

Incentive Guidelines

Aid for the development of workshops and associate retail outlets at the Ta' Qali and Ta' Dbiegi Crafts Village



MALTAENTERPRISE

Issue Date: 15th May 2015

Version: 1.1

Updated: 1st January 2016

<http://support.maltaenterprise.com>

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1. Introduction

1.1 Summary

This incentive is aimed at assisting undertakings based in the Ta' Qali Crafts Village and the Ta' Dbiegi Crafts Village.

Undertakings (including self-employed) that engage in a project as part of the upgrading of Ta' Qali Craft Village may be supported through a loan interest subsidy of 2%, up to a maximum of €6,000¹.

Furthermore, undertakings that by the 30th April 2018 are in possession of a category 'A' certification of producing authentic Maltese crafts and are operating from either the Ta' Qali Craft Village or the Ta' Dbiegi Crafts Village will be awarded a grant of €5,000 paid over a period of twenty-four (24) months.

1.2 Budget

A budget of €1,000,000 is being allocated to support undertakings that are approved aid through this incentive.

1.3 Duration of the Incentive

Applications for loan interest subsidies shall be received until 30th April 2018.

Applications for the €5,000 grant awarded to undertakings that acquire a category 'A' certification of producing authentic Maltese crafts, shall be received until 30th April 2018.

Malta Enterprise may periodically update and amend these Incentive Guidelines.

1.4 Legal Basis

Aid for the Development of Workshops and Associate Retail Outlets at the Ta' Qali and Ta' Dbiegi Crafts Village Regulations, 2015 as subsidiary legislation 463.11 to the Malta Enterprise Act, Chapter 463 of the Laws of Malta, forms the national legal basis of the aid scheme.

Malta Enterprise Corporation may issue and publish 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.

1.5 Designated Authority

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

¹ The Corporation will cover up to 50% of the loan interest charged, which in any case shall not exceed 2%.

2. Definitions

For the purpose of these Incentive Guidelines, the following definition shall apply:

a) Agricultural products

'Agricultural products' means products listed in Annex I to the Treaty, with the exception of fishery and aquaculture products covered by Regulation (EC) No 104/2000.

b) Processing of agricultural products

'Processing of agricultural products' means any operation on an agricultural product resulting in a product which is also an agricultural product, except on-farm activities necessary for preparing an animal or plant product for the first sale;

c) Marketing of agricultural products

'Marketing of agricultural products' means holding or display with a view to sale, offering for sale, delivery or any other manner of placing on the market, except the first sale by a primary producer to resellers or processors and any activity preparing a product for such first sale; a sale by a primary producer to final consumers shall be considered as marketing if it takes place in separate premises reserved for that purpose.

d) Category 'A' Certification

A certificate confirming that the applicant is producing authentic Maltese crafts issued by the Corporation in collaboration with the Malta Crafts Council. The certificate needs to be issued by the Corporation by not later than 30th April 2018.

e) New Loan

A new debt facility issued after 15th May 2015 that is not required for restructuring or consolidating existing debt.

f) Single Undertaking

For the purpose of these Incentive Guidelines, the terminology 'single undertaking' shall be defined 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 aid².

'Single undertaking' includes, all undertakings having at least one 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.

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

3. Loan Interest Subsidy

3.1 Eligible Undertakings

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

- a. Are in possession of and abide to an emphyteutical deed or lease contract issued by Malta Industrial Parks Ltd. related to a property based at Ta' Qali Crafts Village (as per Annex I).
- b. Are duly registered business undertakings (Individuals should be registered as self-employed persons with Jobsplus).
- c. Are not to be defaulting on (or are honouring a repayment agreement in relation to dues related to) VAT, Income Tax and Social Security.
- d. Do not have any rent arrears payable to Malta Industrial Parks Ltd. or any disputes with Malta Industrial Parks Ltd.
- e. Are in possession of an official document issued by the Corporation authorising the applicant to carry out works from the Ta' Qali Crafts Village.
- f. Are not subject (at group level) to an outstanding recovery in respect to any other incentive awarded by the Corporation.

3.2 Exclusions

The incentive does not apply to:

- a. The sectors excluded by the Commission Regulation (EU) No. 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 as specified in Section 6 of these Incentive Guidelines.
- b. Public Entities, such as Ministries, Departments, Entities, Authorities, Commissions, 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 commercial undertakings carrying out exclusively an economic activity in direct competition with third parties and in which Government has a controlling interest are not eligible under this incentive.
- c. Undertakings subject to an outstanding recovery order following a previous Commission decision declaring an aid illegal and incompatible with the internal market.
- d. Voluntary organisations.
- e. Persons or undertakings engaged in activities specifically excluded under the de minimis regulations – (vide Section 6) are not eligible for this incentive³.

