


Incentive Guidelines

Business START



MALTAENTERPRISE



Issue Date: 1st June 2015
Update: 2nd March 2017
Version: 4

<http://support.maltaenterprise.com>

Malta Enterprise staff may support interested applicants to understand the objectives of the incentive; explain details relevant to the scheme and address any problems they might encounter when completing their application. You may contact Malta Enterprise by calling 144 or by sending an email on info@businessfirst.com.mt



Contents

1.	Introduction	4
1.1	Overview	4
1.2	Duration of the Incentive	4
1.3	Legal Basis	4
1.4	Designated Authority	4
2.	Definitions	5
3.	Eligibility	7
4.	Incentive Description	9
4.1	Applicable Aid Intensity and Maximum Support	9
5.1	Evaluation	10
5.2	Notification of results	11
6.	General Provisions	12
6.1	Reporting	12
6.2	Request for Initial Payment	12
6.3	Changes to Approved Assistance	12
6.4	Monitoring	12
6.5	On-Site Visits	12
6.6	Budget utilisation	12
6.7	Revocation of Aid	13
7	State Aid Rules and Obligations	14
7.1	Applicable State Aid	14
7.2	Rules on Cumulation of Aid	14
8.	Contact Details	15

1. Introduction

1.1 Overview

Malta Enterprise, via Business START is offering a seed funding for start-ups. The measure is intended to support Small Start-up Undertakings that have a viable business concept and are in the early stage of its development. Initiatives that are deemed to be economically viable shall be supported through a grant of up to €25,000.

1.2 Duration of the Incentive

This incentive is designed to assist start up initiatives.

The final date for submitting applications shall be 30th October 2020.

No assistance shall be awarded through this measure after 31st December 2020.

The Corporation may periodically update and amend these Incentive Guidelines.

1.3 Legal Basis

Malta Enterprise Corporation may issue and publish 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.

Regulation 12 of the Assistance to Small and Medium-Sized Undertakings Regulations as subsidiary legislation 463.03 to the Malta Enterprise Act, Chapter 463 of the Laws of Malta, forms the national legal basis of this aid scheme.

1.4 Designated Authority

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

2. Definitions

For the purpose of these Incentive Guidelines, the following definition shall apply:

2.1 Small Start-up Undertaking

For the purpose of these Incentive Guidelines a 'Small Start-up Undertaking' shall be defined as an unlisted Small Undertaking that has been established for less than five (5) years which has not yet distributed profits and has not formed through a merger.

For eligible undertakings that are not subject to registration, the five (5) years eligibility period will be considered to start from the moment when the undertaking becomes liable to tax on income from its economic activity.

The main factors determining whether an undertaking is a Small Undertaking are:

1. **number of employees** which must be less than fifty (50) Full Time Equivalent (FTE) employees; and
2. a **turnover** or **balance sheet total** which does not exceed €10 million.

2.2 Establishment Date (Start-up Date)

The Establishment Date of an undertaking shall be determined as follows:

- i. In the case of limited liability companies, the Establishment Date shall be determined as the date of registration with the Malta Financial Services Authority (MFSA) as long as the undertaking was not operative under a different form before registering with the MFSA. The audit accounts of the company shall be used to determine whether the company actually distributed profits.
- ii. In the case of self-employed, the Establishment Date shall be determined as the date the person registered as a self-employed with the Employment and Training Corporation (ETC).
- iii. In the case of registered partnerships, the Establishment Date shall be determined as the date an agreement is signed between the parties within the respective partnerships as registered with the registry of companies.
- iv. In the case of unregistered partnerships the earlier date in which any involved individual was registered as a self employed or any involved entity was duly set up as per applicable regulations. Unregistered partnership agreements have to be notarized
- v. In the case of cooperatives, the Establishment Date shall be determined as the date of registration of the cooperative with the Co-operatives Board for evaluation.

For eligible undertakings that are not subject to registration, the five (5) years eligibility period will be considered to start from the moment when the undertaking becomes liable to tax on income from its economic activity.



2.3 Same Sector

For the purpose of these Incentive Guidelines the same sector is defined as any activity with the same two digits of the NACE Code classification.

