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- 1.2 As a self-employed on part-time basis I qualify for the 15% rate of tax. Do I qualify for this assistance?
- 1.3 I am part-time self-employed and I do not employ anybody. Do I qualify for this assistance?
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1. Eligible Business:

1.1 I am employed fulltime but I am also part-time self-employed. Do I qualify for this assistance?

Yes. You may apply for a tax credit on eligible costs that are required to conduct or improve your business activity. The tax credit may be redeemed against income tax due on income generated from your trade or business activity only.

1.2 As a self-employed on part-time basis I qualify for the 15% rate of tax. Do I qualify for this assistance?

Yes, you may apply for a tax credit through this incentive. You may claim a tax credit received through this incentive as any other self-employed but you will not qualify for the 15% tax rate. To utilise these tax credits you will have to declare any income in your Income Tax Return.

The tax credit is redeemable against income generated from your business activity or trade only.

1.3 I am part-time self-employed and I do not employ anybody. Do I qualify for this assistance?

Yes. You may apply for a tax credit on eligible costs that are required to conduct or improve your business activity.

1.4 I'm exempt from registering under the VAT system, can I apply for this tax credit? (I am a doctor and I am not required to be VAT registered, can I benefit from this scheme?).

Business activities that are not required to register with the VAT department can apply for this tax credit as long as their application is related to the carrying out a trade or business activity.

1.5 Is a Maltese registered company whose main operating activity is outside Malta eligible?

Yes, a Maltese company operating mainly outside Malta is eligible. Yet tax credits will only be granted on costs which can be verified in Malta.
(For verification and control purposes, you may be requested to transport back to Malta any equipment assisted.)

1.6 Why are farmers and fishermen not eligible?

Assistance to farmers and fishermen is governed under different European Union Rules. Farmers and fishermen should refer to the Ministry for Resources and Rural Affairs (www.mrra.gov.mt) for information on the schemes specific to this sector.

1.7 I own a number of businesses with a total employment of more than nine persons. Do I qualify for this incentive?

The size of a business is determined according to European Union guidelines. Apart from the total number of employees other issues such as the relevant market might need to be taken into consideration. It is recommended to consult the SME user guide published by the European Union for further information:

http://ec.europa.eu/enterprise/policies/sme/files/sme_definition/sme_user_guide_en.pdf

You may also contact Malta Enterprise for further information and support in determining the size of your enterprise on microinvest@maltaenterprise.com or 2542 2020.

1.8 When you say, micro-enterprises with less than 10 persons employed, does it mean 9 full-time equivalent persons?

Persons working on reduced hours or employees working in excess of 20 hours per week are considered as full-time employees.

Hence the total number of persons employed is equal to the sum of: the number of persons working full time, the number persons on reduced hours and any part-time person working more than 20 hours per week.

Total employment = [Number of full time employees] + [Number of employees on reduced hour]
+ [Number of part-time employees working more than 20 hours per week]

1.9 Let's say that during 2010, I employ enough people to exceed 9 full timers, does that mean that I can apply in 2010 and not in 2011?

No. If you submit an application in 2011 and at point of application you have more than 9 persons you would not be eligible, even though in 2010 you would have been eligible.

1.10 Am I eligible for the tax credits if I have arrears with Government on social security, VAT or rent payments?

The business will still be eligible but the Tax Credit Certificate will not be issued unless you regularise your position with the relative departments.

1.11 We own a company which does not have any employees. Can we benefit from this incentive?

If your company is carrying out a business activity or trade you qualify for this incentive.

1.12 Is this incentive available to providers of professional services (e.g. Doctors, accountants, consultants and dentists)?

Yes, providers of (non-voluntary) professional services are eligible.

1.13 The annual turnover of my business fluctuates between 1.9 million and 2.1 million. Am I eligible?

The annual turnover of the enterprise must not exceed €2 Million.

It is understandable that in some cases the turnover may fluctuate around this value. In such instances you will be considered eligible if your turnover does not exceed €2 Million in the last two consecutive accounting periods

1.14 I am a self-employed and I work from a home office. Am I eligible for this incentive?

Yes, you are eligible for this incentive.

