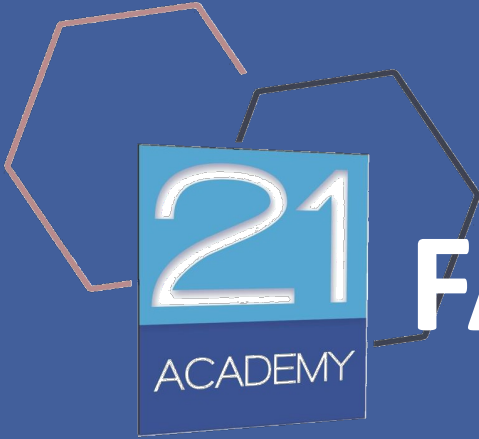




FAQs in Payroll

What is the minimum wage in Malta?

As of January 2026, the minimum wage is €229.44 per week for full-time employees.

Category	Per Week (€)	Per Hour (€)
<17 years	219.82	5.50
17 years	222.66	5.57
18 years and over	229.44	5.74

Updated WROs:
All age-based
minimum wage
rates have been
removed

Are there different minimum wage rates for different sectors in Malta?

Yes, there are different minimum wage rates for various sectors, such as retail, hospitality, and construction.

Look out for the **Resource Pack** published every year by the DIER (Department for Industrial and Employment Relations).

<https://dier.gov.mt/wp-content/uploads/2025/11/Resource-Pack-2026-Final-21.11.2025.pdf>

Resource Pack 2026



What is the standard working week ?

The standard working week in Malta is 40 hours.

The highest number of hours per week allowed is 48 hours.

Employees may sign an Opt-Out Clause

What is the Rest Period ?

Rest period from one working day to another

Every worker is entitled to a minimum daily rest period of 11 consecutive hours.

Weekly day of rest

Every worker is entitled to an uninterrupted weekly rest period of 24 hours in addition to the 11 hours daily rest within a 7-day period, or 48 consecutive hours in a period of fourteen days in addition to the 11 hours daily rest.

Are there regulations regarding overtime pay ?

Yes, employees are entitled to overtime pay, usually at a rate of 1.5 times their normal hourly wage.

Overtime is paid over the standard hours, during weekends and on Public Holidays.

How is overtime calculated ?

Overtime is typically calculated based on the number of hours worked beyond the standard 40-hour workweek.

Where the working day is longer than six hours, an employee is entitled to not less than **15 minutes** of rest, unless a longer period of rest is provided by any other regulation or agreement.

The employer is **not obliged** to pay the rest break since it is not considered as working time.

Are there any special considerations for public holidays ?

Yes, employees are entitled to extra pay or time off in lieu for working on public holidays.

Date	Day	Holiday
01-Jan	Thu	New Year's Day
10-Feb	Tue	Feast of St Paul's Shipwreck
19-Mar	Thu	Feast of St Joseph
31-Mar	Tue	Freedom Day
03-Apr	Fri	Good Friday
01-May	Fri	Workers' Day
07-Jun	Sun	Sette Giugno
29-Jun	Mon	Feast of St Peter and St Paul
15-Aug	Sat	Feast of the Assumption
08-Sep	Tue	Victory Day
21-Sep	Mon	Independence Day
08-Dec	Tue	Immaculate Conception
13-Dec	Sun	Republic Day
25-Dec	Fri	Christmas Day

Are there any special considerations for public holidays ?

- 3 Public Holidays falling on a weekend in 2026
- To be added to optional vacation leave
- Full-Time Employees are entitled to **192 hours** vacation leave per annum
- 24 Days per year (or pro-rata)

PLUS

- 8 hours of additional vacation leave for every Public Holiday falling on a weekend
- In 2026: 192 hrs + 24 hrs = **216 hours** (27 days)

Can Vacation Leave be allocated on a monthly basis?

