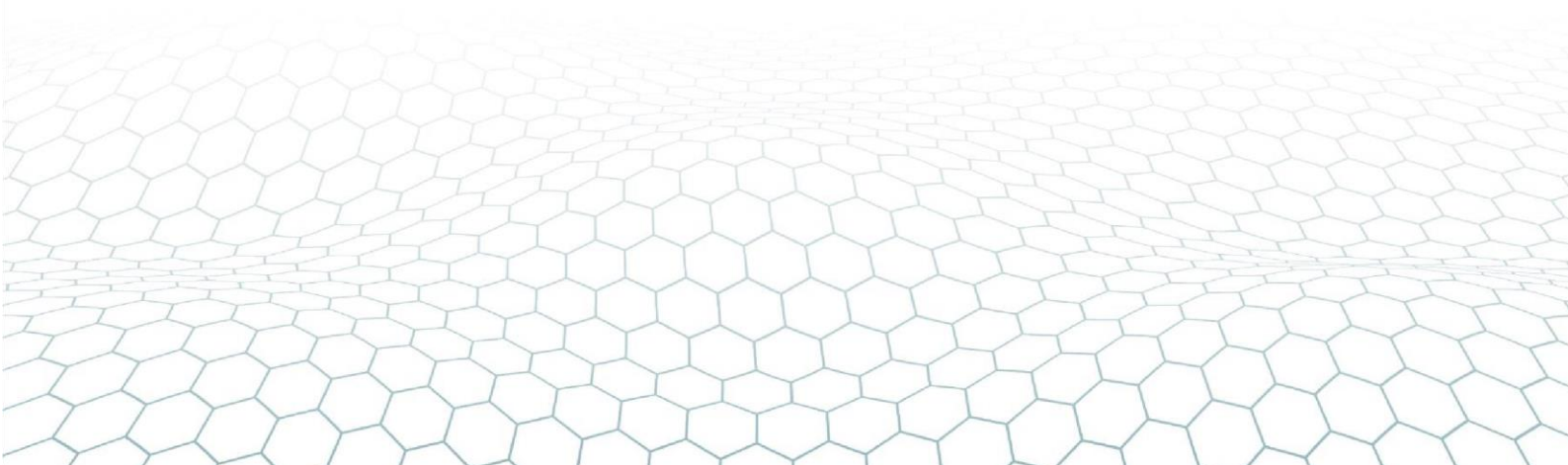




MALTA ENTERPRISE

INCENTIVE GUIDELINES

Rent Subsidy 2020



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

Malta Enterprise provides interested applicants with support to facilitate the understanding of the objectives and the details relevant to this incentive. Support is also available to address any problems encountered when completing applications. Applicants may contact Business First by calling 144 or by email on info@businessfirst.com.mt.

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1. Introduction

These Incentive Guidelines provide the framework for the administration and management of the Rent Subsidy 2020 Scheme. This scheme supports undertakings engaged in an eligible activity that require industrial space as a temporary, or permanent, solution to:

- i. Commence a new business activity
- ii. implement growth plans;
- iii. handle an increase in orders; and/or
- iv. carry out process innovations required to increase efficiency.

1.1 Duration of the incentive.

This aid scheme is applicable between 1st February 2020 till 31st December 2022¹.

Malta Enterprise may periodically update and amend these Incentive Guidelines. In any case, the applicable Incentive Guidelines shall be those published when the request for assistance is received.

1.2 Legal Basis

Malta Enterprise Corporation may issue and publish 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 Rent Subsidy Regulations 2020 (L.N. 187) as subsidiary legislation 463.33 to the Malta Enterprise Act form the specific legal basis for these Incentive Guidelines.

1.3 Designated Authority

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

1.4 Budget

This scheme has an overall budget of €2,500,000.

¹ This aid scheme is in line with the *de minimis* Regulation. Further information may be found in Section 8 of these Incentive Guidelines. If any changes are made to the *de minimis* Regulation, this aid scheme will be brought in line with any amendments made to such Regulation.

2. Definitions

2.1 Single Undertakings

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 enterprises having at least one (1) of the following relationships with each other:

- i. one (1) enterprise has a majority of the shareholders' or members' voting rights in another enterprise;
- ii. one (1) enterprise has the right to appoint or remove a majority of the members of the administrative, management or supervisory body of another enterprise;
- iii. one (1) enterprise has the right to exercise a dominant influence over another enterprise pursuant to a contract entered into with that enterprise or to a provision in its memorandum or articles of association;
- iv. one (1) enterprise, which is a shareholder in or member of another enterprise, controls alone, pursuant to an agreement with other shareholders in or members of that enterprise, a majority of shareholders' or members' voting rights in that enterprise.

