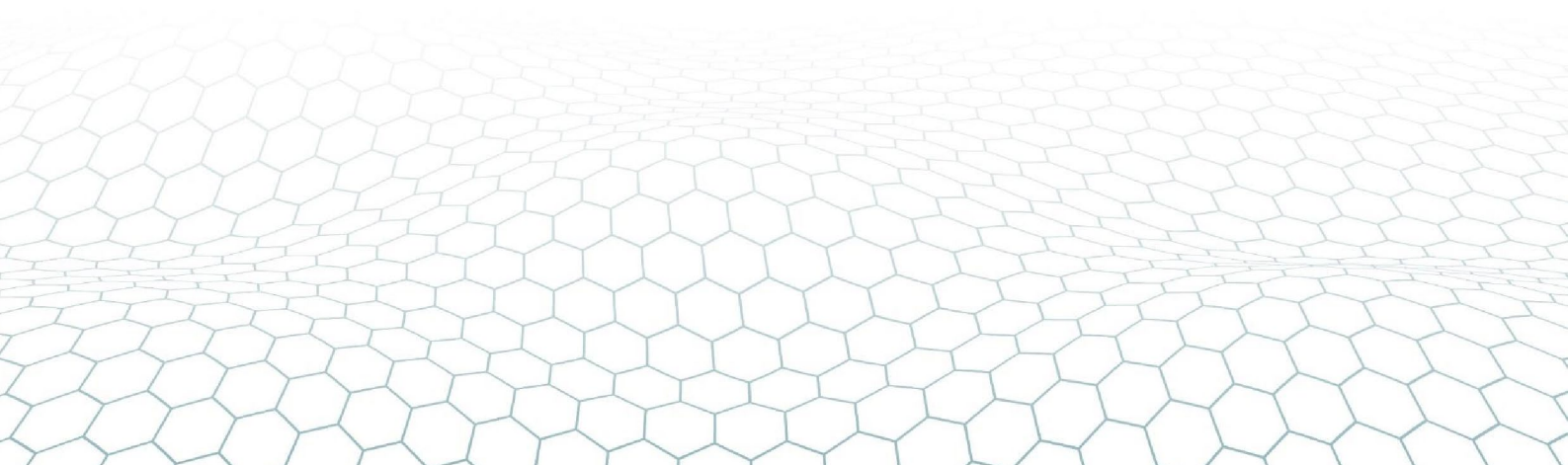




MALTA ENTERPRISE

INCENTIVE GUIDELINES

Kick Start 2021





Issue Date: 1st November 2021

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Online Version

Latest on line version can be accessed from: [http:// maltaenterprise.com/support](http://maltaenterprise.com/support)

Support and Clarifications

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

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1. Overview

- 1.1 Kick START supports Start-up Undertakings (including spin-offs from established enterprises) in financing participation in accelerator programmes recognised by Malta Enterprise. The measure supports Start-up ventures that have a viable business concept based on sound technical and scientific knowhow and that are in the process of developing the technology into a market ready offering. Start-ups may receive up to one hundred thousand euro (€100,000) to cover costs related to the establishment of the start-up venture in Malta, fees charged by accelerator programmes and other costs incurred during the acceleration period.

2. Am I eligible?

- 2.1 Eligibility for support shall depend on the legal form, ownership and the establishment date of the applicant, the activity carried out, the knowledge of the persons involved and the level of innovation as detailed below:

Legal Form and Establishment Date.

- 2.2 In order to be considered for Kick START the applicant must be registered as a limited liability company with the Malta Business Register for no longer than sixty (60) months. The Corporation shall accept an application from an enterprise still not registered as a limited liability company with the Malta Business Register, but any aid approved would be conditional to such registration.

Ownership

- 2.3 In order to be considered eligible for this support no single corporate shareholder shall have a control or ownership that exceeds fifty percent (50%). This rule only considers the shareholding of a natural person if that person has a direct or indirect control of the corporate shareholder and shall not apply in instances where the ownership is held by a corporate shareholder that has been established for not more than sixty (60) months.