Any costs must be related to improving or expanding your business activity or trade, and must be used solely for your business or trade. Any costs related to investment in refurbishing, refurbishing and upgrading of business premises including extensions or modifications must be related to a licensed business premises.

1.15 Would each company within a group be eligible to apply separately for the MicroInvest scheme, meaning each company is entitled to €25,000?

After considering the links between the companies in a group, each company that is considered to be a micro enterprise can apply. Yet if companies within a group are considered to be operating in the same market, the capping of €25,000 will be applied to the group. (It is not allowable that a project is split between related companies or businesses so as to circumvent the capping of €25,000.)

2 Eligible Costs:

2.1 Is the purchase of second hand equipment, instruments or motor vehicles eligible?

The costs for the acquisition of second hand equipment, instruments or motor vehicles may be claimed. Any costs claimed must be supported by fiscal invoices and/or receipts.

2.2 Is portable equipment eligible?

The acquisition of portable equipment, apparatus and technology is eligible for tax credits through this incentive.

2.3 Will there be any conditions prohibiting the sale of equipment, instruments and motor vehicles the acquisition of which has been supported through this incentive?

Yes, you will be required to maintain the investment for at least three years otherwise Malta Enterprise may revoke any tax credit granted.

Yet, you may replace supported equipment, instruments and motor vehicles if justifiable reasons are provided (such as the purchase of equipment which offers better features or functionality). In such instances you should notify Malta Enterprise as soon as possible.

2.4 Is the refurbishing of property which will be rented or leased eligible?

Furbishing and refurbishing costs on any registered business premises may be claimed. Furbishing and refurbishing costs may **not** be claimed in relation to property which will be rented or leased for residential purposes.

2.5 Is the purchase of computers and computer software eligible?

Cost for the purchase of computers, software and other ICT equipment required to operate or improve the business are eligible.

2.6 Are operating costs such as rent, electricity bills, telephony and internet costs eligible?

No, operating costs cannot be supported through this incentive.

2.7 Is the purchase of sea going craft eligible?

No, the purchase of sea going craft is not eligible under this incentive.

2.8 Is there any limitation on the purchase of vehicles?

Yes, you can only claim a tax credit on the purchase of one vehicle. The vehicle must fall within one of the eligible categories.

2.9 What kind of motor vehicles are eligible?

Only the following categories of vehicle are eligible:

- **N1 motor vehicle** - a vehicle used for the carriage of goods and having a maximum mass not exceeding 3.5 tonnes;
N2 motor vehicle - a vehicle used for the carriage of goods and having a maximum mass exceeding 3.5 tonnes but not exceeding 12 tonnes;
N3 motor vehicle - a vehicle used for the carriage of goods and having a maximum mass exceeding 12 tonnes;
Category D vehicle - Tractors (Pedestrian controlled tractors, Road tractors for semi-trailers, Track-laying tractors)
- **Category E vehicle** Special purpose motor vehicles (for example, aircraft towing tractor, asphalt finisher, baby kart, backhoe loader bulldozer, car transporter, cesspit emptier, cesspool emptier, cherry picker, con mixer with hiab, concrete mixer, concrete pump, core cutter, crane, crew cab, dental bus, digger drilling machine, elevating platform, excavator, fire engine, fork-lift truck, grader, hook loader, ice cream kiosk, ice resurfacers, ladder vehicle, line painter, loading shovel, mechanical shovel midibus, milling machine, mini shovel, mobile cinema, mobile generator, mobile kiosk, mobile laboratory, mobile workshop, mowing machine, recovery truck, recovery vehicle, road roller, road scarifier, road surfacer, road sweeper, scissor lift platform, skid steer loader, snow plough, station tractor, street cleaner, tail-lift, tar sprayer, truck w/hydraulic lift, tow truck, tow truck w/hiab, tower ladder, tower wagon, tractor excavator, trenching machine, truck with workshop, tug master, vacuator truck, wheel loader, x-ray machine)

Vehicles falling within these categories are eligible yet Malta Enterprise will verify that the vehicle being purchased is required solely for your business activity. Vehicles that because of their nature can also be used for non-business (pleasure) activities such as Isuzu Trooper, Mitsubishi Pajero, Mitsubishi Shogun, Land Rover Defender, Land Rover Freelander and Toyota Landcruiser will not be considered eligible

Note: The applicable category of your vehicle will be specified on the vehicle's log book.

