

# Micro Invest

## FAQs

Version 4.4



**MALTA**ENTERPRISE

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## 1. Employment and Linked Enterprises

**1.1. As a self-employed on part-time basis I qualify for the 15% rate of tax. Do I qualify for this assistance?**

Yes, you may apply for a tax credit through this incentive. You may claim a tax credit received through this incentive as any other self-employed but you will not be able to submit Tax form TA22 and hence shall not be able to benefit from the 15% tax rate. To utilise these tax credits you will have to declare any income in your Income Tax Return.

The tax credit is redeemable against income generated from your business activity or trade only.

**1.2. I am part-time self-employed and I do not employ anybody. Do I qualify for this assistance?**

Yes, as long as you are registered as a part-time self-employed person with Jobsplus.

**1.3. I own a number of businesses with a total employment of more than fifty persons in 2018. Do I qualify for this incentive?**

This depends on the number of employees employed with each undertaking. As from 1st January 2018 the applicant must be an undertaking that for a consecutive three (3) month period during the year in which the costs were incurred did not employ more than fifty (50) persons on Full Time (FT) contracts (the data used to verify this condition is provided by Jobsplus).

**1.4. My businesses had a total employment of more than fifty persons in 2018 and less than fifty persons in 2019. Do I qualify for this incentive?**

Yes. The applicant must be an undertaking that for a consecutive three (3) month period during the year in which the costs were incurred did not employ more than fifty (50) persons on Full Time (FT) contracts (the data used to verify his condition is provided by Jobsplus).

**1.5. Is each company within a group entitled to €50,000?**

No. Considering the definition of “single undertaking” provided in the Incentive Guidelines (Section 2.1) the total aid granted to each related entity would contribute to the €50,000 limit.

**1.6. Our business is a partnership and as such the persons involved submit separate tax computations. Can we apply for aid under the Micro Invest Scheme?**

Yes, yet the partners will be considered as forming part of a ‘single undertaking’ as defined in the Incentive Guidelines and hence will contribute to a shared capping of €50,000.

The eligible amount will be split according to ownership. Hence, in case of a partnership, where an ownership is split equally between two persons, two Incentive Entitlement Certificates, each equivalent to 50% of the approved tax credits will be issued to the persons forming the partnership.

**1.7. If our business is a non-registered partnership, what documentation do we need to submit?**

If the partnership is not registered, an agreement signed between the partners, specifying the profit sharing percentage of each partner needs to be submitted. The agreement must be signed prior to any investment being claimed for. Unregistered partnership agreements have to be notarized.

**1.8. Does a family business qualify?**

Yes, a family business which is duly registered as a family business (as defined in section 2.4 of the Incentive Guidelines) can qualify from the scheme as of year 2018.

**1.9. If in March 2019 I employed 51 full-timers am I eligible for this incentive?**

The applicant must be an undertaking that for a consecutive three (3) month period during the year in which the costs were incurred did not employ more than fifty (50) persons on Full Time (FT) contracts (the data used to verify his condition is provided by Jobsplus)

**1.10. I am a director / shareholder in a company and I will soon be employed with the same company. Will the company be able to claim tax credits regarding my employment?**

Yes, the employment of directors / shareholders is considered eligible so long that such employment is registered with Jobsplus and the employee's Income Tax and all National Insurance Contributions are being paid.

On the other hand, director's fees are considered to be ineligible as per Section 4.5 of the Incentive Guidelines.

**1.11. In case of a start-up company, whose employment history is required?**

In case of Start-up undertakings, a copy of the MFSA registration certificate, together with a copy of the employment history from Jobsplus of the directors/shareholders is required.

If the applicant is self-employed or an unregistered partnership, a copy of the registration certificate or the employment history of the persons identified as self-employed is required from Jobsplus.

With regards to start-up undertakings whose shareholding is made up of legal entities and not individuals, and still remains classified as a small undertaking, instead of the Employment History from Jobsplus, the MFSA registration certificate of the legal entity is required.

