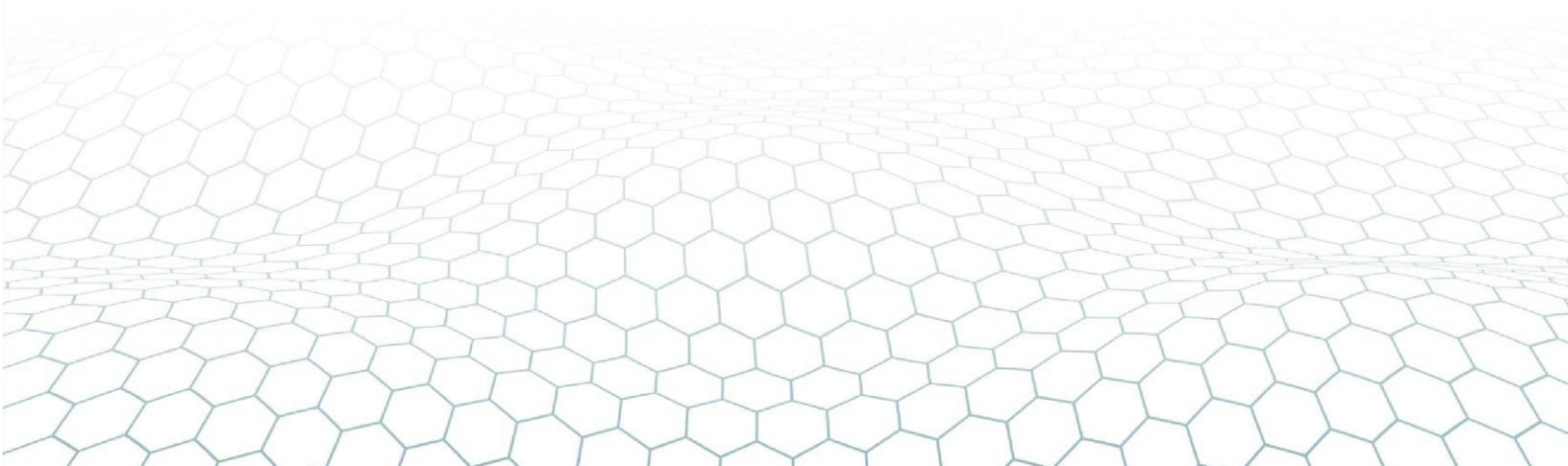




MALTAENTERPRISE

INCENTIVE GUIDELINES

Business Re-Engineering and Transformation Scheme



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The official Incentive Guidelines are published on:

<http://maltaenterprise.com/support>

Support and clarifications in relation to these guidelines may be sought through Business First which may be contacted by calling 144 or by email on info@businessfirst.com.mt

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1. Scheme Overview

1.1 Scope and Background

Businesses must adapt to changes in the environment, unexpected situations, technological changes and various other challenges. The better a business adapts and aligns its process, the greater the chances of economic growth. Business process reengineering and business transformation allows a business to better align its activities to its strategy and vision.

The scope of this incentive is to support small and medium-sized enterprises (SMEs) to realign their business activity, restructure their employees, product and/or service portfolio, optimise the use of technology and embrace green technology and practices. SMEs with a vision to develop can seek support from external advisors to assist them in carrying out significant changes that will enable them to accelerate development and improve market access.

1.2 Duration of the Incentive

This measure is ongoing until 31st December, 2023.

1.3 Legal Basis

The Business Advisory Support Regulations as subsidiary legislation S.L. 463.36 to the Malta Enterprise Act forms the national legal basis of this aid.

The Corporation may issue and publish updates to the official incentive guidelines covering this aid scheme in terms of article 8 (3) (a) of the Malta Enterprise Act, Chapter 463 of the Laws of Malta.

1.4 Budget

This scheme has an overall budget of €2.5 million.

2. Definitions

For the purposes of this Incentive Guidelines, the following definitions shall apply:

2.1 Small and Medium Sized Enterprises (SMEs)

2.1.1 The definition of SMEs used for the purpose of this incentive shall be that provided in Annex I of Commission Regulation (EU) No 651/2014 of 17 June 2014.

