



MALTAENTERPRISE

Business Start

INCENTIVE GUIDELINES

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<http://support.maltaenterprise.com>

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. Introduction

1.1 Overview

1.1.1 Business START offers early seed funding for small start-ups. The measure supports Small Start-up Undertakings that have a viable business concept to further develop their business proposal prior to seeking further funding or third-party equity. Following an evaluation of the business concept, start-up ventures considered by Malta Enterprise as economically feasible may receive an initial grant of up to ten thousand euro (€10,000) to help them develop their business proposal.

1.2 Duration of the Incentive

1.2.1 This incentive shall be available until the 31st December 2026. 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.

1.3 Budget

1.3.1 This measure has a budget of one million euro (€1,000,000).

1.4 Legal Basis

1.4.1 Malta Enterprise Corporation may issue and publish Incentive Guidelines in terms of Article 8 (3)(a) of the Malta Enterprise Act (CAP 463 of the Laws of Malta). The Assistance to Business Start Regulations, 2024 as subsidiary legislation **463.XX** to the Malta Enterprise Act form the specific legal basis for this scheme.

2. Definitions

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

2.1 Start-up Undertaking

2.1.1 A Start-up Undertaking shall be any unlisted small enterprise up to five years following its registration, which fulfils the following cumulative conditions:

1. it has not taken over the activity of another undertaking, unless the turnover of the overtaken activity accounts for less than 10% of the turnover of the eligible undertaking in the financial year preceding the take-over;
2. it has not yet distributed profits;
3. it has not acquired another undertaking or has not been formed through a merger, unless the turnover of the acquired undertaking accounts for less than 10% of the turnover of the eligible undertaking in the financial year preceding the acquisition or the turnover of the undertaking formed through a merger is less than 10% higher than the combined turnover that the merging undertakings had in the financial year preceding the merger.

2.1.2 For eligible undertakings that are not subject to registration, the five-year eligibility period shall start from either the moment when the undertaking starts its economic activity or the moment it becomes liable to tax with regard to its economic activity, whichever is earlier.

2.1.3 By way of derogation from point (3) of the first subparagraph, undertakings formed through a merger between undertakings eligible for aid shall also be considered eligible undertakings up to five years from the date of registration of the oldest of the merging undertakings.

2.1.4 Undertakings controlled by owners of previously closed down businesses that were established in Malta cannot be considered as a start-up undertaking under this incentive if the new undertaking is operative in the same or related sectors as that of the closed down firm. This restriction applies for a period of twelve (12) months following such closure.

2.1.5 At the time of application, the start-up undertaking must employ less than fifty (50) Full Time Equivalent FTE employees and have an annual turnover or an annual balance sheet total which does not exceed ten million euro (€10 million).

2.1.6 When an undertaking has a parent/subsidiary relationship with another undertaking all entities in such a relation must meet the above criteria for the undertaking to be considered a start-up undertaking.

2.2 Unlisted small enterprise

2.2.1 An unlisted small enterprise means a small undertaking not listed on the official list of a stock exchange, except for alternative trading platforms.

3. Eligibility

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

3.1 Legal Form and Ownership

3.1.1 To be eligible, an applicant must be registered as a recognised business entity such as a self-employed, co-operative or limited liability company¹. The Corporation shall accept applications from businesses that have not been formally established yet, however any support approved shall be made available after the applicant has been formally established.

3.1.2 Irrespective of its legal form a Small Start-up Undertaking will not be eligible for this incentive if the applicant is controlled by owners of:

- a) existing businesses or other undertakings that are operative or have interests that exceed 25% in other undertakings in the same or related sector. ²
- b) an undertaking operative in the same or related sector that had closed down in the twelve (12) months preceding their Establishment Date.

3.2 Establishment Date

3.2.1 The Corporation shall only consider requests for support submitted within thirty-six (36) months from the date of establishment of the undertaking requesting support. The applicant must still qualify as a Small Start-up Undertaking on the date the application is submitted.

3.3 Knowledge

3.3.1 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.

3.4 Eligible Activities

3.4.1 In order to be eligible for assistance under this incentive, applicants must be engaged in the development of a venture which shall be engaged in:

- 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.

¹ Applications from partnerships may only be considered if the partnership is registered as such with the Malta Business Registry.

² 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.

3.4.3 In order to be eligible for assistance under this incentive, applicants must propose products and/or services that have the potential to generate income from various geographical markets.

3.4.4 Applicants must be classified in activities which fall under the following NACE codes:

- C Manufacturing
- E 38.2 Waste treatment and disposal
- E 38.3 Waste treatment and disposal
- E 39 Remediation activities and other waste management services
- J Information and communication
- M 71 Architectural and engineering activities; technical testing and analysis
- M 72 Scientific research and development
- M 73 Advertising and market research
- M 74 Other professional, scientific and technical activities
- P Education
- Q Human health and social work activities
- R 90 Creative, arts and entertainment activities
- R 93 Sports activities and amusement and recreation activities

3.5 Disqualifying criteria

3.5.1 Irrespective of the parameters established in these Guidelines, Start-up undertakings must not be engaged in activities excluded from receiving this aid in terms of the applicable State Aid Regulation (see Section 6 State Aid Rules and Obligations).

4. Incentive Description

4.1.1 An initial seed fund of up to ten thousand euro (€10,000) may be awarded to start-up undertakings that are still in their early development phase. Such start-ups would have a developed business concept which is not yet backed by a formal business plan.

