



THE MALTA CHAMBER

## PRESS RELEASE

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### **Ethical Businesses Must Be Rewarded Not Outpaced By Tax Dodgers – The Malta Chamber**

The Malta Chamber of Commerce, Enterprise and Industry takes note of recent remarks by Finance Minister Clyde Caruana indicating that approximately 70% of active Maltese companies not declare profits and thus pay no income tax.

It would be wrong to think that all those failing to declare profits are evading tax. It is a known reality that local businesses are still having to navigate through uncertainty on multiple fronts, rising costs, especially fast increasing labour costs, excessive bureaucracy, increased competition and oversaturated markets, all of which tighten margins. The Malta Chamber feels it necessary to emphasise the importance of fairness, responsibility, and balance within the national discourse. While we fully recognise Government's concerns, it is equally essential that those who are compliant (whether operating as companies or under self-employed status) are not unfairly tarnished or overshadowed by those who evade their obligations.

However, The Malta Chamber strongly supports efforts to address gaps in addressing instances of tax evasion, as effective collection is fundamental to safeguarding national competitiveness and ensuring a fair level playing field. Such efforts would yield more effective results towards tax compliance, than generic pronouncements that tend to put all businesses (whether companies or self-employed) in a bad light. Such statements are especially damaging and unfair on ethical and law-abiding businesses.

In its Pre-budget documents, The Malta Chamber has repeatedly called for smarter, incentive-based approaches to tax collection. The Malta Chamber favours a tax collection system which is structured in a way to support businesses and self-employed that fulfil all their financial obligations in a timely manner, thereby aimed at rewarding compliance, improving cashflow for ethical operators, and ultimately encouraging timely payment by all businesses. It is also one of the reasons why The Malta Chamber has consistently insisted for a Public Procurement Reform, including the introduction of effective and proper white listing and black listing – it is unjust to have taxes collected from law-abiding businesses and citizens to fund procurement which is awarded to those who evade their fair share.

The Malta Chamber is also of the opinion that moving to a cashless economy will also help curb tax evasion as it prioritizes digital transactions over physical currency, increasing efficiency and record-keeping.

The Malta Chamber remains committed to dialogue and cooperation with government and stakeholders to implement practical reforms that promote ethical conduct and protect law-abiding

enterprises. Malta's continued prosperity depends on a transparent, just, and competitive business environment – on everyone, without exception, paying their fair share.

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