MONTH	VL	PH ON WEND	TOTAL VL	PUBLIC HOLIDAYS ON WEEKEND
Jan-26	16.00		16.00	
Feb-26	16.00		16.00	
Mar-26	16.00		16.00	
Apr-26	16.00		16.00	
May-26	16.00		16.00	
Jun-26	16.00	8.00	24.00	7 JUN
Jul-26	16.00		16.00	
Aug-26	16.00	8.00	24.00	15 AUG
Sep-26	16.00		16.00	
Oct-26	16.00		16.00	
Nov-26	16.00		16.00	
Dec-26	16.00	8.00	24.00	13 DEC
	192.00	24.00	216.00	

How is income tax calculated on salaries ?

Income tax in Malta is calculated based on a progressive tax system, with rates ranging from 0% to 35% depending on income levels.

In 2026, new tax categories were introduced.

Tax bands were also widened.

Tax Rates 2026

FULL-TIME EMPLOYMENT

- **SINGLE**

- Single Persons
- Married Persons whose spouse is in employment and have no dependent children (<18 years or <23 years full-time students)

- **PARENT**

- Married Persons both in employment with dependent children
- New categories based on the number of children: 1 child or 2+

- **MARRIED**

- Married Persons whose spouse is unemployed
- Single Parents with dependent children
- New categories based on the number of children: 1 child or 2+

Income Tax rates for 2026 - SINGLE

Tax Rate (Marginal)	SINGLE	
	Chargeable Income up to €	Deduct from Income X Tax Rate
0%	12,000	0
15%	16,000	1,800
25%	60,000	3,400
35%	60,000+	9,400

NO CHANGES FROM PREVIOUS YEAR!!

Income Tax rates for 2026 - PARENTAL

Tax Rate (Marginal)	PARENTAL (Do Not Qualify !)		PARENTAL (One Child)		PARENTAL (Two + Children)	
	Chargeable Income up to €	Deduct from Income X Tax Rate	Chargeable Income up to €	Deduct from Income X Tax Rate	Chargeable Income up to €	Deduct from Income X Tax Rate
0%	13,000	0	14,500	0	18,500	0
15%	17,500	1,950	21,000	2,175	25,500	2,775
25%	60,000	3,700	60,000	4,275	60,000	5,325
35%	60,000+	9,700	60,000+	10,275	60,000+	11,325

Income Tax rates for 2026 - MARRIED

Tax Rate (Marginal)	MARRIED (No Children)		MARRIED (One Child)		MARRIED (Two + Children)	
	Chargeable Income up to €	Deduct from Income X Tax Rate	Chargeable Income up to €	Deduct from Income X Tax Rate	Chargeable Income up to €	Deduct from Income X Tax Rate
0%	15,000	0	17,500	0	22,500	0
15%	23,000	2,250	26,500	2,625	32,000	3,375
25%	60,000	4,550	60,000	5,275	60,000	6,575
35%	60,000+	10,550	60,000+	11,275	60,000+	12,575

Tax Rates – Qualifying Clauses

New Parental Rates

- Individual is a Maltese resident
- Individual is a Maltese national or from any EU/EEA member state
- Individual is a long-term resident of Malta (*Status of Long-Term Residents (TCNs) Regulations – S.L. 217.05*)
- Child is born in Malta
- Child is resident in Malta
- If individual is NOT the child's parent, to qualify for these new rates, they must be married, or in a civil union, or entered in a public deed of cohabitation, with child's parent

Tax Rates – Qualifying Clauses

New Married Rates

- Married couple is Maltese resident
- At least 1 spouse is a Maltese national or from any EU/EEA member state
- At least 1 spouse is a long-term resident of Malta (*Status of Long-Term Residents (TCNs) Regulations – S.L. 217.05*)
- Child is born in Malta
- Child is resident in Malta
- EU/EEA married couple (where 1 spouse is non-resident)
at least 90% of worldwide income is derived from Malta

Married Rates applicable to Single Individuals

- Applicable to:
 - Unmarried
 - Widowed
 - Divorced
 - Separated *de jure* or *de facto*
- Maintain SOLE custody of child
- Child:
 - not older than 18 years, or not older than 23 years in full-time education
 - or is incapacitated by infirmity
 - Does not receive income exceeding €3,400

May use the Married Rates, if more beneficial

Your Question

A Person who is relocating from abroad who is married but their spouse is not living in Malta – what tax rate should be applied to them (married or single)?

