



THE GOZO BUSINESS CHAMBER

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Press Release: The Gozo Business Chamber's reactions to the Budget

The Gozo Business Chamber notes the presentation of the budget for 2023. The Chamber is aware that this budget must be taken within the context of the COVID-19 pandemic and the war in Ukraine, which has resulted in a significant inflationary push especially with regards to energy prices. To this end the Chamber appreciates that the Government is absorbing the surge in energy prices. Nonetheless as an island region Gozo has distinct needs and potentialities, and this perspective should underline the analysis of this budget.

The Chamber notes that the positive impetus towards sustainability and digitalisation is being retained. To this end it acknowledges that Gozitan companies which invest in sustainable and digital business models will be receiving an additional 10% tax credit, which credit will be increased to 20% if companies invest in projects which reduce their carbon footprint. Within this context it also positively notes the assistance that will be provided to business units to adapt themselves to the ESG (Environment, Social, and Governance) criteria, and the additional 2,000 euro for Gozitans who scrap polluting vehicles.

On the digital front the Chamber would have expected a specific incentive package for the Digital Innovation Hub in Xewkija. The Hub is presently severely underutilised and further impetus on such an important investment would have been expected.

As regards incentives which are specific to Gozo, the Chamber also notes the retention of a more favourable tax regime in Gozo for persons buying properties in urban conservation areas, and the newly announced scheme to attract long-stay tourism to Gozo.

With respect to connectivity the Chamber also notes positively Government's guarantee for a regular and scheduled fast ferry service between the two islands, and also the continuation of the project of the rural airfield. Within this perspective, it is important that the project for the permanent link between the two islands is not discarded. Long-term planning is a necessity for a country which intends to continue to grow and move forward. To this end long-term projects such as the permanent link should remain on the country's agenda. Significant work has been done in this area, and it is important that the impetus gained along the years is not written off. The request for expression of interest for the permanent link project had been issued on a design, build and finance basis. This means that this project

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would have had no impact on the public coffers. Other necessary and urgent infrastructural projects such as the car park in Victoria, and a new hospital for Gozo need to be started. Moreover the project of the old people's home needs to be continued. It is important that these projects are not shelved, while noting that the project on the aquatic centre and the new museum will continue.

In its budgetary document the Chamber had pointed to the need for the taxation rate for both part-time and overtime to be aligned. While the Government has reduced both tax rates, there remains a difference of 5%. Moreover, the reduced rate for overtime work applies for a maximum of Euro 10,000. In a situation where companies in Gozo are finding it extremely difficult to recruit new employees, this difference and the threshold for overtime work, make it more worthwhile for employees to seek part-time employment rather than work overtime with their present employer. The Chamber had expected such a situation to be adjusted to reflect the new realities employers are facing.

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