**1.12. What documentation would be needed instead of the Employment History from Jobsplus for all those undertakings that qualify for Micro Invest and whose shareholders are foreign and do not have an employment history in Malta?**

In cases where a shareholder/director owns 25% or more and does not have an employment history in Malta, the applicant may either present:

- a. the Employment History from Jobsplus if the shareholder has a Maltese ID; *or*
- b. proof that the person is registered with the MFSA with a foreign address and has a foreign passport number.



## 2. Eligible Undertakings

**2.1. I'm exempt from registering under the VAT system, can I apply for this tax credit? (I am a doctor and I am not required to be VAT registered, can I benefit from this scheme?).**

Business activities that are not required to register with the VAT department can apply for this tax credit as long as their application is related to the carrying out the trade or business activity which is exempted from registering with the VAT department.

**2.2. Is a Maltese registered company whose main operating activity is outside Malta eligible?**

Yes, a Maltese company operating mainly outside Malta is eligible. However, tax credits will only be granted on costs which can be verified in Malta. (For verification and control purposes, you may be requested to transport back to Malta any equipment assisted.)

**2.3. Why are farmers and fishermen not eligible?**

Assistance to farmers and fishermen is governed under different European Union Rules. Farmers and fishermen should refer to the Ministry for Sustainable Development, the Environment and Climate Change ([www.environment.gov.mt](http://www.environment.gov.mt)).

**2.4. Am I eligible for the tax credits if I have arrears with Government on social security and VAT payments?**

Before applying for the tax credits you must ensure you regularise your position with the relative departments.

**2.5. We own a company which does not have any employees. Can we benefit from this incentive?**

No. Applicants must employ at least one person at application stage in order to be eligible for this incentive. A company with no employees cannot benefit from this incentive as per Section 3 of the Incentive Guidelines.

**2.6. Is this incentive available to providers of professional services (e.g. Doctors, accountants, consultants and dentists)?**

Yes, providers of (non-voluntary) professional services are eligible.

**2.7. Is my voluntary organisation eligible for the Micro Invest?**

No. Voluntary organisations are not eligible as per Section 6.2 of the Incentive Guidelines.

**2.8. The annual turnover of my business fluctuates between € 9.9 million and € 10.1 million. Am I eligible?**

As per Section 3 of the Incentive Guidelines, the applicant must be a single undertaking whose turnover did not exceed €10 Million<sup>1</sup> in the fiscal year preceding the year in which the application is submitted.

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<sup>1</sup> As per audit accounts or income tax return for the previous base year of the year the application is submitted.

**2.9. My premises are within a shopping complex and I rent it out from a third party (the owner of the shopping complex). Am I eligible for the scheme?**

Malta Enterprise may request the applicant to provide a copy of the lease contract which defines the agreement between the landlord and the tenant (who is also the applicant).

**2.10. What is a start-up?**

For the purpose of these Incentive Guidelines, a 'start-up' shall be defined as an undertaking that has been established for less than four (4) years as determined from date of registration with the Malta Financial Services Authority (MFSA) or the date the person registered as a self-employed with Jobsplus as per Section 2.2 of the Incentive Guidelines.

If for example the Corporation is processing claims for costs incurred in 2019, the start-up could have been established in 2019 (Year 3), 2018 (Year 2), 2017 (Year 1) and 2016 (Year 0). Companies/Self-employed established prior to 2015 will not be considered as a start-up.

**2.11. What is a female-owned undertaking?**

As per Section 2.3 of the Incentive Guidelines, a *female-owned undertaking* is an undertaking in which more than 50% of the stock is owned by one (1) or more women or a female self-employed person.

**2.12. If I am working in the car rental sector, and I purchase a motor vehicle, am I eligible to claim it under Micro Invest?**

With regards to Motor Vehicles, if an applicant is working within the car rental sector, the applicant may claim the costs related to an investment in one (1) new motor vehicle (or first time registered / used in Malta) as long as such vehicle is involved in the **carrying of goods** (category N1, N2 or N3 motor vehicle), Special Purpose Motor Vehicles (as defined in the Incentive Guidelines Section 2.5.) and vehicles designed specifically for the carriage of ten (10) or more persons.

**2.13. What is a "single-undertaking"?**

If the undertaking has a relation as described in Section 2.1 of the Incentive Guidelines, it is considered to be a single undertaking.

The definition should be taken in the context of the *de minimis* regulation. The notion of linked and partner enterprise is relevant to determining the size of an undertaking.

