

# Incentive Guidelines

Business Advisory Services 2018 - 2020



MALTAENTERPRISE

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

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# 1. Scheme Overview

## 1.1 Scope and Background

Business priorities change in relation to various factors that include the socio-economic environment and the age of the enterprise. While a start-up undertaking may prioritise funding, sustainability and market entry, a more established undertaking will prioritise the development of new and existing markets, resources efficiency, diversification and innovation.

Many businesses, irrespective of size and age seek advice of third parties so as to access different views and challenge their perspective. The business advisory scheme is designed to support business undertakings operating in Malta access advisory services that suit specific circumstances. The scheme is intended to help entrepreneurs, managers and business owners in formulating business strategies to ensure sustainability and growth.

## 1.2 Duration of the incentive.

This scheme is ongoing until 31st December 2020.

## 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.

Business Advisory Services Regulations S.L. 463.25 (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 (hereinafter referred to as 'the Corporation').

## 1.5 Budget

This scheme has a budget of EUR 750,000 for the duration of the scheme.

## 2. Definitions

### 2.1 Incentive Entitlement Certificate (IEC)

An Incentive Entitlement Certificate (IEC) means a certificate issued in terms of Part VI of the Malta Enterprise Act, outlining the support granted and including any relative terms and conditions.

### 2.2 Voucher

A *Voucher* is a document issued by the Corporation which may be used by the beneficiary to claim assistance as per terms and conditions stipulated within the Voucher.

### 2.3 Single Undertaking

For the purpose of these Incentive Guidelines, the term 'single undertaking' shall be defined as follows:

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, a 'single undertaking' includes all undertakings having at least one (1) of the following relationships with each other:

- i. one undertaking has a majority of the shareholders' or members' voting rights in another undertaking;
- ii. one undertaking has the right to appoint or remove a majority of the members of the administrative, management or supervisory body of another undertaking;
- iii. one undertaking has the right to exercise a dominant influence over another undertaking pursuant to a contract entered into with that undertaking or to a provision in its memorandum or articles of association;
- iv. one undertaking, which is a shareholder in or member of another undertaking, 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.

Undertakings having any of the relationships referred to in points (i) to (iv) of the first subparagraph 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 those 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 account.

## 3. Eligibility

### 3.1 Eligible Entities

Aid under this incentive may be granted to all undertakings unless excluded in Section 3.2 or through the applicable State Aid regulations (vide Section 5).

### 3.2 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%.
- b. Voluntary organisations.

### 3.3 De minimis aid

The aid shall be considered as *de minimis* aid. The total value of *de minimis* aid granted to a single undertaking may not exceed the amount of €200,000 over any period of three consecutive fiscal years.

## 4. The Incentive

Malta Enterprise will establish a number of advisory areas in which undertakings may be supported through authorised professionals. Beneficiaries will receive a Business Advisory Voucher (valid for six months) which can be used to pay for an advisor or consultant to assist in addressing specific difficulties or development initiatives within the business endeavour. Advisors will be required to follow a predefined template in their delivery of the advisory services which shall be made available by the Corporation.

Once the advisory service is complete, the advisor will in turn submit the voucher and the report to the Corporation. If the Corporation deems that the report reaches the minimum required standard the advisor will receive the amount indicated by the Beneficiary on the voucher as remuneration from the Corporation (as long as this does not exceed the value of the voucher). A complete advisory report shall be submitted on the template provided by the Corporation to the advisor. The report must be duly countersigned by the Advisor and the Beneficiary.

### 4.1 Areas of Support

The scheme is intended to provide tailored business advice to established undertakings in various areas. A list of advisors and areas of support shall be published on the Corporation's website. The list may be updated from time to time to incorporate new areas and advisors.

### 4.2 Form of Aid

The aid shall be granted in the form of voucher having a monetary value which may not exceed €500 with a minimum of five hours of advisory services.

Any additional advisory will be supported through a fiscal benefit in the form of a tax credit calculated as 50% of the costs incurred by the beneficiary up to a maximum support of €2,000.

If the beneficiary requests further services from the advisor, that are not covered by this value, these services have to be paid by the beneficiary.

Undertakings may benefit from the measure multiple times as long as the advisory area is distinct from any assistance covered through previous advisory services supported.

### 4.3 Validity

The voucher will have a validity of six (6) months and is only valid if it is signed by the beneficiary. The Voucher can be used to pay a business advisor listed down on the list of Approved Business Advisors on the Corporation's website.

### 4.4 Application Process

An undertaking interested in this service must apply on the official application form as shall be published on the Client's Portal of the Corporation explaining why the advisory/consultancy is required and how the selected advisor is suited to address the requirements. Applications should be submitted on the appropriate form by clicking <https://clientportal.maltaenterprise.com/login>.

### 4.5 Approval

Should the Corporation consider the application favourably, an IEC stating the approved amount, and the applicable aid intensity shall be issued. The IEC will be issued subject to terms and conditions that may be imposed by the Corporation. The benefits entitled by such IEC may be revoked if the applicant fails to abide by such terms and conditions.

#### **4.6 Claim Process**

##### **4.6.1 Advisory Reports**

A complete advisory report submitted on the template provided by the Corporation to the Advisor. The report must be duly countersigned by the Advisor and the Beneficiary.

## 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 \(the de minimis Regulation\)](#)

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 (EU) No 651/2014. 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 the 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.

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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<sup>2</sup> 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 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>3</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 Advisory Services 2018 - 2020** 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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<sup>3</sup> 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 during office hours.

Postal Address: Malta Enterprise  
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Pieta`, MEC 0001  
Malta.

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