



Incentive Development Unit

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# MALTA ENTERPRISE ACT

## INCENTIVE GUIDELINES

**Thematic:** Enterprise Support Incentives

**Regulation:** Enterprise Support Incentives Regulations 2007

**Title of** Business Development Scheme

**Incentive:** *(Assistance for business development projects)*

Issue Date: 24<sup>th</sup> January 2008

Version: 1.0

Issued by Incentive Development Unit

[www.maltaenterprise.com](http://www.maltaenterprise.com)

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# 1. Introduction

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## 1.1 *Scope and Background*

This *Business Development Scheme* is intended to facilitate high-value adding projects that are likely to offer a significant contribution to the regional development of Malta. The scheme may support various activities such as supporting the initial development phase of undertakings establishing an operational base in Malta and expansion projects.

## 1.2 *Duration of the incentive.*

This incentive is available till 31<sup>st</sup> 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

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This incentive is targeted towards those undertakings engaged in manufacturing, industrial services, ICT, biotechnology or in other innovative or high value adding operations as may be approved by Malta Enterprise.

# 3. Incentive Description

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## 3.1 *Details of Incentive*

The incentive aims to facilitate high value-adding projects that are likely to offer a significant contribution to the regional development of Malta.

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

The total aid per enterprise shall not exceed Euro200,000 over a period of three rolling fiscal years. The grant may be used to support costs approved *a priori* by Malta Enterprise. The extent of aid granted through this incentive will take into consideration the potential contribution of the project to the Maltese economy and the number of new jobs that will be created.

The approved financing shall have the objective to support the undertaking in mitigating various costs related to the proposed project. Examples of costs items that may be supported include:

- (A) Professional and consultancy fees;
- (B) Fees related to selection process and recruitment of staff;
- (C) Relocation costs of personnel;
- (D) Cost related to capacity building;
- (E) Transport and freight costs;
- (F) Setting up costs; and
- (G) Costs related to the handicaps encountered by enterprises setting up an operation in Malta.

## **4. Evaluation and Assignment of Aid**

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

In assigning aid under this incentive Malta Enterprise will examine the project's potential to provide a significant contribution to the Maltese economy by examining various criteria that will include:

- Feasibility – Is the project feasible and is it reasonably likely to remain feasible in the foreseeable future.
- Track Record – The investor's reputation (is the enterprise listed on international stock-exchanges; has the enterprise a leading position in the same line of business/industry; or has the investor successfully executed cross-border investments).
- Technology – Will the technology used and the associated technological know-how expand local capabilities, potentially providing access to technology to other local enterprises through technology transfer;
- Employment – Will the project generate employment in areas where the required human capital is available and will it offer job opportunities to qualified or highly skilled personnel;
- Impact – Will the investment generate a positive impact on the productivity of other domestic companies through networking and clustering opportunities.

A due diligence process may be required prior to the granting of aid under this incentive to establish that the proposed project is feasible and demonstrates a fair chance of success.

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

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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*.

[ [http://eur-lex.europa.eu/LexUriServ/site/en/oj/2006/l\\_379/l\\_37920061228en00050010.pdf](http://eur-lex.europa.eu/LexUriServ/site/en/oj/2006/l_379/l_37920061228en00050010.pdf) ]

## 6 State Aid Rules and Obligations

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### 6.1 Applicable State Aid

The Business Development 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.

#### 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 undertakings active in the fishery and aquaculture sectors as covered by Council Regulation (EC) No. 104/2000;
2. Aid granted to undertakings active in the primary production of agricultural products as listed in Annex 1 to the Treaty;
3. Aid granted to undertakings 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 undertakings 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 undertakings 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

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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](http://www.maltaenterprise.com)  
[incentives.maltaenterprise.com](http://incentives.maltaenterprise.com)

Email: [customer.relations@maltaenterprise.com](mailto:customer.relations@maltaenterprise.com)

## Annex 1 – Application Process

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1. Enterprises should download the relevant 'Instructions to Applicants' and/or Application forms from the Malta Enterprise website: [incentives.maltaenterprise.com](http://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

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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**

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### **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.