Further information may be found by [clicking here](#).

**2.14. Could Business First confirm to us whether my undertakings are to be considered as linked or partner undertakings?**

In order to confirm whether your undertaking is to be considered as a linked undertaking, kindly refer to *The revised User guidebook to the SME definition* which can be downloaded from the Malta Enterprise website. [Click here](#) to download the relevant documents.

### 3. Eligible Costs

**3.1. Section 4.4.1 of the Incentive Guidelines, states that in order to be eligible for wage costs there must be a net increase in capacity building that exceeds 3% of the highest wage costs of the previous two (2) years. How is the net increase calculated?**

The eligible value shall be calculated by deducting from wage costs incurred in the relevant fiscal year, the highest annual wage cost incurred in the preceding two (2) fiscal years.

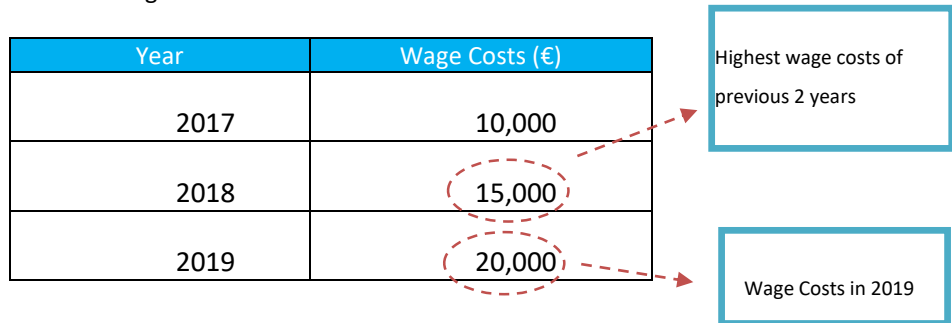
In estimating wage costs, the Corporation shall take into consideration the total employment of the signing undertaking

The net increase in wage costs is calculated as per following two scenarios.

**Scenario A:**

Claim for increased wage costs incurred in 2019.

Year	Wage Costs (€)
2017	10,000
2018	15,000
2019	20,000



Eligible increase is the difference between 2018 & 2019 = €5,000 = 33.3% increase

In Scenario A, the applicant is eligible since there has been an increase in wage costs by 33.3% increase.

In this regard the Corporation will issue the following Tax Credits:

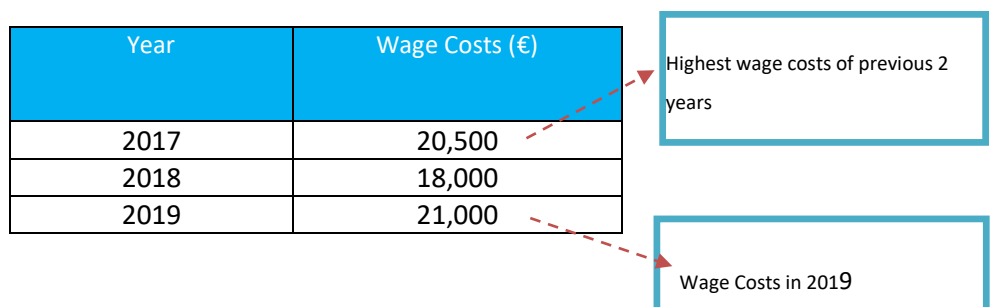
A Tax credit for an undertaking based in Malta = €5,000 x 45%

A Tax Credit for an undertaking based in Gozo = €5,000 x 65%

**Scenario B:**

Claim for increased wage costs incurred in 2019.

Year	Wage Costs (€)
2017	20,500
2018	18,000
2019	21,000




In Scenario B, the eligible increase is the difference between 2017 and 2019 = €500 which constitutes a 2.4% increase.

The increase is less than 3%. Consequentially, the applicant is not eligible for tax credit on wage costs.

**Scenario C:**

Claim for increased wage costs incurred in 2018.

Year	Wage Costs (€)
2017	15,000
2018	20,000
2019	20,000



In Scenario C, there has been no increase in Wage Costs in 2019. Consequentially, the applicant is not eligible for tax credit on wage costs.