As the income is to be earned in Malta, if the person stays for over 183 days in a 12-month period, the Resident Rates are applicable. Otherwise, the Non-Resident Rates apply.

As the spouse is not in Malta, tax at Single Tax Rates.

The person may be advised to go to the Inland Revenue Department to have their personal situation assessed, and any change in rates given by way of a letter from the Department.

Your Question

A person relocating to Malta who happens to be a parent, but kids are not living in Malta – what tax rate should be applied to them?

As in the previous reply, tax at Single rates (Resident or Non-Resident subject to number of days in Malta over a 12-month period.)

The person may be advised to go to the Inland Revenue Department to have their personal situation assessed, and any change in rates given by way of a letter from the Department.

Your Question

What documentation should employers request from employees to correctly apply the new child-related tax brackets?

- FS4
- Employee to declare the tax status they are requesting
- Employer ticks and signs their agreement
- FS4 form sent to MTCA
- Keep a copy in the Employee Records file

New FS4

- New form applicable from 1 January 2026
- Employees to mark the rate that best applies to them
- Other Schemes rates identified separately
- Full-Timers or MAIN income earners to mark Sections A, B and E
- Part-time work to fill in Section C
- Other emoluments to compile Section D
- Employers to tick the Payer's Confirmation box for each section



**TAX & CUSTOMS
ADMINISTRATION**
MAY 2014

FS4

FINAL SETTLEMENT SYSTEM (FSS)

Payer Status Declaration

This form is filled by both the employer and the employer (Payer), and the completed form is returned to the employer
 Fill in Section A and B, and if it applies, also Section C and D.

A Employee Details

Identity Number (Tax Registration Number)	A.1								
Organ Identity Code (Tax Registration Number)	A.2								
Contract Manager / Position	A.3								
Business	A.4								
Phone	A.5								
Contact Email	A.6								
Social Security Number	A.7								
Residency	A.8								
State of Long Term Residency (Not Taxed)									

Payer Details

P.E. Number	B.1								
Payer's Name	B.2								
Telephone Number / Email Address	B.3								
Payer's Address	B.4								

B To be filled in where the Income is MAIN

Single tax rates	B.1	
Married tax rates	B.2	
Married tax rates with one qualifying child	B.3	
Married tax rates with two or more qualifying children	B.4	
Parental tax rates (one taxpayer only)	B.5	
Parental tax rates with one qualifying child	B.6	
Parental tax rates with two or more qualifying children	B.7	

Long term from OTHER SCHEMES

Pay rates after return to employment on short-term insurance and insured KTO/400 (from year 2014 to 2015)	B.8	
Domestic employment from the 2010	B.9	
Income from a qualifying year 1 salary (2011)	B.10	
Other Tax for Income from salary transfer	B.11	
Left and to be deducted 500 (from income tax return)	B.12	

Payer's Confirmation

I declare that the status and tax rate selected by the employer will be deducted from the MAIN employees

B.13

C To be filled in where the Income is PART TIME

The Maximum of hours full-time work	C.1								
The Main income is long-term, short-term, part-time or other form of main income and quasi full-time employment agreement	C.2								
Do not deduct tax (Income may not be charged with progressive rates)	C.3								
Deduct 50% tax (Income that is taxed with that withholding tax)	C.4								

Payer's Confirmation

I declare that the tax rate selected by the employer will be deducted from the PART TIME employees

C.5

D To be filled in where the Income is OTHER BENEFITS

Deduct the price paid for rates of 20% (and full withholding)	D.1	
Deduct a higher rate than 20%	D.2	
Deduct a lower rate than 20% (if you are a pensioner or student, and indicate the rate)	D.3	
Deduct a lower rate than 20% (if you are not a pensioner or student and indicate the percentage of tax you are paying (also deducted, subject to approval by the State Tax and Customs Administration)	D.4	

Payer's Confirmation

I declare that the tax rate selected by the employer will be deducted from the OTHER BENEFITS

D.5

E DECLARATION

We the undersigned, declare that the information provided in this form is true and correct

E1 Employer's Declaration

By: _____

Signature _____

E2 Payer's Declaration

Full name and Position _____

Signature and Date _____

See the Official Data Declaration Policy on [www.fss.gov.pl](#)

This form must be completed/signed in a copy transmitted by the payer, a copy provided to the payer, and another copy to be sent to the Main Tax and Customs Administration ([fss.malaga.pl](#))

Your Question

How should payroll departments implement the new parent and married tax bands introduced in Budget 2026?
Especially where employees' family status changes during the year.

