

Incentive Guidelines

Strengthening Market Entry and Internationalisation



MALTAENTERPRISE

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1. Introduction

1.1 Scope

The scope of this incentive is to facilitate access to foreign markets by allowing enterprises to explore growth opportunities, establish business contacts and consolidate existing markets. This scheme provides part-financing to business undertakings that participate in international trade events, fairs and trade missions. Business undertakings can capitalise on these events by establishing trade partners, developing value chains, identifying new business opportunities and acquiring knowledge about new markets, technologies and consumer trends.

Malta Enterprise also provides various initiatives that prepare entrepreneurs for entering new markets. These initiatives help local business in acquiring market knowledge; developing effective marketing capabilities; understanding specific market issues and building the internal capabilities to export their products and services.

1.2 Duration of the Incentive

The aid scheme terminates on the 31st December 2017.¹

Malta Enterprise may periodically update and amend these Incentive Guidelines.

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) provide the legal basis of this incentive.

1.4 Designated Authority

This incentive is administered by Malta Enterprise.

¹ This aid scheme is in line with the *de minimis* Regulation. Further information may be found in Section 5 of this Incentive Guidelines. If any changes are made to the *de minimis* Regulation, the aid scheme will be brought in line with any amendments made to such Regulation.

2. Eligibility

2.1 Eligible Undertakings

This incentive is open to undertakings² engaged in an economic activity in Malta.

Except in the case of entrepreneurs in the process of establishing a new business, applicants should be registered with the Value Added Tax Department and expecting an annual turnover of over €7,000 per annum.

2.2 Eligible trade events, fairs and trade missions

Support may be approved for part financing eligible costs incurred for the participation in:

- a. Business to Business international trade events and fairs where the applicant is present as an exhibitor with a managed promotional stand, promoting the undertaking's products and services.
Small start-up³ undertakings and undertakings that are mainly focused on the local market⁴ may also be supported to visit trade events or fairs (without having a promotional stand) as long as they form part of a contingent managed (or otherwise approved) by Malta Enterprise or whilst being mentored (as approved by Malta Enterprise) by an established exporter participating in the event.
- b. Events organised specifically by international organisations for the purpose of seeking project partners, venture capital or business angel financing in relation to a potential business opportunity.
- c. Trade missions organised or approved by Malta Enterprise. Trade missions may include delegations organised for the purpose of:
 - i. better promoting business links between regions; or
 - ii. supporting undertakings in developing their export potential and knowledge of specific markets.

2.3 Additional Provisions

- 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 for assistance through this scheme.
- b. Assistance may only be granted to applicants that have complied with obligations or conditions set by Malta Enterprise with respect to any support granted previously.
- c. Applicants defaulting on Value Added Tax (VAT), Income Tax, National Insurance, and rent payment to Government will be disqualified.
- d. Persons or undertakings engaged in activities specifically excluded under the applicable State Aid regulations (vide Section 5) are not eligible for this incentive.
- e. The following are excluded from assistance under this incentive:
 - i. undertakings in difficulty (vide Section 6);
 - ii. voluntary organisations;

² An undertaking may be: a company set up under the Companies Act, Chapter 386 of the Laws of Malta; a sole trader; or a co-operative society set up under the Co-operative Societies Act, Chapter 442 of the Laws of Malta. 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).

³ A start up is a newly created enterprise - created less than five years before the date of application for the specific aid.

⁴ undertakings that have an export turnover of less than 20% and that within the previous eighteen months has successfully trained key personnel in developing the undertaking's international competitiveness through training administered or endorsed by Malta Enterprise.

- iii. participation in events providing participants with a direct sale channel to consumers;
 - iv. participation in seminars, conferences, workshops, meetings of associations or other similar gatherings;
 - v. gambling (including online betting and casinos);
 - vi. trading or manufacturing of arms and military equipment and related services.
- f. undertakings engaged in the following sectors are only eligible to receive funding when participating in specific contingents coordinated or endorsed by Malta Enterprise. The eligibility of undertakings engaged in these sectors shall be defined in the public information made available by Malta Enterprise in respect to individual events, fairs or missions:
- i. wholesale and retail trade;
 - ii. medical services;
 - iii. real estate;
 - iv. tourism activities, including hotels and restaurants, travel agencies, tour operators and related activities;
 - v. libraries, archives, museums and other cultural activities;
 - vi. sports activities, and amusement and recreation activities;
 - vii. financial and insurance activities;
 - viii. legal and accounting activities.
- g. Aid approved by the Corporation will be suspended until that undertaking has reimbursed old, unlawful and incompatible aid that is subject to a recovery decision.

