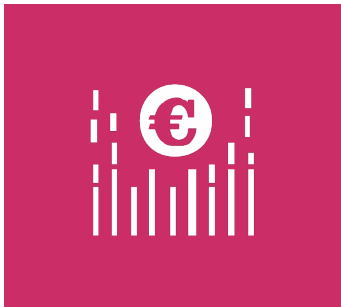




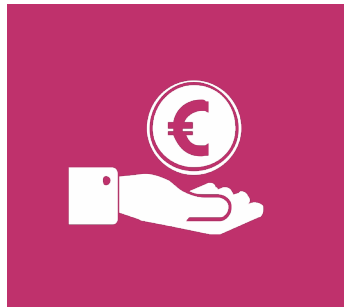
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MORATORIUM ON BANK LOANS



The global pandemic had a substantial adverse impact on the Maltese economy.



One of the principal consequences was the liquidity shortage faced by businesses.



In March 2020, the Government enforced a directive for banks to provide moratorium on bank loans and interest for 6 months.



The moratorium was extended by the maximum period allowed by the European Banking Authority (EBA) – a further six months.



This means that the banks' moratorium on loans started expiring this year.

PRE-COVID LOANS SUBJECT TO A MORATORIUM

Data as at 31 December 2020

	Number of Loans	Pre-COVID loans benefitting from moratorium
Manufacturing	50	€8,500,000
Construction	31	€8,300,000
Wholesale and retail; Repair of motor vehicles	135	€31,000,000
Transportation and Storage	52	€8,600,000
Accommodation and Food Services	224	€213,100,000
Real Estate	146	€188,900,000
Other Business Sectors	210	€132,600,000
Total Business Sectors	847	€610,900,000

COVID-19 GUARANTEE SCHEME



Scheme Launch

In April 2020, the COVID-19 Guarantee Scheme (CGS) was launched.



€350M Guarantee Fund

A Guarantee Fund of €350 million was allocated by Government.



Scheme Management

The CGS was administered and managed by the Malta Development Bank.



€778M Portfolio Volume

The CGS enabled commercial banks to leverage Government's guarantees up to a total portfolio of €778 million.



Working Capital Loans

The Fund guaranteed working capital loans granted by commercial banks to all types of businesses facing cashflow disruptions.



Covering till June 2021

Currently, the CGS covers working capital loans that are approved until 30 June 2021.

LOANS APPROVED UNDER THE CGS

Data as at 31 December 2020

	Number of CGS facilities whose moratorium expires in month below:	Value of CGS facilities whose moratorium expires in month below:
November / December 2020	146	€64,939,677
January 2021	62	€20,418,059
February 2021	47	€23,063,350
March 2021	24	€11,029,867
April 2021	33	€21,420,763
May 2021	45	€19,839,290
June 2021	46	€52,055,000
July 2021	13	€36,007,000
August 2021	50	€95,456,000
Not yet disbursed	71	€63,917,000
Total CGS loans approved	537	€408,146,006

MORATORIUM UNDER THE CGS



Six Month Moratorium

The CGS provided for a moratorium on interest and capital repayments of 6 months.



Possible Extension

The 6 months could be extended to 12 months by banks on a case-by-case basis.



Expiry in 2021

This means that the first moratoria on working capital loans under the CGS will expire in April 2021.

EXTENDING THE CGS AND THE MORATORIUM

The maximum duration of the moratorium period under the CGS will be extended from 12 to 18 months.

