

**SOCIAL SECURITY**

No adjustments to national insurance were announced but increased economic activity and other measures to encourage women and unemployed people to join the labour market are expected to yield €36 million more.

**INCOME TAX**

The top rate for those earning less than €60,000 has been cut to 29 per cent from 32 per cent at a cost of €13 million. The non-taxable portion for parents is extended to €9,800 from €9,300 at a cost of €1.8 million. Despite the cuts, the Government still expects to collect an extra €25 million.

**EDUCATION**

The education vote includes an allocation of almost €4 million to provide free childcare for all and €100,000 for the breakfast club to allow parents to drop off children an hour early at school. The pilot project to introduce tablets in primary schools was estimated to cost €80,000.

**SOCIAL SECURITY BENEFITS**

Retirement pensions remain the largest chunk of expenditure in social security benefits at €425 million – excluding €88 million in civil service, police and army pensions. The number of people reaching retirement age next year is expected to add almost €25 million to the bill. With no changes to children's allowance, the expense is expected to remain static at €42 million.

**LOCAL GOVERNMENT**

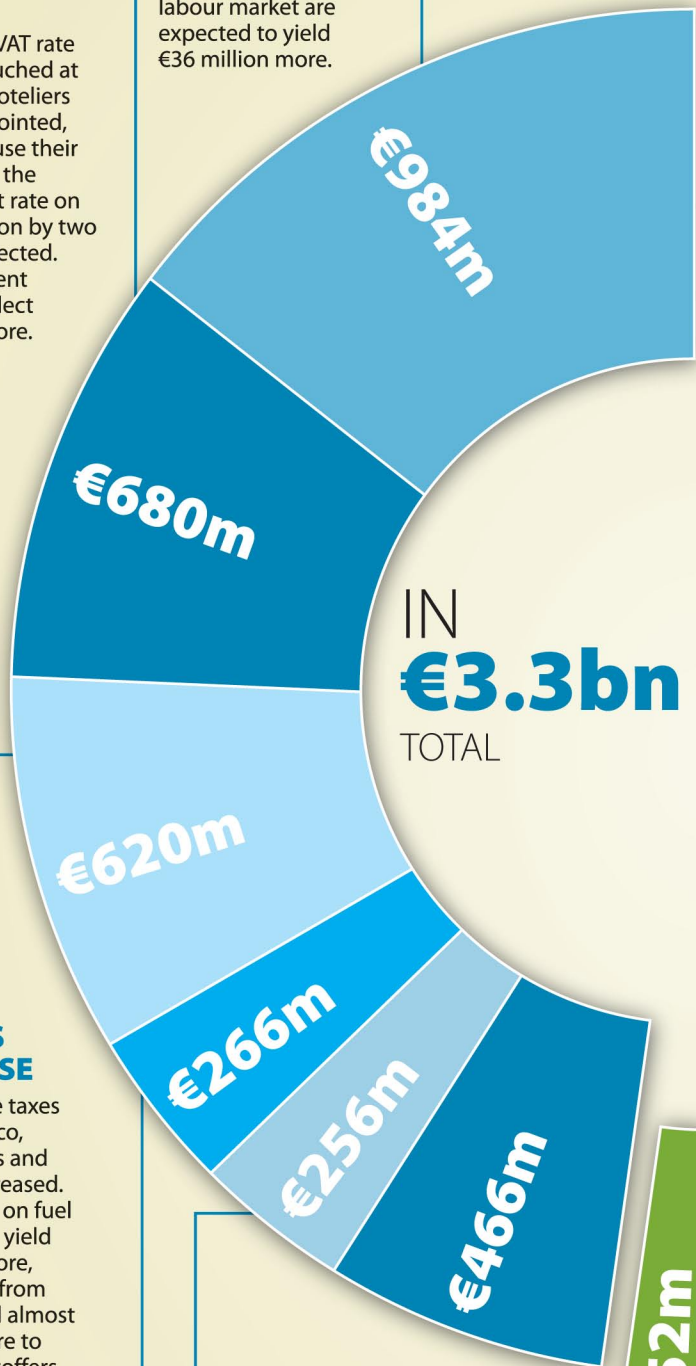
Local councils are unlikely to be very happy with the Budget since the allocation represents a marginal increase of €230,000 over this year's expenditure. This comes on the back of a downward revision in 2013 of almost €1 million.

**VAT**

The standard VAT rate remains untouched at 18 per cent. Hoteliers will be disappointed, though, because their request to cut the seven per cent rate on accommodation by two points was rejected. The Government expects to collect €35 million more.

**HEALTH**

Medicines and surgical materials will come with a price tag of €78 million, a €10 million rise, as the Government targets new drugs for multiple sclerosis and ADHD. Half-a-million euros was allocated for introducing an IVF programme and a similar amount for an eating disorders clinic.



**CUSTOMS AND EXCISE**

Existing excise taxes on fuel, tobacco, cement, spirits and beer have increased. The excise tax on fuel is expected to yield €23 million more, while income from spirits will add almost €3 million more to Government coffers. From cement the Government expects to collect a further €2 million.