- As from 1 January 2026, the new rates are applicable
- All employees had to confirm their tax status – FS4
- Any changes during the year would be applicable for the whole of 2026

Are there any tax deductions or allowances available for employees ?

Yes, there are various tax deductions and allowances available, such as for medical expenses and contributions to private pensions.

What is the social security contribution rate for employees ?

As of January 2026, the social security contribution rate for employees in Malta is 10%.

Are employers also required to contribute to social security ?

Employers are required to make social security contributions on behalf of their employees, at a rate of 10%.

Additionally, they are required to pay a Weekly Maternity Leave Contribution of 0.3% of Basic Salary.

Social Security Contributions 2026

Class 1 Employed Persons		Basic Weekly Wage to €	Weekly NI Contributions (Employee)	Weekly NI Contributions (Employer)	Weekly Maternity Leave Contribution (Employer)
Category	Age				
A	< 18 years	229.44	6.62	€ 6.62	€ 0.20
B	18+ years	229.44	€ 22.94 (or 10%)	€ 22.94	€ 0.69
C	Born <1962	490.38	10%	10%	0.30%
C2	Born 1962+	559.3	10%	10%	0.30%
D	Born <1962	>490.39	€ 49.04	€ 49.04	€ 1.47
D2	Born 1962+	>559.31	€ 55.93	€ 55.93	€ 1.68
E	< 18 years		10% (max. €4.38)	10% (max. €4.38)	0.30% (max. €0.13)
F	18+ years		10% (max. €7.94)	10% (max. €7.94)	0.30% (max. €0.24)

How are bonuses taxed

Bonuses are generally taxed as part of the employee's regular income, subject to the same income tax rates.

STATUTORY BONUS

- **€135.10** every 6 months
- Payable at:
 - End of June
 - Between 15 – 23 December
- €0.74 per calendar day pro rata (incl. Saturdays and Sundays)

WEEKLY ALLOWANCE

- **€121.16** every 6 months
- Payable at:
 - End of March
 - End of September
- €4.66 per working week pro rata

Is there a statutory notice period for terminating employment ?

Yes, there are statutory notice periods for terminating employment, which vary depending on the length of service.

- For more than one month but not more than six months: **1 week**
- For more than six months but not more than two years: **2 weeks**
- For more than two years but not more than four years: **4 weeks**
- For more than four years but not more than seven years: **8 weeks**
- For more than seven years: an additional **1 week** for every subsequent year of service or part thereof up to a maximum of **12 weeks**
- For such longer periods as may be agreed by the employer and employee in the case of technical, administrative, executive or managerial posts

Are there any regulations regarding maternity leave ?

Female employees are entitled to maternity leave of 14 weeks, with additional leave available in certain circumstances.

Equivalent second parents are entitled to paternity leave of 10 working days, taken immediately after the birth or adoption of a child.

Maternity Leave in Malta

A pregnant employee is entitled to maternity leave for an uninterrupted period of **18 weeks**

First 14 weeks paid by Employer

Last 4 weeks
paid by Govt

Min. 4 weeks before



Min. 6 weeks after

The Employer must be informed in writing at least 4 weeks before the start of Maternity Leave

An employee is obliged to work for 6 months upon returning back to work

Are employers required to provide paid sick leave ?

Yes, employers are required to provide paid sick leave to employees, with the duration depending on the length of service.

