



## Incentive Guidelines

### Gozo Transport Grants



**MALTA**ENTERPRISE

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# 1. Introduction

## 1.1 Scope and Background

The scope of this scheme is to support manufacturing undertakings operating from Gozo by reducing the additional inter-island transport cost incurred for transporting materials, goods and finished products between Malta and Gozo. This assistance serves to reduce the cost-disadvantages for manufacturers based in Gozo, rendering these businesses in a better position to compete effectively within the single market.

## 1.2 Duration of the incentive.

This aid scheme terminates on the 31<sup>st</sup> December 2015<sup>1</sup>.

Malta Enterprise may periodically update and amend these Incentive Guidelines.

## 1.3 Legal Basis

Malta Enterprise is enabled to issue and publish official Incentive Guidelines in terms of Article 8(3)(a) of the Malta Enterprise Act, Chapter 463 of the Laws of Malta.

The legal notice entitled Enterprise Support Regulations, 2008 (L.N. 70 of 2008), issued under the Malta Enterprise Act, provides the legal basis for this incentive.

## 1.4 Designated Authority

This incentive is administered by Malta Enterprise.

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<sup>1</sup> This aid scheme is in line with the *de minimis* Regulation. Further information may be found in Section 5 of this Incentive Guideline. If any changes are made to the *de minimis* Regulation, the aid scheme will be brought in line with any amendments made to such Regulation.

## 2. Eligibility Undertakings

Gozo based undertakings engaged in manufacturing (NACE rev. 2.0 Section C)<sup>2</sup> and in possession of an entitlement certificate for Investment Aid Tax Credits<sup>3</sup> are eligible for this incentive.

The eligible undertaking must be either:

- a. a partnership constituted under the Companies Act, Chapter 386 of the Laws of Malta<sup>4</sup>, being a partnership en nom collectif, en nom commandite or a limited liability company; or
- b. a body of persons constituted, incorporated or registered outside Malta, and of a nature similar to the aforesaid partnerships and registered as an overseas company in accordance with the Companies Act; or
- c. a co-operative society duly registered as such under the Co-operative Societies Act, Chapter 442 of the Laws of Malta<sup>5</sup>.

Additionally the Corporation must be satisfied that all or a significant part of the manufacturing activity are being carried out in Gozo.

Applicants must not be defaulting on VAT, Income Tax, Social Security and rent payments to government or engaged in activities specifically excluded under the de minimis State Aid regulations are not eligible for this incentive.

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<sup>2</sup> [http://ec.europa.eu/eurostat/ramon/nomenclatures/index.cfm?TargetUrl=ACT\\_OTH\\_DFLT\\_LAYOUT&StrNom=NACE\\_REV2&StrLanguageCode=EN](http://ec.europa.eu/eurostat/ramon/nomenclatures/index.cfm?TargetUrl=ACT_OTH_DFLT_LAYOUT&StrNom=NACE_REV2&StrLanguageCode=EN)

<sup>3</sup> [http://support.maltaenterprise.net/index\\_files/TaxCredits.htm](http://support.maltaenterprise.net/index_files/TaxCredits.htm)

<sup>4</sup> [http://docs.justice.gov.mt/lom/legislation/english/leg/vol\\_11/chapt386.pdf](http://docs.justice.gov.mt/lom/legislation/english/leg/vol_11/chapt386.pdf)

<sup>5</sup> [http://docs.justice.gov.mt/lom/legislation/english/leg/vol\\_13/chapt442.pdf](http://docs.justice.gov.mt/lom/legislation/english/leg/vol_13/chapt442.pdf)

## 3. Incentive Description

### 3.1 Applicability

Malta Enterprise may reimburse an eligible undertaking, for the expenses described below, incurred by the enterprise for the transportation between Malta and Gozo of machinery, plant, materials, goods or products directly connected with its manufacturing activities in Gozo.

### 3.2 Qualifying Costs

- a. The following expenses may be claimed when commercial vehicles, listed in the applicant's fixed asset register or leased by the applicant from third parties, are used:
  - i. The ferry fare for the commercial vehicles<sup>6</sup> used;
  - ii. Wage costs of two employees covering the time required for the ferry crossing. Eligible wage costs may not exceed four hours per person per round trip and the applicable hourly rate is capped at the national minimum wage.
  - iii. Fuel expenses may be claimed for commercial vehicles which are longer than five metres as follows:
    - €5.50 per round trip may be claimed on commercial vehicles with length of over 5 meters; and
    - €6.50 per round trip may be claimed on commercial vehicles with length of over 8 meters.

Note: Costs incurred in relation to non commercial vehicles are not eligible for funding.

- b. Subcontracted haulage expenses are eligible for a refund of up to 50% of the invoiced value excluding VAT.

### 3.3 Additional Provisions

The following additional provisions shall apply:

- a. All funding will be based on reimbursement of eligible costs.
- b. Any grant received by an undertaking through this incentive should be clearly and specifically identified in the audited financial statements as income received in connection to the Gozo Transport Grant Scheme.

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<sup>6</sup> Commercial vehicles shall have the same meaning as defined and classified by the ADT.

## 4. Application and Assignment of Aid

Enterprises shall submit an annual application to Malta Enterprise (Gozo office) within 12 months from the end of the financial year under which the assistance is being claimed.

