



Incentive Development Unit

MALTA ENTERPRISE ACT

INCENTIVE GUIDELINES

Thematic: Enterprise Development Incentives

Regulation: Enterprise Support Incentives Regulations 2007

Title of Incentive: Business Advisory Services
(Assistance from business advisors.)

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www.maltaenterprise.com

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1. Introduction

1.1 *Scope and Background*

The business advisor scheme is designed to provide enterprises operating in Malta with customised advisory services that suit their specific circumstances.

Business priorities change in relation to various factors that include the socio-economic environment and the age of the enterprise. While a start-up enterprise may prioritise funding and market entry, a more established enterprise will have priorities like market penetration, change management, innovation and corporate governance. Malta Enterprise carefully selects and appoints a number of business advisors that have the capabilities to address the needs of enterprises at different stages of development. All advisors hold a recognised national or European, qualification or certification in their area of expertise.

Business advisory services are provided with the aim to support enterprises identify strengths and to overcome weaknesses in specific areas. A range of business advisors are available and every effort is made to match the right advisor to the specific needs of the applicant.

1.2 *Duration of the incentive.*

This scheme is ongoing until 31st December 2013

1.3 *Legal Basis*

These Guidelines are issued pursuant to the vires granted to Malta Enterprise under Article 8(3)(a) of the Malta Enterprise Act.

The Legal Notice entitled 'Enterprise Support Incentives Regulations' provides the parameters of the aid awarded under this scheme.

1.4 *Designated Authority*

This incentive is administered by Malta Enterprise

2. Eligibility

Aid under this incentive may not be granted to:

- a. Enterprises controlled or owned by Government are not eligible for this incentive.
- b. Assistance under this incentive will NOT be provided to enterprises engaged in:
 - The production of products listed in Annex I to the EC Treaty except those involved in the processing and marketing of such products but only to the extent laid down in the Community Guidelines for State aid in the agriculture sector;
 - The fisheries sector;
 - The coal industry;
 - The steel industry;

- The synthetic fibres sector;
- c. Assistance under the incentive cannot be granted to firms in difficulty in the meaning of the Community Guidelines on State aid for rescuing and restructuring firms in difficulty, Official Journal C244, 01.10.2004;

3. Incentive Description

3.1 Details of Incentive

The scheme aims to provide tailored business advice to enterprises through advisors selected by Malta Enterprise. An initial phase will be fully financed by Malta Enterprise while part financing will be provided during the second phase of the support.

Advisors offer expert, pragmatic and objective advice. They can address a number of areas, key to the complete development and growth of the enterprise. Business advisors are grouped into five distinct categories:

- **International Competitiveness Advisory Services**
(Including: Market positioning, and market research)
- **Innovation Advisory Services**
(Including: Quality, benchmarking, and process optimisation)
- **General Business Development Advisory Services**
(Including: e-business, waste management)
- **Start-up Advisory Services**
- **Energy Audits**

The advice provided should facilitate business owners and managers. The knowledge gained should help decision makers in the supported enterprise in evaluating projects and embarking on business development projects.

3.2 Actions and costs that may be supported through this incentive and the applicable aid intensity.

An enterprise may receive business advisory services on multiple projects yet the total aid under this scheme may never exceed Euro10,000 per annum.

Only costs related to the advisor input towards the project/task may be claimed. These costs may not exceed the standard rate established by Malta Enterprise which is set at Euro50 per hour inclusive of VAT.

3.2.1 Advisory services

The first part of assistance, covering up to 15 hours of an advisor's intervention on a specific project/task may be financed by Malta Enterprise.

An enterprise may benefit from a maximum of 50 additional hours at the discretion of Malta Enterprise. The co-financing of the advisors cost for these additional hours is capped at 65%.

3.2.2 Gozo based enterprises

Enterprises based in Gozo may be granted an additional 10% for any advisory services received beyond the initial 15hours. Thus increasing the effective aid intensity to 75%.

4. Evaluation and Assignment of Aid

Aid under this incentive is subject to pre-approval by Malta Enterprise and is awarded at the discretion of Malta Enterprise.

The applicant must indicate the key requirement(s) which should be addressed through the business advice. These requirements should be related to growth, competitiveness and sustainability of the business.

Once an application is accepted Malta Enterprise will assign an advisor and schedule a kick-off meeting between the advisor and the applicant enterprise. This initial meeting with the advisor serves as a review of the company structure and operations so that the objectives of the assignment are mutually agreed upon.

Once a project is approved, a Letter of Approval or an Incentive Entitlement Certificate will be issued in line with Part 6 Section 28 *et seq.* of the Malta Enterprise Act.

