

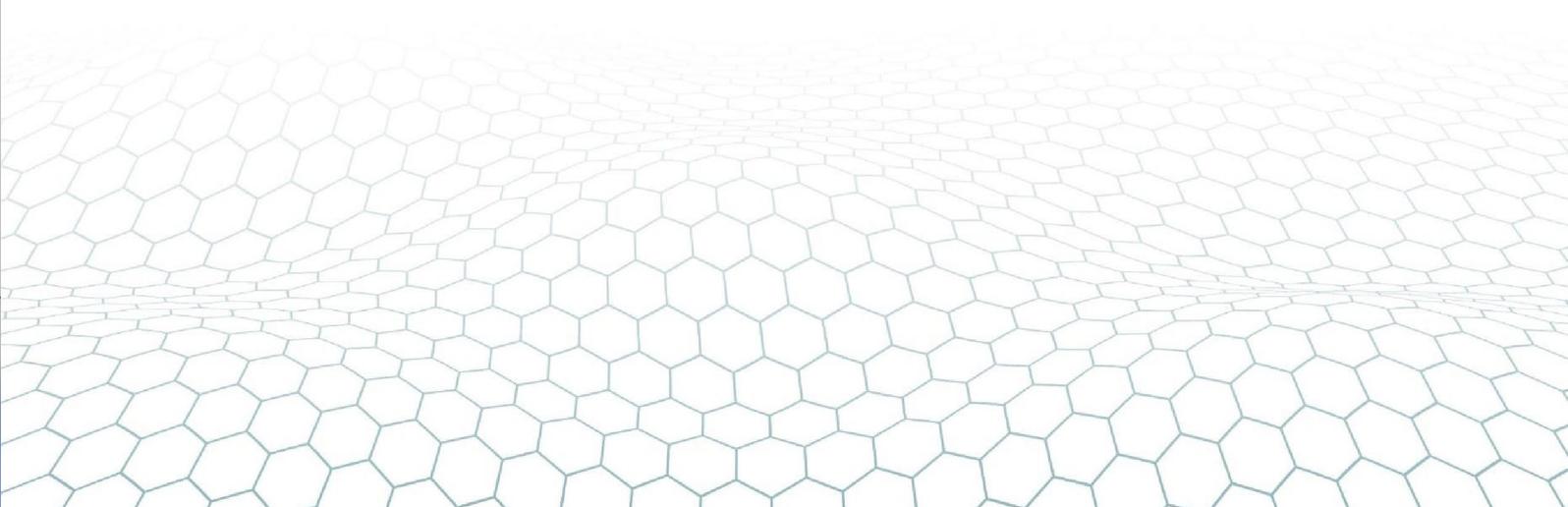


MALTAENTERPRISE

COVID- 19 Support Measure
INCENTIVE GUIDELINES
<https://www.maltaenterprise.com/support>

Change to Grow

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1. Overview

- 1.1 The COVID-19 pandemic has affected society in ways that will impinge on business beyond the current situation. Businesses have a chance to improve their performance and grow by taking the opportunity to enhance their processes, embrace digital technology and implement sustainable solutions. The Change to Grow initiative supports businesses kick-start transformation processes that lead to growth, sustainability, and optimised performance.
- 1.2 The scope of this incentive is to support self-employed persons, micro enterprises, and small and medium-sized enterprises (hereafter collectively referred to as SMEs) to realign their business activity, restructure their employees, product and/or service portfolio, optimise the use of technology and embrace green technology and practices. SMEs with a vision to develop can seek support from external advisors to assist them in carrying out significant changes that will enable them to accelerate development, address sustainability and improve market access.

2. Am I eligible?

- 2.1 To be eligible for support you must meet all the criteria established below:
- a. The applicant must be a self-employed person, or a micro, small or medium-sized enterprise having at least one full-time employee (full-time self-employed persons are considered to meet this criterion).
 - b. Applicants engaged in activities specifically excluded under the *de minimis* Regulation (vide Section 8) may not benefit from this support.

3. What is the maximum support?

- 3.1 The Change to Grow initiative will support an *Advisory Stage* and a subsequent *Implementation Phase* to any recommendations pursuant from the advisory. Eligible undertakings may benefit from a maximum grant of ten thousand Euro (€10,000) disbursed as a reimbursement of seventy-five percent (75%) of eligible costs incurred.
- 3.2 Change to Grow is a *de minimis* measure. The total amount of *de minimis* aid granted to a single undertaking shall not exceed the amount of €200,000 (or €100,000 in the case of single undertakings performing road freight transport for hire or reward) over any period of three consecutive fiscal years.