Enterprises having any of the relationships referred to in points (i) to (iv) of the first subparagraph through one (1) or more other enterprises shall also be considered to be a single undertaking.²

The same Regulation states that a group of linked undertakings is considered as one (1) 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.²

2.2 Letter of Approval

Once the application is approved, a Letter of Approval shall be issued by the Corporation outlining the support of the grant including relative terms and conditions.

² [Commission Regulation \(EU\) No 1407/2013 of 18th December 2013](#)

3. Eligibility

This incentive is available to small and medium sized undertakings which satisfy all of the following criteria.

3.1 Legal Form

The applicant must be duly:

- i. incorporated under the Companies Act, Chapter 386 of the Laws of Malta being a partnership en nom collectif, en commandite or a limited liability company;
or
- ii. registered as a Cooperative under the Co-operatives Societies Act, Chapter 442 of the Laws of Malta;
or
- iii. registered as a self-employed with *Jobsplus*.

3.2 Activity

The applicant must be engaged in:

- a) Manufacturing;
- b) Maintenance and Repairs of Motor Vehicles;
- c) Repair of Machinery & Equipment;
- d) Other industrial activities.

3.3 Employment

The applicant must be a single undertaking that in the two (2) fiscal years preceding the year in which the application is submitted, employed one hundred (100) or less persons on Full Time (FT) contract.³

3.4 Annual Turnover

The applicant must be a single undertaking whose turnover did not exceed €10 Million in the two (2) fiscal years preceding the year in which the application is submitted.

3.5 Balance Sheet Total

If the applicant is a registered company⁴, the single undertaking's balance sheet total should not have exceeded €10 Million in the two (2) fiscal years preceding the year in which the application is submitted.

3.6 State Aid

The applicant must adhere to the applicable State Aid regulation (vide Section 8).

³ Employees on reduced hours are excluded.

⁴ Registered with the Registrar of Companies

4. The Incentive

4.1 What may be assisted

The Corporation may support costs incurred for rental of industrial premises required to carry out or facilitate the carrying out of the activities as outlined in Section 3.2.

4.2 Conditions for awarding assistance

For the rental agreement to be considered for assistance, the identified property must be rented from a third party in the private sector which is not related to the single undertaking. The rent agreement must have commenced not earlier than one (1) year prior to the date when the application was submitted to the Corporation.

4.3 Maximum support

The total aid which may be granted to a single undertaking over a twelve-month period will be capped at €25,000. The support may be approved for a period of three (3) consecutive years, thus the maximum aid per single undertaking may not exceed seventy-five thousand euro (€75,000).

4.4 Aid Intensity

The aid intensity is established at up to 50% of the cost incurred after excluding any taxes.

4.5 Exclusions

Renting or leasing of the following properties is excluded even if such properties are rented to address the objectives of this incentive:

- i. Any property owned by a legal person or group of legal persons related to the single undertaking receiving the assistance;
- ii. Public property;
- iii. Showrooms, display areas and similar properties.

5. Application

An application form can be downloaded from the Corporation's Client Portal

<https://clientportal.maltaenterprise.com/login>

Each application must contain the following information/documentation, and shall be screened for eligibility in accordance to the procedures described below.

5.1 Justification

The applicant will need to provide clear justification on why the additional space is required. The justification should explain how the newly rented space will help enhance and maintain the operation of the applicant on a temporary and/or permanent basis.

5.2 Employment

The applicant will be required to:

- i. Submit the employment history issued by *Jobsplus* showing the number of full-time employees for the past two (2) fiscal years.
- ii. Provide the current number of full time employees through official documentation issued from *Jobsplus*.
- iii. Disclose employment data of the undertakings that form part of the single undertaking.

The Corporation will verify the data presented with *Jobsplus*.

5.3 Turnover and Balance Sheet details

The applicant will be required to disclose:

- i. Turnover figures by presenting audit accounts or certified true copies of management accounts or certified true copies of Income Tax Returns⁵ covering the two (2) fiscal years prior to the application;

5.4 De Minimis Declaration Form

The applicant will be required to duly fill in and sign the De Minimis Declaration Form, declaring the aggregate maximum amount of De Minimis aid given to the single undertaking over a period of three (3) 'fiscal years'. This maximum threshold would include all State Aid granted under this scheme, and any other State aid measure granted under the *de minimis* rule.

⁵ Copies are to be certified by a Certified Public Accountant (CPA).

5.5 Premises

The applicant will be required to submit the following documents:

- i. A draft copy of the rental agreement (if the agreement is still to be signed) or a copy of the original rental agreement;
- ii. Layout plans of current premises and additional premises whether owned or rented⁶;
- iii. Documentation confirming that the rented premises have the correct classification for the activity to be carried out. Such activity must be classified under CATEGORY E – INDUSTRIAL USES as defined in Subsidiary Legislation 552.15 Development Planning (Use Classes) Order 2 of the Development Planning Act⁷.

