

BUSINESS ENHANCE GRANTS SCHEMES



INTRODUCTION

By virtue of €51 million in grants, the Business Enhance Grants Schemes, part-financed by the European Regional Development Fund (ERDF) 2014-2020, seek to support enterprises when undertaking investment projects aimed at securing sustainable business growth, by becoming more competitive, innovative and more resilient to market challenges.

The first two schemes launched under this initiative are the Start-Up Investment Grant Scheme and the SME Growth Grant Scheme, with a budget of €7 million and €8 million respectively. The grants, which are administered through a series of competitive calls, are intended to assist start-ups and SMEs to cover the eligible costs, namely:

- Lease of private operational premises
- Construction/up-grades of private operational premises
- Purchasing of new equipment, machinery and plant
- Patents and licenses



CHOOSE YOUR SCHEME...



On a local level, the Maltese government has introduced the **SEED INVESTMENT SCHEME** targeted at start-up businesses, where qualifying investors will receive a 35% tax credit of the aggregate value of the investment made in a qualifying company, as an incentive to financially support emerging businesses.

START-UP INVESTMENT GRANT SCHEME

In recent years, SMEs in the Maltese economy increased approximately by 20%. Notwithstanding, fostering an entrepreneurial culture and the creation of start-ups is still a significant challenge. Ensuring that this momentum is sustained and gains speed is a priority, in order to adopt a competitive and sustainable economy that is resilient to meet upcoming challenges.

By their very nature, through their novelty, start-ups offer just as many challenges and risks as rewards and opportunities. As part of the normal dynamics of a healthy economy, only 50% of businesses survive the first five years.

This, together with the potential welfare gains to the economy that can accrue from nurturing an environment that supports start-ups, further instigates the need for tangible assistance to start-ups at the early stages.



WHAT IS THE BENEFIT GRANTED?

The Start-up Investment Grant-Scheme provides a part-financing of 50% of the eligible expenditure, up to a maximum grant of € 300,000. Total budget is set at € 7 million.

WHO IS ELIGIBLE?

Target companies are Micro and Small Start-ups, being autonomous, unlisted enterprises, established for less than three years, on condition that the start-up has not yet distributed profits and has not been formed through a merger.

WHAT ARE THE QUALIFYING ACTIVITIES?

This Grant Scheme seeks to assist start-ups, engaged in one of the following activities, to part-finance their initial productive investment in Tangible and Intangible assets, in line with a business plan, to implement their business growth strategies:

- The production, manufacture, improvement, assembly, preservation, processing of goods, materials, commodities, equipment, plant machinery;
- Biotechnology, Pharmaceuticals and Life Sciences;
- Research and Technological Innovation;
- The repair, overhaul or maintenance of pleasure crafts, yachts having less than 100gt, aircraft, engines or equipment incorporated or used in such vessels or aircraft;
- Information and communication technology (ICT) development activities, software development;
- Eco-innovations, and environmental solutions;

- The creation of tourism products and services as a result of networks created between traditional tourism service providers and the crafts and artisan sector;
- The development and provision of tourism products and services related to emerging niche markets;
- The development and provision of tourism products and services related to the promotion of natural and cultural heritage;
- The development and provision of tourism products and services relating to social tourism with specific focus on senior tourists, accessible tourism and active ageing;
- The development of innovative concepts, products and services offered by Boutique Hotels and Palazzini;
- The development, and/or provision of E-health solutions;
- The development and provision of services and products promoting healthy living;
- The development and provision of services and products promoting active ageing;
- The development and provision of services and products related to child-day care;
- The development and creation of crafts and artisan products;
- Retail activities by self-employed and family businesses engaged in craft;
- Start-ups proposing products and/or services that can be marketed and distributed internationally and which are typically more advanced than those prevailing in their respective industry in terms of technology, know-how and skills.

SME GROWTH GRANT SCHEME

For many SMEs, achieving growth is an important business objective. Market demands require rapid response from enterprises to sustain their competitiveness and grow. As they pursue growth in sales and earnings, SMEs are putting in place a variety of measures to ensure they are well positioned to exploit growth opportunities. Such challenges push SMEs to take up initiatives to increase their market share, enter new markets and internationalise to overcome regional challenges.

SMEs have limited financial resources and encounter difficulties in accessing finance to generate the required capital to take-up investment projects. The lack of readily available financing options pose greater difficulty to SMEs to react to market demands requiring them to undertake rapid and timely intervention through investment, on expansion projects to enable them to secure the adequate capacity levels to re-align and secure their supply levels.



WHAT IS THE BENEFIT GRANTED?

This scheme seeks to assist SMEs to address this gap by providing support in the form of non-repayable Grants to part-finance investments towards the implementation of their growth strategies, related to the extension of the capacity of an existing establishment, or the setting up of a new establishment. The Maximum grant is € 500,000 and the total budget is € 11,000,000 with indicative annual thresholds of € 3,667,000.

WHAT IS THE AID INTENSITY?