2.2 Undertaking in Difficulty

2.2.1 'Undertaking in Difficulty' means an undertaking in respect of which at least one of the following circumstances occurs:

- a) In the case of a limited liability company (other than an SME that has been in existence for less than three years or, for the purposes of eligibility for risk finance aid, an SME within 7 years from its first commercial sale that qualifies for risk finance investments following due diligence by the selected financial intermediary), where more than half of its subscribed share capital has disappeared as a result of accumulated losses. This is the case when deduction of accumulated losses from reserves (and all other elements generally considered as part of the own funds of the company) leads to a negative cumulative amount that exceeds half of the subscribed share capital. For the purposes of this provision, 'limited liability company' refers in particular to the types of company mentioned in Annex I of Directive 2013/34/EU and 'share capital' includes, where relevant, any share premium.
- b) In the case of a company where at least some members have unlimited liability for the debt of the company (other than an SME that has been in existence for less than three years or, for the purposes of eligibility for risk finance aid, an SME within 7 years from its first commercial sale that qualifies for risk finance investments following due diligence by the selected financial intermediary), where more than half of its capital as shown in the company accounts has disappeared as a result of accumulated losses. For the purposes of this provision, 'a company where at least some members have unlimited liability for the debt of the company' refers in particular to the types of company mentioned in Annex II of Directive 2013/34/EU.
- c) Where the undertaking is subject to collective insolvency proceedings or fulfils the criteria under its domestic law for being placed in collective insolvency proceedings at the request of its creditors.
- d) Where the undertaking has received rescue aid and has not yet reimbursed the loan or terminated the guarantee, or has received restructuring aid and is still subject to a restructuring plan.

2.3 Start of Works

2.3.1 'Start of works' means the earlier of either the start of construction works relating to the investment, or the first legally binding commitment to order equipment or any other commitment that makes the investment irreversible. Buying land and preparatory works such as obtaining permits and conducting feasibility studies are not considered start of works. For take-overs, 'start of works' means the moment of acquiring the assets directly linked to the acquired establishment.

3. Incentive Description

- 3.1 This measure provides part financing to support businesses engage advisors to facilitate business re-engineering and transformation efforts.
- 3.2 Projects must be of strategic significance and should address one or more of the following objectives:
- a) Digitisation of business processes including the deployment of digital technologies, such as IoT, artificial intelligence, machine learning and predictive analytics.
 - b) Improve operational performance, reduce errors and improve accountability following a review processes to identify inefficient use of resources.
 - c) Improvements to the flow of goods, materials and/or information following a review of the interaction between functions.
 - d) Improve environmental performance by identifying waste streams and resource usage.
 - e) Support the implementation of quality systems and the attainment of product process certifications.
 - f) Review customer handling procedures and propose solutions to enable excellent customer service.
 - g) Assess market dynamics, fluctuation in demand and changes in consumer behaviour to reposition product and service offering as may be required.
- 3.3 A support assignment must include the participation of at least two individual advisors who individually meet a distinct criteria of those listed below:
- a) The advisor holds a post graduate university degree in a scientific, technical or behavioural science area (such as engineering, information technology, industrial psychology and economics);
 - b) The advisor is a warranted accountant;
 - c) The advisor holds a post graduate degree in business studies, business administration or equivalent (as may be determined by the Corporation);
 - d) The advisor has served a minimum of five (5) years in a CEO, COO or top management position in a reputable medium sized or large organisation (as may be determined by the Corporation).
- 3.4 Interested applicants must use the template provided by the Corporation when requesting advisors to provide a quotation for the eligible advisory service. The completed template will be required as part of the application. The Corporation advises potential applicants to seek quotes from at least two advisory setups before submitting an application.

- 3.5 Eligible projects must be new assignments that are to be completed within twelve (12) months from approval date and should address the analysis, review, recommendations and implementation support.
- 3.6 The eligible costs shall be the costs of consultancy services provided by external consultant/s. The appointed advisors must not be a direct or indirect employee, director or shareholder of the recipient company.
- 3.7 The advisory services provided shall not be a continuous or periodic activity nor relate to the undertaking's usual operating costs, such as routine tax consultancy services, regular legal services or advertising.

4. Eligibility

4.1 Eligible Entities

The Business Re-Engineering and Transformation Scheme is open to duly registered small and medium sized companies carrying out an economic activity in Malta and that at point of application employ 10 to 250 people.

4.2 Ineligible Entities

This measure shall not be available to -

- a) Undertakings engaged in any activity excluded from receiving aid under the General Block Exemption Regulation ¹
- b) Undertakings that at time of application are defaulting on VAT, Income Tax or Social Security.
- c) Public entities defined as: "Ministries, Departments, Entities, Authorities, Public Commissions, Public Sector Foundations and similar organisations that carry out a public or regulatory function which does not involve the carrying out of an economic activity, whether or not such organisations are established by law" and Commercial undertakings in which Government has a direct or indirect holding of more than 25%.

¹ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:02014R0651-20170710>

5. Form of Aid

- 5.1 The aid shall be awarded in the form of a cash grant covering 50% of the costs incurred up to a maximum grant of up to five thousand euro (€5,000) per advisory service per undertaking. Beneficiaries may only be supported through this measure once in any eighteen-month period.