- Sick Leave is available to all employees as per S.L. 452.101 – Minimum Special Leave Entitlement Regulations
- Sick Leave entitlement varies according to the relevant Wage Regulation Orders
- Where the work activity is not covered by the WRO, the sick leave entitlement amounts to **two working weeks** per year (80 hours; 10 days)

Your Question

When an employee resigns, If they have taken sick leave more than entitled for that period, can we (as a company) claim it back or deduct it off the employee's last payroll?

If the employee has been in employment before the 1st of January of that year, if they resign, they are still entitled to the 80 hours (on FT basis, or pro-rata), even if they resign / are terminated before year end.

If an employee is engaged during the calendar year, sick leave is calculated as pro-rata of the full entitlement, from the date of engagement till year end.

Your Question

In the event of sick leave, who is responsible for the payment of sick benefits—the employer, or the SS?

Sickness Benefits are always paid by the Social Security Department.

The Employer deducts the relative Sickness Benefits to be received by the Employee, as long as continuous sickness period is more than three days.

How are annual leave entitlements calculated for employees ?

Annual leave entitlements are typically calculated based on the number of days worked during the year, with a minimum entitlement set by law.

Shutdowns and Bridge Holidays

- A maximum of **96 hours** (12 days) may be utilised by Employer for Shutdowns and Bridge Holidays
- Employer must notify employees by 31 January of these dates

Your Question

A new employee joined our Company on 1 March. They requested 10 days vacation leave after 3 months with us. The employee resigns after 6 months. In that case can we claim it back or deduct it off the employee's last payroll? In a case such as this, can we add an addendum to the contract?

Vacation Leave is always given pro-rata. The general rule is 2 days (16 hours) for every completed month = 192 hours.

If an employee takes more hours than that due to them, the 'extra' hours may be recovered in the last payslip.

In the example, no recovery is due; as 6 months = 16hrs x 6mths = 96 hours. Taken 10days x 8hrs = 80 hours.

No addendum required as this is provided in the law.

Are there any specific payroll requirements for part-time employees ?

Part-time employees are generally entitled to the same rights and benefits as full-time employees on a **pro-rata basis**.

Vacation Leave available pro-rata, based on average hours worked in the previous quarter (13 Weeks):

- January – March
- April – June
- July – September
- October - December

What is the process for registering employees with the Maltese tax authorities?

Employers are required to register their non-Maltese employees with the Inland Revenue Department and obtain a tax identification number for each employee.

Third Country Nationals – Single Permit from Identity

When should an employee be registered with Jobsplus?



GOVERNMENT OF MALTA
MINISTRY FOR HOME AFFAIRS,
SECURITY AND EMPLOYMENT



May 2025

Ensure your employee records are accurate and up to date.

We wish to remind all employers that it is mandatory to submit **Engagement forms** as per the Employment and Training Services Act, Cap 594 (Articles 36 and 37).

In accordance with Cap 594, Jobsplus will, shortly, be adopting a policy setting out a 4-day timeframe for the submission of such forms following engagement.

You are also reminded that Termination forms as per Cap 594 (Article 40) must be submitted not later than 4 days from end date of employment.

Reference is also made to Article 53 of Cap 594 relating to administrative penalty.

Furthermore, following the adoption of the Malta Labour Migration Policy, late submission of engagement and termination forms may lead to the temporary disqualification from the processing of applications for employment licences.

Note the * next to late registrations



Are there any payroll reporting requirements for employers ?

Yes, employers are required to submit regular payroll reports to the tax authorities, detailing employee earnings and deductions.

Monthly FS5s returns with settlement of all Social Security, Tax (FSS) and Maternity Fund dues.

Annual FS3s and FS7.



Can employers outsource payroll processing ?

Yes, employers can outsource payroll processing to third-party payroll providers or accounting firms.



Are there any penalties for non-compliance with payroll regulations ?

Employers who fail to comply with payroll regulations may face penalties, including fines and legal action.

Personal criminal liability of Owners or Company Directors for failing to submit returns and payments.

How are employee contributions to pension schemes handled ?

Employee contributions to pension schemes in Malta are typically deducted from their salary and remitted to the pension provider by the employer.

Can employees opt out of social security contributions ?

