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11 October 2023

PRESS RELEASE

Malta Fiscal Advisory Council publishes its assessment of the Half-Yearly Report 2023 issued by the Ministry for Finance and Employment

On 10 October 2023, the Malta Fiscal Advisory Council (MFAC) presented to the Minister for Finance and Employment its assessment of the Half-Yearly Report, which was prepared by the Ministry in July of this year but tabled in Parliament and made public on 2 October 2023. The purpose of the Half-Yearly Report is to provide an economic and fiscal update based on the information available up to the first half of the year.

The Half-Yearly Report re-confirmed the macroeconomic forecasts for 2023 that were presented in April, of 8.6% GDP growth in nominal terms and 4.1% growth in real terms. The Ministry stated that inflationary pressures present upside risks to the nominal GDP growth whilst downside risks are viewed for real GDP. In its assessment, the Council notes that over the first half of the year, tourism has exceeded expectations, the labour market kept operating buoyantly, whilst inflation is still high, and could possibly turn out higher than forecasted. In this context, the MFAC still views the possibility of upside risks to GDP as outweighing those on the downside.

On the fiscal side, the estimates produced by the Ministry for the first half of the year, when compared to the yearly targets, indicate the possibility of expenditure savings. These should be allocated towards further reduction in the budget deficit, especially in light of the re-enactment of EU fiscal rules next year. Productive public investment should, however, be preserved, whilst the full absorption of RRF and other EU funds



should be ensured. The Half-Yearly Report also compares the revenue performance over the first half of the year to the yearly targets. Whilst revenue from taxes on production and imports appears to be on track, the performance of current taxes on income and especially of the 'other revenue' component seems slightly muted compared to the annual targets and should be monitored closely. The Ministry is also encouraged to continue to achieve higher levels of collection of revenue arrears.

The full report, entitled "Assessment of the Half-Yearly Report 2023", is available on the website of the MFAC: <http://www.mfac.org.mt>.



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11 ta' Ottubru 2023

STQARRIJA GĦALL-ISTAMPA

Il-Kunsill Fiskali Konsultattiv Malti jippubblika l-evalwazzjoni tiegħu tar-Rapport ta' Nofs is-Sena 2023 ippubblikat mill-Ministeru għall-Finanzi u x-Xogħol

Fl-10 ta' Ottubru 2023, il-Kunsill Fiskali Konsultattiv Malti (MFAC) ippreżenta lill-Ministru għall-Finanzi u x-Xogħol l-evalwazzjoni tiegħu tar-Rapport ta' Nofs is-Sena, li tnejja mill-Ministeru f'Lulju ta' din is-sena iżda ġie ppreżentat fil-Parlament u ppubblikat fit-2 ta' Ottubru 2023. L-għan tar-Rapport ta' Nofs is-Sena huwa li jipprovdi aġġornament ekonomiku u fiskali bbażat fuq l-informazzjoni disponibbli sal-ewwel nofs tas-sena.

Ir-Rapport ta' nofs is-sena kkonferma mill-ġdid it-tbassir makroekonomiku għall-2023 li ġie ippreżentat f'April, ta' tkabbir tal-Prodott Domestiku Gross (PDG) ta' 8.6% f'termini nominali u ta' 4.1% ta' tkabbir f'termini reali. Il-Ministeru rrefera għall-pressjonijiet inflazzjonarji li jipprezentaw riskji 'l fuq għat-tkabbir nominali tal-PDG filwaqt li r-riskji għall-PDG reali tqiesu iktar l-isfel. Fl-evalwazzjoni tiegħu, il-Kunsill innota li matul l-ewwel nofs tas-sena, it-turiżmu qabeż l-aspettattivi, is-suq tax-xogħol baqa' jopera b'mod qawwi, filwaqt li l-inflazzjoni għadha għolja, u possibbilment tista' tirriżulta ogħla milli mbassar. F'dan il-kuntest, il-MFAC għadu jqis li il-possibbiltà ta' riskji 'l fuq għall-PDG huma akbar minn dawk l-isfel.

Mil-lat fiskali, l-istimi minn naħa tal-Ministeru għall-ewwel nofs tas-sena, meta mqabbla mal-miri annwali, jindikaw il-possibbiltà ta' ffrankar fl-infiq. Dawn għandhom jġu allokati għal aktar tnaqqis fid-defiċit baġitarju, speċjalment fid-dawl li jerġgħu jidhlu fis-sehħ r-regoli fiskali tal-UE s-sena d-dieħla. Madankollu, l-investment pubbliku li jżid il-

produttività għandu jiġi ppreservat, filwaqt li għandu jiġi żgurat l-assorbiment sħiħ tal-RRF u fondi oħra tal-UE. Ir-Rapport ta' Nofs is-Sena jqabbel ukoll il-prestazzjoni tad-dħul matul l-ewwel nofs tas-sena mal-miri annwali. Filwaqt li d-dħul mit-taxxi fuq il-produzzjoni u l-importazzjoni jidher li mixi tajjeb, il-prestazzjoni tat-taxxi kurrenti fuq id-dħul u speċjalment tal-komponent "dħul ieħor" tidher li hija ftit baxxa meta mqabbla mal-miri annwali u għalhekk għandha tiġi mmonitorjata mill-qrib. Il-Ministeru huwa ukoll mhegġeġ ikompli jikseb livelli ogħla ta' ġbir ta' dħul arretrat.

Ir-rapport sħiħ, intitolat "Assessment of the Half-Yearly Report 2023", huwa disponibbli fuq is-sit elettroniku tal-MFAC: <http://www.mfac.org.mt>.