³ Vide Section 6.1 State Aid Rules and Obligations for further information regarding the exclusion of sectors from benefitting from assistance under this incentive.

3.3 Incentive Description

The loan interest subsidy shall be awarded on the following terms and conditions:

- a. The subsidy shall only be awarded on new loans required to finance projects based at the Ta' Qali Crafts Village.
- b. The new loan must be issued through a commercial bank⁴.
- c. The subsidy shall only be awarded to a tenant recognised by Malta Industrial Parks Ltd. as the lessee of a unit at the ta' Qali Crafts Village.
- d. The subsidy may never exceed 50% of the loan interest charged in any specific repayment period.
- e. The maximum subsidy may not exceed €6,000.
- f. The Interest Rate Subsidy will be reimbursed on interest paid to the commercial bank in six (6) month intervals.
- g. The Corporation will not subsidise any interest on a new loan if there has been a breach or non-observance of any condition attached to the subsidy.

3.3 Value of Aid

The aid intensity in respect of the Interest Subsidy awarded shall be established at award stage and shall be the result of the grant value of the approved loan interest rate subsidy which is conditional on the approved project carried out within the Ta' Qali Crafts Village. The total aid per undertaking under this incentive shall not exceed €6,000.

3.4 Applications Requirements

Undertakings seeking support through this measure should submit to Business First the following documentation by not later than 30th April 2018.

- a. Applicants would be required to submit the official application form. The application form can be downloaded from the Corporation's website. View [link](#).
- b. The signed emphyteutical deed or lease contract agreement with Malta Industrial Parks Ltd. related to a property at the Ta' Qali Craft's Village.
- c. Jobsplus records confirming that the applicant is a duly registered business undertaking.
 - i. Individuals should be registered as self-employed persons with Jobsplus; or
 - ii. the M&A of the company as registered with the Registrar of Companies.
- d. Compliance Certificate issued by the Inland Revenue Department and the VAT Department confirming that the applicant is not defaulting on VAT, Income Tax and Social Security, or confirmation issued from the same departments that the applicant is honouring a repayment agreement in relation to dues related to VAT, Income Tax and Social Security.
- e. The sanction letter issued by the commercial bank issuing the new loan confirming that the new loan has been taken in relation to a property authorised to carry out works from the Ta' Qali Crafts Village.
- f. A letter issued by the commercial bank issuing the new loan confirming that the new loan is not in relation to any refinancing or restructuring of existing debt.

⁴ As established in the Banking Act (Chapter 371) of the Laws of Malta

- g. An official letter issued by Malta Industrial Parks Ltd. indicating that there are no disputes and confirming the applicant is not in default on rent payments and / or is honouring a repayment agreement.
- h. Duly filled in *De Minimis* Declaration Form.

The complete application must be electronically filled in and submitted to Business First either by hand in a sealed envelope or by registered post. The application must be addressed to:

Business First
*Aid for Development of workshops and associate retail outlets at the ta'Qali
Crafts Village & Ta' Dbiegi Crafts Village*
Gwardamangia Hill,
Pieta', MEC 0001
Malta.

Handwritten or incomplete applications shall be rejected.

3.5 Applications Assistance

Business First staff 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. You may contact Business First by calling 144 or by email on info@businessfirst.com.mt

3.6. Evaluation and Assignment of Aid

The Corporation will review the applications submitted for eligibility so as to confirm that the applicant is eligible for this scheme in terms of these Incentive Guidelines.

Once the project is approved a Letter of Approval will be issued. The Letter of Approval will specify details of the aid approved and may impose additional terms and conditions.

3.7 Monitoring

The Corporation and/or other government agencies/authorities may at any time investigate and request further information so as to check:

- a. whether the project is being (or has been) implemented in line with the parameters set in these Incentive Guidelines, the Regulation, and in the Letter of Approval; and/or
- b. that any documentation submitted is consistent with the actual project; and and/or that the applicant has not breached any of the regulations on State Aid and cumulation (vide section 6); and/or
- c. any outstanding disputes with MIP.

3.8 Notification of Results

Applicants will be notified in writing of the outcome of their application.

On being satisfied that an applicant satisfies the conditions set out in these Incentive Guidelines and the Regulations, the Corporation will provide the applicant with a Letter of Approval including the determination of eligibility.



3.9 Claim Process

- a) Claim forms may be submitted at six (6) monthly intervals and must include a copy of the bank statement and a letter issued by the Bank indicating the interest charge of each interest payment claimed.
- b) Incomplete claims will be rejected.