No, employees in Malta are not allowed to opt out of social security contributions.

Non-Maltese employees may obtain an exemption from paying Social Security if they can prove to the Department that they are paying their own private pension contributions.

Are there any regulations regarding the payment of travel allowances or expenses ?

Yes, travel allowances and expenses must be included in employees' taxable income unless specifically exempted by law.

Fixed Car Cash Use Allowances, with partial exemption on tax.

Are there any payroll considerations for foreign employees working ?

Yes, foreign employees working in Malta must comply with the same payroll regulations as Maltese employees, including tax and social security contributions.

There are specific Non-Resident Tax Rates.

Chargeable Income (€) From	Chargeable Income (€) To	Rate	Subtract (€)
0	700	0%	0
701	3,100	20%	140
3,101	7,800	30%	450
7,801	And over	35%	840

How are employee loans or advances treated for tax purposes ?

Loans or advances provided to employees are generally considered taxable income unless specifically exempted by law.

If an employee is given a wage advance during the month, the recovery of this amount is deducted post-tax from their payslip.

Are employers required to provide employees with payslips ?

Yes, employers are required to provide employees with detailed pay slips showing earnings, deductions, and contributions.

LN 267 of 2022 came into force on 21 October 2022

Applies to all employment relationships as from 1 August 2022

Sets minimum requirements to **working conditions**

Payslips Details

Name of Employee	Address of Employee	Employee ID No.
Employee NI No.	Department / Section / Unit	Grade / Occupation
Employer's Name	Employer's Address	PE Number
Pay Date	Payroll Period	

Basic Salary	Other Pre-Tax Additions / Deductions	NI Contributions
Tax (FSS)	Any Post-Tax Additions / Deductions	Net Pay for Period
Gross Pay Totals to Date	NI Totals to Date	FSS Deducted to Date
Overtime Tax Concession	Vacation Leave (Hrs) Taken	Available Vacation Leave Hrs

Are there any regulations regarding the payment of back wages or arrears ?

Yes, back wages or arrears must be included in employees' taxable income for the relevant tax year.

Collective Agreement provisions.

Are there any restrictions on the frequency of salary payments ?

Employers are generally free to determine the frequency of salary payments, as long as employees are paid at least once a month.

- Weekly
- Fortnightly
- 4-weekly (13 periods)
- Monthly (12 periods)

Can employers deduct money from employees' salaries without their consent ?

Employers are generally not allowed to make deductions from employees' salaries without their consent, except in specific circumstances allowed by law.

- Order by a Court of Law
- Collective Agreement provisions
- Prior permission from DIER to inflict fines

Are there any regulations regarding the payment of expenses incurred by employees for business purposes ?

Yes, employers are generally required to reimburse employees for legitimate business expenses, which are typically tax excluded.

These reimbursements are included as post-tax additions.

Are employers required to provide employees with annual statements of earnings ?

Yes, employers are required to provide employees with annual statements of earnings for tax purposes.

FS3s – At end of year, or when an employee terminates their work relationship with employer.

Can employees request changes to their payroll information ?

Yes, employees can request changes to their payroll information, such as updating their bank account details or tax withholding status.

FS4 to be submitted.



Are there any regulations regarding the payment of termination or redundancy pay ?

Yes, employees may be entitled to termination or redundancy pay under certain circumstances, as specified by law.

Any lump sum payments not agreed upon in the employment contract should **not** be taxable as a rule. This treatment should always be verified with the Revenue (CfR)

DIER's scrutiny

The Department will possibly be looking out for:

- **Non-compliance (or mistakes, even unintentional) on payslips**
- **Full details shown on payslips**
- **Working time and rest periods**
- **Statutory leave calculations**
- **Unauthorized salary deductions**

Your Question

How should allowances be prorated if there's unpaid leave, a joiner, or a leaver mid month?

Should it be calculated based on the actual days worked in the month or 173.33 minus the unworked days?

- In non-standard months, always work on actual hours worked.
- Allowances are calculated on actual hours as a percentage of standard hours.
- Statutory Bonuses calculated on the daily rate.