The aid intensity will depend on the size of the enterprise, according to the following scheme:

- Micro & Small: 35% up to 31st December 2017; 30% as of 1st January 2018
- Medium: 25% up to 31st December 2017; 20% as of 1st January 2018

WHAT ARE THE QUALIFYING ACTIVITIES?

Initial Investment in tangible and intangible assets related to:

- the extension of the capacity of an existing establishment,
- the setting up of a new establishment.

The investment should result in the growth of the Undertaking, and an increase in the number of employees (full-time equivalent) employed by the Undertaking.

SEED INVESTMENT SCHEME

The Seed Investment Scheme, launched by the Prime Minister at the end of July 2016, is the fruit of collaboration between the Ministry for Finance, the Ministry for the Economy and MIMCOL, the Malta Investment Management Company Limited. It shall apply to qualifying investors who subscribe to fully paid up equity shares at par in a qualifying company on their own behalf. Investments made in a qualifying company shall, in the aggregate, NOT exceed €750,000 per qualifying company.



WHAT IS THE BENEFIT GRANTED?

Qualifying investor shall benefit from a tax credit amounting to **35%** of the aggregate value of the investments made by such investor in one or more qualifying companies. However: total tax credit shall NOT exceed €250,000 per annum.

Such tax credit shall be set off against the tax due by the qualifying investor in respect of any income or gains brought to charge to tax in the year of assessment immediately following the basis year during which the investment is made.

WHO IS ELIGIBLE?

Who is a qualifying investor?

Qualifying investor is any natural person who is resident in Malta or non-resident EU/EEA nationals who has at least 90% of their worldwide income derived from Malta¹ to the extent that he bears the full risk in respect of his investment, and who has been duly issued with the relative compliance certificate by the competent entity.



Qualifying investor shall:

- Continue to hold investment in the qualifying company for a period of NOT less than 3 years subsequent to the subscription by the qualifying investor to such equity shares; and
- NOT be connected to the qualifying company prior to the subscription to the equity shares.

Qualifying investor shall invest in the qualifying company within a period of **2 years** from when the qualifying company is first issued with a compliance certificate for the status of a 'qualifying company'. Nonetheless, investment in a qualifying company may be made in instalments, over a period of more than 1 year, as long as the commitment to invest is made within the 2-year period.

WHAT IS A QUALIFYING COMPANY?

An SME that: (satisfies the following cumulative conditions)

1. Is incorporated in Malta or controlled and managed from Malta or has a place of business in Malta;
2. Has been in existence and engaged in carrying out qualifying activities for a period not exceeding 3 years following its first commercial sale;
3. Is not listed on any recognised stock exchange;
4. Has a maximum of 10 employees;
5. Has a gross asset of not more than €250,000 immediately preceding the issue of equity shares to the qualifying investor, and that has been duly issued with the relative compliance certificate by the competent authority.

¹ Provisos (i) and (ii) to article 56(1)(c) of the Income Tax Act

WHAT ARE THE QUALIFYING ACTIVITIES?

Any activity relating to any trade, business, profession or vocation, excluding the following:

- dealing in immovable property, shares, securities and, or other financial instruments;
- dealing in goods other than in the normal course of business;
- carrying on banking, insurance or any other activity covered by the Investment Services Act, the Banking Act, and the Financial Institutions Act;
- providing legal, accounting or other professional services;
- activities relating to the development of immovable property;
- receiving royalties or licence fees;
- operating or managing hotels, hostels, guest houses or residential care homes;
- carrying on activities in connection with the generation of electricity and other energy sources;
- The holding of shares, whether directly or indirectly, in any company which carries out any of the aforementioned activities.

WHAT IS EXCLUDED?

Excluded undertakings

Undertakings in difficulty, undertakings which are subject to an outstanding recovery order and other undertakings expressly excluded from receiving such aid². Undertakings which, directly or indirectly, hold shares in any company which carries out any excluded activities, are excluded from becoming a qualifying company.

Losses

Any loss incurred by qualifying investor from disposal of an investment or from liquidation of qualifying company shall NOT be allowed as a deduction in respect of income/chargeable gains.

Capital Gains

Where investment in qualifying company is disposed of within 3 years from date of subscription to equity shares → the tax due in respect of the income derived from such disposal shall be calculated on the basis of the higher of the market value of such investment and the consideration received by the qualifying investor.

Where investment in qualifying company is disposed of after lapse of 3 years from date of subscription to equity shares by qualifying investor → any gains/profits derived from such disposal shall be exempt from any tax otherwise due.

²In terms of Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty as may be amended from time to time.

APPLICATIONS

Application forms under the Scheme are accepted from 1st August 2016 until 31st December 2018, or until €5 million worth of investments in qualifying companies are reached.

More details on the applications can be obtained from MIMCOL.

MICRO INVEST

This scheme encourages undertakings including start-ups, family businesses and self-employed to invest in their business, so as to innovate, expand and develop their operations. Undertakings benefiting from this measure will be supported through a tax credit calculated as a percentage of eligible expenditure and wages costs.



WHO IS ELIGIBLE?