6. Application Process

- 6.1 Interested undertakings must apply on the official application form provided through the Corporation's [Online Application System](#). Applications are to be submitted prior to the commencement of the start of works (i.e. prior to the advisory service). The Corporation shall not consider application submitted after 31st October 2023.
- 6.2 Applications are to contain a comprehensive brief of the tasks assigned to the advisory team and a clear explanation of the expected outcomes of the advisory service to enable the Corporation to determine eligibility and justify the need for support.
- Incomplete applications shall be rejected.
- 6.3 Only expenditure incurred after the approval of the Corporation shall be eligible for assistance.
- 6.4 The Corporation will review all documentation provided by the applicant and may consult public sources of information to verify the request for aid.
- 6.5 Should the request be approved, the Corporation shall issue a Letter of Approval specifying the terms and conditions of the award. The Letter of Approval will specify the maximum value which may be claimed as reimbursement of the eligible costs. If the application is not eligible according to the criteria as established in these guidelines, the Corporation will officially notify the applicant in a form of a rejection letter.

7. Claim Process

- 7.1 Beneficiaries shall submit a maximum of two claims for projects with a duration of over six (6) months and one claim for shorter projects. Claims should be submitted in line with the terms and conditions as specified in the Letter of Approval.
- 7.2 Beneficiaries shall be requested to submit all the documentation as required in the claim form provided by the Corporation which shall include:
- a) A report analysing the services rendered by the advisory team, highlighting key outcomes and follow-up actions that shall be taken;
 - b) A copy of a document highlighting the deliverables listed in the advisory assignment;
 - c) Tax Invoices (as specified in the 12th Schedule of the VAT Act - Chapter 406 of the Laws of Malta) and an associated receipt or a copy of the Fiscal Receipts (as specified in the 13th Schedule of the VAT Act) covering any costs claimed;

d) Proof of Payment. All costs must be covered by the appropriate fiscal documentation and proof of payment. For each transaction the beneficiary shall provide a copy of the encashed cheque image or a bank statement clearly identifying the bank transaction confirming the transfer of funds to the recipient. Any procurement must be covered by fiscal invoice/receipt as required by Maltese legislation.

8. Revocation of aid

- 8.1 All projects are subject to audits and evaluation.
- 8.2 The assistance may be revoked if the beneficiary does not adhere to the conditions set out in these Incentive Guidelines and in the Letter of Approval.

9. State aid Rules and Obligations

9.1 Applicable State Aid Rules

- 9.1.1. The terms and conditions set out in these Guidelines are in line with the General Block Exemption Regulation (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 Treaty², as amended by Commission Regulation (EU) No 2017/1084 of 14 June 2017 amending Regulation (EU) No 651/2014 as regards aid for port and airport infrastructure, notification thresholds for aid for culture and heritage conservation and for aid for sport and multifunctional recreational infrastructures, and regional operating aid schemes for outermost regions and amending Regulation (EU) No 702/2014 as regards the calculation of eligible costs³, and by Commission Regulation (EU) 2020/972 of 2 July 2020 amending Regulation (EU) No 1407/2013 as regards its prolongation and amending Regulation (EU) No 651/2014 as regards its prolongation and relevant adjustments⁴, and as may be subsequently amended.
- 9.1.2 The incentive is not applicable to the following:
 - a) Activities listed down in Article 1 (2), (3)(a), (3)(b), (4) and (5) of the General Block Exemption Regulation (where applicable).
 - b) Undertakings in difficulty as defined in terms of the General Block Exemption Regulation, unless the undertaking was not in difficulty on 31 December 2019 but became an 'undertaking in difficulty' in the period from 1 January 2020 to 30 June 2021.

² <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014R0651&from=EN>

³ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32017R1084&from=EN>

⁴ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32020R0972&from=EN>

- 9.1.3 Furthermore, assistance may not be granted if the aid is:
- a) related to export activities towards third countries or Member States, namely aid directly linked to quantities exported, to the establishment and operation of a distribution network or to the other current expenditure linked to export activity.
 - b) contingent upon the use of domestic in preference to imported goods.
 - c) in favour of a beneficiary which is subject to an outstanding recovery order following a previous Commission decision declaring an aid granted by Malta illegal and incompatible with the internal market.

9.2 Rules on Cumulation of Aid

- 9.2.1 The rules on cumulation of aid as outlined in Article 8 of the General Block Exemption Regulation, will be respected.

10.Key Contacts / More information

Business First
Centre Joseph Grech, 2nd floor,
'Cobalt House',
Mdina Road, Mriehel Industrial Estate,
Birkirkara BKR3000

Tel: 144

Email: info@businessfirst.com.mt

Website: www.businessfirst.com.mt