Your Question

Since we have received that we are now responsible for Third County National tax receiving letters and receipts when an employee is paying back dated tax, can we have a further explanation about it, how exactly is the company responsible for them?

New rules require the employer to be the tax representative of the non-Maltese employee. Therefore, any pending balances will be requested from the Employer.

Before engaging a new employee, request the person to obtain a tax clearance certificate from the Inland Revenue.

Your Question

A person is working part-time within a company and receives payments through payroll. If he or she receives another part-time job opportunity, how should they be registered in the new position? Additionally, how would social security contributions be handled in this case?

Persons working both full-time and part-time are to pay Social Security Contributions only from their full-time job.

Persons holding more than one part-time job may choose to pay contributions on more than one job (up to a maximum of forty (40) hours), enabling them to benefit from a higher contribution rate and, consequently, a higher pension rate.

Your Question

If an employee reaches pension age can we terminate his indefinite contract and re-engage on a definite contract of 12 months?

Keep in mind that when an employee reaches pensionable age, if he is retained on his existing employment, the employer will not be able to terminate the employment going forward. However, the employee can decide to just quit without giving notice.

Therefore, it is best to give a Letter of Understanding that the employer and employee agree for a working relationship of 12 months. Should after expiry another period is desirable, another letter is issued.

The Letter of Understanding has the same legal strength as a definite contract. The employee cannot just quit but must honour the agreement.



Your Question

When a full-time employee remains in employment when reaching retirement age, would like to confirm if I am doing the right thing by creating a profile with 10% Tax Deduction until the first 10,000 euro earned, after that another profile with progressive tax rate deduction?

If an employee is retained after reaching retirement age, and starts drawing a pension, he is to be taxed at the SINGLE or MARRIED, after adding the expected annual pensions as previous employment to ensure tax is progressive. There are deductions every year of the amount of tax to be considered.

Your Question

The Parental Leave rate is always paid at the Married Sickness Benefit Rate, irrelevant if single or married?

“Provided that parental leave shall be paid for a period of two (2) months, at the same rate established for the sickness benefit entitlement under the Social Security Act,”

LN 201 of 2022 - The Work-Life Balance for Parents and Carers Regulations, 2022
Government Gazette of Malta No. 20,890 – 12.07.2022

Your Question

I would like to seek clarification regarding Parental leave and its payroll treatment.

When an employee starts the **two-month Paid parental leave** on married sickness benefit rate: - **For the paid 2 months, as per the rules on Parental Leave (next slide!)**

Should Social Security contributions be deducted? – **No, as this is a DSS benefit payout. Standard SS Contributions and Taxes are not deducted**

If yes, should the Social Security deduction be based on:
the sickness benefit received, or
the employee's basic salary?

Parental Leave

- All Employees have the individual right to be granted paid parental leave to enable them to take care of that child, upon:
 - Birth
 - Adoption
 - Child fostering
 - Legal custody of a child
- Parental leave entitlement is of a maximum of 4 months per parent until the child reaches the age of 8 years

[LN 201 of 2022]



Parental Leave

- **Paid** Parental leave per parent for a maximum period of 2 months (8 weeks) at the same rate established for the sickness benefit entitlement and availed of in established periods of at least 2 weeks each. - **MARRIED RATES**
- The 8 weeks of parental leave shall be taken in accordance to the age of the child, where the child is:
 - < 4 years = 50% of entitlement (4 weeks) will be paid
 - 4 - 6 years = 25% of entitlement (2 weeks) will be paid
 - 6 - 8 years = 25% of entitlement (2 weeks) will be paid

Parental Leave

- For foster parents, the same rate of payment applies, on condition that payment will be given per parent not for each child fostered
- An employee must have at least 12 months continuous service with their employer to be eligible to apply for Parental Leave, unless a shorter period is agreed to
- Every employer shall be bound to keep parental leave records for every worker
- An employee may request such records in writing
- This request may be made even after termination of employment
- The employer should provide a written statement of such leave within 2 weeks of the request



Your Question

Additionally, during these two months of paid parental leave on married sickness benefit rate, is the employee entitled to:

