



## Incentive Guidelines

Support for the development of business units  
at the Artisan Village, Ta' Qali.



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The official Incentive Guidelines are published at:

<http://www.maltaenterprise.com/support>

This measure is designed to support tenants of Malta Industrial Parks Ltd. situated at the Artisan Village, Ta' Qali. The support will assist in the development and refurbishing of business premises to carry out the activity agreed to with Malta Industrial Parks Ltd. Malta Enterprise will be assisting interested individuals in understanding the details to the scheme and addressing any problems they might encounter during the application and implementation process.

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 Corporation or Malta Industrial Parks Ltd. during office hours.

Contact Details:

Malta Industrial Parks Ltd.  
Gwardamangia Hill,  
Pieta`, MEC 0001,  
Malta

Tel: 25421136  
Email: [taqali@mip.com.mt](mailto:taqali@mip.com.mt)

Websites:  
<http://www.mip.com.mt>

Malta Enterprise Corporation  
Gwardamangia Hill,  
Pieta`, MEC 0001,  
Malta

Tel: 144  
Email: [info@businessfirst.com.mt](mailto:info@businessfirst.com.mt)

Websites:  
<http://www.maltaenterprise.com>



# Contents

1. Introduction	4
2. Definitions	5
3. Who is Eligible	7
4. How to apply	8
5. Support	9
6. Monitoring and Control	11
7. State Aid Rules and Obligations	12

# 1. Introduction

## Overview

- 1.1. Tenants of Malta Industrial Parks Ltd. situated at Ta' Qali crafts village will be supported in the development of their business premises situated within the Artisan Village. Tenants will have the possibility to benefit from a guarantee of up to one hundred and fifty thousand Euro (€ 150,000) covering up to seventy five percent of (75%) a bank loan or a cash grant of up to seventy thousand Euro (€ 70,000) part financing up to fifty per cent (50%) of this project.

## Duration of the Incentive

- 1.2. Malta Enterprise in collaboration with Malta Industrial Parks Ltd. will review each application received and determine the maximum eligible value of aid. Applications for support should be received by Malta Enterprise by 1<sup>st</sup> March 2019 and will be processed in the order received until the scheme budget is fully allocated.
- 1.3. Malta Enterprise envisages that the scheme will assist circa 40 beneficiaries.
- 1.4. Malta Enterprise may review, update and amend these Incentive Guidelines as deemed appropriate.

## Legal Basis

- 1.5. Malta Enterprise Corporation may issue and publish the official Incentive Guidelines in terms of *Article 8 (3)(a) of the Malta Enterprise Act, Chapter 463 of the Laws of Malta*.
- 1.6. The *Enterprise Support Incentives Regulations Subsidiary Legislation 463.04 (Malta Enterprise Act, Chapter 463 of the Laws of Malta)* and *Micro Loan Guarantee Regulations Subsidiary Legislation 463.08 (Malta Enterprise Act, Chapter 463 of the Laws of Malta)* provide the legal basis of this incentive.

## Designated Authority

- 1.7. This incentive is administered by the Malta Enterprise Corporation (here in after referred to as 'Corporation').

## Budget

- 1.8. This measure has a total budget of Four Million Euro (€4,000,000)<sup>1</sup>.

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<sup>1</sup> Budget for guarantees shall be calculated at 27% of the value guaranteed.


## 2. Definitions

- 2.1. An **Applicant** is an Undertaking that has submitted a complete application for support under this scheme to the Corporation.
- 2.2. For the purpose of these Incentive Guidelines an **Undertaking** shall mean any legal person established to carry out an economic activity. This includes self-employed persons, partnerships and co-operatives.
- 2.3. For the purpose of these Incentive Guidelines, a **Bank** is understood to be a commercial bank or other licensed financial institution providing debt finance.
- 2.4. A **Beneficiary** is an Undertaking that is in possession of an Incentive Entitlement Certificate issued by the Corporation.
- 2.5. 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*
- 2.6. An **Incentive Entitlement Certificate** is a certificate issued in terms of Part VI of the Malta Enterprise Act, establishing the support granted to an undertaking and stipulating any terms and conditions deemed appropriate by the Corporation.
- 2.7. For the purpose of these Incentive Guidelines, a **Letter of Intent** means a document issued by the Malta Enterprise Act, prescribing the intent to award aid in the form of a Loan Guarantee or Grant. Unless otherwise specified in the Letter of Intent, the document will have a validity of Ninety (90) days. The Letter of Intent shall be considered null unless the Undertaking to whom it is issued presents to Malta Enterprise a sanction letter which is in accordance with these Incentive Guidelines and the Terms and Conditions specified in the same Letter of Intent with its validity period.
- 2.8. For the purpose of these Incentive Guidelines, a **Letter of Guarantee** means a document issued to a Bank selected by the Beneficiary specifying the terms of a guarantee against which the Bank may provide debt finance. Unless otherwise stated:
- a) the Letter of Guarantee will not be considered to have any legal value if the Undertaking to whom it is issued fails to make an initial draw down within Thirty (30) days from its date of issue.
  - b) in the Letter of Guarantee the maximum value of the guarantee shall be limited to any drawdown affected within one (1) year from the first drawdown.
- 2.9. For the purpose of these Incentive Guidelines, 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.