Knowledge

- 2.4 The Corporation shall only consider applications where the activities of the start-up undertaking are linked to the knowledge and/or experience of the key persons. Thus the key persons engaged in the start-up must have the academic background required and/or hands on experience in the relevant sector.

Eligible Activities

- 2.5 In order to be eligible for assistance under this incentive, applicants must be (or plan to be) active in one of the following sectors :
- a) Manufacturing;
 - b) Software development;
 - c) Industrial services analogous to manufacturing;

- d) Health, Biotechnology, Pharmaceuticals and Life Sciences;
- e) Other innovative economic activities which are enabled through knowledge and technology providing services or products which are currently not readily available in the relevant market or which shall be provided through a process which is novel.

2.6 The Corporation shall disqualify any undertaking:

- a) whose activity cannot be legally carried out with the Maltese territory; or
- b) that intends to carry out activities related to Construction and Real estate Activities unless the activity is focused on prop tech or the development of sustainable development solutions and materials; or
- c) whose activities are related directly to Gambling (NACE R.92).

Innovation

2.7 In order to be considered for assistance under this incentive, an applicant must provide an assessment carried out by an independent expert¹ or by the manager of an accelerator programme recognised by Malta Enterprise, confirming that the applicant meets at least two of the following criteria:

- a) The proposed products and/or services that have the potential to generate income from various geographical markets.
- b) The applicant produces or intends to produce products which are new or substantially improved compared to existing products on the market or provides or intends to provide services which are new or substantially improved compared to existing services on the market.
- c) The applicant shall utilise processes, which are new or substantially improved compared to those adopted in current complementary activities.

Disqualifying criteria

2.8 Irrespective of the parameters established in these guidelines, Start-up undertaking must not be engaged in activities excluded from receiving this aid in terms of the applicable State Aid regulations (see State Aid Rules and Obligations).

3. The incentive.

3.1 KICK Start supports start-up undertakings that have been deemed as economically feasible and innovative in participating in an accelerator programs recognised by the Corporation. The maximum value of aid that may be awarded to any single undertaking shall be determined in accordance with the relevant *de minimis* threshold . A start-up eligible for this support may receive a one-time grant that may not exceed one hundred thousand euro (€100,000).

¹ (person hold a doctorate in relevant sector or having at least five years senior management experience in a relevant sector)

- 3.2 The funding may be used to cover the following costs:
- a) Fees charged through a Corporate Service Provider in relation to any legal, administrative, recruitment, accounting, corporate identity and business registration as may be required for the start-up operations in Malta;
 - b) Rent of business premises including costs for used shared spaces and facilities;
 - c) Rent of plant machinery and equipment required for the start-up to validate the proposed product or service;
 - d) Travel (Air travel only);
 - e) A per diem rate of up to two hundred euros (€200) covering accommodation and other recurring operating expenditure (This would cover the length of the accelerator programme and may be extended by a few days prior and following the programme);
 - f) Accelerator participation and service fees as listed in an official accelerator programme in publicly available documentation.

4. By when can I submit an application?

Duration of the Incentive and Applicable Incentive Guidelines

- 4.1 This incentive shall be available from 1st November 2021 until the 31st December 2023. The Corporation may periodically update and amend these Incentive Guidelines and may terminate the incentive at an earlier date. Any request for assistance shall be considered by applying the conditions established in the current Incentive Guidelines when the request for assistance is received. Malta Enterprise shall require beneficiaries to be available for one to one meetings to discuss the progress being made in the accelerator programme and the future prospects of the Start-up venture.

Application process

- 4.2 Support through this measure should be requested to Malta Enterprise after an established start-up or a start-up which is still to be registered has been accepted to an accelerator programme. The Corporation shall be granted a concession to discuss the application and other details relevant to the provide project with the accelerator.