4. Advisory Stage

4.1 During the *Advisory Stage*, support is limited to a maximum of five thousand Euro (€5,000) and up to one hundred and twenty euro per hour (€120/hr) excluding VAT. Only costs related to a *Qualifying Advisory Service* as detailed below can be part-financed at this stage of the approved project. Beneficiaries are to complete the *Advisory Stage* within six (6) months of the Corporation's approval. The Corporation may extend the implementation period if the delays are a result of externalities not dependent on the beneficiary or *Advisory Service* provider.

Qualifying Advisory Services

4.2 The Corporation shall consider supporting advisory services in areas that address a strategic shift in the operation of an enterprise, such as:

- a) Digitisation of business processes
- b) Performance optimisation
- c) Process improvements
- d) Environmental performance and sustainability
- e) Implementation of quality systems
- f) Product process certifications
- g) Customer handling procedures
- h) Pricing analysis
- i) Market positioning
- j) Human resource optimisation
- k) Other actions as may be justified by the applicant

4.3 The advisory service must be provided by an individual or a team led by an individual who meets one of the following criteria:

- a) holds a post graduate university degree in a scientific, technical or behavioural science area (such as engineering, information technology, industrial psychology and economics);
- b) is a warranted accountant;
- c) holds a post graduate degree in business studies, business administration or equivalent (as may be determined by the Corporation);
- d) has served a minimum of five (5) years in a CEO, COO, or top management position in a reputable organisation (as may be determined by the Corporation).

4.4 The advisory service provider must agree to an hourly charge-out rate. The advisory service provider will be required to maintain time sheets depicting the work done in favour of the Beneficiary and to compile a report highlighting the main recommendations and eligible costs that the Corporation may consider supporting during the Implementation phase (see section 5.4 below).

4.5 The advisor or advisory team leader must meet the above parameters. To simplify the on boarding of advisors, The Malta Chamber of Commerce, Enterprise, and Industry, established a directory of eligible advisors, which is available for download. However, an applicant is not restricted to choose an advisor from this list.

Applying for Advisory

4.6 You should start by downloading the application form from the Corporation's website. We have structured the application form to help you manage the application process in line with the requirements of the scheme. In compiling the application, you will need to consult with the selected Advisory Service

provider, as sections of the application form require information related to the capabilities of the service provider. Furthermore, the Advisory Service provider would need to confirm that the documentation required by the Corporation following the *Advisory Stage* and the *Implementation Phase* will be submitted as required.

- 4.7 Before proceeding with the application, ensure that the advisor is available to deliver the service in the eligible timeframe of six (6) months from approval date. In this respect, applicants should be aware that the Corporation has the discretion of approving support and may disqualify an application if the same advisor has taken other commitments under the scheme that could prohibit the delivery of a quality service.
- 4.8 The selected Advisory Service provider will have to provide you with a quotation on the *Quotations Template* provided by the Corporation. The quotation shall clearly define the advisory services agreed to, the hourly rate and the time allocated for the task.
- 4.9 The Corporation shall receive applications until Monday 31st October 2022 through the Corporation's client portal. The portal is located at <http://clientportal.maltaenterprise.com>.
- 4.10 The Corporation will review and evaluate all applications submitted. During this process, the Corporation may seek further clarifications from both the applicant and the advisor. If the request for support is approved, a Letter of Approval covering the *Advisory Stage* shall be issued detailing the terms of the Grant.
- [Requesting support for implementing recommendations](#)
- 4.11 Following the completion of the Advisory Service, the Beneficiary shall submit all the documentation required to claim reimbursement of approved costs as specified in the approval letter. The submission shall include fiscal documentation, proof of payment, timesheets, and an Advisory Report on a template provided by the Corporation. The summary Advisory Report shall highlight the main findings of the advisory, the recommendations and a list of investments that are needed to facilitate the implementation of the recommendations.