**3.2. Is the purchase of second hand equipment or instruments eligible?**

The costs for the acquisition of second hand equipment and instruments may only be claimed if such items are imported and hence considered as first time used in Malta. Any costs claimed must be supported by fiscal invoices and/or receipts as per Section 4.3 of the Incentive Guidelines.

**3.3. I purchased a car in 2019, but it was first time registered in 2018. May I apply for this cost under the Micro Invest scheme?**

No. In order to be eligible the motor vehicle must be new and purchased in 2019 or first time registered in 2019.

**3.4. Electric cars do not have a European Emission Standard, are they eligible to replace similar vehicles?**

Electric cars involved in the carrying of goods (category N1, N2 or N3 motor vehicle), Special Purpose Motor Vehicles (Any vehicle that is designed specifically to support or enable an economic activity. Incentive Guidelines Section 2.6. ) and vehicles designed specifically for the carriage of ten (10) or more persons are eligible, (excluding vehicles that because of their nature can also be used for non-business (pleasure) activities, FAQ 3.11)

**3.5. Are taxis and hearses eligible?**

For any vehicle to be eligible it needs to be one of the following:

- carrying of goods (category N1, N2 or N3 motor vehicle),
- Special Purpose Motor Vehicles (Any vehicle that is designed specifically to support or enable an economic activity. Incentive Guidelines Section 2.6).
- vehicles designed specifically for the carriage of ten (10) or more persons are eligible, (excluding vehicles that because of their nature can also be used for non-business (pleasure) activities, FAQ 3.11)

Note Whilst hearses are specifically designed to support and enable an economic activity, taxis are not specifically designed for the economic activity, moreover because of their nature can be used for non-business activities. Therefore, hearses are eligible whilst taxis are not eligible.

**3.6. If an applicant carries out an investment in 2018, can the applicant submit another application for a similar cost item carried out in 2019?**

Yes. With regards to the eligible costs established in section 4.3 within the Incentive Guidelines, the costs must have been incurred in 2019.

**3.7. Is the refurbishing of property which will be rented or leased eligible?**

Furbishing and refurbishing costs on any registered business premises may be claimed. Furbishing and refurbishing costs may **not** be claimed in relation to property which will be rented or leased for residential purposes unless an MTA licence is submitted.

**3.8. Is the purchase of computers and computer software eligible?**

Cost for the purchase of computers, software and other ICT equipment required to operate or improve the business are eligible.

**3.9. What are operating costs? Are they eligible?**

No. Operating costs such as rent, electricity bills, and telephony and internet costs cannot be supported through this incentive.

**3.10. I pay a monthly charge to a service provider in relation to a cloud-based solution. Are maintenance costs related to services and other solutions provided by third parties qualifiable?**

No. Only capital investment in IT is eligible under this scheme. Any maintenance costs are ineligible.

**3.11. Are costs charged at an hourly rate eligible?**

The provision of services charges at an hourly rate is not eligible yet installation and commissioning services invoiced under the same agreement as any equipment being procured shall be considered as eligible. Hourly costs related to the development and/or improvement of an eligible cost immovable infrastructure and software shall be accepted only if the number of hours was agreed to prior to the commencement of the work in a document which clearly defined the resultant developments and/or improvements.

**3.12. What kind of motor vehicles are eligible?**

Only vehicles that fall in one of the eligible categories as defined in the Incentive Guideline Section 4.4.4. Road freight transport vehicles are not eligible when purchased by undertakings performing road freight transport for hire or reward.

**3.13. What is meant by vehicles that because of their nature can also be used for non-business (pleasure) activities? Are such vehicles eligible?**

Vehicles that may be used for both business and recreational activities such as Isuzu Trooper, Mitsubishi Pajero, Mitsubishi Shogun, Land Rover Defender, Land Rover Discovery, Land Rover Freelander and Toyota Landcruiser or other similar vehicles, will not be considered eligible.

**3.14. Can two companies with separate registration numbers, but same shareholders claim for tax credits on the purchasing of a vehicle?**

Yes, both companies would be eligible as long as they are compliant with the European Emission Standard rating of at least Euro 5.

**3.15. Can I claim rent or leasing of property and equipment?**

No, all costs claimed must related to items acquired by the business.