**LICENCES, TAXES AND FINES**

The Government is expecting an increase of almost €2 million from oil rental licences, which is part of its oil exploration drive. Of note is the estimated drop of almost €3 million from car registration tax.

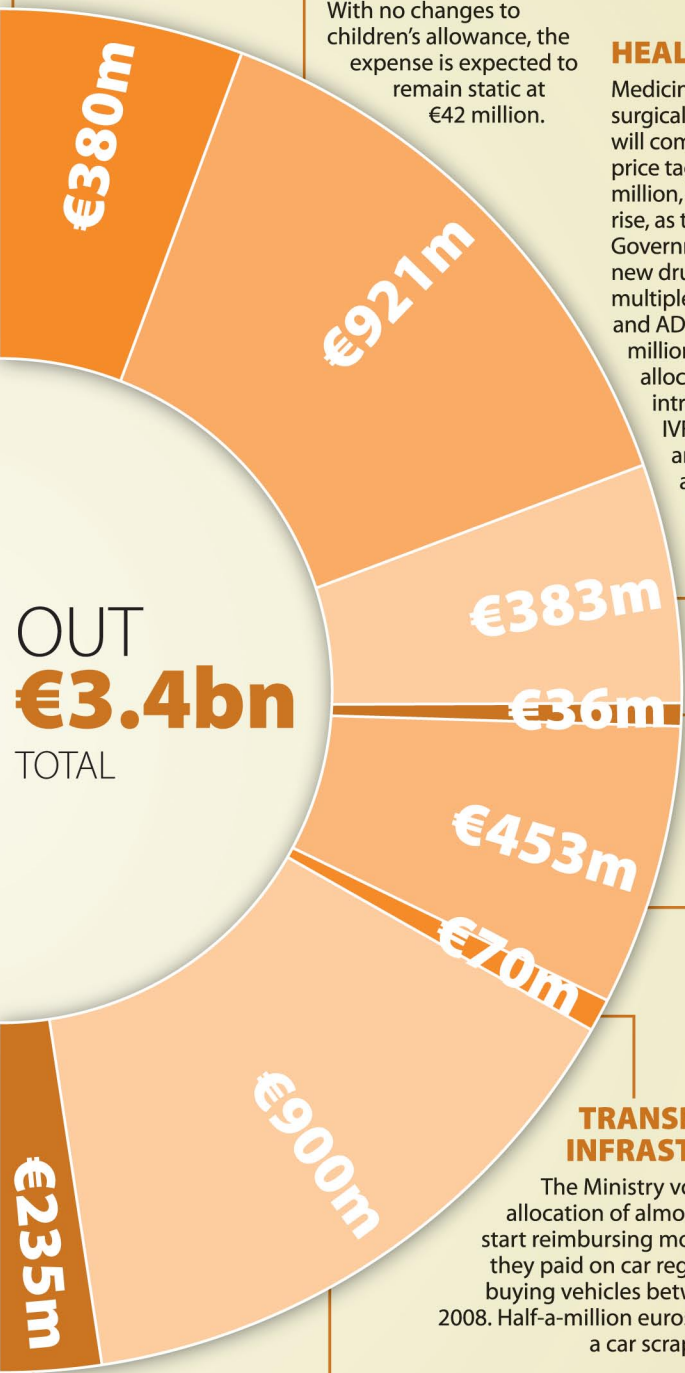
**NON-TAX REVENUE**

Non-tax income is expected to increase by €53 million with the principle driver being the new cash-for-citizenship scheme that is expected to yield €15 million in 2014. EU grants are expected to top €241 million.

**BORROWING**

With the deficit expected to drop to 2.1 per cent of GDP the Government will finance next year's gap between income and expenditure by borrowing €152 million.

**€152m**



**INTEREST PAID ON LOANS**

With Government debt expected to stabilise at a level of 72.6 per cent of GDP, the interest portion payable on loans is expected to reach €235 million. This represents a marginal increase of €7 million, primarily a result of the Government's ability to borrow from the domestic market as people continue to show trust in Government bonds.

**TRANSPORT AND INFRASTRUCTURE**

The Ministry vote includes an allocation of almost €4 million to start reimbursing motorists the VAT they paid on car registration when buying vehicles between 2004 and 2008. Half-a-million euros was voted for a car scrappage scheme.

**CAPITAL EXPENDITURE**

Capital expenditure is expected to increase by almost €50 million. Infrastructure projects include a breakwater in Marsaxlokk and the Tal-Veċċa area in St Paul's Bay. Other projects include waterpolo and football pitches in Birżebbuġa while €9 million has been voted for roads.

**OTHER**

The myriad other programmes and initiatives that make up the Government's expense account tot up to €900 million. This includes more than €94 million on the Armed Forces and the police force, almost half-a-million euros on a household budgetary survey and €62 million allocated to the Tourism Ministry.