This incentive is open to all undertakings which satisfy the following criteria;

- The applicant must be an undertaking that for a consecutive three month period during the year in which the costs were incurred did not employ more than thirty persons on full time contracts
- The applicant must be an undertaking whose turnover did not exceed €10 Million in the fiscal year preceding the year in which the application is submitted.
- At the date of application, the applicant must employ at least one person on full or part time basis.
- Unless exempted, applicants should be duly registered with the VAT department.
- Persons or undertakings engaged in activities specifically excluded under the *de minimis* regulations are not eligible for this incentive.

WHAT IS THE AID INTENSITY?

Malta Enterprise will approve a tax credit equivalent to 45% of eligible expenditure. An additional bonus of 20% that is, a total of 65% tax credit applies to undertakings operating from Gozo.

- **The maximum aid per undertaking.**

As from 1st January 2018, the maximum eligible tax credits per single undertaking shall be capped at €50,000 over any period of 3 consecutive fiscal years, starting from eligible expenses incurred and paid for during the period from 1st January 2017 to 31st December 2017. This capping specified above shall be increased by €20,000 (to a total of €70,000) for undertakings:

1. Operating from Gozo;
2. Registered as a Family Business; and
3. Having more than 50% of the ownership attributed to female persons.

In case of partnerships the eligible amount will be split according to ownership.

QUALIFYING COSTS

- Costs claimed must have been invoiced between 1st January and 31st December of the year preceding the year in which the claim is submitted.
- Costs claimed must not be assisted (even partly) through other incentive measures.
- Costs claimed must be covered by the appropriate fiscal documentation.

INELIGIBLE COST

Costs incurred in relation to the following items will not be considered as qualifying;

- Purchase of land and/or property.
- Acquisition of works of art, antiques and any assets that are not directly related to the trade and business of applicant.
- Operating costs.
- VAT and other recoverable taxes.
- Vehicle accessories and upgrades unless purchased as an integral part of a commercial vehicle.
- Vehicles that because of their nature can also be used for non-business activities.
- Director's fees.
- Spare-parts.
- Maintenance costs.
- Subscription and other renewal fees.
- Any individual invoice having a value of less than €200.
- Costs of rented or leased equipment or property.
- Furbishing costs carried out in home-based offices unless a permit identifying the premises as a business premises is presented.
- Project Management fees.
- Transport costs unless included within an invoice covering the procurement of an eligible cost item.
- Promotional material.
- Intellectual Property.
- Web Hosting.
- Uniforms

MICRO GUARANTEE SCHEME

The Micro Guarantee Scheme is established with the objective to accelerate growth by facilitating access to debt finance for smaller business undertakings.

This Micro Guarantee Scheme shall provide eligible undertakings with a guarantee of up to 70% on loans required to finance business enhancement, growth and development. This scheme is available until 31st December 2020.

WHO IS ELIGIBLE?

This incentive is open to all business undertakings, including self-employed, start-ups and family businesses. The following criteria are to be satisfied;



- The applicant must have 50 or less (full-time equivalent) employees calculated on the fiscal year preceding the application.
- Turnover and balance sheet total for the fiscal year preceding the application must not exceed €10 Million.
- The applicant should have a valid VAT number issued by the VAT department.
- Operations should be based in Malta and or Gozo.
- Except in the case of start-ups, at application date the applicant must have one person employed on a full time basis

The loan should be linked to one or more of the following outcomes:

- Establishment of new business.
- New or improved products, services or processes.
- Adoption of new technology.
- Reduction in costs.
- Increase in sales.
- Retention and/or generation of new/additional jobs.
- Increased productivity.
- Potential of growth in foreign markets.

EXCLUSIONS

- Public entities
- Undertakings engaged in activities excluded under the applicable State Aid Regulations (road transport, agriculture and fisheries).
- Undertakings subject to collective insolvency proceedings
- Undertakings that have not honoured any obligations set up by the corporation with respect to previously granted support
- Undertakings engaged in gaming including online gambling
- Undertakings engaged in financial and insurance activities.

THE GUARANTEE

The Micro Guarantee may only be used to support a new loan, required to finance eligible costs approved by the Corporation. The amount established shall be granted in accordance to the following parameters;

- Shall relate only to new banking facilities
- Guarantee may be used to cover a specific percentage of a loan not exceeding €100,000 unless the applicant is a Family Business in which the cover may not exceed €500,000 only in respect to tangible assets.
- The maximum value of the guarantee shall be of €50,000 which may be increased by €20,000 per full time employee at a time of application.
- The maximum presentation of any loan that may be covered shall be capped at 50%.
- The implementation period is the period of up to 24 months during which the beneficiary may drawdown costs covered by the guarantee

RENT SCHEME

This scheme supports small undertakings engaged in an eligible activity that requires industrial space as a temporary, or permanent, solution to:

- implement growth plans;
- handle an increase in orders; and/or
- carry out process innovations required to increase efficiency

This scheme is applicable between 1st March 2016 and 31st December 2019.