- Vacation leave accrual ? – **During the PAID portion - Yes**
- Statutory bonus entitlement? - **Yes, statutory bonus accrues during parental leave, as it is considered active employment for legal purposes. Employees continue to accrue their pro-rata statutory bonuses and allowances.**

Pay Transparency Directive

- Legal Notice 112 of 2025, amending the Transparent and Predictable Working Conditions Regulations has been in force since 27 August 2025, with its transposition deadline of 7 June 2026
- The central theme of the directive is:

WORK OF EQUAL VALUE

- Meaning that categories of workers performing the same work, or of equal value, should receive an equivalent pay.
- Different job titles or roles in different parts of the business do NOT constitute valid reasons to keep different pays.

COMPARABILITY

Task List for HR Team

- Update Job Descriptions
- Perform Job Evaluations to ensure all roles, grades and conditions/responsibilities are mapped
- Recruitment Process Review
 - VIP** – Salary secrecy (written or verbal) is to be **stopped!**
- Clear Pay Level criteria – to both existing and potential employees
- Prepare for Request Handling – two months' window to reply
- Ensure all management levels are in sync

Latest Updates

- Sick Leave – Entitlement to sick leave from Day 1 of employment – WROs updated
- Marriage Leave – now 3 working days entitlement
- Bereavement Leave – 3 working days entitlement
- Miscarriage Leave – up to 7 days of paid leave, applicable if miscarriage happens by the 22nd week of pregnancy
 - Both partners entitled for this leave
 - Employer can recover the wage cost – DSS reimbursement process
 - Required documentation – medical certificate

Latest Updates

- Parental Bereavement Leave – In case of dead of a child under 18 years.
 - 7 working days
 - Employer may claim reimbursement within 3 months from DSS
- Urgent Family Leave – increased to 32 hours per year
 - First 16 hours deducted from optional leave entitlement
 - Remaining hours deducted from sick leave entitlement

What's it like being a Payroll Operator ?



Payroll Operators

Main issues faced by payroll operators are:

- **Complexity of Payroll Regulations:** Malta's payroll regulations can be complex and subject to frequent changes. Keeping up with these regulations and ensuring compliance can be challenging.
- **Legislative Changes:** Changes in tax laws, social security regulations, and employment legislation can significantly impact payroll operations. Do stay updated with these changes and ensure their correct implementation.
- **Calculating Overtime and Leave Entitlements:** Calculating overtime pay, annual leave entitlements, and other employee benefits accurately can be complex, especially considering the various factors involved such as different rates for different sectors and length of service.

Payroll Operators

- **Handling Employee Benefits and Deductions:** Managing employee benefits such as health insurance, retirement contributions, and deductions for taxes or loans requires careful attention to detail to ensure accuracy and compliance.
- **Data Management and Security:** Payroll operators need to handle sensitive employee data securely and ensure compliance with data protection regulations such as GDPR (General Data Protection Regulation). Maintaining data accuracy and confidentiality is crucial.
- **Integration with HR Systems:** Payroll operations often need to integrate with other HR systems for employee information management, time and attendance tracking, and benefits administration. Ensuring seamless integration and data consistency can be a challenge.
- **Employee Queries and Disputes:** Dealing with employee queries, grievances, and disputes related to payroll can be time-consuming and require effective communication and resolution skills.



Payroll Operators

- **Technology Issues:** Payroll systems and software may encounter technical issues, such as software glitches or system downtime, which can disrupt payroll processing and cause delays.
- **Compliance with Reporting Requirements:** Payroll operators are responsible for submitting accurate reports to tax authorities and other regulatory bodies. Meeting reporting deadlines and ensuring compliance with reporting requirements can be demanding.
- **Managing Multiple Client Accounts (for Payroll Service Providers):** Payroll service providers managing multiple client accounts need to juggle various payroll tasks simultaneously, requiring efficient time management and organizational skills.



Payroll Operators

- stay informed about regulatory changes
- invest in reliable payroll software
- maintain meticulous records
- cultivate strong communication and problem-solving skills
- seek assistance from legal or financial experts when needed