2.4 Related Sector

For the purpose of these Incentive Guidelines a related sector is any activity within a value chain which is located directly upstream or downstream of the activities of an undertaking.

2.5 Incentive Entitlement Certificate

"Incentive Entitlement Certificate" means a certificate issued in terms of Part VI of the Malta Enterprise Act and outlining the support granted and its terms and conditions.

3. Eligibility

In order to be eligible for assistance under this incentive, the applicants must fulfil the following criteria:

3.1 Legal Form

The applicant must be:

- a. incorporated under the Company's Act, Chapter 386 of the Laws of Malta being a partnership en nom collectif, en commandite or a limited liability company; or
- b. registered as self-employed with Jobsplus; or
- c. registered Partnership with the Malta Financial Services Authority. In case of unregistered partnerships, the agreement has to be notarized; or
- d. registered as a Cooperative under the Co-operatives Societies Act, Chapter 442 of the Laws of Malta

3.2 Business Activity

Beneficiaries must carry out a commercial activity where principle business shall be classified under one of these sectors

Sector	NACE Code
Manufacturing	C
Electricity, gas, steam and air conditioning supply	D
Water supply, sewerage, waste management and remediation activities	E
Transportation and storage	H
Information and communication	J
Professional, scientific and technical activities	M
Administrative and support service activities	N
Human health and social work activities	Q
Arts, entertainment and recreation	R
Other service activities	S

3.3 Innovation

In order to be eligible, the applicant must be:

1. proposing products and/or services that have potential to be marketed and distributed internationally;

and

2. producing products and/or service which are new or substantially improved compared to the state of the art in the local industry.

3.4 Knowledge

The activities of the start-up undertaking must be linked to the knowledge of the Key Promoter/s. It is expected that key persons engaged in the start-up have the academic background required and/or hands on experience in the relevant sector.

3.5 State Aid Regulations

The applicant must adhere to the applicable State Aid regulations (vide Section 7).

3.6 Other Provisions

Small Start-up Undertakings will not be eligible for this incentive if the applicant is controlled by:

- a. owners of existing businesses or other undertakings that are operative or have interests that exceed 25% in other undertakings in the same or related sector. ¹
- b. owners of an undertaking operative in the same or related sector that had closed down in the of twelve (12) months preceding their Establishment Date.

¹ This regulation shall also be applicable in instances where control is shared amongst a number of individuals or other undertakings that are or have interests in other undertaking operative in the same or related sector.

4. Incentive Description

Business START is intended to support small start-up undertakings that are in the process of establishing and/or consolidating a business operation that has been deemed as economically feasible and innovative by the Corporation.

4.1 Applicable Aid Intensity and Maximum Support

The maximum value of aid that may be provided is a cash grant of up to €25,000 which shall be disbursed as follows:

4.1.1 Initial Installment

An initial installment of up to €10,000 shall be paid once the project is approved. The amount will be determined by the Corporation after taking into consideration the innovative elements of the proposed business, the employment levels at application stage and the vision of the promoters on how to further develop their business.

The initial payment shall only be paid once the applicant registers a minimum of one (1) employee.

4.1.2 Subsequent Installments

Subsequent installments shall be paid quarterly after the Corporation reviews and endorses that the progress achieved is in line with the business plan as approved or as adjusted to adapt to market requirement. The grant at the end of each quarter shall be calculated by multiplying €1500 to the number of Full Time Employee which has been engaged with the beneficiary at least one (1) full month prior to the end of the quarter in review. The total payment in any quarter shall not exceed €10,000.

5. Application Process

Undertakings seeking support through this support measure should submit to Business First the following documentation

- a) A complete application form filled in electronically and duly signed.
- b) Detailed curriculum vitae of:
 - i. The personnel which are contributing to the start-up project through knowledge and experience ; and
 - ii. Individuals involved in the business and holding 25% or more of the shares or voting rights of the undertaking.
- c) The Memorandum and Articles of association of any undertaking holding 25% or more of the shares or voting rights of the undertaking.
- d) List of employees, roles and competencies of the employees engaged with the undertaking.
- e) Enterprise Size Declaration.
- f) A Business Plan which should include a clear description of the proposed business venture, an analysis of the innovative aspects, threats, strengths, weaknesses and opportunities and clear business model describing potential revenue streams and operational costs.