2.10 Can the costs for the development or renovation of a website be claimed?

Yes, the development costs of a website can be claimed. Claims related to the operating costs of the website such as hosting and maintenance cannot be claimed.

2.11 Can I claim rent or leasing of property and equipment?

No, all costs claimed must related to items acquired by the business.

2.12 Is the vehicle registration tax paid on second hand vehicles eligible?

No. The vehicle registration tax paid on second hand vehicles in not eligible.

2.13 If I employ seven full-timers and during 2010 I recruit another five, do I qualify on the five new wages, or just until I reach nine workers?

Yes if you employed less than 10 persons as at the 10th November 2009 you can claim a tax credit on the wages of all the new employees recruited. Your tax credit limit will in any case be capped at €25,000.

2.14 What are eligible wage costs? Is the employer's part of the National Insurance contribution eligible?

The total eligible wage cost includes the taxes, statutory bonuses and any national insurance contributions paid.

Total wage costs = [Gross Wage] + [Statutory bonus] + [National Insurance Contributions paid by employer].

Fringe benefits and non statutory bonuses (performance bonuses, car bonuses etc) are not eligible.

2.15 Can the costs for the development or renovation of a website be claimed?

Yes, the development costs of a website can be claimed. Claims related to the operating costs of the website such as hosting and maintenance cannot be claimed.

2.16 Can I claim rent or leasing of property and equipment?

No, all costs claimed must related to items acquired by the business.

2.17 I am a director / shareholder in a company and I will soon be employed with the same company. Will the company be able to claim tax credits regarding my employment?

Yes the employment of directors / shareholders is considered eligible so long that such employment is registered and the employee's Income Tax and all National Insurance Contributions are being paid.

Note: Directors' fees are not an eligible cost.

2.18 Can a tax credit be claimed on VAT?

No, VAT is not an eligible cost under this scheme. Tax credits will be granted on the value of a cost item excluding VAT.

3. Application process and Tax Credits:

3.1 When should I apply for the tax credit?

You may apply once for each year of the duration of this incentive. It is recommended that applicants gather all the eligible costs incurred during 2010 first and submit one application towards the end of that year or at the beginning of the following year. The same is repeated for 2011, unless you have already reached the threshold of €25,000. Remember you may apply for this tax credit till 31st March of 2012.

3.2 Will Malta Enterprise help me complete the application form?

Malta Enterprise can help you complete the application form. Contact us on microinvest@maltaenterprise.com or 2542 2020. You must ensure that you have all the fiscal invoices or fiscal receipts of the costs you wish to claim available.

3.3 What is a tax credit?

A tax credit can be compared to a fund which you can utilise to offset your tax bill. If you have a tax credit of €1,000 and you receive a tax bill of €2,500 you can use the tax credit to pay €1,000 of the bill.

3.4 How does the tax credit system work?

The 40% (or 60% for Gozo based enterprise) rate is used for calculating the value of the tax credit. Hence if your eligible costs amount to €10,000 your tax credit would be €4,000 (that is 40% of €10,000). Once your application is processed by Malta Enterprise you will receive a certificate entitling to the appropriate value of tax credit.

This tax credit may then be applied on your final tax bill after any other regulatory deductions. That is a tax credit of €4,000 will entitle you to reduce your tax bill by €4,000 as long as that income tax was charged on profits generated from the business activity which was granted the aid.

3.5 Will I be able to roll-over any unutilised tax credits?

Yes you may transfer any tax credit which is not utilised to the following year. This can be done up till year of assessment 2014. (All tax credits provided through MicroInvest must be utilised by year of assessment 2014).