ELIGIBILITY

This incentive is available to all undertakings which satisfy the following the criteria;

- The applicants must be incorporated under the Companies Act, registered as a Cooperative under the Co-operative Act or registered as a self-employed with jobplus.
- The applicant must be engaged in manufacturing, manufacturing of gas, waste treatment, materials recovery, maintenance and repairs of moto vehicles and washing and cleaning if textile and fur products.
- A single undertaking that in the 2 fiscal years preceding the year in which the application is submitted employed 50 or less persons on full time contracts
- Annual turnover did not exceed €10 million in the two fiscal years preceding the year in which the application is submitted.
- For a registered company the applicant's balance sheet should not have exceeded €10 million in the 2 fiscal years preceding the year in which the application is submitted.
- At the time of application the applicants must not be defaulting on VAT, income Tax or Social Security contributions.
- The applicants must adhere to the applicable State Aid regulation.



THE INCENTIVE

The corporation may support through partial reimbursement, costs incurred for rental or leasing of premises required for manufacturing activities, storage of works in progress related to manufacturing activities or storage of raw materials required for manufacturing activities carried out in Malta.

AID INTENSITY

The aid intensity is established at 50% of the cost incurred after excluding any taxes.

The total aid which may be granted to a single undertaking is capped at €20,000 over a period of 2 consecutive years and is further limited to €10,000 over any period of twelve 12 months and €50 per square metre per annum.

EXCLUSION

Renting or leasing of the following properties is excluded even if such properties are rented or leased to address the objectives of this incentive:

- Any property owned by a legal person or group of legal persons related to the single undertaking receiving the assistance.
- Public property.
- Showrooms, display areas and similar properties.

BUSINESS START (B.START)

Malta Enterprise, via Business START is offering a seed funding for start-ups. The measure is intended to support Small Start-up Undertakings that have a viable business concept and are in the early stage of its development. The final date for submitting applications shall be 30th October 2020.

ELIGIBILITY

In order to be eligible for assistance under this incentive, beneficiaries must fulfil the following criteria:

- The beneficiary must be an economic undertaking established within the European Economic Community and operating in Malta.
- The application must be received by Malta Enterprise not later than the 24 months from the Establishment Date.
- The activities of the start-up undertaking must be linked to the knowledge of the Key Promoter/s. It is expected that key persons engaged in the start-up have the academic background required and/or hands on experience in the relevant sector.
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- Proposed products and/or services should have potential to be marketed and distributed internationally.



- Producing products and/or service should be new or substantially improved compared to the state of the art in the local industry.
- The economic activity must be classified under;

<ol style="list-style-type: none"> 1. Mining and quarrying 2. Manufacturing 3. Electricity, gas, steam and air conditioning supply 4. Water supply, sewerage, waste management and remediation activities 5. Financial and insurance activities 6. Real estate activities 7. Professional, scientific and technical activities 	<ol style="list-style-type: none"> 8. Administrative and support services 9. Education 10. Human health social work activities 11. Arts entertainment and recreation 12. Wholesale and retail trade 13. Transportation and storage 14. Accommodation and food service activities 15. Information and communication
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AID INTENSITY

The maximum value of aid that may be provided to an undertaking is capped at €25,000.

An initial instalment of up to €10,000 shall be paid once the project is approved. Subsequent instalments shall be paid quarterly after the Corporation reviews and endorses that the progress achieved is in line with the business plan as approved or as adjusted to adapt to market requirements. The total disbursement in any quarter shall not exceed €10,000.

The total budget for this scheme is € 1,000,000 per year and € 3,000,000 until 2020

E- COMMERCE GRANT SCHEME

This scheme aims at encouraging and supporting enterprises to increase their competitiveness by addressing this gap by adopting e-commerce through online sales in their operations. It is targeted at micro enterprises, small enterprises and medium sized enterprises. This scheme remains operational until 31st December 2020 subject to availability of funds.



ELIGIBILITY

The scheme shall support investment towards the design, development, implementation and delivery of an e-commerce website and or a mobile application, or an upgrade of an existing website or mobile application to enable online sales or booking.

ELIGIBLE COST

The end product shall be an e-commerce website or mobile application that will include a content management system that must comply with the current industry standard e-commerce security practices.

The following cost is thereby considered eligible;

- Domain name registration

- Hosting fees
- Content management system(CMS) software including required licenses
- E-commerce website and or mobile application design in line with the brand identity of the organisation
- Shopping cart integration
- Other set up fees including setting up and configuration of the CMS system, system design customisation and development, integration with payment system, implementation of the required security features testing and go live.

AID INTENSITY

The allocated budget for this scheme is set at € 5,000,000 with indicative annual thresholds of € 1,000,000. The maximum grant value under this scheme is set as € 5,000 part financing eligible costs up to 50%. The grant amount that a single undertaking may receive shall depend on the receipt of de minis state aid by the undertaking over any period of three fiscal years within the timeline of the project.