⁶ *The applicant should provide plans to include details of all premises used to support the business process, including any new premises being procured and rented premises on which support is being sought.*

⁷ <http://www.justiceservices.gov.mt/DownloadDocument.aspx?app=lom&itemid=11486&l=1>

6. Evaluation and Adjudication

6.1 Evaluation Process

In conducting its evaluation, the Corporation may:

- i. In order to verify the activity of the applicant, the Corporation will conduct an onsite verification of the activities carried out by the applicant at the site at which the rent subsidy is being requested and/or, review documentation of the machinery & equipment which the applicant will purchase in order to be able to carry out the activity from the site at which the rent subsidy is requested;
- ii. Conduct a review of objects listed in the Memorandum and Articles of Association, if the applicant is a limited liability company.
- iii. Conduct onsite verification at any of the applicant premises to review the space requirement of the applicant.
- iv. Request further information, and clarifications, beyond the information requested in the application so as to determine whether the support should be awarded.

6.2 Evaluation Parameters

Each submission will be reviewed on its own merits. Any support will be awarded at the sole discretion of the Corporation, following a review of the:

- i. economic feasibility of the proposal;
- ii. expected economic return from the public funding awarded;
- iii. applicant's business performance and projections in relation to the cost of the rent agreement;
- iv. strength of the justification provided in the applicant submission; and
- v. space requirements of the applicant.

6.3 Awards

Following its evaluation, the Corporation will determine the value of aid, if any, which will be awarded to the applicant.

The Corporation may withhold all, or part, of the assistance if the undertaking (at group level) is subject to an outstanding recovery in respect of any other incentive awarded by the Corporation. The outcome shall be communicated to the applicant, and successful applicants will be issued a Letter of Approval specifying the terms and conditions of the award.

6.4 Terms and Conditions of Award

The Letter of Approval is to be returned signed to the Corporation and shall become effective once the applicant submits the first claim, which may not be later than one (1) year from the date of the approval letter.

7. Claim Process

Claims must be submitted on the appropriate claim form template produced by the Corporation and shall include all the required supporting documentation. All incomplete claims will be rejected.

7.1 Claims

- a) Claims for reimbursement are to be submitted covering intervals which are not shorter than three (3) months and should include:
 - i. Claim Form made available by the Corporation;
 - ii. Fiscal invoice/s;
 - iii. Proof of the payment, consisting of encashed cheques or bank documents (statement, bills payable etc.) clearly identifying the completed transactions between the beneficiary and the lessor. Cash payments are not eligible.
 - iv. Documents as requested in Clause 5.5 (i) and (iii) if these are not available at application stage.
- b) With the first claim and every 12 months thereon the beneficiary shall submit:-
 - i. Compliance certificates from the Commissioner for Revenue confirming that the beneficiary is not defaulting on:
 - a. Income Tax
 - b. FSS/SSC payment proceeding that in which the claim is made;
 - ii. Compliance certificate issued by the VAT Department confirming that the beneficiary is not defaulting on VAT payments
- c) If the beneficiary is currently following a repayment agreement in relation to dues related to Income Tax and Social Security payment or VAT with each claim, the Beneficiary must present a letter or document from the Inland Revenue Department or the VAT Department issued within the past three (3) months confirming that such agreements are being honoured.

7.2 Claim Processing

When processing claims the Corporation may:

- i. Conduct an onsite verification to confirm that the premises are being used in accordance to these Incentive Guidelines and to the Letter of Approval issued by the Corporation. Failure to provide the Corporation access to the site within seven days of notification of the visit, Malta Enterprise will constitute a material breach to the conditions of the assistance.
- ii. Request further information and clarifications beyond the information requested in the application, so as to determine whether the support should be awarded.

7.3 Revocation and suspension of aid

The assistance may be revoked, or suspended, if the beneficiary does not adhere to the conditions established in these Incentive Guidelines and to the Letter of Approval.

8. State Aid Rules and Obligations

8.1 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)⁸, as may be amended.

The total amount of *de minimis* aid granted to a single undertaking shall not exceed the amount of €200,000 (or €100,000 in the case of a single undertaking performing road freight transport for hire or reward) over any period of three consecutive fiscal years. 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 aggregate maximum threshold applies in principle to all economic sectors with the exception of the 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 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 form⁹ must be filled in and submitted together with the application form.

8.2 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;

⁸ The *de minimis* Aid Regulation may be accessed from http://ec.europa.eu/competition/state_aid/legislation/de_minimis_regulation_en.pdf

⁹ The *de minimis* Aid Declaration may be downloaded from:
<http://www.maltaenterprise.com/en/support/docs/de-minimis-declaration>

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).

- 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, aid may only be granted in respect of the latter sectors or activities. The Corporation will ensure a separation of the activities or distinction of costs, and will ensure that 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.

8.3 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 360/2012¹¹ 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 **RENT SUBSIDY 2020** 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 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).

9. Contact Details

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

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