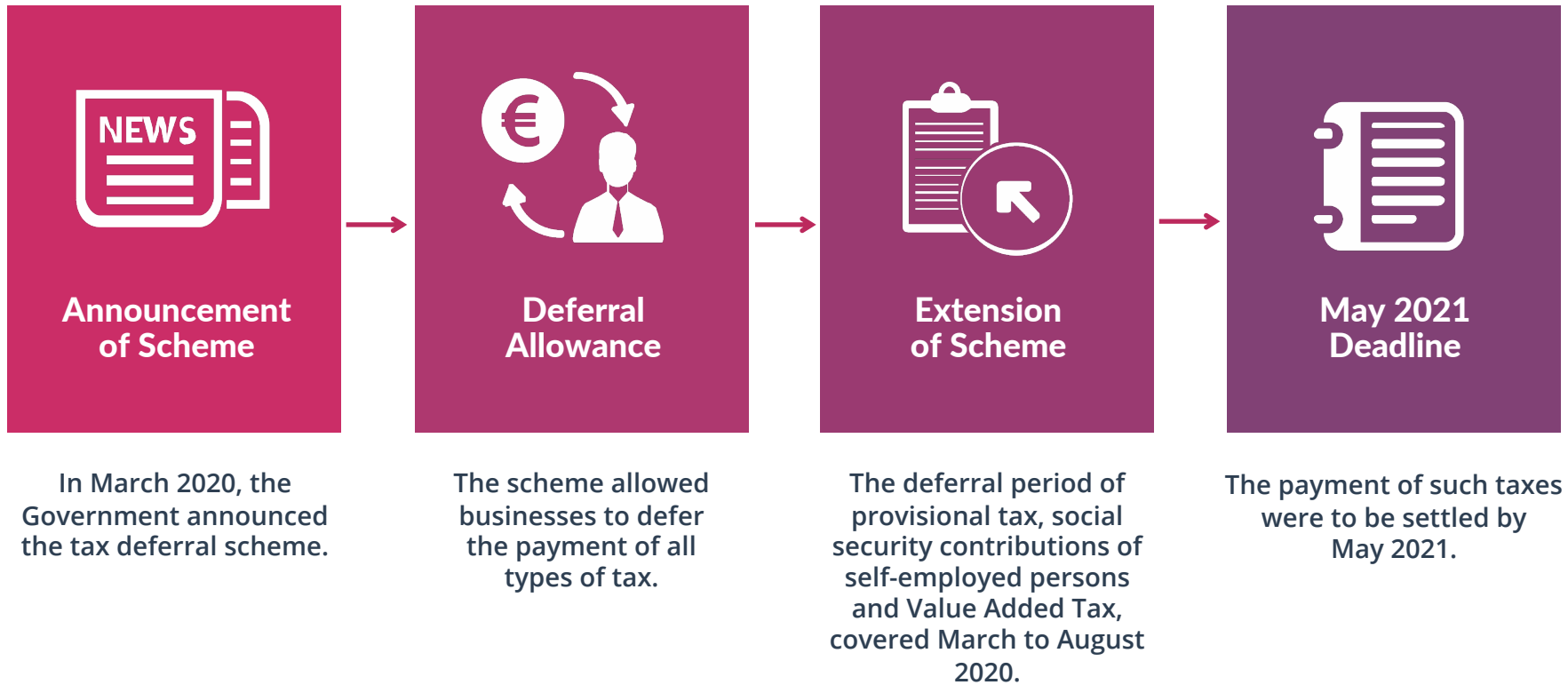
- Businesses will benefit from the much needed additional breathing space.
- Banks will not be exposed to the risk of a sudden spike in non-performing loans with adverse repercussions on their capital adequacy ratios.

The CGS will be extended from 30 June 2021 to 30th September 2021.

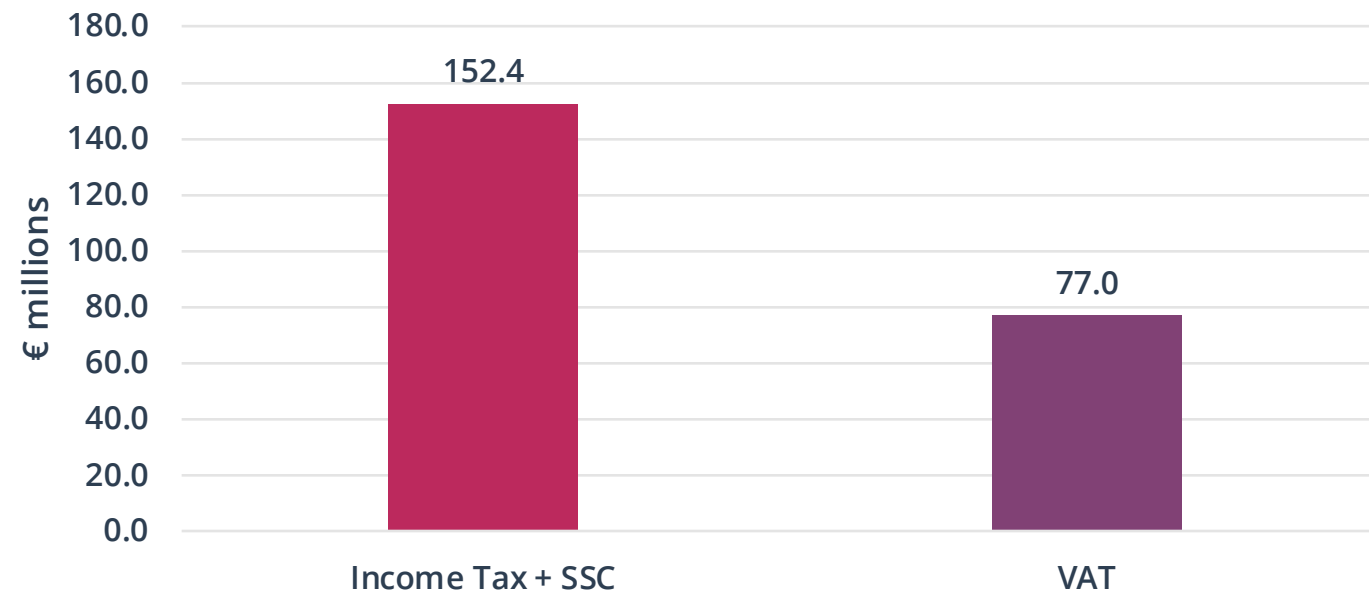
- This will facilitate the access to bank financing by businesses.

