



BACKGROUND NOTE TO CONTRACTS CIRCULARS

In line with the functions of the Director of Contracts, the Department of Contracts (DoC) regularly publishes Contracts Circulars (CCs) with the scope of clarifying, enforcing and supporting the Procurement Legislation as well as communicating procurement policy and procedures.

The said Contracts Circulars started being published on the Department's website on 02 January 1998. Since then, the relevant Legal Notices in force have changed over time. The latest major revision took place on 28 October 2016, when the Government of Malta published L.N. 352 of 2016, repealing L.N. 296 of 2010. In addition, the Office of the Prime Minister, through OPM Circular No. 12/2019¹ notified that the 'Finance Administration and Audit Act' (CAP 174) was repealed and a replacement Act titled 'Public Finance Management Act' 2019 (CAP 601) came into force on 12 July 2019, through the publication of Act XXI of 2019. As a result, all the relevant Subsidiary Legislations in relation to Procurement Legislation shifted from S.L. 174 to S.L. 601.

Further to the above, it is pertinent to note that previous policies (bearing former Subsidiary Legislations/Legal Notices) disseminated through past CCs are still applicable, *mutatis mutandis*, unless otherwise stated, or as explicitly superseded by specific Contracts Circulars, PPNs, or any other communication that has been/shall be published in the future.

Financial Procurement Thresholds

With specific reference to the EU Financial Procurement Thresholds referred to within the Contracts Circulars, it is to be noted that such thresholds are revised pursuant to the relevant European Union (EU) Directives as published in the Official Journal of the European Union². The European Commission revises the said thresholds every two (2) years in accordance with the terms of the World Trade Organisation Agreement on Government Procurement³. **Therefore, the thresholds applicable as of 01 January 2026, shall apply for the Years 2026 – 2027.**

Accordingly, the new EU Financial Thresholds, applicable to Public Contracts, shall be reflected in the Schedules⁴ of the relevant local Legislations: (i) Public Procurement Regulations S.L. 601.03, (ii) Utilities⁵ Procurement Regulations S.L. 601.05 and (iii) Concession Contracts Regulations S.L. 601.09.

¹ OPM Circular No. 12/2019 is dated 30th October 2019.

² The European Union establishes Minimum Standardised Rules for Procurement, the Financial Estimated Value of which exceeds a certain Threshold. Article 9 of Directive 2014/23/EU (Award of Concession Contracts), Article 6 of Directive 2014/24/EU (Public Procurement) and Article 17 of Directive 2014/25/EU (Procurement by Entities Operating in the Water, Energy, Transport and Postal Services Sectors) empower the European Commission to adopt delegated acts, in accordance with Article 290 of the Treaty on the Functioning of the European Union, with respect to the Revision of the said Thresholds.

³ Article 8 of Directive 2014/23/EU, Article 4 of Directive 2014/24/EU and Article 15 of Directive 2014/25/EU are amended so that the thresholds correspond to the thresholds established in the amended Agreement on Government Procurement.

⁴ Schedule 5: Values of Thresholds pursuant to Regulation 9 of S.L. 601.03 / Schedule 5: Values of Thresholds pursuant to Regulation 30 of S.L. 601.05 / Schedule 3: Values of thresholds pursuant to Regulation 57 of S.L. 601.09.

⁵ Utilities Procurement refers to Public Procurement of Entities operating in the Water, Energy, Transport and Postal Services Sectors.

Furthermore, in accordance with Regulation 9(3) of S.L. 601.03, Regulation 30(2) of S.L. 601.05 and Regulation 57 of S.L. 601.09, the Minister responsible for Finance shall revise the applicable thresholds, which shall be equal to, and categorised in the same manner, as the thresholds established pursuant to the relevant European Union Directives. Accordingly, the Local Financial Thresholds shall also be revised.

Therefore, a Departmental Procurement⁶ shall be deemed to be procurement in line with the below Estimated Procurement Values.

- Public Procurement Regulations S.L. 601.03: Less than € 140,000 excl. VAT
- Utilities Procurement Regulations S.L. 601.05: Less than € 432,000 excl. VAT

To this effect, at Annex 1, the Department of Contracts has prepared two (2) sheets as follows:

- Sheet A – EU Financial Thresholds
- Sheet B – Local Financial Thresholds

Applicability of the Financial Procurement Thresholds

In line with the above, in principle, the revised Financial Procurement Thresholds (including Local and EU) shall not only apply to Contracts Circulars but also to all Procurement Policy Notes, e-Procurement Document Templates, Guidance Notes, Standard Operating Procedures and any other Manuals/Documents/Guidelines as published by the Department of Contracts. Hence, any documentation published by the Department of Contracts bearing former thresholds, unless indicated otherwise, shall remain applicable, *mutatis mutandis*.

