

Malta

1. Government requirements

Registration requirements

Registration for a Private Employer Number

The Commissioner for Revenue is responsible for the administration of the Final Settlement System (FSS) Rules which involves the collection of employment income tax, social security and maternity fund contributions. Employers must register with the Commissioner for Revenue within 15 days from the date the first emoluments due to be paid to a payee start to accrue, and must submit an application to obtain a Private Employer (P.E.) Number. This enables the employer to withhold, remit and report emoluments. This refers to income tax and social security contributions deducted from employees' salaries, in addition to employers' social security and Maternity Fund contributions.

Employment registration

A "Declaration of Commencement of Employment" form should be completed for any new employment and submitted to JobsPlus on the same day of commencement of employment. Failure to submit the necessary documentation may result in fines.

All employees are required to complete a FS4 form within the first seven days of commencement of any new employment and whenever any material details of a current FS4 form change. Section 1 of this form needs to be completed by the employee, detailing the tax status of the employee and any tax to be deducted by the employer and Section 2 details the Employer P.E number. Once both sections are completed, the employer must submit the form to the Commissioner for Revenue, retain the second copy for audit purposes and return the third copy to the employee for his or her retention.

There is no applicable registration fee.

- Employers are required to report gross emoluments paid to the employees, income tax and social security contributions deducted from the employees' salaries, and the employer's part of the social security and Maternity Fund contributions.
- These are payable on a monthly basis to the Commissioner for Revenue by submitting the FS5 form together with payment (if any) by the last working day of the following month after the salaries are paid.
- Every year, the employer should prepare and submit a FS7 form reporting gross emoluments paid to the employees, including a summary of taxes, social security and Maternity Fund contributions due to the Commissioner for Revenue, by the 15 February of the following year.
- In addition, the employer should annually provide each employee with a FS3 form which is an individual annual document that provides a summary of gross emoluments received by that employee, all taxes and social security contributions paid throughout the year by the respective employee, and the employers' contributions too.
- The amounts on the FS7 form should reconcile to the amounts of all the FS3 forms when added together.

Employers can honor all their tax obligations either online or by hand at the Commissioner for Revenue. Employers having 10 employees or more are obliged to submit their end-of-year FSS documents by electronic means only through the IR Services online, while those with 9 employees or less have the option to submit the documents either manually or electronically.

2. Pension requirements

The Social Security Act entitles all employees who pay a minimum amount of social security contributions to a basic pension on retirement. The responsibility of such pension falls under the Social Security Department in Malta.

Statutory pension age varies according to the year of birth as follows:

Born between	Pension age
1952 and 1955	62
1956 and 1958	63
1959 and 1961	64
Born after	Pension age
1961	65

Once retirement age is reached, the person will automatically be eligible to a retirement pension, without the need to fill in an application. The Government has also introduced incentives for persons keeping their employment beyond their pensionable age.

Registration requirements

Each individual can register for a social security number either at a social security office or via an online form. This number has to be provided to the employer upon commencement of work.

Ongoing compliance requirements

For every person who is employed in insurable employment, three contributions per week shall be payable in accordance with the provisions of the Social Security Act; one by the employed person, one by his or her employer and one out of the Consolidated Fund (Government). The employee and employer contributions are to be paid on a monthly basis to the Commissioner for Revenue through the FSS.

3. Employment obligations

National minimum wage

The national minimum wage for full time employees for 2021 is EUR181.08 per week for an employee aged 18 and over, EUR174.30 per week for an employee aged 17, and EUR171.46 per week for an employee aged under 17. Employees with a minimum wage are also entitled to the statutory bonus and weekly allowance.

The national minimum wage for part-time employees shall be calculated pro rata at the same hourly rate of a comparable full-time employee in accordance with the relevant Wage Regulation Order.

Working hours

The standard working hours as stipulated in the Wage Regulation Orders are 40 hours per week but not exceeding a maximum of an average of 48 hours a week spread over a reference period of 17 weeks.

Regarding overtime rates, most sectors have minimum rates, which are regulated by the respective Wage Regulation Order responsible for regulating their activity of work. Normally the overtime rate is 1.5 times the normal rate for work carried out, in excess of a 40-hour week

Vacation leave

Full-time employees who work 40 hours per week are entitled to 216 hours of paid annual leave for 2020 and 2021, excluding public holidays, and adjusted accordingly if the employee works fewer hours. The law specifies that a minimum period equivalent to four weeks cannot be replaced by any allowances, except where employment is terminated. Upon termination from employment, an employee has the right to claim financial compensation for any balance of outstanding leave that is due.

Sick leave

Full-time employees are entitled to two working weeks per year unless their sick entitlement is covered by a Wages Council Wage Regulation Order. A medical certificate has to be presented to the employer. Once the employee exceeds this entitlement, the Social Security Department will continue to pay the sickness benefit for which he or she may be entitled.

Maternity leave

Women are entitled to maternity leave for an interrupted period of 18 weeks, from which the first 14 weeks are paid by the employer whereas the rest is paid by the State.

Employers are also obliged to allow employees to take other statutory leave, such as bereavement leave, marriage leave, parental leave, court witness leave, jury service leave, injury leave and birth leave.

4. Payroll requirements

In Malta, payroll calculations involve the deduction of income tax and social security contributions by the employer from employees' salaries under the FSS Rules which are reported and remitted to the Commissioner for Revenue on a monthly basis. Such calculations are based on the employment contract and the applicable Maltese legislation.

Payment frequency and payslips

Employers are required to provide payslips to all employees either in electronic form or hard copy. Wages are to be paid at regular intervals and shall not exceed four weeks in arrears.

Under the FSS rules, every payer shall at all times maintain up-to-date records in respect of each payee relating to emoluments and the FSS tax deductions

5. Banking requirements related to payroll

Employees' salaries are made payable in legal tender and are typically paid by employers to their employees by either electronic transfers or check payments.

Payments for the remittance of tax and other contributions may also be affected by bank transfer or check payment to the Commissioner for Revenue.