4. Workshop Development Grant

4.1 Eligible Undertakings

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

- a. Are in possession of and abide to an emphyteutical deed or lease contract issued by Malta Industrial Parks Ltd. related to a property at the Ta' Qali Crafts Village (as per Annex I) or the Ta' Dbiegi Crafts Village (as per Annex II).
- b. Are duly registered business undertakings (Individuals should be registered as self-employed persons with Jobsplus).
- c. Are not to be defaulting on (or are honouring a repayment agreement in relation to dues related to) VAT, Income Tax and Social Security.
- d. Do not have any rent arrears payable to Malta Industrial Parks Ltd. or any dispute with Malta Industrial Parks Ltd.
- e. Are not subject (at group level) to an outstanding recovery in respect to any other incentive awarded by the Corporation.
- f. In possession of a Category 'A' Certification issued by the Corporation by not later than 30th April 2018.
- g. Has been employing at least one (1) person on a full time or part-time basis over the past twelve (12) month period⁵.

4.2 Exclusions

The incentive does not apply to:

- a. The sectors excluded by the *Commission Regulation (EU) No. 1407/2013 of 18 December 2013 on the application of Articles 107 and 108* as specified in Section 6 of these Incentive Guidelines.
- b. Public Entities, such as Ministries, Departments, Entities, Authorities, Commissions, 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 commercial undertakings carrying out exclusively an economic activity in direct competition with third parties and in which Government has a controlling interest are not eligible under this incentive.
- c. Undertakings subject to an outstanding recovery order following a previous Commission decision declaring an aid illegal and incompatible with the internal market.
- d. Voluntary organisations.
- e. Persons or undertakings engaged in activities specifically excluded under the *de minimis* regulations – (vide Section 6) are not eligible for this incentive⁶.

⁵ In the case of a self employed, the person needs to be registered with Jobsplus.

⁶ *Vide* Section 6.1 State Aid Rules and Obligations for further information regarding the exclusion of sectors from benefitting from assistance under this incentive.

4.3 Incentive Description

Undertakings that are operational at the Ta' Qali Craft Village (as per Annex I) or the Ta' Dbiegi Craft Village (as per Annex II) and that by 30th April 2018 confirm to the Corporation that they have achieved a Category 'A' Certification confirming that the applicant is producing authentic Maltese crafts shall be awarded a grant of €5,000. The grant shall be payable in two (2) annual instalments of €2,500. The first payment will be issued once the application is accepted, while the second payment will be processed once the undertaking confirms that the Category 'A' Certification has been maintained for a further year.

4.4 Value of Aid

The value of aid shall be established once the application is approved and shall be fixed at €5,000⁷.

4.5 Application Requirements

When applying for the grant specified in Section 4.3, undertakings should submit the following documentation to Business First by the 30th April 2018:

- a. The official application form. The application form can be downloaded from: <http://incentives.maltaenterprise.com>.
- b. The signed emphyteutical deed or lease contract agreement with Malta Industrial Parks Ltd. related to the property at the Ta' Qali Craft's Village or the Ta' Dbiegi Crafts Village, for which the Category 'A' certification has been issued.
- c. A copy of the Category 'A' certificate issued by not later than 30th April 2018.
- d. Compliance Certificate issued by the Inland Revenue Department and the VAT Department confirming that the applicant is not defaulting on VAT, Income Tax and Social Security, or confirmation issued from the same departments that the applicant is honouring a repayment agreement in relation to dues related to VAT, Income Tax and Social Security.
- e. Duly filled in *De Minimis* Declaration Form.
- f. Jobsplus records providing employment details over the past twelve (12) months.

Applicants are requested to submit a maximum of two (2) applications (one (1) application per year).

The complete application must be electronically filled in and submitted to Business First either by hand in a sealed envelope or by registered post. The application must be addressed to:

Business First
*Aid for Development of workshops and associate retail outlets at the ta'Qali
Crafts Village & Ta' Dbiegi Crafts Village*
Gwardamangia Hill,
Pieta', MEC 0001
Malta.

Handwritten or incomplete applications shall be rejected.

⁷ In the case of part-time employees, the benefit shall be reduced to €2,000 over a period of two (2) years.



4.6 Notification of Results

Applicants will be notified in writing of the outcome of their application.

On being satisfied that an applicant satisfies the conditions set out in these Guidelines and the Regulations, the Corporation will provide the applicant with an Incentive Entitlement Certificate.

4.7 Applications Assistance

Business First staff 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. You may contact Business First by calling 144 or by email on info@businessfirst.com.mt



5. Evaluation and Assignment of Aid

5.1 Budget Utilisation

Applications will be processed on a first come first served basis until the budget allocated for this measure is fully utilised. Incomplete applications will be rejected and no budgetary provision will be made for such applications.