**3.16. I will be taking over a shop/restaurant/ongoing business and will be paying 'key money'/laudemium/'rigal' as part of the purchase price / lease contract. Is this an eligible cost?**

No, this is not an eligible expense.

**3.17. If an enterprise buys equipment with the intention of renting/leasing it, rather than using it in its own business, would this cost be eligible for a tax credit?**

Yes, as long as the business of the applicant is in the provision of renting and/or leasing of the same equipment. Such equipment may not be leased out on a financial leasing agreement in which the equipment will eventually become the property of the lease.

**3.18. Are PV's eligible?**

Systems which help to save energy or produce alternative energy are eligible but must be related to a licensed business premises as specified in the trade licence issued by the commerce division or the permit issued by the Planning Authority (PA).

PV systems shall be considered as eligible if connected to a commercial meter located at the applicants licensed business premises. Applicants must present the Malta Resources Authority (MRA) permit to generate electricity and their last electricity bill (on which the system is connected).

**3.19. I benefit from the feed-in tariff scheme. Do I qualify for assistance for PV's?**

No, applicants who are benefiting from the feed-in tariff scheme may not apply for this scheme for any PV costs.

**3.20. Is the vehicle registration tax paid on second hand vehicles eligible?**

No it is not an eligible cost. Taxes are not accepted as eligible costs.

**3.21. One of the invoices submitted amounts less than € 200. Would it be considered to eligible?**

As per Section 4.5, any individual invoice having a value of less than €200 is not eligible.

**3.22. Is the costs for procuring an electric vehicles eligible for support?**

Cost for the procurement of Electric vehicles that fall with an eligible vehicle category can be claimed under the Micro Invest scheme yet unless a document confirming the amount of support awarded through Transport Malta schemes is presented, the maximum aid that may have been awarded from Transport Malta will be deducted from the resultant tax credit (€7,000 at time of writing).

Example:

Cost net of VAT	€20,000
Tax Credit calculated at 45%	€9,000 (before deducting Transport Malta support)
Adjusted tax credit after removing support from transport Malta	€2,000 (€9,000 – €7,000)

**3.23. Is the conversion of a vehicle engines to LPG eligible?**

Yes as long as the conversion is effected on an eligible vehicle category. Yet, unless a document confirming the amount of support awarded through the Transport Malta schemes is presented, the maximum aid that may have been awarded from Transport Malta will be deducted from the resultant tax credit (€200 at time of writing). In applying for this support the applicant will be required to submit a copy of the log book prior to the conversion and after the conversion.

**3.24. Is the installation of Dual Diesel Fuel system eligible?**

Yes as long as the installation is effected on a diesel powered vehicle in eligible vehicle category. Yet, unless a document confirming the amount of support awarded through the Transport Malta schemes is presented, the maximum aid that may have been awarded from Transport Malta will be deducted from the resultant tax credit (€800 at time of writing). In applying for this support the applicant will be required to (1) provide documentation that the system meets the requirements of UN ECE 142 and has to have been approved by an authority as authorised and conformant to Directive 2007/46/EC as amended and (2) a copy of the log book prior to the conversion and after the conversion.

**3.25. Is the installation of charging points for electrical vehicles eligible?**

The installation of charging points for electric vehicles is considered an investment costs and is hence considered eligible. Eligible businesses may claim costs for the installation of charging points at their business premises for company vehicles, customers and employees.

**3.26. Part of my investment costs includes refurbishing the bathrooms and the installation of lighting fixtures. Are such costs eligible?**

Cost for the refurbishment of bathrooms and installation costs of light fittings (at the premises where the economic activity is being or shall be carried out) may only be considered if they are charged as part of the same invoice including the items and material used for the refurbishment of the bathroom and/or light fixtures respectively

**3.27. Part of my investment costs includes the procurement of equipment and its installation/configuration. Are such costs eligible?**

As long as the procurement of the equipment and the installation and configuration services related to that equipment are included in the same invoice then these cost shall be considered as eligible. Installation and configuration services invoiced separately cannot be considered as eligible.

**3.28. What is considered as a permit?**

The Corporation shall be accepting permits/licences identifying the premises as a business premises.