- 4.3 The application submitted to the Corporation shall include:
- a) Clear identification of applicant including the ultimate beneficiary owner(s) and other key personnel.
 - b) A summary of the project including a copy of the original documents submitted to the accelerator program (where possible).
 - c) The CV of the personnel who will be directly participating in the accelerator programme.
 - d) The acceptance letter (or equivalent) issued from the accelerator.
 - e) General Personal Data Protection and De minimis declaration forms.

- 4.4 Applications may be submitted through the Corporation's client portal which may be accessed from <https://clientportal.maltaenterprise.com/login> by not later than 31st October, 2023.

- 4.5 Incomplete applications will be rejected and the Corporation shall have the right to reject any application received.

5. What happens after I apply?

Evaluation

- 5.1 Once you have submitted the application through the portal, the submission will be evaluated in line with the terms and conditions of these Incentive Guidelines. Each submission will be reviewed on its own merit and any support will be awarded at the sole discretion of the Corporation. In assigning aid under this incentive, the Corporation will examine the project's potential to provide a significant contribution to the Maltese economy by examining various criteria that will include:
- a) Project Feasibility: Is the project feasible and is it reasonably likely to remain feasible in the foreseeable future as an operation based in Malta?
 - b) 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? Are the required skills available? How long will it take for employees to acquire the required skills?
 - c) How will the project impact the economic development of Malta especially in new/developing markets and technologies?
 - d) Impact: Will the investment generate a positive impact on the productivity of other domestic companies through networking and clustering opportunities?
 - e) Environmental Impact and Sustainable Development Targets.
- 5.2 In its evaluation process, the Corporation shall also consider the Knowledge/know-how of the project promoters, and contact background check on their other activities and their reputation.
- 5.3 In conducting its evaluation, the Corporation may request further information and clarifications, beyond the information requested in the application, so as to determine whether the support should be awarded.

Award

- 5.4 The outcome shall be communicated through a Letter of Approval (in line with Part VI Section 28 et seq. of the Malta Enterprise Act.) specifying the terms and conditions of the award.
- 5.5 In order to facilitate start-ups and reduce the administrative burdens, the Corporation may enter into an agreement with the accelerator so that approved funds are forwarded to the accelerator who would be responsible to manage the funding on behalf of Malta Enterprise. Costs must be charged to the support program at cost and with no mark-up from the accelerator. The costs of participation in the accelerator and the fees of any services offered directly through the accelerator must be (have been) defined and established when the accelerator issues the program details to recruit start-ups.

Monitoring

- 5.5 Beneficiaries will be monitored by the Corporation and other agencies entrusted by the Corporation. If a beneficiary fail to implement and maintain the supported investment and carry out the agreed actions as specified in the Letter of Approval, the Corporation may revoke and/or recover all or part of the support granted.
- 5.6 The Corporation may request any documentation it deems relevant and conduct site visits at the applicant's place of business to ensure that the support is utilised in relation to the approved project. On-site visits may be carried out during and after the implementation of the investment project. Such visits may entail the verification of the documentation related to the investment project and the confirmation of the works carried out.
- 5.7 Beneficiaries are requested to maintain records for ten (10) fiscal years from the date on which the last individual aid was granted under this scheme.

Revocation and Suspension of Aid

- 5.8 The Corporation may revoke or suspend an approval and may seek to recover funds with interest from the undertaking who was awarded the aid if any breach of the applicable regulations, these guidelines or the approval parameters is identified.
- 5.9 In terms of Part VII and Part VIII of the Malta Enterprise Act, Chapter 463 of the laws of Malta, the Corporation may revoke, amend or modify the Letter of Approval and apply penalties or request recovery of aid in the case of breach of these Guidelines or the conditions set down in the Letter of Approval issued by the Corporation and any relevant regulations.

