

## Incentive Guidelines

### Business Development Grant Scheme



**MALTA**ENTERPRISE

Issue Date: 24<sup>th</sup> January 2008

Version: 1.2

Updated: 10<sup>th</sup> September 2012  
10<sup>th</sup> April 2014

<http://support.maltaenterprise.com>



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# 1. Introduction

## 1.1 Scope and Background

The Business Development Grant Scheme is intended to facilitate high-value adding projects that are likely to offer a significant contribution to the regional development of Malta. The scheme may support various activities such as supporting the initial development phase of undertakings establishing an operational base in Malta and expansion projects.

## 1.2 Duration of the incentive.

This incentive is available till 31st December 2017.

## 1.3 Legal Basis

Malta Enterprise is enabled to issue and publish official Incentive Guidelines in terms of Article 8(3)(a) of the Malta Enterprise Act, Chapter 463 of the Laws of Malta.

The Enterprise Support Incentives Regulations SL 463.04 (Malta Enterprise Act, Chapter 463 of the Laws of Malta) provides the legal basis of this incentive.

## 1.4 Designated Authority

This incentive is administered by Malta Enterprise Corporation.

# 2. Eligibility

## 2.1 Eligible Undertakings

This incentive is targeted towards those undertakings engaged in manufacturing, industrial services, ICT, biotechnology or in other innovative or high value adding operations as may be approved by Malta Enterprise.

## 2.2 Exclusions

- a. 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% are not eligible.
- b. Undertakings engaged in activities specifically excluded under the [de minimis regulations (vide Section 5) are not eligible for this incentive.
- c. Undertakings in difficulty (vide Section 5) are excluded from benefiting from assistance under this incentive.
- d. Applicants must not be defaulting on VAT, Income Tax, Social Security and rent payments to government.
- e. This incentive is not intended for voluntary organisations.

## 3. Incentive Description

### 3.1 Details of Incentive

The incentive aims to facilitate high value-adding projects that are likely to offer a significant contribution to the regional development of Malta.

### 3.2 Actions and costs that may be supported through this incentive and the applicable aid intensity.

The total aid per enterprise shall not exceed Euro200,000 over a period of three rolling fiscal years. The grant may be used to support costs approved a priori by Malta Enterprise. The extent of aid granted through this incentive will take into consideration the potential contribution of the project to the Maltese economy and the number of new jobs that will be created.

The approved financing shall have the objective to support the undertaking in mitigating various costs related to the proposed project. Examples of costs items that may be supported include:

- a. Professional and consultancy fees;
- b. Fees related to selection process and recruitment of staff;
- c. Relocation costs of personnel;
- d. Cost related to capacity building;
- e. Transport and freight costs;
- f. Setting up costs; and
- g. Costs related to the handicaps encountered by enterprises setting up an operation in Malta.

## 4. Evaluation and Assignment of Aid

Aid under this incentive is subject to pre-approval by Malta Enterprise and is awarded at the sole discretion of Malta Enterprise.

In assigning aid under this incentive Malta Enterprise will examine the project's potential to provide a significant contribution to the Maltese economy by examining various criteria that will include:

- a. Feasibility – Is the project feasible and is it reasonably likely to remain feasible in the foreseeable future
- b. Track Record – The investor's reputation (is the enterprise listed on international stock-exchanges; has the enterprise a leading position in the same line of business/industry; or has the investor successfully executed cross-border investments).
- c. Technology – Will the technology used and the associated technological know-how expand local capabilities, potentially providing access to technology to other local enterprises through technology transfer;
- d. Employment – Will the project generate employment in areas where the required human capital is available and will it offer job opportunities to qualified or highly skilled personnel;
- e. Impact – Will the investment generate a positive impact on the productivity of other domestic companies through networking and clustering opportunities.

A due diligence process may be required prior to the granting of aid under this incentive to establish that the proposed project is feasible and demonstrates a fair chance of success.

Once a project is approved, a Letter of Approval or an Incentive Entitlement Certificate will be issued in line with Part 6 Section 28 et seq. of the Malta Enterprise Act.

## 5. State Aid Rules and Obligations

### 5.1 Applicable State Aid

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*.

[<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:352:0001:0008:EN:PDF>]

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.

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 (EC No 800/2008). 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.

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.

The *de minimis* declaration form<sup>1</sup> must be filled in and submitted together with the application form.

### 5.2 Applicability of the Aid

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. 104/2000<sup>2</sup>;
- 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;
- 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.

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.

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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).

### 5.3 Undertakings in Difficulty

Firms in difficulty in terms of Community Guidelines on State aid for rescuing and restructuring firms in difficulty, Official Journal C244, 01.10.2004, are excluded from benefiting from assistance under this aid scheme.<sup>3</sup>

### 5.4 Undertakings subject to a recovery order

Aid approved by the Corporation under the **Business Development Grant Scheme** will be suspended until the undertaking has reimbursed old, unlawful and incompatible aid that is subject to a recovery.

### 5.5 Cumulation

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<sup>4</sup> 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.

*De minimis* aid approved under the **Business Development Grant Scheme** 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.

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3 [http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:52004XC1001\(01\):EN:HTML](http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:52004XC1001(01):EN:HTML)

4 Commission Regulation (EU) No 360/2012 of 25 April 2012 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to *de minimis* aid granted to undertakings providing services of general economic interest (OJ L 114, 26.4.2012, p. 8).





## 6. 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  
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