



Incentive Guidelines

MicroInvest



microInvest

Tax Credit Incentive for Micro Enterprises & Self Employed



MALTAENTERPRISE

Issue Date: 29th February 2012

Version: 2.0

<http://support.maltaenterprise.com>



Contents

1.	Introduction	2
1.1	Scope	2
1.2	Duration of the incentive	2
1.3	Legal Basis	2
1.4	Designated Authority	2
2.	Eligibility	3
3.	Incentive Description	4
3.1	Applicable aid intensity	4
3.2	Maximum Aid per enterprise	4
3.3	Qualifying Costs	4
3.4	Ineligible Costs	4
3.5	Additional Provisions	5
4.	Application and Assignment of Aid	6
4.1	Application	6
4.2	Onsite Inspections	6
4.3	Approval	6
5.	State Aid Rules and Obligations	7
5.1	Applicable State Aid	7
5.2	Cumulation	7
6.	Contact Details	8

1. Introduction

1.1 Scope

The scope of this scheme is to encourage micro enterprises and the self-employed to invest in their business, to innovate, expand, implement compliance directives and/or to develop their operations. Micro enterprises and self-employed will be supported through a tax credit representing a percentage of the eligible expenditure and wages of newly recruited employees and/or apprentices.

1.2 Duration of the incentive

This incentive covers eligible cost incurred between 1st January 2010 and 31st December 2012 both date included.

Applications for assistance under this incentive will be received until the 31st March 2013.

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) provides the legal basis of this incentive.

1.4 Designated Authority

This incentive is administered by Malta Enterprise.

2. Eligibility

This incentive is open to all micro enterprises, including micro start-ups, which at point of application satisfy all of the following criteria:

- a. The enterprise must not employ more than 9 persons (full time) as at 10th November 2009. Micro start-ups set up after this date are also deemed eligible¹.
- b. Applicants in 2012 must not employ more than 9 persons (full time) as a 1st January 2012.
- c. **The annual turnover of the enterprise must not exceed €2 Million;**
- d. Enterprises should be registered with the VAT department and in possession of regulatory licences and permits where applicable.
 - i. Retail outlets should have a valid trading licence issued by the Commerce Division;
 - ii. Bars, restaurants and hospitality activities should have a valid licence issued by the Malta Tourism Authority.
- e. Applicants must not be defaulting on VAT, Income Tax, Social Security and rent payments to government.

Persons or undertakings engaged in activities specifically excluded under the de minimis regulations (vide Section 5) are not eligible for this incentive.

This incentive is intended to support enterprises that carry out a trade or business, hence it not intended for voluntary organisations.

¹ For the purposes of this incentive, the determination of full-time employment considers persons working on reduced hours, or employees working in excess of 20 hours per week.

3. Incentive Description

3.1 Applicable aid intensity

Malta Enterprise may approve a tax credit equivalent to 40% of eligible expenditure. An additional bonus of 20% (total 60% tax credit) applies to Gozo based micro enterprises.

3.2 Maximum Aid per enterprise

The maximum tax credit per enterprise shall be capped at €25,000 for the duration of this incentive.

3.3 Qualifying Costs

Costs must be incurred and paid for between 1st January 2010 and 31st December 2012.

Eligible expenses include:

- a. Investment in refurbishing, refurbishing and upgrading of business premises including extensions or modifications to premises².
- b. These costs must be subcontracted to third parties as part of a specific job. Items related to refurbishing, refurbishing and upgrading of business premises that are not part of a receipt issued by the subcontractor providing the services will not be accepted.
- c. investment in acquiring machinery, technology, apparatus or instruments which enhance the operations, including systems which help to save energy or to produce alternative energy.
- d. investment required to become compliant with regulations including Health & Safety, Environmental directives and Physical access.
- e. Investment in one motor vehicle as long as such vehicle is involved in the carrying of goods (category N1, N2 or N3 motor vehicle), Tractors (category D) and Special Purpose Motor Vehicles (category E) as established in the Motor Vehicle Registration and Licensing Act (Cap. 368).³
- f. Wages costs covering a 12 month period pertaining to new jobs and apprenticeships created as from 10th November 2009 as long as this constitutes a net increase in the total number of employees of the applicant.
- g. Part-time employment is also considered eligible when such employment required the employee to work in excess of 20 hours per week
- h. All jobs must be maintained by the beneficiary for a period of at least 36 months. In the case of termination of employment of a person assigned to the job, the vacancy should be filled within a period of not longer than six months. The total number of employees should in no case be lower than the number of employees employed by the applicant as at 10th November 2009.

