



Incentive Guidelines

Get Ready Scheme



MALTAENTERPRISE

www.maltaenterprise.com



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<http://support.maltaenterprise.com>



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1. Scheme Overview / Introduction

1.1 Scope and Background

1.1.1 The Get Ready advisory scheme is designed to support business undertakings operating in Malta with access to advisory services and guidance so as to review and prepare for the effect on their business activity as a relation to Britain's exit from the European Union (Brexit). The aim of the incentive is to assist undertakings to analyze the possible effects of Brexit on their business and to develop appropriate business strategies to mitigate the impact of Brexit and maximise business opportunities that Brexit might create. This scheme is envisaged to increase business' resilience and effectively mitigate risks that Brexit poses.

1.2 Duration of the incentive.

1.2.1 This scheme is ongoing until 28th February 2019. While the Corporation may periodically update and amend these Incentive Guidelines, the applicable Incentive Guidelines shall be those published when the request for assistance is received.

1.3 Legal Basis

1.3.1 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.

1.3.2 The subsidiary legislation S.L. 463.26 to the Malta Enterprise Act, mentioned in the previous paragraph, forms the national legal basis of this aid scheme.

1.4 Budget

1.4.1 This scheme has a budget of EUR 200,000 for the duration of the scheme.

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 SME 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 (1) 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.
- e) In the case of an undertaking that is not an SME, where, for the past two years:
 - i. the undertaking's book debt to equity ratio has been greater than 7,5;
and
 - ii. the undertaking's EBITDA interest coverage ratio has been below 1,0.

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. Eligibility

3.1 Eligible Entities

3.1.1 This measure is available to duly registered small enterprises carrying out an economic activity in Malta and that at the point of application employ at least five (5) persons but not more than (fifty) 50 persons (on full time basis).

3.1.2 The undertaking is required to justify significant dependency on the British Market in terms of Import and/or Export. A significant dependency shall be considered if for the last 2 (two) years 20% of the undertakings' turnover was dependant on transactions related to the British market.

3.2 Ineligible Entities

3.2.1 This measure shall not be available to:

1. a) Undertakings engaged in any activity excluded from receiving aid under the General Block Exemption Regulation¹.
2. b) Undertakings that at time of application are defaulting on VAT, Income Tax, or Social Security.
3. 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%.
4. c) Voluntary organisations.

¹ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32017R1084&from=EN>

4. Incentive Description

4.1 What may be assisted?

4.1.1 Undertakings may be approved support to part finance costs incurred for advisory services acquired from professional firms identified by Malta Enterprise as capable of carrying out risk analysis and support the undertaking's plan for possible outcomes. Such advisory services could also include guidance towards understanding business issues related to Brexit as well as assistance in identification of risks, changes that might be required to operational practices and opportunities in relation to Brexit.

4.1.2 The eligible costs shall be the costs of consultancy services provided by external consultants.

4.1.3 The consultancy services shall not be related to 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.

4.2 Form of Aid

4.2.1 The aid shall be granted in the form of cash grant covering 50% of the costs and such grant shall not exceed €4,000.

4.3 Application Process

4.3.1 An undertaking interested in this service must apply on the official application form as provided through the Corporation's Client Portal <https://clientportal.maltaenterprise.com/login>

4.3.2 Applications should be submitted prior to the commencement of the start of works (i.e. prior to the advisory service). It is the applicant's responsibility to provide details and comprehensive information in the application form to enable the Corporation to determine eligibility and justify the need for support. The Corporation shall reject any incomplete application and shall not be bound to seek further information to better understand the proposed consultation programme.

4.3.3 Any applications received after the scheme budget is fully allocated will be rejected.

4.4 Determination of eligibility and award of Support

4.4.1 The Corporation will review all documentation submitted to determine the eligibility of the applicant and may consult public sources of information and also conduct onsite verifications to support the process.

4.4.2 The Corporation shall determine the eligibility of the applicant based on the information provided and any additional information requested or obtained, and may, in the process, reject the application.

4.4.3 Following the determination of eligibility the Corporation shall review the justification provided by the application in his request for support and if considered as valid 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 eligible cost.

4.4.4 The Corporation shall withhold all, or part, of the assistance if the undertaking (at group level) is subject to an outstanding recovery in respect of any other incentive awarded by the Corporation.

4.5 Claims Process

4.5.1 Claims should be submitted in line with the terms and conditions specified in the Letter of Approval.

4.5.2 When submitting the claim, the beneficiary should submit all the documentation as required in the claim form provided by the Corporation which shall include:

- a) A report of the services rendered by the contracted advisor clearly showing the areas investigated, the risks and opportunities identified and mitigation measures considered.
- b) Summary Time sheets showing the services rendered by the contracted consultant.
- 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 Chapter 406 of the VAT Act) covering any costs claimed.

4.6 Revocation and suspension of aid

4.6.1 All projects are subject to audits and evaluations.

4.6.2 The assistance may be revoked, or suspended, if the beneficiary does not adhere to the conditions established in these Incentive Guidelines and in the Letter of Approval. Furthermore, the Corporation may withhold all, or part, of the assistance if the undertaking (at group level) is subject to a recovery order in respect of any other incentive awarded by the Corporation.

5. State Aid Rules and Obligations

5.1 Applicable State Aid

5.1.1 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 costs).

5.1.2 The incentive is not applicable to the following:

- a) Activities listed down in Article 1 (2), (3), (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.

5.1.3 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.

5.2 Rules on Cumulation of Aid

5.2.1 Rule on cumulation of aid shall be in line with Article 8 of the General Block Exemption Regulation.

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

6. Contact Details

Further information on the scheme, as well as information and guidance on the filling in of the application form may be obtained by contacting Business First during office hours.

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