

## Incentive Guidelines

### Micro Invest



MALTAENTERPRISE

Issue Date: 1<sup>st</sup> April 2014

Version: 4.4

Update: 1<sup>st</sup> October 2015

<http://support.maltaenterprise.com>

Malta Enterprise may support interested applicants to understand the objectives of the incentive; explain details relevant to the scheme and address any problems they might encounter when completing their application.

Applicants may contact the Corporation by calling 144 or by email on [info@businessfirst.com.mt](mailto:info@businessfirst.com.mt)

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# 1. Introduction

## 1.1 Objective

The objective of this scheme is to encourage undertakings to invest in their business, innovate, expand, and implement compliance directives or to develop their operations. Such undertakings which may include self-employed persons and will be supported through a tax credit representing a percentage of the eligible expenditure and wages of newly recruited employees.

## 1.2 Duration of the incentive

This incentive covers eligible cost incurred between 1st January 2014 and 31st December 2020 both dates included.

## 1.3 Claim Submission

Claims for assistance may be submitted on annual bases for cost incurred in the previous calendar year. Applications are to be submitted by the primary deadline at the end of March or the extended deadline of 30<sup>th</sup> November (or the following working day if the date occurs on a Saturday or Sunday). Eligible applications that are submitted by the primary deadlines at the end of March will receive an Incentive Entitlement Certificate which shall be valid for the Year of Assessment of the same year. Eligible Application submitted after these deadlines but not later than the extended deadline shall receive an Incentive Entitlement Certificate valid form the Year of Assessment following.

An undertaking that submits a claim by the March deadline may not submit another claim in November of the same year.

Claims for costs incurred in	Primary Deadline:	Extended Deadline for late submissions (or the following working day if the date occurs on a Saturday or Sunday):	Eligible Application will received an Incentive Entitlement Certificate commencing from year of assessment
2014	30 <sup>th</sup> March 2015		2015
		30 <sup>th</sup> November 2015	2016
2015	30 <sup>th</sup> March 2016		2016
		30 <sup>th</sup> November 2016	2017
2016 *	30 <sup>th</sup> March 2017		2017
		30 <sup>th</sup> November 2017	2018
2017 *	29 <sup>th</sup> March 2018		2018
		30 <sup>th</sup> November 2018	2019
2018 *	29 <sup>th</sup> March 2019		2019
		30 <sup>th</sup> November 2019	2020
2019 *	27 <sup>th</sup> March 2020		2020
		30 <sup>th</sup> November 2020	2021
2020 *	26 <sup>th</sup> March 2021		2021

\* From 2016 Malta Enterprise is planning to introduce an online claim submission processes. Through this process applicants will be able to update claims electronically and will be required to confirm submission of their claim by these dates.

#### 1.4 Legal Basis

Malta Enterprise Corporation may issue and publish updates to the official Incentive Guidelines covering this aid scheme in terms of Article 8 (3)(a) of the Malta Enterprise Act, Chapter 463 of the Laws of Malta.

The Enterprise Support Incentives Regulations as subsidiary legislation 463.09 to the Malta Enterprise Act, mentioned in the previous paragraph, forms the national legal basis of this aid scheme.

#### 1.5 Designated Authority

This incentive is administered by Malta Enterprise, hereinafter referred to as the 'Corporation'.

## 2. Definitions

### 2.1 Single Undertaking

For the purpose of these Incentive Guidelines, the terminology ‘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*, ‘Single Undertaking’ includes, for the purposes of this Regulation, all undertakings having at least one (1) of the following relationships with each other:

- (a) one undertaking has a majority of the shareholders’ or members’ voting rights in another undertaking;
- (b) one undertaking has the right to appoint or remove a majority of the members of the administrative, management or supervisory body of another undertaking;
- (c) one undertaking has the right to exercise a dominant influence over another enterprise pursuant to a contract entered into with that undertaking or to a provision in its memorandum or articles of association;
- (d) 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 (a) to (d) of the first subparagraph through one or more other undertakings shall also be considered to be a single undertaking.<sup>1</sup>

The same regulation states that a group of linked enterprises is considered as one single undertaking for the application of the *de minimis* rule, but that 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.<sup>2</sup>

### 2.2 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 the Employment and Training Corporation (ETC).

A start-up would not include any undertaking that closes down and re-opens. Undertakings controlled by owners of previously closed down businesses cannot be considered as a start-up under this incentive if the new undertaking is operative in the same or related sectors as that of the closed down firm.