Funding shall support the start-up to develop a comprehensive implementation and growth plan based on the business concept described in the application.

4.1.2 The support shall be awarded as outlined below :

- a) A grant of three thousand euro (€3,000) shall be disbursed, if within three (3) months from the date when the Letter of Approval is issued, the Beneficiary returns the signed Letter of Approval to the Corporation and concurrently provides evidence of having employed and registered on a part-time or full-time basis³ at least one employee who is resident in Malta.
- b) The second tranche of three thousand five hundred euro (€3,500) may be requested at least two (2) months after, but not later than six (6) months, from the date when the signed Letter of Approval is returned by the Beneficiary to the Corporation. The request shall only be accepted if:
 1. The Beneficiary is still employing at least one (1) employee registered on part-time or full time basis; and
 2. The Beneficiary submits a Business Plan for developing the proposed supported business that meets the standards required by the Corporation. (The Corporation shall only accept Business Plans that are submitted on the template provided).
- c) A final tranche of three thousand five hundred euro (€3,500) may be requested within three (3) months from the approval of the Business Plan (submitted for the release of the second tranche). The request shall only be considered subject to all the following conditions being met:
 1. The Business Plan submitted with the request for the second disbursement has been approved by the Corporation;
 2. The Beneficiary is still employing at least one (1) employee registered on part-time or full time basis; and
 3. The Beneficiary provides evidence of a business address from where the business shall be carried out. (This could be a non-residential premises owned by the Beneficiary⁴, a rented space that is licenced for business use, or an agreement of at least four months to use shared business facilities).

4.1.3 The Corporation may adjust disbursement and seek to recover funding if the Beneficiary does not maintain at least one (1) person registered on part-time or full-time employment during the funding period.

³ Full-time reduced hours will be considered as full time.

⁴ The Corporation may request the electricity bill issued by ARMS to confirm the premises as non-residential.

5. Application Process

5.1 Application

- 5.1.1 Applicants seeking support through this measure should submit the relevant application duly completed to Malta Enterprise.
- 5.1.2 Applicants that are still developing their business concept should seek advice through the Centre for Entrepreneurship and Business Incubation (CEBI) at the University of Malta so that the readiness of their value proposition is mapped.
- 5.1.3 Applications may be submitted through the Corporation's client portal which may be accessed from <https://clientportal.maltaenterprise.com/login>
- 5.1.5 Applications for assistance under these Guidelines must reach the Corporation by not later than the 30th October 2026.
- 5.1.6 Incomplete applications will be rejected.
- 5.1.7 The Corporation shall have the right to reject any application received.

5.2 Evaluation

- 5.2.1 The Corporation will only support start-ups that are deemed to be:
 - a) **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 competitive advantage when compared with other alternatives in the market.
 - b) **Financially Feasible:** 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.
 - c) **Technologically Feasible:** The project is based on sound technical concepts and uses technology to which the promoters have access.
- 5.2.2 Furthermore in approving any assistance, the Corporation shall consider the following aspects:
 - a) **Innovation:** How the proposed business stands out compared to competitors in the relevant market/s
 - b) **Market:** The applicant has identified a market and has clear strategies on how to penetrate that market.
 - c) **Process:** The applicant has presented a clear business model clearly defining processes, workflows and value chains both with the proposed start up and in relation to external stakeholders.
 - d) **Knowledge/know-how:** The promoters have (or have access to) the necessary knowledge and know-how required to take the project forward.

5.3 Adjudication

- 5.3.1 Once a project is approved, a Letter of Approval will be issued by the Corporation. This letter shall include any additional terms on the basis of which the Corporation approved the project.

5.4 Monitoring

- 5.4.1 Beneficiaries will be subject to monitoring and on-site verification which may be carried out by the Corporation or by third parties commissioned by the Corporation so as to ensure that the project is being or was implemented in line with the parameters established in the Letter of Approval issued by the Corporation.

6. State Aid Rules and Obligations

6.1 Applicable State Aid

6.1.1 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*, 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*, 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*, by *Commission Regulation (EU) 2021/1237 of 23 July 2021 amending Regulation (EU) No 651/2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty*, by *Commission Regulation (EU) 2023/1315 of 23 June 2023 amending Regulation (EU) No 651/2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty and Regulation (EU) 2022/2473 declaring certain categories of aid to undertakings active in the production, processing and marketing of fishery and aquaculture products compatible with the internal market in application of Articles 107 and 108 of the Treaty*, and as may be subsequently amended (hereinafter referred to as the General Block Exemption Regulation/Commission Regulation).

6.1.2 The incentive is not applicable to activities listed in Article 1 (2), (3), (4) and (5) of the Commission Regulation (where applicable).

6.1.3 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 other expenditure costs linked to an export activity.
- b) contingent upon the use of domestic over 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.

6.2. Aid Intensity

6.2.1 The total maximum support that start-up undertakings may be assisted with per undertaking under any start-up scheme, must not exceed the amounts laid down in Article 22 of the Commission Regulation.

6.3 Rules on Cumulation of Aid

6.3.1 Rules on Cumulation of Aid shall be in line with Article 8 of the Commission Regulation.

6.4 Transparency Obligations

6.4.1 For any individual aid awarded in excess of EUR 100,000 (the details of the beneficiary, the aid awarded, and the project details shall be published as provided for in Article 9 of the Commission Regulation.



7. 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