6. State Aid Rules and Obligations

6.1 Applicable State Aid

- 6.1.1 If the submitted application is approved, the beneficiary will benefit from *de minimis* State Aid in line with *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), as amended 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 adjustments.
- 6.1.2 *Commission Regulation (EU) No 1407/2013* allows a 'single undertaking' to receive an aggregate maximum amount of *de minimis* aid of €200,000 under all *de minimis* aid measures, over a period of three consecutive fiscal years. This aggregate maximum amount applies in principle to all economic sectors with the exception of a 'single undertaking' performing road freight transport for hire and reward for which a lower *de minimis* threshold of €100,000 under all *de minimis* schemes over any period of three fiscal years applies. The agriculture and fisheries sectors are subject to different thresholds and criteria. For the purpose of this scheme, the term 'single undertaking' shall be defined as per Commission Regulation EU No 1407/2013 of 18 December 2013 on the application of the Treaty on the Functioning of the European Union to de minimis aid (see below). The three-year 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.
- 6.1.3 This maximum threshold would include all State aid granted under this scheme and any other State aid measure granted under the *de minimis* rule, including that received from any entity other than

Malta Enterprise Corporation. Any *de minimis* aid received in excess of the established threshold will have to be recovered, with interest from the undertaking receiving the aid.

6.1.4 The *de minimis* declaration form² must be filled in and submitted together with the application form.

6.2 Applicability of the Aid

6.2.1 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. 104/2000³;
- 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.

6.2.2 Where an undertaking is active in the sectors referred to in points (a), (b) and (c) 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 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.

6.3 Cumulation

6.3.1 *De minimis* aid granted in accordance with the *de minimis* Regulation may be cumulated with *de minimis* aid granted in accordance with Commission Regulation (EU) No 360/2012 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 laid down in Article 3(2) of the *de minimis* Regulation.

6.3.2 *De minimis* aid awarded under this 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 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.

² The *de minimis* Aid Declaration may be downloaded from <http://maltaenterprise.com/files/de-minimis-declaration-form-2021>

³ 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).

7. Further Information

8.1 This measure shall be applicable until 31st December 2023. 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.

8.2 The Kick Start Scheme is an administrative measure issued by Malta Enterprise within the provisions of the Malta Enterprise Act. Malta Enterprise Corporation may issue and publish Incentive Guidelines in terms of Article 8 (3)(a) of the Malta Enterprise Act, Chapter 463 of the Laws of Malta.

8.3 Useful Definitions

Applicant: An Applicant is an Undertaking that has submitted a complete application for support under this scheme to the Corporation.

Beneficiary: A Beneficiary is an Undertaking that is in possession of a Letter of Approval issued by the Corporation.

Corporation / Malta Enterprise: The terms The Corporation and Malta Enterprise shall mean Malta Enterprise Corporation as established by the Malta Enterprise Act, Chapter 463 of the Laws of Malta.

Letter of Approval: A Letter of Approval is a document establishing the support granted to an undertaking and stipulating any terms and conditions deemed appropriate by the Corporation.

Single Undertaking:

Single Undertaking includes all enterprises having at least one (1) of the following relationships with each other:

1. one (1) enterprise has a majority of the shareholders' or members' voting rights in another enterprise;
2. one (1) enterprise has the right to appoint or remove a majority of the members of the administrative, management or supervisory body of another enterprise;
3. one (1) enterprise has the right to exercise a dominant influence over another enterprise pursuant to a contract entered into with that enterprise or to a provision in its memorandum or articles of association;
4. one (1) enterprise, which is a shareholder in or member of another enterprise, controls alone, pursuant to an agreement with other shareholders in or members of that enterprise, a majority of shareholders' or members' voting rights in that enterprise.

Enterprises having any of the relationships referred to in points (1) to (4) above through one or more other enterprises shall also be considered to be a single undertaking.

The same Regulation states that a group of linked enterprises is considered as one single undertaking for the application of the de minimis rule, but that enterprises which have no relationship with each other except for the fact that each of them has a direct link to the same public body or bodies are not treated as being linked to each other. The specific situation of enterprises controlled by the same public body or bodies, which may have an independent power of decision, is therefore taken into account⁴.

⁴ Commission Regulation (EU) No 1407/2013 of 18th December 2013, as amended.