5. Further Information

These guidelines are pursuant to the 'De Minimis Rule' as defined in *Commission Regulation (EC) No. 1998/2006 on the application of Articles 87 and 88 of the EC Treaty to de minimis aid.* [\[link\]](#)

If the supported enterprise for whatever reason feels that the business advisor is not meeting the needs of the enterprise, a different business advisor may be assigned.

While an assignment covers a specific number of hours, it can be terminated earlier by the enterprise if the objectives have been met.

6 State Aid Rules and Obligations

6.1 Applicable State Aid

The Business Advisory Scheme falls under the *Commission Regulation (EC) No. 1998/2006 on the application of Articles 87 and 88 of the EC Treaty to de minimis aid*. The *de minimis* allowance is of Euro 200,000 over a rolling 3 year period. More details of the State Aid Cumulation may be found in section 6.2 below.

6.1.1 De minimis Aid

In terms of *Commission Regulation (EC) No. 1998/2006 on the application of Articles 87 and 88 of the EC Treaty to de minimis aid*, an enterprise may receive a total amount of aid up to Euro200,000 of *de minimis* aid over a rolling three fiscal year period. This maximum threshold includes all aid granted as *de minimis* aid from Malta Enterprise as well as from any body other than Malta Enterprise. Potentially any assistance from a public body may constitute State aid. Any *de minimis* aid received in excess of the Euro200,000 threshold will have to be recuperated, with interest, from the enterprise receiving the aid.

The *de minimis* regulation will **NOT** apply to the following:

1. Aid granted to enterprises active in the fishery and aquaculture sectors as covered by Council Regulation (EC) No. 104/2000;
2. Aid granted to enterprises active in the primary production of agricultural products as listed in Annex 1 to the Treaty;
3. Aid granted to enterprises active in the processing and marketing of agricultural products as listed in Annex 1 to the Treaty, in the following cases:
 - When the amount of the aid is fixed on the basis of the price or quantity of such products purchased from primary producers or put on the market by the enterprises concerned;
 - When the aid is conditional on being partly or entirely passed on to primary producers;
4. Aid to export-related activities towards third countries or Member States, namely aid directly linked to the quantities exported, to the establishment and operation of a distribution network or to other current expenditure linked to the export activity;
5. Aid contingent upon the use of domestic over imported goods;
6. Aid granted to enterprises in difficulty.

6.2 Cumulation

Aid granted under this incentive may only be cumulated with other aid under any other incentive(s), or with other Community funding, in relation to the same item of expenditure as long as such cumulation does not exceed the gross aid intensity fixed by this Guideline.

De minimis aid shall not be cumulated with State aid in respect of the same eligible costs if such cumulation would result in an aid intensity exceeding that fixed in the specific circumstances of each case by a block exemption regulation or decision adopted by the European commission.

7. Contact Details

Further information on the scheme, as well as information and guidance on the filling in of the application forms may be obtained by contacting Malta Enterprise during office hours.

Postal Address: Relationship Management
Malta Enterprise
Enterprise Centre
Industrial Estate
San Gwann (SGN 3000)
Malta

Tel: +356 2542 0000

Fax: +356 2542 3401

Websites: www.maltaenterprise.com
incentives.maltaenterprise.com

Email: customer.relations@maltaenterprise.com

Annex 1 – Application Process

1. Enterprises should download the relevant 'Instructions to Applicants' and/or Application forms from the Malta Enterprise website: incentives.maltaenterprise.com.
2. Scheme administered through competitive calls
 - a. Incentives managed through a competitive call are based on a fixed budget and timeframe. Requests for assistance through these incentives will be evaluated and ranked. Once ranked, the top ranking applicants will be offered support through these incentives.
 - b. When an incentive is managed through a competitive call, Malta Enterprise will publish the call text in the local press. The call will be closed after circa 6 weeks from the first date of publication of the call text. Enterprises will be required to submit the relevant application form(s) and any other required documentation within this period. The call will also provide details on:
 - i. how to obtain application forms;
 - ii. how questions and queries related to the call can be addressed;
 - iii. any support available to sustain enterprises in compiling the required data.
 - c. Application forms for competitive calls must be deposited in the tender box bearing the name of the incentive.

3. Other Schemes

The complete application as describe in the 'Instructions to Applicants' document must be submitted to Malta Enterprise either by hand in a sealed envelope or through registered post. The application should be addressed to:

Relationship Management
Malta Enterprise
Enterprise Centre,
Industrial Estate,
San Gwann SGN 3000

4. It is recommended that potential applicants contact Malta Enterprise prior to submitting their application. Malta enterprise staff will support prospective applicants:
 - to understand the objectives of the incentive;
 - by explaining details relevant to this guideline document;
 - to address any problems they might encounter when completing their application.