INELIGIBLE COST

- Tax including Value Added Tax and other duties.
- Training costs.
- Hardware costs.
- Marketing or Digital Marketing including Search Engine Optimization, Pay Per Click, etc.
- Direct or indirect costs such as transaction fees and commissions arising from the operation of the action.
- Contingencies and /or losses made by the Applicant.
- Payment of dividends, royalty and interest changes.
- In kind contributions.
- Service charges arising on finance leases, hire purchase and credit arrangements.
- Cost resulting from deferral of payments to creditors.
- Cost related to litigation including resulting claims for damages and fines.
- Statutory fines and penalties.
- Payments for gifts and donations.
- Entertainment (including catering, receptions, etc.)
- Depreciation.
- Insurance costs.
- Commissions.
- Overheads

SME CONSULTANCY SERVICES GRANT SCHEME

This measure supports SMEs through the provision of assistance in the form of a non-repayable grant to cover part of the costs incurred for external consultancy services contracted to assess and evaluate the potential of re-engineering the organisation and its operations. This scheme remains operational until 31st December 2020.

AID INTENSITY

Budget allocated for this measure is set at €1,000,000 with indicative annual thresholds of €200,000. The maximum grant under this scheme is set at €4,000 part financing eligible costs up to 80%

ELIGIBLE EXPENDITURE

The cost for External Consultancy Services procured from an external service autonomous and unrelated to the Beneficiary Undertaking, registered with the Intermediate Body under the scheme. Expenditure shall only be considered eligible if the cost item is approved in the Grant Agreement, no modifications were made without the prior approval of the IB, and that the expenditure is evidenced by supporting documentation and in line with the Guidelines for Implementation issued by the IB together with these Guidance Notes.

Eligible Actions;

External consultancy services procured to support the decision-taking process, by assessing and evaluating:

- The potential of re-engineering the organization and operations, or the processes and systems of the undertaking aimed at rendering it more efficient, resulting in the development of an Organization and Operations Review or Process and Systems Review; or
- The potential of the Undertaking to take on proposed investment initiatives aimed at the potential future business growth of the Undertaking, and at rendering it more competitive, resulting in the development of a Business Plan or Feasibility Study addressing any of the following:

- | | |
|---|---|
| <ol style="list-style-type: none"> 1. The economic exploitation of new ideas, 2. Expansion in the capacity of the establishment, 3. Diversification of the activity of an establishment, 4. Diversification in the output of an establishment, 5. Fundamental change in the overall production process of the establishment, 6. Development of new or improved products, processes and systems, | <ol style="list-style-type: none"> 7. Investment in new or improved products, processes and systems, 8. Organization innovation, 9. Process innovation, 10. The internationalization of products and services, 11. The entry, establishment and expansion into new markets, 12. The introduction, upgrading and integration of e-commerce solutions enabling online selling by the undertaking. |
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INELGIBLE COSTS

- Tax including Value Added Tax and other duties.
- Any other direct or indirect ancillary costs.
- Consultancy services addressing legal and regulatory obligations arising from the nature of the Undertaking's operations and economic activity.
- Training costs.
- Contingencies and/or losses made by the Applicant.
- Statutory fines and penalties.
- In kind contributions.

SME INTERNATIONALISATION GRANT

This grant seeks to support SMEs through the provision of grants to part-finance costs to actively participate in International Business Promotion fairs held outside the territory of the republic of Malta, aimed at the internationalisation of the undertaking by introducing their products or services to new markets and by strengthening their international market presence. The target group is micro enterprises, small enterprises and medium-sized enterprises.



AID INTENSITY

The allocated budget for this measure is set at a €2,000,000 with indicative annual thresholds of €400,000. The maximum grant value for the participation by a single undertaking at an international business promotion fair under this scheme is set at €10,000 part financing eligible costs up to 50%

ELIGIBLE COST

- Participation Fee
- Rental of the exhibition space/stand
- Costs of shipment
- Services related to the construction and setting-up of the stand
- Costs related to the design and printing of branding materials
- Travel Costs for a maximum of 2 employees/directors based on the traveling distance
- Per Diem allowance for a maximum of 2 employees/directors capped to a maximum of 8 nights per participant
 - Costs related to the design and printing of branding material

INELIGIBLE COST

- Tax including Value Added Tax and other duties.
- Any other direct or indirect ancillary costs.
- Insurance costs.
- Costs related to participation at conferences, seminars, one-to-one meetings, and training and activities organized in parallel or at the side of the International Business Promotion Fair.
- Foreign exchange costs and related losses
- Bank charges
- Overheads
- commissions
- Contingencies and /or losses made by the Applicant.
- In kind contributions.
- Statutory fines and penalties.
- Payments for gifts and donations.
- Entertainment (including catering, receptions, etc.)
- Depreciation.

SME DIVERSIFICATION AND INNOVATION GRANT SCHEME

This scheme aims to incentivise SMEs to adapt and become more resilient and address market challenges whilst offering timely support to nurture the right environment towards the potential future business growth of the enterprise.

AID INTENSITY

The allocated budget for this measure is set at €8,000,000 with indicative annual thresholds of €1,600,000. The maximum grant value under this scheme is set at €200,000 part financing eligible costs up to 50%. The amount that a single undertaking may receive shall depend on the receipt of the *de minimis* stat aid by the undertaking over any period of three fiscal years within the timeline of the project.



WHAT ARE THE ELIGIBLE ACTIONS?

