,582	€580,727,634
Income TAX Refunds	€139,981,749	€135,139,182
Reissues (VAT)	€4,278,285	€4,503,685
Reissues (Income Tax)	€3,870,012	€2,411,419
Returned Refunds (VAT)	€4,266,775	€6,381,416
-	-	-
Transactions	-	-
-	2024	2025
VAT Refunds	38,871	55,426
Income Tax Refunds	97,956	75,527
VAT Reissues	614	726
Income Tax Reissues	3,171	2,117
Rejected /Returned Refunds	0	1,650

Figure 8
VAT/INCOME
TAX REFUNDS

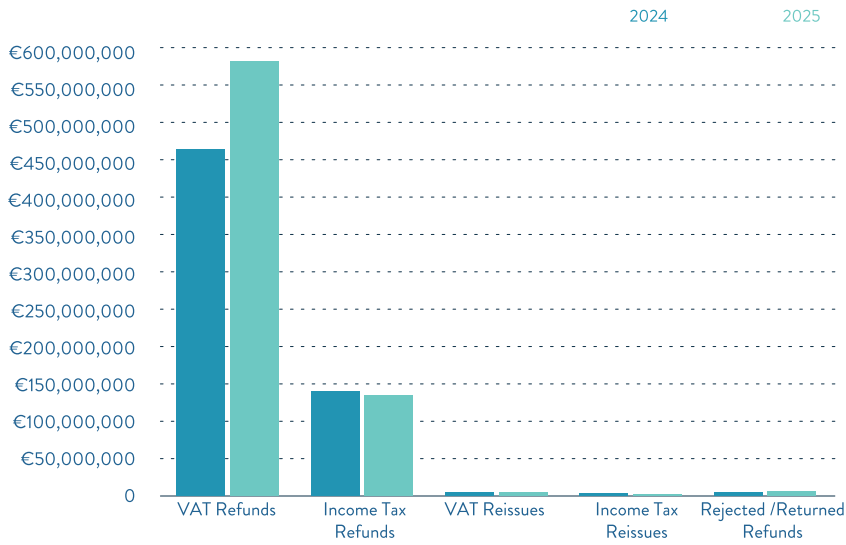
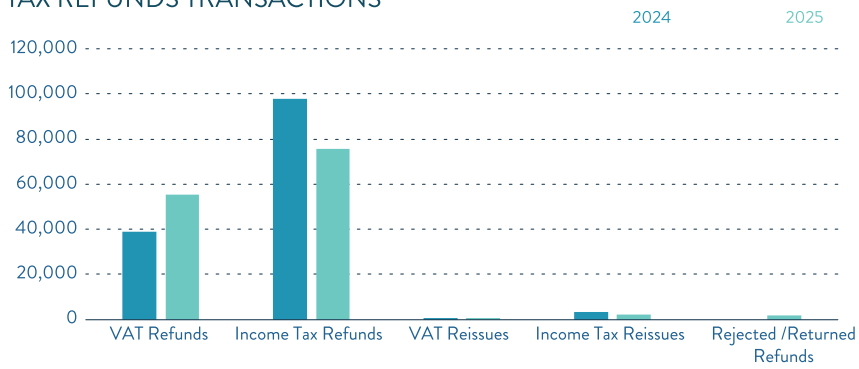


Figure 9
VAT/INCOME
TAX REFUNDS TRANSACTIONS





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