FAQs in Payroll Webinar – Wednesday, 20 May, 2026

PARTICIPANTS' QUERIES - ANSWERED

Question 1: If the person coming from abroad is employed on an indefinite contract, hence he will be working for more than 183 days, is it mandatory to deduct at non resident rate for the first 6 months? Or the employer can deduct using the standard rates immediately?

Once the employee has a Single Permit Residency Card, the Resident Tax Rates apply.

Question 2: If a student at university has his 23rd Birthday on 15th Jan, will parents qualify for Parent rates for that full year?

Yes, in that particular year, the parents will be able to use the Parental Rates.

Similarly, if a student is 21, and s/he leaves the University course by March, and starts working in April - Would the parent rates apply for that full year?

Yes, in that particular year, the parents will be able to use the Parental Rates.

The 3400 capping , I believe this was removed - can you check please?

Can confirm that the €3,400 capping has been removed when establishing the Parental Rates.

Question 3: If the baby is born let's say in October 2026, the TAX bracket effects from January 2026 or 2027?

Any child born during a particular year allows the parents to use the Parental Rates for the whole of that year.

Question 4: Medical appointments (materdei) is that sick leave or leave?

In theory, the medical appointments do not qualify as sick leave. However, some businesses give sick leave in hours to support the employee. Yet, this is based purely on the individual business' policies.

Question 5: Can you please confirm that if an employee has taken extra hours of leave and resign, can we deduct from the last payroll ?

Any vacation leave taken over and above the pro-rata entitlement may be deducted from the final payroll if the employee resigns.

Question 6: Can you please confirm also if any sick leave taken extra can be deducted when an employee resigns?

There should be no sick leave taken extra. If during a year, an employee uses all his sick leave full-pay, they would be entitled to sick-leave half pay. If even that is fully utilised, the employee will be on sick leave no pay.

Question 7: With respect to Maternity Leave refund applied for by employer, is this refundable also where employee gives birth abroad and eventually brings child to Malta and is duly registered with Identita?

Yes, maternity leave can be paid in Malta if the child is born abroad, provided you meet the standard contribution requirements and formally register the foreign birth with Identità. Eligibility depends on your employment status and how you manage the process.

The employer is required to pay your full wages for the first 14 weeks of maternity leave, and they can claim a refund for this from the government. An additional 4 weeks is paid at a set rate (e.g., €213.54 per week) by the government through the Maternity Leave Benefit.

To claim these benefits for a child born abroad, you must submit an official foreign birth certificate to the Department of Social Security (DSS).

Question 8: Do a director's travel expenses need to be included in the payroll as an allowance, even if they are on behalf of the company?

No. If these are eligible travel expenses, the re-imbursement of these costs, backed by receipts, is treated as a post-tax adjustment in payroll.

Question 9: If an employee was assigned a company car and, following their resignation, the company incurs a significant repair cost due to damage to the vehicle, can the company deduct these costs from the employee's final payroll?

No. Any recovery of damages is a civil matter. The company would have to receive these refunds from the employee and cannot withhold the final pay slip settlement.

Question 10: Can you please confirm the rate for Parental Leave ?

The daily rate in 2026 is €25.81, at the Married Rates.