This restriction applies for a period of twelve (12) months following such closure.

### 2.3 Special Purpose Vehicles

For the purpose of these Incentive Guidelines, “special purpose vehicles” shall be defined as any vehicle that is designed specifically to support or enable an economic activity and which is not intended for the carriage of persons.’

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<sup>1</sup> [Commission Regulation \(EU\) No 1407/2013 of 18<sup>th</sup> December 2013](#)

#### [2.4 Incentive Entitlement Certificate \(IEC\)](#)

*Incentive Entitlement Certificate* means a certificate issued in terms of Part VI of the Malta Enterprise Act and outlining the support granted and its terms and conditions.

### 3. Eligibility

This incentive is open to all undertakings, which at point of application satisfy all of the following criteria:

- a. The applicant must be a single undertaking that for the year in which the costs were incurred did not employ more than thirty (30) persons (Full Time) and had a turnover that did not exceed €10 Million<sup>2</sup>. The applicants must calculate their Full Time employment on the average level of Full Time employment reached during the calendar year when the costs were incurred.<sup>3</sup>
- b. The applicant (legal person submitting the application) must employ at least one (1) person (on full or part time basis) at date of application. The person employed may be the applicant in the case of self-employed persons. In any case such employment must be registered with the ETC.
- c. Unless exempted, applicants should be registered with the VAT department.
- d. Self-employed persons should be registered with ETC.
- e. The Inland Revenue Department may refuse an IEC issued by the Corporation if the undertaking is defaulting on VAT, Income Tax, and Social Security. Persons or undertakings engaged in activities specifically excluded under the *de minimis* regulations (vide Section 5) are not eligible for this incentive.

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<sup>3</sup> As per audit accounts or income tax return for the previous base year of the year the application is submitted.

<sup>3</sup> As per ETC Data.



## 4. Incentive Description

### 4.1 Applicable aid intensity

The Corporation may approve a tax credit equivalent to 45% of eligible expenditure. An additional bonus of 20% (total 65% tax credit) applies to undertakings operating from Gozo.

### 4.2 Maximum aid per undertaking

The maximum eligible amount to a single undertaking shall not exceed the amount of €30,000 over any period of three (3) consecutive years, starting from any tax credits granted in 2014 for costs incurred in 2013.

The maximum eligible amount to start-ups established in Gozo shall not exceed the amount of €50,000 over any period of three (3) consecutive years, starting from any tax credits granted in respect of costs incurred in 2014.

In case of partnerships the maximum eligible amount will be reduced to the applicant proportion of control. Hence in case of a person holding 50% of the control of a partnership may only receive a tax credit of €15,000 over any period of three (3) consecutive years, starting from any tax credits granted in 2014 for costs incurred in 2013.

Aid awarded through an Incentive Entitlement Certificate issued under the previous Tax Credits for Micro Enterprises and the Self Employed, also known as Micro Invest (for eligible expenses incurred and paid during the period 1<sup>st</sup> January 2013 to 31<sup>st</sup> December 2013), shall be deducted from the eligible capping in relation to application submitted in 2014 and 2015.

### 4.3 Qualifying Costs

Costs must be incurred between 1<sup>st</sup> January and 31<sup>st</sup> December (both days included) of the year preceding the year in which the claim is submitted. As a result, for a claim to submitted in 2015, the costs claimed must have been incurred in 2014.

For each cost procured, the claim should include copies of the following documentation certified as true copies by a Certified Public Accountant (CPA). Each document should be stamped with the text "Certified True Copy" and signed by the CPA, and must include the full name and warrant number of the CPA confirming the document is a true copy of the original.

- a) Certified true copy of the Tax Invoice (as specified in the 12th Schedule of the VAT Act Chapter 406 of the Laws of Malta) and an associated receipt.  
OR
- b) Certified true copy of the Tax Invoice (as specified in the 12th Schedule of the VAT Act Chapter 406 of the Laws of Malta) marked as paid by the supplier.  
OR
- c) Certified true copy of the original Fiscal Receipt (as specified in the 13th Schedule of Chapter 406 of the VAT Act .