Annex 2 – Claims

1. Any claims for co-funding must be based on the reimbursement of eligible costs.
2. All undertaking shall be expected to submit claims in line with the terms of the Incentive Entitlement Certificate.
3. Once the incentive is approved, claims for reimbursement shall be submitted at intervals as stipulated in the Incentive Entitlement Certificate.
4. All claims must be made on the claim form which will be made available by Malta Enterprise
5. A claim made for reimbursement must be accompanied by the following information:
 - a. An original VAT invoice and a receipt (an original fiscal receipt unless a VAT invoice is presented together with a copy of the invoice);
 - b. Proof of payment of the invoice. (In the case of foreign payments the original proof of payment is required);
 - c. Copies of the encashed cheques or original bank advice documents showing all payments effected in relation to the claimed costs.
 - d. Where applicable written justification covering claims related to services / products where supplier / provider is different to that indicated in the application form;
 - e. Supporting documentation such as studies (where applicable);
 - f. In the case of Personnel costs (where applicable) the enterprises must back these claims through the official Final Settlement System FSS forms and time sheets where applicable.
6. Any reports (technical or otherwise) submitted to substantiate the claim should be cleared for confidentiality with any third parties before submission to Malta Enterprise.
7. Claims should be presented as net of VAT since VAT is not eligible for co-financing.
8. Payments will only be issued after invoices, reports and any other requested documentation is submitted to and approved by Malta Enterprise.
9. If the final eligible expenditure accounted for is less than the eligible costs budgeted for, the amount to be co-financed will be reduced pro rata and will be in line with the approved percentage(s) of co-financing.
10. In the event that the project does not reach the targets set in the Incentive Entitlement Certificate relevant to the aid granted, Malta Enterprise may recall any funds already distributed to the beneficiary.

Annex 3 – General Rules and Conditions

1) Amendments to Approved Assistance

Any amendments to an approved project must be timely notified to Malta Enterprise. A written request describing the proposed changes and including comprehensive arguments justifying the changes must be presented. Malta Enterprise will evaluate the proposed amendments and will within 6 weeks inform the applicant in writing of the outcome pursuant to the evaluation. The outcome of such evaluation may lead to any of the following:

- i. A change in the amount of aid and/or activities supported.
- ii. A request for further information on the proposed changes.
- iii. A recommendation to reconsider the proposed amendments.
- iv. An approval of the proposed changes.
- v. A revocation or modification of the Incentive Entitlement Certificate if the proposed amendments are not in line with the scope, terms and conditions of the scheme.

Failure to notify Malta Enterprise of any changes to the project as approved may result in Malta Enterprise revoking the Incentive Entitlement Certificate and claiming back any support received by the beneficiary.

2) Monitoring

Successful applicants will be subject to monitoring to ensure that the project is moving according to:

- i. the milestone schedule (if applicable);
- ii. the Incentive Entitlement Certificate;
- iii. this Guideline and the Regulation relevant to the incentive;
- iv. any applicable state aid obligations and regulations;
- v. any publicity obligations.

Monitoring visits will also ensure that all documentation is kept at the enterprise end.

3) On-Site Visits

Malta Enterprise and other relative authorities may undertake a number of random on site checks to verify documentation submitted and the implementation. Site visit may entail assessing:

- i. any required publicity obligations;
- ii. originals / copies of the relevant administrative and financial documentation, are in line with the requirements set in the Incentive Entitlement Certificate and any relevant regulation cited in or annexed to the Incentive Entitlement Certificate.

4) Sanctions and recovery of aid

In terms of Part VII and Part VIII of the Malta Enterprise Act, Chapter 463 for the Laws of Malta, Malta Enterprise may revoke, amend or modify the Incentive Entitlement Certificate and apply penalties or request recovery of aid in the case of breach of these Guidelines or the conditions set down in the Incentive Entitlement Certificate and any relevant regulations.

5) General Ineligible expenditure

Any item of expenditure not aligned to the rationale of this measure will be deemed as ineligible. The following is an inexhaustive list of such ineligible costs:

- i. cost incurred for the purchase of second hand equipment;
- ii. costs incurred prior to signature date of Incentive Entitlement Certificate;
- iii. overheads allocated or apportioned at rates materially in excess of those used for any similar work carried out by the applicant or above market prices;
- iv. contingencies and/or losses made by the applicant;
- v. the payment of dividends, royalty and interest charges;
- vi. service charges arising on finance leases, hire purchase and credit arrangements;
- vii. cost resulting from the deferral of payments to creditors;
- viii. costs involved in winding up a company;
- ix. cost related to litigation including any resulting claims for damages or fines;
 - x. insurance and indemnity costs;
 - xi. bad debts;
 - xii. payments for gifts and donations;
 - xiii. entertainment (including catering, receptions etc.);
 - xiv. tax (VAT, Income tax);
 - xv. statutory fines and penalties.