**3.29. Are Invoices or Fiscal Receipts required for all claimed costs?**

All Invoices / Fiscal Receipts must be in line with the requirements established in Section 4.3, or transactions section verified and signed by certified CPA in Malta. In the case of wage costs, FS7s together with a declaration by the CPA stating that the cost being claimed for are the actual costs incurred by the applicant and information provided in relation to the FS7s is correct are required.

**3.30. I have purchased a service / product from a person who states that she/he has deregistered from VAT and cannot issue a fiscal receipt. Can I claim these expenses?**

Yes, you can claim these costs if the receipts presented contain the following info:

- Date of supply;
- Name, address and ID number of supplier;
- Name, address and V.A.T. registration number (if applicable) of customer;
- Details of the supply made;
- The price before and after any discount (clearly showing final price);
- A note indicating that the issuer of the receipt is not registered under V.A.T in line with LN500 of 2010.

**3.31. Can a newly established undertaking registered in 2019 apply for wages?**

Undertakings registered in 2019 would be eligible to apply for wages.

**3.32. Can an undertaking that has taken over the operation of another undertaking or has merged with another undertaking apply for a tax credit based on an increase in wages?**

Yes, however the wage costs of the preceding two fiscal years of the undertaking that was take over have also to be considered. In case of undertakings that have merged with other undertakings, the data considered for the preceding two fiscal years should be the consolidated wage cost totals of the merged undertakings.

**3.33. Are Social Security Contributions and Tax Deductions eligible?**

No, it is the amount of the Total Gross Emoluments and Fringe Benefits in section C that is taken into consideration.

**3.34. Is landscaping eligible?**

No, landscaping is not eligible.

**3.35. Is the cost of a trailer, eligible?**

If the undertaking applying for the support is performing road freight transport for hire or reward, then the acquisition of road freight transport vehicles (including the procurement of a trailer) cannot be supported.

In other instances, the procurement of a trailer that is not motorised (i.e. must be linked to another vehicle to be moved) is considered eligible as long as it consists of machinery required specifically to support or enable an economic activity. This is also the case if the said trailer has to be licenced for use on the road network.



## 4. Application Process and Tax Credits

### 4.1. When should I apply for the tax credit?

We recommend that you submit your application as early as possible. Section 1.3 of the Incentive Guidelines provides details on application deadlines.

It is important to note that applications pertaining to self-employed will be processed before the applications received by registered companies in view of the Annual Tax Return deadline.

### 4.2. I forgot to include a cost item in my application. May I submit another application form?

No. As per Section 1.3 of the Incentive Guidelines, an undertaking that submits a claim by the March deadline may not submit another claim in November of the same year.

### 4.3. Will Business First assist me on filling me in the application form?

Business First can help answer your queries in relation to the application form. Contact us by e-mail on [info@businessfirst.com.mt](mailto:info@businessfirst.com.mt) or by telephone on 144. You must ensure that you have all the required documentation of the costs you wish to claim available.

### 4.4. May we submit an application manually?

No. Application forms must be submitted electronically by the stipulated primary deadline.

### 4.5. Since the application is submitted electronically, how is the client going to sign the application form?

Once the form has been completed and all transactions have been input, the form needs to be printed, signed by the legal representative and CPA (if applicable), scanned and uploaded onto the system.

### 4.6. Since the application is submitted electronically, do we upload scanned documents of receipts etc?

If the applicant opts to verify the cost items by a warranted CPA, invoices or receipts are not required to be uploaded. Nevertheless, depending on the type of cost item, there is still some documentation which might need to be uploaded. For example in case of wage costs, the relevant FS7 forms need to be uploaded. The form will inform you accordingly. Malta Enterprise may still contact the beneficiary to provide evidence that the costs claimed have been settled or are tied to a binding commitment to be settled in a specific timeframe.

**4.7. Do we need to submit the enterprise size declaration? In the past this was always submitted but there is no mention of it for 2019?**

No. An enterprise size declaration is not required but the Single Undertaking Declaration is required to be filled in correctly.

**4.8. What is a tax credit?**

A tax credit can be compared to a fund which you can utilise to offset your tax bill. If you have a tax credit of €1,000 and you receive a tax bill of €2,500, you can use the tax credit to pay €1,000 of the bill.