Applicants may also submit the original documentation. In such cases, applicants would need to pick up all the original documentation from Business First.

The Corporation shall consider as eligible only invoices/receipts which include: -

- i. the name and details of the supplier;
- ii. date of supply;
- iii. a clear description of the item/s purchased; and
- iv. the VAT numbers of both the suppliers and applicant.

## 4.4 Eligible Costs

### 4.4.1 Employment Costs

- a. Wage costs covering the first twelve (12) month period pertaining to new **full-time** jobs created as from 1<sup>st</sup> January 2013 as long as this constitutes a net increase in the total number of **full-time** employees of the applicant when compared to the employment figure of the previous three (3) years. Basic wage costs excluding any allowances, bonuses, insurances and national insurance borne by the employer shall be considered as eligible.
- b. Part-time employment is eligible when such employment requires the employee to work in excess of twenty (20) hours per week.

### 4.4.2 Furbishing and refurbishing

Costs subcontracted to third parties in relation to furbishing, refurbishing and upgrading of business premises including extensions or modifications to premises. Items related to furbishing, refurbishing and upgrading of business premises that do not include installation costs and/or are not part of a receipt issued by the subcontractor providing the services will not be accepted.

A permit identifying the premises as a business premises will be required for furbishing and refurbishing costs to be considered eligible.

### 4.4.3 Investment Costs

Investment in acquiring new (or first time used in Malta) machinery, technology, apparatus or instruments which enhance the operations (including ICT solutions and systems which help to save energy or to produce alternative energy<sup>4</sup>).

### 4.4.4 Motor Vehicles

Over a period of three (3) years, investment in one (1) new motor vehicle (or first time used in Malta) as long as such a vehicle is involved in the carrying of goods (category N1, N2 or N3 motor vehicle), and Special Purpose Motor Vehicles as defined in Section 1.5.3 of the Incentive Guidelines.<sup>5</sup>

Vehicles that because of their nature can also be used for non-business (pleasure) activities will not be considered eligible.<sup>6</sup>

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<sup>4</sup> PV systems shall be considered as eligible if connected to a commercial meter located at the applicants licensed business premises.

<sup>5</sup> In any consecutive three (3) year period commencing from claims submitted in 2014 (in relation to motor vehicle purchased in 2013) an applicant may only be awarded tax credits in relation to the acquisition of one (1) eligible vehicle.

<sup>6</sup> A list of vehicles is included in the FAQs which may be downloaded from <http://www.maltaenterprise.com/en/support/microinvest>

## 4.5 Ineligible Costs

Costs incurred in relation to the following items will not be considered as qualifying:

- a. Purchase of land and/or property.
- b. Acquisition of works of art, antiques and any assets that are not directly related to the trade and business of applicant.
- c. Operating costs.
- d. VAT.
- e. Vehicle registration tax.
- f. Vehicles used for the transportation of passengers.
- g. Vehicle accessories and upgrades.
- h. Vehicles that because of their nature can also be used for non-business (pleasure) activities<sup>7</sup>.
- i. Allowances, bonuses, insurances and national insurance borne by the employer.
- j. Director's fees.
- k. Costs that are assisted (even partly) through other incentive measures.
- l. Spare-parts and maintenance costs.
- m. Personal devices such as mobile phones and tablets.
- n. Any individual invoice having a value of less than €200.
- o. Sea-going crafts.
- p. Website hosting.
- q. Equipment which has been rented or leased.
- r. Furbishing costs carried out in home based offices.
- s. Annual subscriptions.

## 4.6 Additional Provisions

The following additional provisions shall apply:

- a. Any tax credits awarded under this incentive shall not give rise to a right of any tax refund.
- b. The tax credit must be utilised by the third year of assessment. (i.e. for certificates issued in respect of Year of Assessment 2014, the tax credit must be utilised until year of assessment 2016)
- c. With regards, to start-ups, the tax credit must be utilised by the fourth year of assessment (i.e. for certificates issued in respect of Year of Assessment 2014, the tax credit must be utilised until year of assessment 2017).
- d. Tax Credits are utilised against tax incurred on income derived from the trade or business activity only.

