

Support for the Construction Industry to Replace Existing machinery with new, more environmentally friendly machinery and equipment

FAQs updated as at 03/12/2020

1. A business submits an application for purchasing second hand equipment. However by the time the application is processed the item is sold. Would a new application have to be submitted?
2. Can an applicant pay for the equipment purchased over a number of years say 2 to 3 years?
3. Can business claim equipment funded through loans guaranteed by public entities?
4. In case were you have applicants wanting to purchase new machinery themselves from abroad, will the scheme cover transportation cost and registration tax?
5. Some electric equipment such as (Tower Crane) is powered by electric motors. Can such equipment be supported under this measure?
6. Can a beneficiary request that Malta Enterprise paying the supplier instead of requesting the beneficiary to pay and request reimbursement?
7. Can the scheme cover the purchase of new equipment even if no old equipment is scrapped?
8. What qualifies as machinery and equipment?. For e.g. would a forklift and a cherry picker qualify?
9. Can an application be submitted for the replacement of equipment with equipment that performs the same function but is not equivalent? For example, can an applicant scrap an excavator and instead purchase a jigger. [Updated 03/12/2020]
10. What will be considered a sufficient reduction in emissions for the equipment to be considered eligible?
11. What documentation will be required if the equipment to be replaced is not specifically insured?
12. Will applicants having a repayment agreement in respect of arrear related to VAT, Income Tax or Social Security be considered eligible?
13. Will there be a standard format for the engineers report on old and new equipment assessment on emissions?
14. Would it be possible to scrap an old piece of equipment but purchase a new piece of equipment which might be different in purpose. For example a tipper truck with a crane? [Updated 03/12/2020]
15. In case were applicants want to replace multiple machinery, can they provide individual quotes for each piece from different suppliers?
16. Can the applicant get the engineer assessment documentation done by his supplier or an employee?
17. Are material crushers used in quarries considered as eligible equipment? Can they be replaced with new ones that consume less electricity or have more technology to control dust pollution?
18. For an applicant to benefit from the 60% aid the application has to be for equipment that works with fossil fuels to be replaced with equipment that works with an electric motor using electricity right?
19. Can a truck be replaced by a truck with a mixer installed on it? [Updated 03/12/2020]
20. Can I replace any commercial vehicle?
21. Is it possible to buy filters to be used purely for the reduction of emission?
22. Can old machinery powered by a combustion engine be replaced by equivalent equipment that is electrically powered but does not include a battery?
23. If a quote includes optional items will the applicant need to declare the options which will be bought at application stage?

1. A business submits an application for purchasing second hand equipment. However by the time the application is processed the item is sold. Would a new application have to be submitted?

Applicants should try to make the necessary arrangements with suppliers to hold the offer until a decision from the Corporation is issued. It is understandable that this might not always be possible and there will be situations that by the time the approval is issued the equipment might have been sold to another buyer. In such cases and unless there is suspicion of collusion the Corporation will allow the beneficiary to request a change in the approval parameters as long as the engineer who was engaged to compile the application certifies that the alternative equipment is equivalent to that specified in the application and the value of aid requested is not changed.

2. Can an applicant pay for the equipment purchased over a number of years say 2 to 3 years?

Typically, beneficiaries will be given 6 months to finalise the procurement and 12 months thereon to submit claims which must include proof of payment. If payment is to be extended beyond 12 months, the beneficiary should consider alternative options to finance the expenditure (such as a bank loan).

3. Can business claim equipment funded through loans guaranteed by public entities?

According to the guidelines "Where the beneficiary may benefit from any other State Aid in respect of expenditure incurred in the carrying out the approved project, the beneficiary must ensure that any rules governing the cumulation of aid are respected." In such case, the beneficiary must provide details of the aid intensity of the guaranteed loan. The value will be deducted from the amount approved.

In such instance, applicants will need to verify the rules applicable to the other measure.

Example: Machine costs € 50,000 and through the Construction Industry Scheme gets 40% approved (that is €20,000). The aid intensity of the guaranteed loan was of 10% (that is €5,000). The amount of aid that can be disbursed is hence reduced to €15,000.

4. In case were you have applicants wanting to purchase new machinery themselves from abroad, will the scheme cover transportation cost and registration tax?

Registration tax and transportation costs shall be considered as an integral part of the purchase price. Transportation cost shall be limited to one transaction covering the transit between the country of purchase and Malta. The invoice (documentation) presented must clearly identify the equipment being transported with clear reference to model and identification numbers.

5. Some electric equipment such as (Tower Crane) is powered by electric motors. Can such equipment be supported under this measure?

The scheme does not cover the replacement of equipment powered by electric motors. The scheme covers equipment that results in a direct reduction in emissions. For investment to achieve energy savings, applicants can consider opting for the Investment Aid for Energy Efficiency Scheme.

6. Can a beneficiary request that Malta Enterprise paying the supplier instead of requesting the beneficiary to pay and request reimbursement?

The scheme allows only for reimbursement of the costs incurred. Malta Enterprise cannot issue funds to suppliers of equipment.

7. Can the scheme cover the purchase of new equipment even if no old equipment is scrapped?

The scheme covers the replacement of old equipment. The Corporation may only support the procurement of new machinery which has the specific function of reducing harmful emissions generated by construction activities.

