

SME CHAMBER PROPOSALS TO REIGNITE THE MALTESE ECONOMY PRESENTED TO GOVERNMENT

Like many other countries, Malta's economy has suffered a sudden and shocking downturn due to Covid. Although the Malta Chamber of SMEs welcomed positively the possibility of re-opening previously restricted economic activities, it is clear that this resulted in very little economic movement and sales for the shops. The economic activity will not be restored on its own, even if businesses are allowed to open, and thus strong incentives, strategies and campaigns will be necessary to ensure positive economic activity.

Following the setting up of an SME taskforce to work on proposals in this regard together with a wider consultation exercise carried out with members, the Malta Chamber of SMEs has presented a comprehensive document with proposals of what Malta needs to start strengthening the economic activity after stalling for two months.

The following are the main highlights of the proposals presented:

1. **Income tax brackets** to be revised so that income **not exceeding Eur 100,000** in profits are **taxed up to 20%**.
2. **Removal of SISA** from **consumer goods** such as shampoos, perfumes and beauty products as well as other products such as tires, to reduce prices of such products

ABOUT MALTA CHAMBER OF SMES

Malta Chamber of SMEs (Formerly known as GRTU) is the largest social partner in Malta representing over 7,000 SMEs from over 90 different sectors. The SME Chamber has been established for over 70 years and its aim is of safeguarding the interest of businesses at large.

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and remove the significant bureaucratic burden on the businesses involved, with the exception of alcohol and tobacco products.

3. Introduction of a **special scheme** that would tackle **rent problems** shops are facing. We are proposing a **shared burden** for payment of rents by the landlord, the government and the tenant until there is an improvement in business activity.
4. **Conversion** of the existing **MicroInvest tax credits into cash grants** to inject liquidity into businesses.
5. **Re-employment subsidy scheme** for persons that have lost their job due to Covid by **covering Eur 500 of their wage for one year** upon engagement.
6. Targeted aid for people experiencing problems in affordability through an **incentivised spending mechanism** by putting in place a grant that **covers up to 50%** of a spend and **capped at Eur 3,000 against VAT receipts** for making tangible investments in existing properties.
7. **Revisiting the legal framework** to have measures available in times of crisis like the one we are currently experiencing. This experience has thought us how unfit certain laws and contracts can be, which leave no way out for private operators resulting in great distress and long-term damage.

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8. Supporting of a **campaign incentivizing local production** and **local purchases** to decrease dependence on imports and encourage consumers to support and prioritise local businesses.
9. **Incentives** for businesses for **online strategies** to continue investing in refining their online presence and adapting their business models for the modern technology based society.
10. **Lowering bank charges** and interest rates for businesses and consumers to limit loss of funds through such services in a time when investment and spending should be encouraged. Giving support to smaller banks to be able to compete will also help the situation.
11. Setting up an immediate, medium and long term **plan for Malta's tourism strategy**. Although the plans should not be set in stone planning for the restart of safe tourism movements, plans are needed. As an SME Chamber we agree with the strategy of tourism corridors between Covid safe countries and also Covid tests for tourists travelling.
12. **Incentives for green economy** to generate sustainable green jobs and a stronger concerted effort towards climate change.

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13. **Special incentives for Gozo** to generate more local tourism and investment across the islands.
14. **Earmark investment opportunities** that the country needs for businesses to shift and diversify their interests, to add value to the Maltese economy.
15. The need for the country to **adapt to living with Covid** or future similar situations. This includes adapting to long-term strategies for higher sanitisation and hygiene standards, remote-working, measures to increase productivity levels and sustainable business strategies.

The Malta Chamber of SMEs understands that once the 3 weeks following the start of the reversing of some measures have elapsed, Malta will be able to take stock of developments on the health front and consolidate a plan on how the economy will re-open. Certain businesses depend entirely on this information to be able to plan their re-entry into the market and get their business going.

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