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<sup>7</sup> A list of vehicles is included in the FAQs which may be downloaded by [clicking here](#).

- e. Applicant consents that data and information may be acquired from or forwarded to Government Departments, entities and/or Agencies for the scope of assessing and implementing this incentive and ensuring adherence to any applicable regulation including State Aid.
- f. Aid approved by the Corporation will be revoked or reduced to the applicable value, if the undertaking fails to reimburse old, unlawful and incompatible aid that is subject to a recovery decision.
- g. Aid approved by the Corporation will be revoked or reduced to the applicable value if the undertaking has been assisted for the same cost items via other national or European funds (including costs funded through the *Jeremie* Scheme and other financial instruments).
- h. All applications must be filled in electronically. Hand-written and/or incomplete applications will be rejected.

## 5. Application and Assignment of Aid

### 5.1 Application

Applications should be made to the Corporation on completion of the project.

Applicants should submit the official application which can be downloaded from the incentives website <http://www.maltaenterprise.com/en/support/microinvest>.

All applications must be filled in electronically and may be posted, or delivered by hand.

### 5.2 Onsite Inspections

The Corporation and/or the Inland Revenue Department may carry out onsite visits to determine whether:

- a. the investment has been implemented in line with the parameters set in these Guidelines; and
- b. the application and documentation submitted are consistent with the actual investment project.

### 5.3 Approval

On being satisfied that an applicant satisfies the conditions set out in these Guidelines, the Corporation will provide the applicant with a Certificate that will enable the applicant to benefit from a tax credit. The Certificate will be issued subject to terms and conditions that may be imposed by the Corporation. The benefits entitled by such Certificate may be revoked if the applicant fails to abide by such terms and conditions.

If the application and/or applicant do not satisfy the conditions set within the Incentive Guideline, the application will be rejected in part or in full.

The Corporation and the Inland Revenue Department reserve the right to revoke the Certificate and recover any tax incentive the applicant may have benefited from in terms of this Guideline in the case of:

- a. misuse or abuse of assets after the completion of the project;
- b. double funding of the same costs from Malta Enterprise or other public entities;
- c. any breach of regulations on State Aid; and/or
- d. expenditure not directly related to the trade or business activity.

## 6 State Aid Rules and Obligations

### 6.1 Applicable State Aid

If the submitted application is approved, the project will benefit from *de minimis* State Aid in line with *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).

*Commission Regulation (EU) No 1407/2013* allows a ‘single undertaking’ to receive an aggregate maximum amount of *de minimis* aid of €200,000 under all *de minimis* aid measures, over a period of three consecutive fiscal years. This aggregate maximum amount threshold applies in principle to all economic sectors with the exception of a ‘single undertaking’ performing road freight transport for hire and reward for which a lower *de minimis* threshold of €100,000 over any period of three fiscal years applies. The agriculture and fisheries sectors are subject to different thresholds and criteria. For the purpose of this declaration, the term ‘single undertaking’ includes 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 1 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 scheme and any other State aid measure granted under the *de minimis* rule including that received from any entity other than Malta Enterprise 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>8</sup> must be filled in and submitted together with the application form.

### 6.2 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>9</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.
- g. This scheme is not intended for voluntary organisations.

<sup>8</sup> The *de minimis* Aid Declaration may be downloaded from <http://www.maltaenterprise.com/en/support/docs/de-minimis-declaration>

<sup>9</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).

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.

### 6.3 Cumulation

*De minimis* aid granted in accordance with this Regulation may be cumulated with *de minimis* aid granted in accordance with Commission Regulation (EU) No 360/2012 ( 1 ) 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 laid down in Article 3(2) of this Regulation.

*De minimis* aid 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 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.

## 7. 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: Business First  
Gwardamangia Hill,  
Pieta`, MEC 0001  
Malta.

Tel: 144

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

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

[www.businessfirst.com.mt](http://www.businessfirst.com.mt)

Email: [info@businessfirst.com.mt](mailto:info@businessfirst.com.mt)