Single Undertaking includes, for the purposes of this Regulation, all undertakings having at least one (1) of the following relationships with each other:

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

Undertakings having any of the relationships referred to in points (a) to (d) of the first



subparagraph through one or more other undertakings shall also be considered to be a single undertaking.

The same regulation states that a group of linked undertakings is considered as one single undertaking for the application of the de minimis rule, but that undertaking which has 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 undertakings controlled by the same public body or bodies, which may have an independent power of decision, is therefore taken into account.

### 3. Who is Eligible

- 3.1. This measure is available to any Undertaking that has a regular temporary emphyteutical agreement with Malta Industrial Parks in respect of property located within the Ta' Qali artisan village.
- 3.2. On submitting an Application the Undertaking must have at least one (1) person employed on a part-time or full-time basis. At the discretion of the Corporation, a self employed person duly registered with Jobsplus may be considered to satisfy this condition.
- 3.3. On submitting an Application the Undertaking should be in a possession of a valid VAT number issued by the VAT department.
- 3.4. Applications from Undertakings subject to collective insolvency proceedings or that fulfill the criteria for being placed in collective insolvency proceedings at the request of its creditors, under domestic law shall be rejected.
- 3.5. Applications from any Undertaking that is engaged or intends to engage in an activity specifically excluded under the de minimis regulations (vide Section 7) shall be rejected.
- 3.6. Applications from any Undertaking that has not settled any recovery decision for the reimbursement of unlawful and incompatible aid shall be rejected.
- 3.7. Applications from any Undertaking that is defaulting on VAT, Income Tax, and Social Security shall be rejected.
- 3.8. Applications from 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% shall be rejected.

## 4. How to apply

- 4.1. An eligible Undertaking may request support either as a cash grant or as a guarantee. All requests must be submitted on the appropriate application form which will be made available by the Corporation.
- 4.2. When applying for support the Undertaking must provide a copy of the proposed project development plans as endorsed by Malta Industrial Parks Ltd.
- 4.3. The Corporation will evaluate applications in the order they are received and may request additional information to verify claims made by applicants or to seek further assurances in relation to the project.
- 4.4. Applicants shall consent that the Corporation may share information contained within the application with other Government Agency, Government Departments and with Malta Industrial Parks in order to verify claims made and eligibility in line with these Incentive Guidelines.
- 4.5. The Corporation in collaboration with Malta Industrial Parks Ltd. will review all applications received and consider the support requested. The review shall ensure that the details of the project as submitted respect the commitments of the Applicant in respect to the tenancy agreement with Malta Industrial Parks Ltd. and that sufficient finances are available to ensure that the project is completed.

### Cash Grants

- 4.6. Applicants will be notified in writing of the outcome of their application. An ***Incentive Entitlement Certificate*** will be issued to Applicants if their project is approved.

### Loan Guarantees

- 4.7. If the application is approved support in the form of a Loan Guarantee, the Corporation will issue a ***Letter of Intent*** prescribing the intent to award aid in the form of a Loan Guarantee. Unless otherwise specified in the Letter of Intent, the document will have a validity of Ninety (90) days.
- 4.8. The Letter of Intent shall be considered null unless within the validity period the Undertaking to whom it is issued, presents to Malta Enterprise:
  - a) a sanction letter (or any similar document) which is in accordance with these incentive Guidelines and the Terms and Conditions specified in the same Letter of Intent with its validity period.
  - b) a copy of the construction insurance policy covering the project; and
  - c) the Development Notification Order (DNO) covering the project issued by the Planning Authority.
- 4.9. Once an Applicant meets the conditions specified in the letter of intent the Corporation shall issue an ***Incentive Entitlement Certificate*** notifying that the project is approved and a ***Letter of Guarantee*** in favour of the Bank providing the Loan.



## 5. Support


- 5.1. An eligible Undertaking may request support either as a Cash Grant or as a Loan Guarantee. Support may only be awarded once per Single Undertaking.