3.4 Ineligible Costs

Cost 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;

2 For the sake of clarity, extensions and modifications to premises will be understood as interventions whose cost does not exceed 20% of the overall costs claimed under this incentive.

3 The purchase of new vehicles is governed by the following conditions: only one vehicle per undertaking qualifies for this incentive; and the purchase of a new vehicle as a replacement of an existing one will need to demonstrate a lower level of CO2 emissions and/or a modification to the previous vehicle.

- c. Costs that are assisted (even partly) through other incentive measures.
- d. Any cost item having a value of less than €50

3.5 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 year of assessment 2015.
- c. Tax Credits are utilised against tax incurred on income derived from the trade or business activity only.
- d. Applicant consents that data and information may be acquired from 3rd parties for the scope of assessing and implementing this incentive.

4. Application and Assignment of Aid

4.1 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://incentives.maltaenterprise.com>. All applications must be completed electronically⁴ and may be posted, or delivered by hand.

Applicants may submit one application per annum.

4.2 Onsite Inspections

Malta Enterprise 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;
- b. the application and documentation submitted are consistent with the actual investment project.

4.3 Approval

On being satisfied that an applicant satisfies the conditions set out in these Guidelines and the Regulations, 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.

Malta Enterprise 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;
- d. expenditure not directly related to the trade or business activity.

4 Hand written applications will not be accepted.

5 State Aid Rules and Obligations

5.1 Applicable State Aid

These Incentive Guidelines are in line with Commission Regulation (EC) No 1998/2006 of 15 December 2006 on the application of Articles 87 and 88 of the Treaty to de minimis aid, Official Journal L379 of 28.12.2006.

[http://eur-lex.europa.eu/LexUriServ/site/en/oj/2006/l_379/l_37920061228en00050010.pdf]

In terms of this State Aid regulation, an enterprise may receive a total amount of aid up to €200,000 over a rolling three fiscal year period. This maximum threshold includes all de minimis aid granted to the beneficiary including that received from any entity other than Malta Enterprise.

The beneficiary will have to repay with interest any de minimis aid in excess of the €200,000 threshold.

5.1.1 De minimis Aid

This incentive is governed by the de minimis regulations and therefore the incentive will not apply to the following:

- a. Aid granted to undertakings active in the fishery and aquaculture sectors as covered by Council Regulation (EC) No. 104/2000;
- b. Aid granted to undertakings active in the primary production of agricultural products as listed in Annex 1 to the Treaty;
- c. Aid granted to undertakings active in the processing and marketing of agricultural products as listed in Annex 1 to the Treaty, in the following cases:
 - i. When 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. When 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 granted to undertakings in difficulty.

5.2 Cumulation

Aid granted under this incentive may only be cumulated with other aid under any other incentive, or with other Community funding, in relation to the same item of expenditure as long as such cumulation does not exceed the gross aid intensity fixed by these Incentive Guidelines.

In terms of the de minimis regulation quoted above, assistance shall not be cumulated with State Aid in respect of the same eligible costs if such cumulation would result in an aid intensity exceeding that fixed in the specific circumstances of each case by a block exemption regulation or decision adopted by the European Commission.



6. Contact Details

Further information on the scheme, as well as information and guidance on the filling in of the application form may be obtained by contacting Malta Enterprise during office hours.

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

Tel: +356 2542 2020

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

Email: info@maltaenterprise.com