3. Incentive Description

3.1 Supported Actions

This incentive supports business undertakings in developing their international competitiveness by supporting the development of new markets. An undertaking may be supported in:

- building partnerships and business relations through participation in trade fairs, networking meetings, trade missions and other similar events.
- the implementation for a holistic market development plan covering a period of at least 12 months which should lead to developing and/or enhancing the undertaking's market competencies and knowledge.

Malta Enterprise provides advisory and training programmes through which business undertakings can be assisted in compiling business and market development plans that may be used as supporting documentation for this incentive.

3.2 Maximum Aid and Applicable aid intensity

The total aid that may be granted to a single undertaking⁵ is limited to €30,000 in any fiscal year⁶.

Malta Enterprise may part-finance eligible costs at a rate of 40% in the case of large undertakings and at a rate of 50% in the case of Small or Medium Sized Undertakings.

3.3 Eligible Costs

(A) Participation in Trade Fairs and Similar Events

Part-financing may be approved on the following costs incurred for participation in trade fairs and similar events where an undertaking's products and/or services are being exhibited for the purpose of building trade relationships with other business ventures.

- a. Rental of exhibition space and/or stand.
- b. Subcontracted stand construction services.
- c. Rental of display aids;
- d. Freight expenses incurred for shipping materials and exhibits required to setup and run the exhibition space and/or stand.
- e. Travel costs covering a representative (employee or director) of the undertaking required to manage exhibition space and/or stand.

A per diem based on the rates set in Appendix A, shall be granted to cover the days of the trade fair or event.

(B) Participation in Networking and Business Development Meetings

Undertakings participating in formal networking and business development meetings organised by third parties may receive part financing on the following costs.

- a. Travel costs incurred by one representative (employee or director) of the undertaking participating in the meeting.
- b. Cost of registration for the event incurred by one representative (employee or director) of the undertaking participating in the meeting.

⁵ [refer to footnote 2]

⁶ 'Fiscal Year' means the fiscal year as used for tax purposes by the undertaking concerned.

A per diem for each day in which the representative is engaged directly in meetings with potential business partners, but not exceeding a maximum of 3 days, may also be granted. The per diem shall be based on the rates set in Appendix A.

(C) Participation in Trade missions

Undertakings participating in a trade mission organised or approved by Malta Enterprise may receive part financing of travel cost incurred by one representative (employee or director) of the undertaking participating in the mission.

A per diem based on the rates set in Appendix A, shall be granted to cover the days of the approved trade mission.

(D) Market Preparedness and Development

Market preparedness and development actions can only be supported if they are clearly identified in a holistic market development plan covering a period of at least 12 months. Malta Enterprise approves support in relation to the following costs as identified in a business development plan submitted by the undertaking.

- a. Translation of publicity material and product information from Maltese or English into other languages may be supported⁷.
- b. Design and development of marketing material for promoting the enterprises products and services in the applicable target markets. (Printing costs are not eligible for funding)
- c. Participation fees for attending a trade fair or similar event.
- d. Travel costs by a representative (employee or director) of an undertaking attending:
 - i. a trade fair or similar event; or
 - ii. pre-determined business meetings.

If the travel exceeds 24 hours a per diem for one day may also be granted. The per diem shall be based on the rates set in Appendix A.

- e. Travel costs and hotel accommodation (bed and breakfast) costs for a maximum of 3 days incurred for financing potential business partners to:
 - i. visit an undertaking's premises in Malta; or
 - ii. participating in an event organised by an undertaking in Malta.

Support may be granted only on costs incurred in relation to one representative from any potential business partner. All costs must be incurred directly through an airline, travel agent or hotel.

3.4 Further conditions related to Travel Costs

- a. Any travel costs should be Economy Class or equivalent. In any case the total reimbursement for any round trip:
 - i. to or from Europe and the Mediterranean region is capped at a value of up to €250 per trip per person.
 - ii. to or from other regions is capped at a value of up to €500 per trip per person.

In each case the applicable aid intensity are as stipulated in section 3.2 of this incentive guideline.

- b. Only costs for cross border journeys incurred for travel by air, rail and ferry travel shall be supported. (Other means of travel including taxi services are not eligible).

⁷ Translations to Maltese or English are not considered eligible.

- c. All travel claimed in relation to a representative (employee or director) of an undertaking benefiting from this incentive must relate to trips commenced and ending in Malta.

Any per diem costs shall be based on the rates stipulated in Appendix A and shall only be granted against proof of payment for accommodation.