**4.9. How does the tax credit system work?**

The 45% (65% for Gozo based undertakings) rate is used for calculating the value of the tax credit. If your eligible costs amount to €10,000 your tax credit would be €4,500 (that is 45% of €10,000). Once a complete application is processed by Malta Enterprise you will receive a certificate entitling you to the appropriate value of tax credit. This tax credit may then be applied on your final tax bill after any other regulatory deductions. That is, a tax credit of €4,500 will entitle you to a reduction of €4,500 from your tax bill as long as that income tax was charged on profits generated from the business activity which was granted the aid.

**4.10. Will I be able to roll-over any unutilised tax credits?**

The tax credit must be utilised by the third year of assessment. (i.e. for certificates issued in respect of Year of Assessment 2019, the tax credit must be utilised until year of assessment 2021). With regards, to start-ups, the tax credit must be utilised by the fifth year of assessment (i.e. for certificates issued in respect of Year of Assessment 2019, the tax credit must be utilised until year of assessment 2023).

**4.11. I have benefitted from a Micro Invest tax credit in 2018 (for costs incurred in 2017) and did not apply for any tax credits in 2019 (for costs incurred in 2018). Am I eligible?**

Yes, as long as the scheme capping applicable is not exceeded. The maximum eligible amount to a single undertaking shall take into consideration a period of three consecutive years. For claims being submitted in 2020, any amounts approved in 2019 (for costs incurred in 2018) and 2018 (for costs incurred in 2017) shall be considered.

**4.12. I have benefitted from a € 25,000 Micro Invest tax credit in 2018 (for costs incurred in 2017), and a € 2,500 Micro Invest tax credit in 2019 (for costs incurred in 2018). Am I eligible for a tax credit?**

Any tax credits granted in the previous three years need to be deducted from the €50,000/€70,000 capping. If you have benefitted from a € 25,000 in 2018 and the €2,500 in 2019, you will be eligible of a maximum tax credit of €22,500 in 2020, or €42,500 in case of enterprises based in Gozo, family businesses and female-owned undertakings.

**4.13. Who is eligible for a € 70,000 tax credit?**

Undertakings established in Gozo and employ 50 or less Full Time, are entitled to a maximum amount of €70,000 over any period of three (3) consecutive years.

Family Business and female-owned undertaking, that is an undertaking in which more than 50% of the stock is owned by one (1) or more women or a female self-employed person, are also entitled to a maximum amount of 70,000 over any period of three (3) consecutive years.

**4.14. Can a tax credit be claimed on VAT?**

No, VAT is not an eligible cost under this scheme as per Section 4.5. Tax credits will be granted on the net value of a cost item (excluding VAT).

**4.15. If I opted to benefit from the Investment Aid Tax Credits in a particular basis year, may I avail myself from the Micro Invest Scheme?**

Applicants who have applied for investment aid measures (such as the Investment Aid Tax Credits 2014 – 2020) may not apply for this incentive for any investment carried out within the same year.

**4.16 If a Single Undertaking (see definition in Incentive Guidelines) carries out investments in both Malta and Gozo how should the tax credit be calculated?**

In order to differentiate between investments in Malta and Gozo, it is important that all costs claimed for the Gozo operation are supported by documentation (invoices, delivery notes etc) to confirm that costs were incurred for the operations in Gozo. In such instances, it is important to communicate with Malta Enterprise to explain the different investments. The below examples are provided to explain the methodology that would be used to establish the incentive.

**Example 1 – for costs incurred in 2019**

	<u>Gozo Operations</u>	<u>Malta Operations</u>	<u>Total</u>
Eligible Expenditure	€10,000	€190,000	€200,000
Applicable %	65%	45%	
Capping	€70,000	€50,000	€70,000*
Assistance	€6,500	€50,000	€56,500

\*Capped at the higher applicable amount

**Example 2**

	<u>Gozo Operations</u>	<u>Malta Operations</u>	<u>Total</u>
Eligible Expenditure	€100,000	€100,000	€200,000
Applicable %	65%	45%	
Capping	€70,000	€50,000	€70,000
Assistance	€65,000	€45,000	€70,000