- a. For claims related to transport using the company's own facilities or leased vehicles, the application form should be accompanied by:
  - i. A list of the commercial vehicles utilised for the transport of eligible merchandise between Malta and Gozo. The list should include the registration number, length and transport capacity of each vehicle.
  - ii. A copy of the lease agreements for any leased commercial vehicles.
  - iii. Original ferry tickets:
    - the ferry ticket for commercial vehicle including driver;
    - the passenger ferry ticket (not refundable) for any person accompanying the driver if wages are being claimed.
- b. For claims related to transport services provided by third parties, the applicant should submit the original invoices or a copy of the original invoices certified by the auditor, as issued by subcontracted haulage service provider for the transport of goods between Malta and Gozo.
- c. A declaration signed by the auditor and the applicant confirming that the expenses presented constitute actual and eligible costs incurred and that these expenses:
  - i. are not and will not be recovered from any other source;
  - ii. form an integral part of the financial statements.
- d. Applications in which the value of the grant claimed exceeds the average claims for the preceding three years by 10% must provide a justification. Malta Enterprise may request a log of the trips carried out within the period, including the dates, the vehicles utilised, and the delivery notes, invoices or bills of lading for each trip.

# 5 State Aid Rules and Obligations

## 5.1 Applicable State Aid

These Incentive Guidelines are in line with the *Commission Regulation (EU) No. 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid (the de minimis Regulation)*<sup>7</sup>

The total amount of *de minimis* aid granted to a single undertaking shall not exceed the amount of €200,000 over any period of three consecutive fiscal years.

This aggregate maximum threshold applies in principle to all economic sectors with the exception of the road transport, agriculture and fisheries sectors for which different thresholds and criteria apply. The term ‘undertaking’ includes also all companies in a group (which fall under the direct or indirect ownership or control of the same ultimate parent company) and relevant partner and linked enterprises as defined in Annex I of Commission Regulation (EC No 800/2008). This period covers the fiscal year concerned as well as the previous two fiscal years. ‘Fiscal year’ means the fiscal year as used for tax purposes by the undertaking concerned.

This maximum threshold would include all State aid granted under this aid scheme and any other State aid measure granted under the *de minimis* rule including that received from any entity other than Malta Enterprise. Any *de minimis* aid received in excess of the established threshold will have to be recovered, with interest, from the undertaking receiving the aid.

The *de minimis* declaration form<sup>8</sup> must be filled in and submitted together with the application form.

## 5.2 Applicability of the Aid

Assistance approved under this aid scheme is NOT:

- a. Aid granted to undertakings active in the fishery and aquaculture sector, as covered by Council Regulation (EC) No. 104/2000<sup>9</sup>;
- b. Aid granted to undertakings active in the primary production of agricultural products;
- c. Aid granted to undertakings active in the sector of processing and marketing of agricultural products, in the following cases:
  - i. Where 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;
  - ii. Where the aid is conditional on being partly or entirely passed on to primary producers;
- d. 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;
- e. Aid contingent upon the use of domestic over imported goods;
- f. Aid for the acquisition of road freight transport vehicles granted to undertakings performing road freight transport for hire or reward.

Where an undertaking is active in the sectors referred to in points (1), (2) and (3) above as well as in other sectors falling within the scope of the *de minimis* Regulation, the Corporation will ensure a separation of the activities or distinction of costs. Only those sectors eligible for assistance under the *de minimis* Regulation

<sup>7</sup> [[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)]

<sup>8</sup> The *de minimis* Aid Declaration may be downloaded from <http://www.maltaenterprise.com/en/support/docs/de-minimis-declaration>

<sup>9</sup> Council Regulation (EC) No 104/2000 of 17 December 1999 on the common organisation of the markets in fishery and aquaculture products (OJ L 17, 21.1.2000, p. 22).



will be assisted. Activities in the sectors excluded from the scope of the *de minimis* Regulation will not benefit from assistance under this aid scheme.

### 5.3 Undertakings in Difficulty

Firms in difficulty in terms of Community Guidelines on State aid for rescuing and restructuring firms in difficulty, Official Journal C244, 01.10.2004, are excluded from benefiting from assistance under this aid scheme.<sup>10</sup>

### 5.4 Cumulation

In terms of Article 5 of the *de minimis* Regulation, *de minimis* aid granted under this incentive may be cumulated with *de minimis* aid granted in accordance with Commission Regulation (EU) No 360/2012<sup>11</sup> up to the ceiling laid down in that Regulation. It may be cumulated with *de minimis* aid granted in accordance with other *de minimis* regulations up to the relevant ceiling fixed in terms of these Incentive Guidelines.

*De minimis* aid approved under the **Gozo Transport Grant Scheme** shall not be cumulated with State aid in relation to the same eligible costs or with State aid for the same risk finance measure, if such cumulation would exceed the highest relevant aid intensity or aid amount fixed in the specific circumstances of each case by a block exemption regulation or a decision adopted by the European Commission. *De minimis* aid which is not granted for or attributable to specific eligible costs may be cumulated with other State aid granted under a block exemption regulation or a decision adopted by the Commission.

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<sup>10</sup> [http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:52004XC1001\(01\):EN:HTML](http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:52004XC1001(01):EN:HTML)

<sup>11</sup> Commission Regulation (EU) No 360/2012 of 25 April 2012 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to *de minimis* aid granted to undertakings providing services of general economic interest (OJ L 114, 26.4.2012, p. 8).



## 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 Malta Enterprise or Business First during office hours.

Postal Address: Malta Enterprise  
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Xewkija XWK 3000  
Gozo, Malta.

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