### Cash Grants

- 5.2. Malta Enterprise may award a Cash Grant of up to Seventy Thousand Euro (€70,000) to part finance up to Fifty Percent (50%) of costs incurred in respect to the development of immovable property situated at the Artisan Village, Ta' Qali and any plant, machinery and equipment located within the property.
- 5.3. Cash Grants on movable assets (located within the property) will only be disbursed following the completion of the development of immovable property.
- 5.4. Cash Grants may only be awarded to new equipment or second hand equipment to be used in Malta for the first time.
- 5.5. Cash Grants may only be awarded in respect to cost invoiced and paid after 31<sup>st</sup> May 2017 and before 31<sup>st</sup> December 2018.
- 5.6. The Corporation may agree to disburse up to Ten Thousand Euro (€10,000) covering not more than 50% of a signed contract for the development of the immovable property. The Corporation will require that prior to further disbursements the Beneficiary submits invoices and proof of payment covering eligible costs of an equivalent amount.
- 5.7. The Corporation shall only consider as eligible for part financing cost substantiated with a Fiscal Invoice (as specified in the 13th Schedule of Chapter 406 of the VAT Act) and a bank document confirming payment (such as a bank statement or the image of an encashed cheque). Fiscal Invoice presented should include:
- a) the name and details of the supplier and beneficiary;
  - b) a clear description of the item purchased; and
  - c) the VAT numbers of both the suppliers and beneficiary.
- 5.8. Claims for reimbursement will only be processed if the Beneficiary submits:
- d) a copy of the construction insurance policy covering the project; and
  - e) the Development Notification Order (DNO) covering the project issued by the Planning Authority.
- 5.9. Claims for reimbursement may be submitted in intervals not shorter than three (3) months. The final claim must reach Malta Enterprise by 1<sup>st</sup> March 2019.

### Loan Guarantees

- 5.10. Malta Enterprise may approve a Loan Guarantee of up to One Hundred and Fifty Thousand Euro (€150,000) and cover up Seventy Five Percent (75%) of costs funded through a Bank loan in respect to the:
- a) development and refurbishing of immovable property situated at the Artisan Village, ta' Qali.
  - b) procurement of plant machinery and equipment required by the Beneficiary to carry out the activity agreed to with Malta Industrial Park Ltd.
- 5.11. The guarantee shall relate only to new banking facilities (that is, re-financing of existing loans is not eligible) and may not be used to support overdrafts or other revolving credit facilities.
- 5.12. The guaranteed loan should have a distinct term with a predetermined fixed repayment



schedule that would not be expected to exceed ten (10) years unless specifically agreed to by The Corporation, the Bank and the Beneficiary.

- 5.13. For State Aid purposes the value of aid of the Guarantee shall be calculated at Twenty Seven Percent (27%) of the guaranteed amount.

## 6. Monitoring and Control

- 6.1. Applicants will be subject to monitor to ensure that the project is being or was implemented according to:
- a) Incentive Guidelines.
  - b) The terms and conditions set in the Incentive Entitlement Certificate issued by the Corporation.
  - c) Commission Regulation (EU) No 1407/2013 of 18th December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis Aid.
- 6.2. The Corporation reserves the right to effect spot-checks at the support site. These spot checks may be administered by third parties entrusted by the Corporation to carry out such tasks.
- 6.3. If a Beneficiary is found to have breached the terms and conditions set in these Incentive Guidelines, the Regulation or the Incentive Entitlement Certificate, the Corporation reserves the right to revoke, suspend or recover any aid awarded.

### Loan Guarantees

- 6.4. The Corporation shall have the right to regularly monitor Loan Guarantee facilities extended under this scheme. In this respect, the Beneficiary will be required to provide written consent to enable both the Corporation and the Bank to freely exchange and divulge information pertaining to the customer and investment, and to exempt the Corporation and the Bank from the effects of the Professional Secrecy Act, the Data Protection Act and any other Law regulating Professional Secrecy.
- 6.5. In cases where the bank opts to call in the Loan Guarantee the Corporation may in agreement with the Bank be subrogated into the banks security and other rights such that the Corporation will be in a position to claim the dues and exercise the remedies previously pertinent to the Bank. The Corporation reserves the right to take any and all remedial action available to it in terms of the Laws of Malta, to recover the sum of the guarantee paid following call in.
- 6.6. If a Beneficiary uses the guaranteed loan to fund actions beyond those specified in the Corporation's approval the Corporation reserves the right to:
- a) Suspend the Single Undertaking from receiving further assistance for a period of no longer than five (5) years.
  - b) Impose the payment of a penalty which in any case may not exceed the value of aid of the awarded guarantee. Irrespective of (a) above any aid in favour of the Single Undertaking may be suspended until such payment is settled.

## 7. State Aid Rules and Obligations

### Applicable State Aid

- 7.1. 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)
- 7.2. The de minimis Aid Declaration may be downloaded from the Corporations's website.
- 7.3. 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).
- 7.4. 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.
- 7.5. 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 (EU) No 651/2014 of 17th June 2014). 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.
- 7.6. 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.
- 7.7. The de minimis declaration form must be filled in and submitted together with the application form.

### Applicability of the Aid

- 7.8. Assistance approved under this aid scheme is NOT:
  - a) Aid granted to businesses active in the fishery and aquaculture sector, as covered by Council Regulation (EC) No. 104/2000;
  - b) Aid granted to businesses active in the primary production of agricultural products;
  - c) Aid granted to businesses 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 businesses 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 businesses performing road freight transport for hire or reward.

- 7.9. 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 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.

### Cumulation

- 7.10. 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 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.
- 7.11. De minimis aid approved under the **Support for the development of business units at the Artisan Village, Ta' Qali** 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.