The definition of working capital will be widened to include the financial costs related to servicing of bank loans of businesses: interest payments and principal payments.

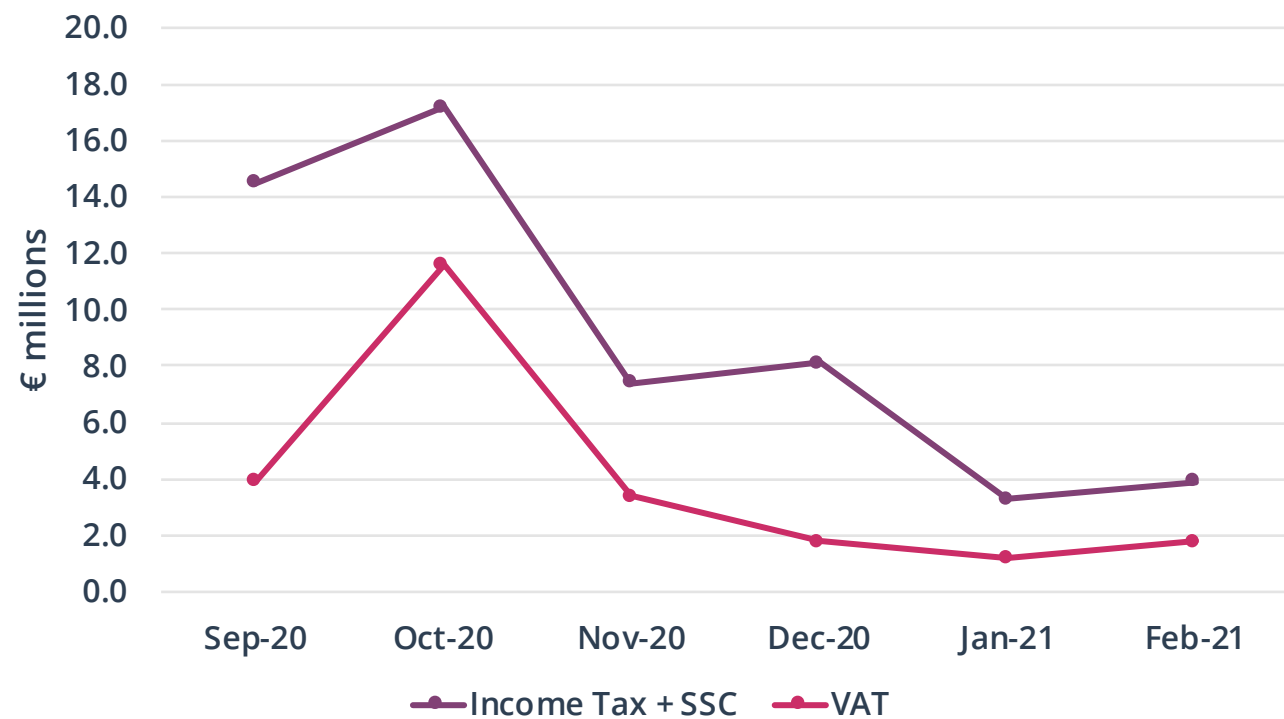
TAX DEFERRALS



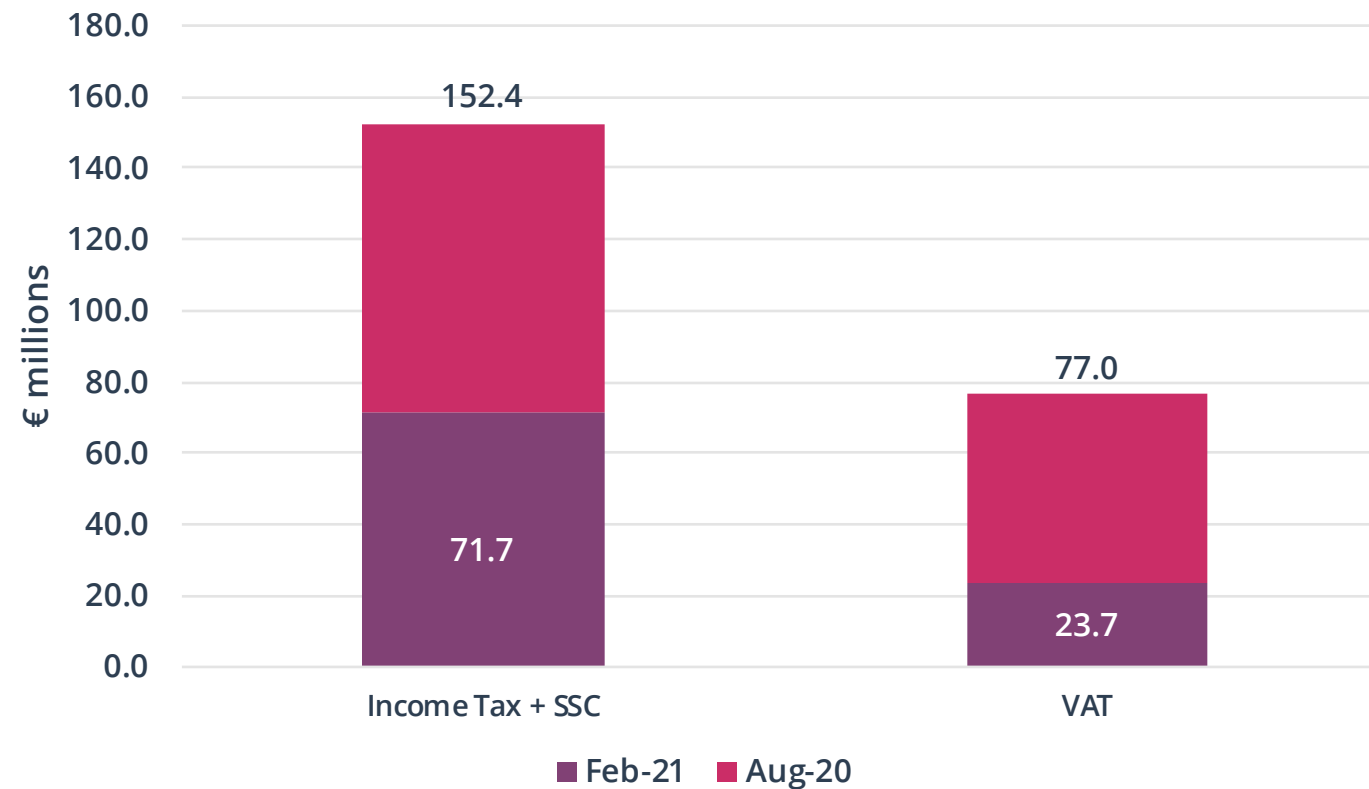
TAX DEFERRED



TAX PAYMENTS



TAX DEFERRALS PAID



EXTENSION OF THE TAX DEFERRAL SCHEME



Extension of Scheme

The tax deferral scheme will be extended such that the deferral period will now cover August 2020 to December 2021.



Inclusive of all Taxes

Eligible taxes included all taxes paid by the employer.



Submission of Documents & Returns

The scheme will not remove the obligation of beneficiaries to submit documents and returns by the due date as required by law.



No Interest or Penalties

No interest or penalties will be charged in respect of eligible taxes that would have been deferred in terms of this scheme.



Payment from May 2022

The payment of such taxes will start from May 2022.

SETTLING TAX OWED BY BUSINESSES

One-time Concession



Businesses who have pending tax balances will be given a one-time concession to settle the tax owed to the Government.



Capital Gains Tax Exemption

Businesses will be exempt from the Capital Gains Tax when selling property to settle the tax owed to the Government.

Exemption Calculation



The exemption would apply on the amount of revenue received from the sale of property which is equivalent to the amount of tax that is owed to the Government by the date of the promise of sale agreement.



March 2022 Deadline

The promise of sale agreement needs to be registered by March 2022.



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