5. Implementation Phase

- 5.1 The outcome of the advisory and the recommendations for implementing the required changes communicated to the Corporation in the *Advisory Report* can trigger the request for additional support to kick-start the change process.
- 5.2 The *Implementation Phase*, which if undertaken must follow the advisory stage and be applied for when claiming for the advisory cost reimbursement, shall give access to a further five thousand Euro (€5,000) of support. During this phase, the Beneficiary can receive part financing of eligible costs incurred for the implementation of the recommendations highlighted by the advisory service.
- 5.3 The *Advisory Report Form* can identify up to five (5) investment costs which should be carried out in preparation or for the implementation of the change process. If the investment costs are approved and deemed eligible by the Corporation, a Letter of Approval will be issued to the Beneficiary approving support for the carrying out of the *Implementation Phase*.

Eligible costs

5.4 The Corporation shall consider eligible costs having a value of at least five hundred Euro (€ 500) that are identified in the *Advisory Report* and that cover the following areas:

- a) investment costs in tangible assets;
- b) procurement of off-the-shelf software solution (including new licenses);
- c) new subscriptions to Software As A Service (SaaS) solutions, covering a period of up to twelve (12) months;
- d) one-off services or the initial engagements covering a period of three months of service providers addressing new solutions to which the Beneficiary had no prior access.

5.5 In addition, out of five thousand Euro (€5,000) of support available for the *Implementation Phase*, up to five hundred Euro (€500) of this funding can be utilised to part-finance additional advisory support required during the Implementation Phase.

5.6 Only costs incurred **after** the Corporation evaluates the *Advisory Report* and issues a further Letter of Approval specifying the terms and conditions of any additional funding, shall be eligible.

Ineligible costs

5.7 Support may not be provided in respect to:

- a) items or services procured from parties related to the beneficiary;
- b) items or services (excluding advisory approved under this scheme) procured from the advisory service provider or parties related to the provider;
- c) costs related to ongoing continuous or periodic activities;
- d) costs related to export activities;
- e) costs related to the undertaking's usual operating costs, such as routine tax consultancy services, regular legal services, or advertising.

Claiming implementation costs

5.8 The beneficiary will have the opportunity to claim the additional support within a period of 12 months following an endorsement by the Advisory Service provider that the Beneficiary is progressing in the implementation of the agreed changes.

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, 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 (the *de minimis* Regulation).

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 threshold 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 over any period of three fiscal years applies. The agriculture and fisheries sectors are subject to different thresholds and criteria. 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. For the purpose of this declaration, the term 'single undertaking' as defined in Section 7.7 below, includes 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 1 of Commission Regulation (EU) No 651/2014.

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 form¹ 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. 104/2000²;
- 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;

¹ The *de minimis* Aid Declaration may be downloaded from <http://www.maltaenterprise.com/en/support/docs/de-minimis-declaration>

² 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).

- 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 this 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 this Regulation.

6.3.2 *De minimis* aid 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.

7. Further Information

- 7.1 Beneficiaries will be monitored by the Corporation and other agencies entrusted by the Corporation. If a beneficiary fails to implement or 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.

Useful Definitions

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

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

- 7.4 **Corporation / Malta Enterprise:** *The terms The Corporation and Malta Enterprise shall mean Malta Enterprise Corporation as established by the Malta Enterprise Act, (CAP 463 of the Laws of Malta).*

- 7.5 **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.*

- 7.6 **Single Undertaking:** *For the purpose of these 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, as amended.*

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

- one (1) enterprise has a majority of the shareholders' or members' voting rights in another undertaking;*
- one (1) enterprise has the right to appoint or remove a majority of the members of the administrative, management or supervisory body of another undertaking;*
- one (1) enterprise has the right to exercise a dominant influence over another enterprise pursuant to a contract entered into with that undertaking or to a provision in its memorandum or articles of association;*
- 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 undertaking, a majority of shareholders' or members' voting rights in that undertaking.*

Enterprises having any of the relationships referred to in points (a) to (d) above 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 undertakings 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 undertakings controlled by the same public body or bodies, which may have an independent power of decision, is therefore taken into account³.

³ Commission Regulation (EU) No 1407/2013 of 18th December 2013, as amended.



8. Contacts

For guidance on the filling in of the application form kindly contact Business 1st on 144 during office hours.

Duly filled applications must be submitted to Malta Enterprise via the Corporation's Client Portal <https://clientportal.maltaenterprise.com/login>