- The diversification of the output of an existing establishment into products or services not previously produced by the establishment
- The implementation of a fundamental change in the overall production process of an existing establishment
- A new economic activity related to the diversification of the activity of the establishment, under the condition that the new activity performed is not the same or a similar activity to the activity previously performed in the establishment
- The adoption of solutions that lead to the development of a significantly improved product or service
- The acquisition and integration into the business operation of solutions that are new or significantly advanced than those currently in use by the Undertaking

ELIGIBLE COST

- Cost for leasing or rental of privately owned operational premises
- Construction or upgrading costs
- Costs of purchasing of equipment, machinery or plant
- Costs related to patents or licences
- Wage costs related to the wage of a Change Manager employed specifically through the project to drive the necessary change within the enterprise through the diversification or a fundamental change initiative

INELIGIBLE COST

- Shipping of equipment, plant and machinery
- Repair and maintenance of equipment and buildings.
- Tax
- Insurance cost
- Training costs
- Contingencies
- Dividends, royalties and interest changes
- In kind contribution
- Charges on finance leases, hire purchase and credit arrangement
- Deferral of payments to creditors
- Litigation, fines and penalties
- Gifts and donations
- Entertainment
- Depreciation
- Foreign exchange costs
- Bank charges
- Commissions
- Overheads
- Remunerations
- Salaries and remunerations of directors or shareholders

BUSINESS ENHANCE RD&I GRANT SCHEME

The scheme supports enterprises through the provision of a non-repayable grant for research, development and innovation actions within the Smart Specialization Areas outlined in the National Research and Innovation Strategy 2020. The scheme addresses specifically areas in manufacturing, aviation and aerospace, health, ICT, tourism product development and maritime services.

The scheme supports enterprises in the form of non-repayable grants under four main measures;

Measure 1 - Feasibility Studies

This Measure supports eligible enterprises through a non-repayable grant to conduct a Feasibility Study to assess the potential of undertaking a specific R&D project.

Measure 2 - Research and Development Projects

Grants under this measure are aimed at supporting eligible enterprises that are planning to undertake Industrial Research and Experimental Development Projects aimed at the development of new products, services or solutions including Key Enabling Technology at pre-commercialization stage at potentially a minimum Technology Readiness Level 6



The planned action should be supported by a feasibility study showing that the research to be undertaken has clear scope and objectives and that the envisaged research is of strategic importance to the enterprise itself, and potentially beyond.

Measure 3 - Investment in Research Infrastructures

Grants under this measure are aimed at supporting enterprises to set-up facilities with the aim to provide research infrastructures that perform an economic activity, to support the development and exchange of knowledge, expertise and the creation of technology transfer possibilities among undertakings.

Measure 4 - Process Innovation

Grants under this measure are aimed to support Undertakings to innovate through the development and implementation of either a new or significantly improved production or delivery method.

BUDJET ALLOCATION

The allocated budget for this Grant Scheme is set at €20,000,000, with the indicative allocation for each Measure being:

- 10% are earmarked for assistance for Feasibility Studies assessing potential R&D projects;
- 30% for support towards the implementation of Research and Development Projects;
- 40% for support towards investment in Research Infrastructures;
- 20% for support towards the implementation of process innovation projects.

The scheme remains effective until 31st December 2020

AID INTENSITY

Measure 1.

micro/small-70%, medium-60%, large-50%

Measure 2

micro/small-45%, medium-35%, large-25%

Measure 3

micro/small/medium/large- 50%

Measure 4

Micro/small/medium- 50%, large-15%

INELIGIBLE COSTS

- | | |
|---|------------------------------------|
| • Cost related to shipping | • Payments for gifts and donations |
| • Costs related to repair and maintenance | • Entertainment |
| • Costs related to acquisition of land | • Foreign exchange costs |
| • Tax including VAT and other duties | • Bank charges |
| • Payment of dividends | • Commissions |
| • In kind contributions | • Insurance costs |
| • Service charges arising from finance leases | • Training costs |
| • Costs related to litigation | • Travel costs |
| • Statutory fines and penalties | • Contingencies |

BUSINESS ASSOCIATIONS GRANT

The aim of this incentive is to promote the development and continuity of small Business Associations that aim to facilitate collaboration and develop their relevant business sector.

This incentive is available until 31st December 2020

AID INTENSITY

The scheme has an annual budget of 100,000. Aid is approved on annual basis and each business association may receive up to 10,000 per annum

ELIGIBLE SECTORS

This incentive support business associations that enhance collaboration between undertakings of the following industries;

- Manufacturing
- Industrial Services
- Information and Communication Technologies
- Aviation and Maritime
- Creative Enterprises
- Digital Media
- Life Sciences
- Crafts