The complete application must be electronically filled in and submitted to the Corporation by hand in a sealed envelope or by registered post.

The application must be addressed to:

Business First
Business START
Gwardamangia Hill,
Pieta`, MEC 0001
Malta.

The final date for submitting applications shall be 30th October 2020.

Handwritten or incomplete applications shall be rejected.

5.1 Evaluation

Applications will be evaluated against the following criteria:

- a) **General Feasibility:** the applicant's business model is based on assumptions that are logical and support the viability of the proposed business.
- b) **Innovation:** The innovative nature of the project will be assessed in line with Section 3.3
- c) **Commercially Feasible:** The project has a potential to develop products and/or services that address a real gap in the market or that can offer a complete advantage when compared with other alternatives in the market.

- d) **Financial Feasibility:** After considering investment and operational costs the undertaking should, based on any logical assumptions taken, be expected to start generating a return to the investors after a reasonable timeframe.
- e) **Technologically Feasible:** The project is based on sound technical concepts and uses technology to which the promoters have access.
- f) **Knowledge:** The promoters have (or have access to) the necessary knowledge and know-how required to take the project forward.
- g) **Target Clients:** The applicant has to identify its market and its business model, locally and internationally.

5.2 Notification of results

Successful applicants will be notified in writing of the outcome of their application. Once the support is approved, an IEC will be issued.

6. General Provisions

6.1 Reporting

Beneficiaries are requested to compile a quarterly review report on a template provided by the Corporation.

The final report must be submitted to the Corporation by not later than the thirteenth month from the signing of the IEC.

6.2 Request for Initial Payment

The applicant shall commit that within eight (8) weeks from any approval of aid the proposed undertaking will be duly registered and in line with Section 2.2 and 3.1 of the Incentive Guidelines.

6.3 Changes to Approved Assistance

Any modification to an approved business plan should be notified to and be approved by the Corporation during the quarterly review. The Corporation shall reserve the right to re-evaluate the project on the basis of the proposed amendments and may, pursuant to the outcome of the evaluation, terminate further assistance.

6.4 Monitoring

Applicants will be subject to monitoring to ensure that the project is being or was implemented according to:


- a) these Incentive Guidelines.
- b) the terms and conditions set in the Incentive Entitlement Certificate issued by the Corporation .
- c) Commission Regulation (EU) No 651/2014 of 17 June 2014.

6.5 On-Site Visits

Malta Enterprise may carry out or commission third parties to effect on-site checks during or 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.

6.6 Budget utilisation

The total budget for this scheme is € 1,000,000 per year and € 5,000,000 until 2020.



Applications will be processed on a first come first served basis until the budget allocated for this measure is fully utilised. Incomplete applications will be rejected and no budgetary provision will be made for such applications.

6.7 Revocation of Aid

If an applicant 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.

7 State Aid Rules and Obligations

7.1 Applicable State Aid

The terms and conditions set out in these guidelines are in line with the [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 Treaty](#).

The incentive is not applicable to the following:

- a. Activities listed down in Article 1 (2), (3), (4) and (5) of Commission Regulation No 651/2014 of 17 June 2014.
- b. Undertakings in difficulty defined in terms of the Commission Regulation (EU) No 651/2014 of 17 June 2014. Such firms are excluded from benefiting from assistance under this incentive.

Furthermore assistance may not be granted if the aid is:

- i. 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.
- ii. a contingent upon the use of domestic in preference to imported goods.
- iii. in favour of a beneficiary which is subject to an outstanding recovery order following a previous Commission decision declaring an aid illegal and incompatible with the internal market should be excluded from the scope of this Regulation.

7.2 Rules on Cumulation of Aid

Rule on cumulation of aid shall be in line with Article 8 of the Commission Regulation (EU) No 651/2014 of 17th June 2014.

8. 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 during office hours.

Postal Address: Malta Enterprise
Gwardamangia Hill,
Pieta`, MEC 0001
Malta.

Tel: 144

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

The official Incentive Guidelines are published at:

<http://support.maltaenterprise.com>

Email: info@businessfirst.com.mt