3.5 Additional Provisions

- a. Tax including Value Added Tax (VAT) and other taxes or duties are not considered as eligible costs.
- b. Expenses claimed may not originate from undertakings⁸ linked to the applicant/ beneficiary.
- c. Malta Enterprise may request verification that an applicant/ beneficiary has sought the best economic market value of the expenses claimed.
- d. All costs must be pre-approved in writing by Malta Enterprise.
- e. Costs relating to:
 - i. the purchase of publicity material (such as brochures and promotional items) are not considered eligible.
 - ii. the printing of any documentation (including brochures, leaflets, promotional material) are not considered eligible.
- f. In the case of undertakings or groups of companies, only one entity within the related group may receive aid for participation in any single trade event or mission. At its' discretion Malta Enterprise may (depending on the scope of the event and scheme budgets) extend the support to more entities within the related group when such entities are not engaged in the same relevant market or in adjacent markets (i.e. the aid would be granted only to two or more linked enterprises that are not engaged in the same relevant market or in adjacent markets.)

An 'adjacent market' is considered to be the market for a product or service situated directly upstream or downstream of the relevant market.

⁸ [refer to footnote 2]

4. Application 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.

4.1 Application

Applications will be processed in terms of the guidelines in force at the date of application.

Applicants should use the official application which can be downloaded from the incentives website <http://www.maltaenterprise.com/en/support/trade-promotion>. As specified in the application form, applicants would also be required to provide:

- a. the Enterprise Size Declaration. This may be downloaded from: <http://www.maltaenterprise.com/en/support/docs/enterprise-size-declaration>;
- b. the De Minimis Aid Declaration. This may be downloaded from: <http://www.maltaenterprise.com/en/support/docs/de-minimis-declaration>.

4.1.1 Participation in Trade Fairs, Networking Events, and other Events

Applicants interested in participating in a specific event shall be required to provide:

- a. information related to the event; and
- b. compelling reasons why participation should increase the potential of the company to grow internationally.

Unless the trade event, fair or mission is being coordinated by Malta Enterprise, applications should arrive at Malta Enterprise at least 3 months before the first day of the trade event, fair or mission. For trade events, fairs or missions coordinated by Malta Enterprise the closing date for receipt of applications will be specified in the official event information on the Malta Enterprise website (refer to <http://www.maltaenterprise.com/en/events>).

4.1.2 Support Market Preparedness and Development


Applicants interested in receiving support to increase their competencies on specific markets and in developing these markets need to submit a detailed market development plan which includes an action plan and a cost breakdown of eligible costs that may be funded through this incentive. Once approved Malta Enterprise will work in close collaboration with the beneficiary to ensure the successful implementation of the agreed actions.

4.1.3 Contingents

Organisations and associations wishing to organise a contingent of Maltese enterprises for the purpose of a trade mission or to participate in a trade event or fair should apply on the appropriate form at least 6 months prior to the event. If the contingent is endorsed by the Corporation, the applications for support from the individual enterprises that eventually join the contingent should be submitted to Malta Enterprise at least 1 month before the event.

4.2 Approval

On being satisfied that an applicant satisfies the conditions set out in these Guidelines, the Corporation will consider the value to be gained by the applicant from participating in the trade event, fair or mission and its potential impact on the growth of the Maltese economy. Should the Corporation consider the application favourably, a Letter of Approval stating the approved amount and the applicable aid intensity is issued. The Letter of Approval will be issued subject to terms and conditions that may be imposed by the Corporation. The benefits entitled by such Letter of Approval may be revoked if the applicant fails to abide by such terms and conditions.



Malta Enterprise shall reserve the right to revoke any Letter of Approval and recover any aid granted in terms of this guideline if:

- a. the applicant breaches the rules set in these Guidelines or any conditions set in the Letter of Approval issued by the Corporation;
- b. the expenditure claimed is found not to be directly related to the trade or business activity;
- c. there exists double funding of the same eligible costs from Malta Enterprise or any other public entity;
- d. there is any breach of regulations on State Aid.

4.3 Claims

Together with their expense claim, beneficiaries are obliged to submit a short report detailing the contacts made during the trade event, fair or mission and the potential growth and future development outcomes. Failure to abide may preclude the beneficiary from receiving any further assistance through this measure.

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* (the *de minimis* Regulation)⁹.

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.

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. 104/2000¹⁰;
- 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 (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.

⁹ http://ec.europa.eu/competition/state_aid/legislation/de_minimis_regulation_en.pdf

¹⁰ 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 Undertaking 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.¹¹

5.4 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 360/2012¹² 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 **Strengthening Market Entry and Internationalisation 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.

¹¹ [Community Guidelines on State Aid for Rescuing and Restructuring Firms in Difficulty](#)

¹² 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 Business First or Trade Malta during office hours.

Business First

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

Tel: 144

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

The official Incentive Guidelines are published at <http://support.maltaenterprise.com/>

www.businessfirst.com.mt

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Trade Malta

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Appendix A – Per Diem Rates

The applicable Per Diem Rates may be accessed by [clicking here](#).