EXCLUSIONS

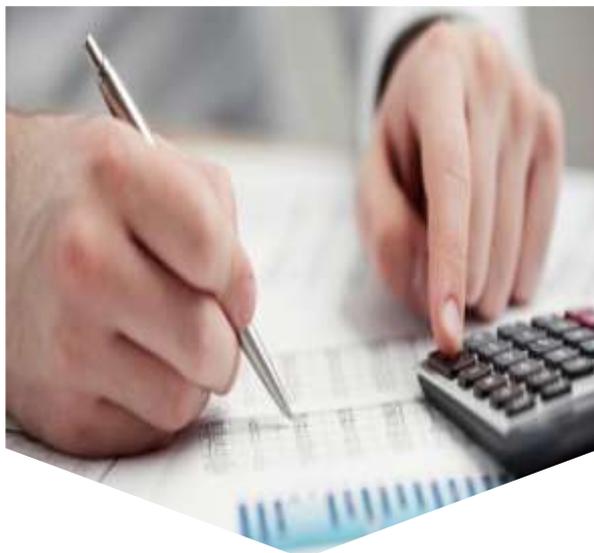
- Business sectors engaged in activities excluded under the *de minimis* regulations specifically agricultural and fisheries sector as they subject to different thresholds and criteria.
- A business association shall be disqualified if tis engages in any economic activity unless such activity is related to the sector being represented.

ELIGIBLE COST

- Wage costs of coordinator or administrator
- Annual membership costs related to international affiliates
- Attendance to international sectoral events held outside Malta

BUSINESS DEVELOPMENT AND CONTINUITY SCHEME

The Business Development & Continuity Scheme is intended to facilitate value adding projects that are expected to contribute to the regional development of Malta and to support existing undertakings sustain operations during restructuring. The scheme may support various activities such as the initial development phase of undertakings establishing an operational base in Malta, expansion projects, consolidation of activities and the reorganisation of activities. Supported initiatives should lead to the development of new business or to ensuring the continuity of current operations. This incentive is available until 31st December 2020.



WHO IS ELIGIBLE?

The support available through this measure may be awarded to undertakings that following an evaluation by the Corporation are deemed to be relevant to the economic development of Malta.

The Corporation shall consider all proposals but shall give priority to:

- Manufacturing operations;
- Providers of Industrial Services;
- Creative Enterprise Developers of Digital Media
- Activities linked to Life Science

AID INTENSITY

The aid may not exceed 200,000 over a period of three fiscal years. This incentive has an annual budget of 4,000,000 with an overall budget of 25 million.

EXCLUSIONS

- Public entities defined as Ministries, Departments, Entities, Authorities, Public Commissions and Public Sector Foundations.
- Road transport, Agriculture and Fisheries sector
- Undertakings engaged in the following activities;
 - I. Real Estate;
 - II. Retail and Wholesale;
 - III. Transportation;
 - IV. Quarrying;
 - V. Construction;
 - VI. Hotels, resort hotels, suite/aparthotels or guest houses;
 - VII. Gambling;
 - VIII. Financial services and/ or Insurance; or
 - IX. Voluntary Organizations

ELIGIBLE EXPENSES

- Relocation costs of key personnel
- Temporary secondment of personnel
- Relocation costs of assets
- Operating expenditure covering the 12 months
- Services related to the business operation provided from third parties.

TAX CREDITS SUPPORTING THE REFURBISHMENT OF HOTELS AND RESTAURANTS

This scheme will be accepting project applications for the refurbishment of hotels and restaurants that would lead to an improved tourism product or service. This scheme is eligible until 28th November 2019.

ELIGIBLE PROJECTS

Assistance shall be awarded in relation to the costs incurred for the implementation of a holistic refurbishment of an establishment duly licensed with the Malta Tourism Authority where the main activity is:

- The provision of tourist accommodation in hotels, guest houses and hostels
- The provision of food services from a permanent structure whereby the prepaid food may be consumed on the premises



ELIGIBLE COSTS

The eligible cost shall be:

- Design cost which may not exceed 5% of total project costs
- Replacement of finishes, furniture, fittings and equipment. The replacement must be new (or first time used in Malta).
- Redecoration

All costs, excluding costs related to design, should be incurred after the project is approved by the Corporation.

AID INTENSITY

The Corporation may approve a tax credit of up to €200,000 for accommodation providers and €50,000 for provision of food services covering up to 20% of the eligible costs.

Assistance for a single undertaking does not exceed the amount of €200,000 over any period of three consecutive fiscal years.

AID FOR RESEARCH AND DEVELOPMENT (TAX CREDIT)

This incentive measure allows companies to claim tax credits on costs incurred directly or indirectly in carrying out an R&D project or projects relevant to the company's trade. Eligible projects should seek to achieve an advance in a field of science or technology through the resolution of scientific or technological uncertainty.



ELIGIBLE R&D PROJECTS

- The supported R&D Activity must be identified in specific projects that seek to address a scientific or technological uncertainty and which can fall with the definitions of Industrial Research or Experimental Development.
- The commencement of an R&D projects supported under this incentive may not be prior to the 1st of January 2017. An R&D project begins when work to resolve the scientific or technological uncertainty starts and ends when that uncertainty is resolved or work to resolve it ceases.
- The project or projects carried out must relate to your company's current trade activity or to a trade activity that the company intends to start based on the results of the R&D activity.
- A company claiming the tax credit must own any intellectual property that might arise from the R&D Activity claimed.