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⁶ Departmental Tender is defined as tenders published by Contracting Authorities/Entities with an Estimated Value which is less than the threshold established under Regulation 9(1)(a) of S.L. 601.03/Regulation 30(1)(a) of S.L. 601.05.

PUBLIC PROCUREMENT, UTILITIES PROCUREMENT AND CONCESSION CONTRACTS - EU THRESHOLDS
All Estimated Values are Excluding VAT

	AUTHORITY PUBLISHING PROCUREMENT CALLS	SUPPLIES Estimated Value	SERVICES Estimated Value	DESIGN CONTESTS Estimated Value	WORKS Estimated Value
PUBLIC PROCUREMENT REGULATIONS S.L. 601.03 (LN 352/2016)	Department of Contracts (including Sectoral Procurement Directorate)	From €140,000 <i>Previously was € 143,000</i>	From €140,000 <i>Previously was € 143,000</i>	From €140,000 <i>Previously was € 143,000</i>	From € 5,404,000 <i>Previously was € 5,538,000</i>
	Schedule 3 Contracting Authorities (excluding Local Councils)	From €140,000 <i>Previously was € 143,000</i>	From €140,000 <i>Previously was € 143,000</i>	From €140,000 <i>Previously was € 143,000</i>	From € 5,404,000 <i>Previously was € 5,538,000</i>
	Sub-Central Contracting Authorities (i.e. Local Councils)	From € 216,000 <i>Previously was € 221,000</i>	From € 216,000 <i>Previously was € 221,000</i>	From € 216,000 <i>Previously was € 221,000</i>	From € 5,404,000 <i>Previously was € 5,538,000</i>
UTILITIES PUBLIC PROCUREMENT REGULATIONS S.L. 601.05 (LN 351/2016)	Utilities Contracting Authorities/Entities	From € 432,000 <i>Previously was € 443,000</i>	From € 432,000 <i>Previously was € 443,000</i>	From € 432,000 <i>Previously was € 443,000</i>	From € 5,404,000 <i>Previously was € 5,538,000</i>
CONCESSION CONTRACTS REGULATIONS S.L. 601.09 (LN 353/2016)	All Contracting Authorities/Entities	/	From € 5,404,000 <i>Previously was € 5,538,000</i>	/	From € 5,404,000 <i>Previously was € 5,538,000</i>

PUBLIC PROCUREMENT, UTILITIES PROCUREMENT AND CONCESSION CONTRACTS - LOCAL THRESHOLDS
All Estimated Values are Excluding VAT

	AUTHORITY RESPONSIBLE FOR THE PROCUREMENT PROCESS AUTHORITY RESPONSIBLE FOR PUBLISHING PROCUREMENT CALLS	PROCUREMENT ESTIMATED VALUE
PUBLIC PROCUREMENT REGULATIONS S.L. 601.03 (LN 352/2016)	Department of Contracts (Operations Directorate) obo Contracting Authorities classified under Schedule 2	From € 140,000
	Contracting Authorities classified under Schedule 2	Below € 140,000
	Department of Contracts (Sectoral Procurement Directorate) obo Contracting Authorities classified under Schedule 16 <i>Specifically for Procurement Procedures which are the Open or Restricted</i>	Above € 10,000 till € 750,000
	Department of Contracts (Operations Directorate) obo Contracting Authorities classified under Schedule 16 <i>Specifically for Procurement Procedures which are not the Open or Restricted</i>	From € 140,000
	Department of Contracts (Operations Directorate) obo Contracting Authorities classified under Schedule 16 <i>Specifically for Procurement Procedures which are the Open or Restricted</i>	From € 750,000
	Contracting Authorities classified under Schedule 16	Equal to or Below € 10,000
	Schedule 3 Contracting Authorities (including Sub-Central Contracting Authorities i.e. Local Councils)	From € 0.01
UTILITIES PUBLIC PROCUREMENT REGULATIONS S.L. 601.05 (LN 351/2016)	Department of Contracts (Operations Directorate) obo Contracting Authorities/Entities pursuing activities in line with S.L. 601.05	From € 432,000
	Contracting Authorities/Entities pursuing activities in line with S.L. 601.05	Below € 432,000
	Specific Contracting Authorities/Entities [as specified in Regulation 30(1)(b)] pursuing activities in line with S.L. 601.05	From € 0.01
CONCESSION CONTRACTS REGULATIONS S.L. 601.09 (LN 353/2016)	All Contracting Authorities/Entities	From € 0.01