8. What qualifies as machinery and equipment?. For e.g. would a forklift and a cherry picker qualify?

In the guidelines, the term machinery and/or equipment is defined as heavy equipment or heavy machinery, which is movable in nature and specifically designed for executing construction tasks as well as equipment that aids and supports construction and equipment that reduces the environmental impact of construction. The definition does not include hand tools whether these are electrically powered or not. The replacement of equipment such as forklifts and a cherry pickers powered by fossil fuels may be considered as eligible.

9. Can an application be submitted for the replacement of equipment with equipment that performs the same function but is not equivalent? For example, can an applicant scrap an excavator and instead purchase a jigger. [Updated 03/12/2020]

In principle the scrapped equipment and that purchased to replace it must be equivalent. The Corporation may yet consider the replacement of equipment with other equipment that performs a different function as long as the new equipment has the similar engine size capacity and results in a reduction in 20% in CO2 emissions based on a typical annual usage.

10. What will be considered a sufficient reduction in emissions for the equipment to be considered eligible?

Applicants will be required to provide an analysis of the reduction in Unburnt hydrocarbon, Carbon Dioxide, Carbon monoxide, Nitrogen Oxides, Particulate Matter and Sulphur Dioxide. The application will establish a minimum reduction to be achieved for the application to be considered.

11. What documentation will be required if the equipment to be replaced is not specifically insured?

Applicants will need to provide evidence that the equipment being replaced was covered by insurance policy for the last two years. If the equipment is not covered by a specific policy a document from the insurer must be provided to confirm that the equipment was covered by an insurance policy.

12. Will applicants having a repayment agreement in respect of arrear related to VAT, Income Tax or Social Security be considered eligible?

Yes, they will be considered eligible but would be required to present the agreement and proof that it is being adhered too (or a letter from Revenue confirm the existence of such an agreement and that is being followed).

The processes will to be repeated at claim stage. At claim stage, the beneficiary will be required to demonstrate the repayment agreement is being honored and that any new dues have been settled.

The Corporation may impose limits on the disbursement of funds in relation to applicants/beneficiaries that have such repayment agreements.

13. Will there be a standard format for the engineers report on old and new equipment assessment on emissions?

The engineers report will be integrated as part of the application. The engineer can provide further information if it is deemed necessary as an annex to the application.

14. Would it be possible to scrap an old piece of equipment but purchase a new piece of equipment which might be different in purpose. For example a tipper truck with a crane? [Updated 03/12/2020]

The replacement of a tipper truck with a similar tipper truck which includes a crane is consider eligible.

15. In case were applicants want to replace multiple machinery, can they provide individual quotes for each piece from different suppliers?

Applicants will need to submit one application for each equipment/machinery to be replaced. If a single quote includes two new machines the applicant will still be required to submit two applications (the same quote can be used in both applications).

16. Can the applicant get the engineer assessment documentation done by his supplier or an employee?

The report must be signed by a warranted engineer (in his capacity) who may be employed but the applicant or the supplier.

17. Are material crushers used in quarries considered as eligible equipment? Can they be replaced with new ones that consume less electricity or have more technology to control dust pollution?

They might be considered on the basis of the reduction in dust pollution but it would be recommended to be considered for support under the investment aid for energy efficiency scheme.

18. For an applicant to benefit from the 60% aid the application has to be for equipment that works with fossil fuels to be replaced with equipment that works with an electric motor using electricity right?

Correct, an aid intensity of 60% may only be awarded when replacing equipment powered by fossil fuel engine with one that is fully electric.

19. Can a truck be replaced by a truck with a mixer installed on it? [Updated 03/12/2020]

In principle, the scrapped equipment and that purchased must provide the same functionality (that should be at the least equivalent). The new equipment can provide additional functionality. For example, it could be able to carry large load or have additional equipment installed which provides added functionality.

The Corporation may yet consider the replacement of equipment with other equipment that performs a different function as long as the new equipment has the similar engine size capacity and results in a reduction in 20% in CO2 emissions based on a typical annual usage.

20. Can I replace any commercial vehicle?

The guidelines specify that the term machinery and/or equipment refers to heavy equipment or heavy machinery, which is movable in nature and specifically designed for executing construction tasks as well as equipment that aids and supports construction. Commercial vehicles used for the carriage of goods can be considered if they have a capacity of at least 3,500kg (N2).

21. Is it possible to buy filters to be used purely for the reduction of emission?

If it can be demonstrated that such filters are additional investments that result in a reduction of the environmental impact of construction they can be considered for support. Replacement of existing filters with equivalent shall not be considered eligible.

22. Can old machinery powered by a combustion engine be replaced by equivalent equipment that is electrically powered but does not include a battery?

Yes, such replacement shall be considered eligible as long as the equipment is powered through the electrical grid. The old equipment must be scrapped as per scheme guidelines.

23. If a quote includes optional items will the applicant need to declare the options which will be bought at application stage?

Yes, the total value of aid has to be established at application stage hence such optional items must be indicated at application stage. Malta Enterprise may remove such items from the eligible value. If the investment is approved and the beneficiary opts not to purchase any approved optional items his claim would be limited to the items purchased. There shall be no adjustment to the aid awarded (the value of aid awarded shall remain the amount indicated in the approval letter even if this is not claimed).