AID INTENSITY

- Beneficiaries that carry out an eligible R&D activity will receive a tax credit calculated at twenty five percent (25%) of the eligible expenditure.
- The percentage shall be increased by 10% when the applicant is a medium sized enterprise and by 20% when the applicant is a small enterprise.
- The total support shall be limited to EUR 15 million for any project cover by the R&D activity.

QUALIFYING COSTS

- Qualifying employee costs
- Contracted R&D expenditure
- Materials and utilities
- Software

STARTUP ADVANCE

Startup Advance scheme intends to support small startup undertakings that are in the process of consolidating a business operation that has demonstrated market potential and is deemed as economically feasible and innovative by the Corporation.

ELIGIBILITY

The beneficiary must be an economic undertaking established within the European Economic Community and with an operating base in Malta. An applicant is deemed to have an operating base in Malta if:

- It owns, leases, or has been given the right of use by a third party an adequate premises from where to conduct an eligible economic activity in the region of Malta and
- Employs at least two persons under a full time employment contract that is based in Malta and is liable to pay income tax in Malta.

Eligible business activities:

- Mining and quarrying
- Manufacturing
- Electricity, gas, steam and air condition supply
- Water supply, sewerage, waste management and remediation activities
- Wholesale and retail trade
- Transportation and storage
- Accommodation and food service activities
- Information and communication
- Financial and insurance activities
- Real estate activities
- Professional, scientific and technical activities
- Administrative and support service activities
- Arts entertainment and recreation
- Other service activities.

AID INTENSITY

The Corporation may award a maximum grant of €100,000. The award is limited to €25,000 for any six months and shall only be granted if the beneficiary remains classified as a startup undertaking at the start of the relevant 6 month period.

The grant shall be disbursed at 3 months intervals. Each disbursement shall be calculated by multiplying €1500 to the total number of Full Time Employees who have been engaged with the beneficiary at least one full month.



RESEARCH AND DEVELOPMENT

The aim of this incentive is to assist undertakings that carry out Industrial Research and Experimental Development required for acquisition of knowledge leading to the development of innovative products and solutions. This will be active until 31st December 2020.

ELIGIBLE COSTS

The following costs are considered as eligible as long as they are incurred in relation to an approved Industrial Research or Experimental Development project after the 'start of works':

- Personnel costs
- Instruments and equipment
- Contractual research, technical knowledge and patents
- Other operating expenses



ELIGIBLE UNDERTAKING

Undertakings planning to carry out Industrial Research or Experimental Development projects are eligible to apply for assistance under this incentive. In order to be eligible, applicants must additionally satisfy the following criteria. They must be either:

- Partnership constituted under the Companies Act⁴, being a partnership or a limited liability company;
Or
- A body of persons constituted, incorporated or registered outside Malta and of a nature similar to the aforesaid partnerships and registered as an overseas company in accordance with the Companies Act;
Or
- Be duly registered as a co-operative society

AID INTENSITY

Undertakings established in Malta may benefit from assistance in the form of a cash grant covering wage costs capped at €500,000 per annum per project and tax credits for other eligible costs.

Maximum aid intensities

- Industrial Research and Experimental Development Projects:
Small undertaking 45%, medium undertaking 35%, large undertaking 25%
- Collaborative Industrial Research and Experimental development Projects:
Small undertaking 60%, medium undertaking 50%, large undertaking 40%

FAMILY BUSINESS TRANSFER OF OWNERSHIP

The purpose of the incentive is to assist and facilitate family businesses to transfer their business from one generation to the next by providing benefits including governance and fiscal benefits for the better management and organization within the family and the business. The scheme is available until 31st December 2020.

ELIGIBLE SECTORS

The scheme support all family businesses operating in all economics sectors with the exception of the road transport, agriculture and fisheries sectors for which different thresholds and criteria apply.



ELIGIBLE COSTS

The eligible costs and expenses under this scheme are in relation to:

- Transfer duty of immovable property that had been used for a period of at least three (3) years.
- The assessment of duty chargeable when an individual transfers of shares or interest in a partnership, trust or foundation to family members.

Duty shall be charged on the first €500,000 of the value of the property transferred at the rate of €3.50 per €100.

Transfer of shares or interests in a partnership, trust or foundation held in a family business which carries on a business, no account shall be taken of the first €150,000 or such other greater amount as may be prescribed of the value of shares, or interests in a partnership, trust or foundation transferred.

In line with the *De Minimis Regulation*, the total amount of *de minimis* aid granted to a single business shall not exceed the amount of €200,000 over any period of three (3) consecutive fiscal years.

HOW WE CAN ASSIST YOU

Don't miss out on this opportunity! PKF can assist and advise you to choose the best scheme tailored to your needs, as well as in the preparation and application stage.

PKF are equipped with the necessary resources, dexterity and skills required to take you to the next stage of realising your inner genius. Having both start-ups and SMEs in our portfolio, lends us a familiarity that is only amassed through experience garnered. Being an SME ourselves allows us not only to empathise but also to sympathise with our growth-seeking clients. Finally, we listen, where to listen is key to entrepreneurial enhancement.

YOU CAN REACH US HERE:

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