5.2 Revocation of Aid

If an applicant is found to have breached the terms and conditions set in these Incentive Guidelines, the Regulation, the Letter of Approval or the Incentive Entitlement Certificate, the Corporation reserves the right to revoke, suspend or recover any aid awarded.

6. State Aid Rules and Obligations

6.1 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.

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 (EC 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 Malta Enterprise. 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.

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. 104/2000¹⁰;
- 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.
 - 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.

⁸ [http://eur-lex.europa.eu/LexUriServ/site/en/oj/2006/l_379/l_37920061228en00050010.pdf]

⁹ The *de minimis* Aid Declaration may be downloaded by [clicking here](#).

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).



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

Aid granted under this incentive is not attributable to specific eligible costs and 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 incentive, as well as information and guidance on the filling in of the application may be obtained by contacting Business First during office hours.

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

Tel: 144

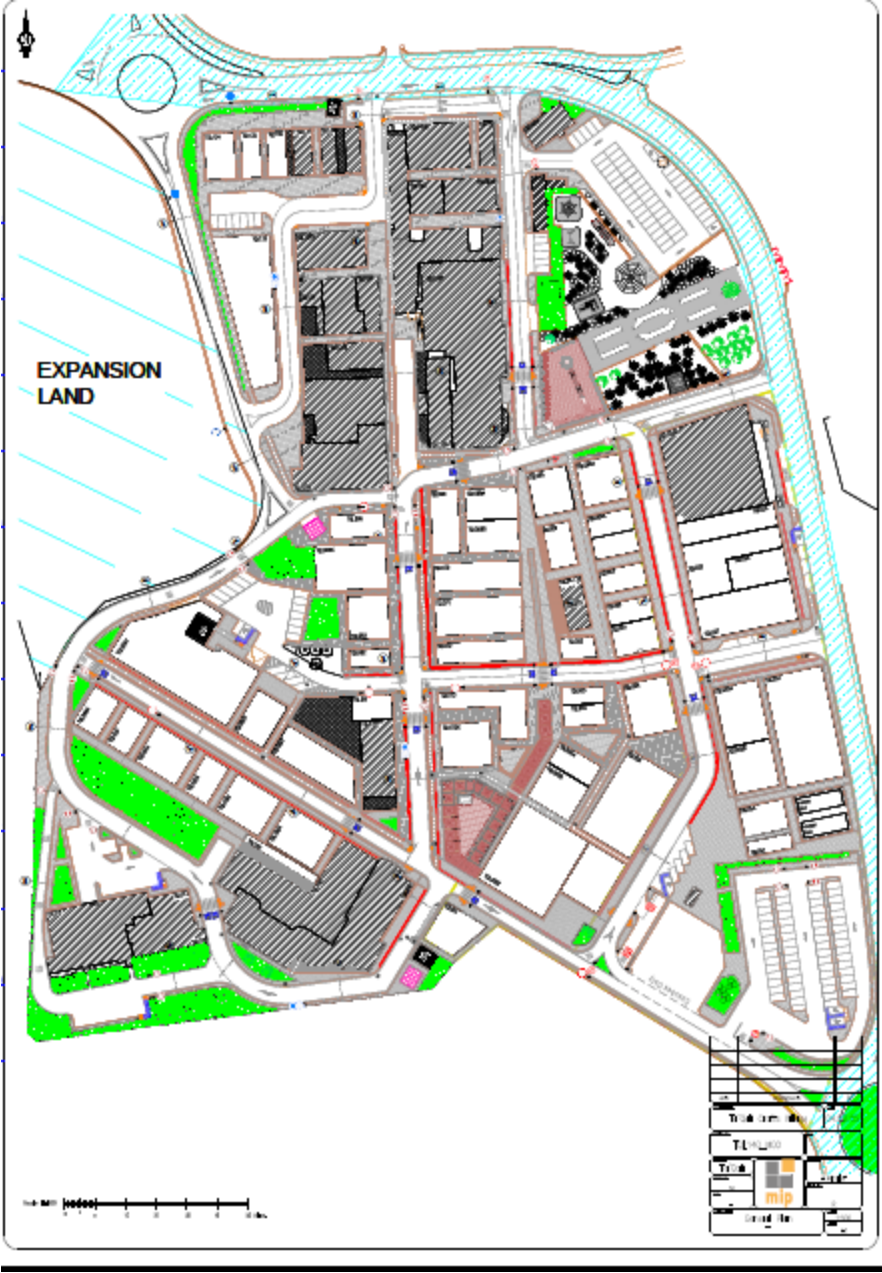
Websites: <http://www.maltaenterprise.com>

<http://www.businessfirst.com.mt>

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

Email: info@businessfirst.com.mt

Annex I Ta' Qali Crafts Village



Annex II Ta' Dbiegi Crafts Village

