

Incentive Guidelines
Investing in Crafts



MALTAENTERPRISE

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<http://support.maltaenterprise.com>

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

1.1 Duration of Incentive

1.1.1 These Incentive Guidelines will remain active until 1st June 2020. Malta Enterprise may review, update and amend these Incentive Guidelines as deemed appropriate.

1.2 Legal Basis

1.2.1 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.

1.2.2 Assistance for Investing in Crafts Regulations as Subsidiary Legislation 463.27 to the Malta Enterprise Act Chapter 463 of the Laws of Malta.

1.3 State Aid Regulation

1.1.3 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.

1.4 Designated Authority

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

1.5 Budget

1.1.5 This measure has a budget of EUR 750,000

2. Definitions

2.1 Single Undertakings

2.1.1 For the purpose of these Incentive Guidelines, the term 'single undertaking' shall be defined as follows:

2.1.2 A 'single undertaking' includes 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 undertaking 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.

2.1.3 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.¹

2.1.4 The same regulation states that a group of linked undertakings is considered as one 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.¹

2.2 Craft

2.2.1 For the purpose of this measure a craft is an occupation or trade requiring skill with hands in creating unique items which may have a functional or decorative use.

2.3 Start-up Undertaking

2.3.1 For the purpose of these Incentive Guidelines a 'Start-Up Undertaking' shall be defined as an unlisted Small Undertaking that has been established for less than three (3) years and which has not yet distributed profits and has not formed through a merger. For eligible undertakings that are not subject to registration, the three (3) years eligibility period will be considered to start from the moment when the undertaking becomes liable to tax on income from its economic activity.

¹ Commission Regulation (EU) No 1407/2013 of 18th December 2013:

3. Skills Transfer

3.1 Incentive Description

3.1.1 Through this incentive Malta Enterprise may support artisans in the process of transferring their skills to other persons by providing:

- a) Up to Ten Thousand Euro (€10,000) to be disbursed at a rate of up to Twenty Euro (€20) per hour covering the time dedicated to skills transfer. That is the hours which the applicant, according to the time sheets, would have dedicated in support of the skills transfer.
- b) Up to Two Thousand Euro (€2,000) to support the purchase of materials required for the implementation of the skill transfer. The Corporation shall determine the amount of support after taking due consideration of the nature of the craft and materials in question.

3.1.2 If the Corporation determines that the skills transfer was successful, a bonus calculated at One Euro (€1) multiplied by the number hours dedicated to skills transfer but not exceeding One Thousand Euro (1,000) may be awarded to the artisan. The skills transfer shall be deemed to be successful if:

- a) it results in the employment of a trainee by the beneficiary;
or
- b) within 6 months from the completion of the skills transfer programme, a trainee establishes a Start-up Undertaking carrying out a business based on the skills attained;
or
- c) it is deemed successful by the mentor appointed by the Corporation following the programme.

3.1.3 In order to facilitate the skill transfer the Corporation shall assign a mentor to help in the development of a training programme and to facilitate the interaction between the craftsman and the trainee.

3.1.4 The skills transfer is to be carried out within a period of twenty-four (24) months, starting from the date of approval of the support by the Corporation.

3.2 Eligible Entities

3.2.1 This measure is available to duly registered undertakings (including self-employed persons) carrying out an economic activity based on the production of crafts and self-employed persons that have previously carried out an economic activity based on the production of crafts.

3.2.2 At point of application the applicant (legal person submitting the application) must employ at least one (1) person (on full or part time basis). The person employed may be the applicant in the case of self-employed persons. In any case such employment must be registered with the Jobsplus.

3.2.3 Persons or undertakings engaged in activities specifically excluded under the *de minimis* regulations (vide Section 6) are not eligible for this incentive.

3.3 Application

3.3.1 Applications together with all the supporting documentation must be submitted to the Corporation in accordance to the parameters established in the calls for application which shall be issued by the Corporation.

3.3.2 As part of the application undertakings will be required to provide:

- a) Evidence that the applicant or persons engaged with the applicant have the necessary skills and knowledge to carry out the skills transfer;
- b) Evidence that the persons engaged in the skills transfer shall have access to an adequate working space to execute the skills transfer;
- c) Details on how the skills transfer will be carried out, including a breakdown of the number of hours necessary to complete the skills transfer;
- d) An estimate of the cost of materials required to support the skills transfer;
- e) A curriculum vitae of the persons delivering the skills transfer;
- f) Details of the persons receiving the skills.

3.3.3 The Corporation may request additional documentation and information which it may deem relevant to process the application.

3.4 Evaluation

3.4.1 The scheme is intended to facilitate skills transfer by providing a financial support framework through which a trainee can access training that will help him/her obtain the knowledge, skills, and competences required to engage in the craft (as an employee or an entrepreneur). The applicant must demonstrate his/her skill in the identified craft and his commitment to reach the proposed skills transfer.

3.4.2 As part of the adjudication process the Corporation may appoint third parties to:

- a) assert that the applicant has the skill and expertise in the craft and the aptitude to carry out the skills transfer;
- b) confirm that the applicant has adequate facilities where to carry out the transfer of skills

3.4.2 Preference will be given to those crafts at risk of extinction and the decision to endorse a project shall be taken by the Corporation with the support of the Crafts Council and the Ministry for Economy, Investment, and Small Business.

3.4.3 The Corporation will evaluate the submissions received in any call for proposal and rank them according to priority by taking into consideration the following aspects:

- a) The skills and experience of the applicant;
- b) The location and facilities available for the skills transfer;
- c) The number of persons engaged in transferring their skill;
- d) The number of persons to be trained (taking into consideration the specific craft)²;
- e) Whether the skills relate to a craft considered at the risk of extinction;
- f) Elements of innovation in support of future development of the craft.

3.4.4 Support will be awarded to the best proposals received as determined by the Corporation.

3.5 Approval

3.5.1 Following a positive decision to provide support, the Corporation shall issue a letter of approval detailing the terms of the support to be provided.

² The evaluation team shall take into consideration the skills being transfer and how one could adopt to transfer the skills to the number of persons indicated. The evaluators may consider that in certain situations one-to-one training is the most feasibly option, in these instances a higher number of trainees may most be considered positively.

3.5.2 The Corporation may also appoint a mentor to assist in the skills transfer by facilitating communication between the parties, and recommending improvement to the process.

3.6 Disbursement and Claims

3.6.1 The Corporation may consent that up to fifty percent (50%) of the amount approved to cover the costs of materials is disbursed after acceptance of the Corporation's letter awarding the funding following the presentation of invoices. The Corporation may opt to issue payment (including part payments of invoices) directly to the supplier.

3.6.2 The Beneficiary shall submit periodic claims as specified in the letter of approval issued by the Corporation.

3.6.3 Claims for any costs of Materials approved, should be supported by fiscal receipts (or invoices) and proof of payment.

3.6.4 At the end of the support period the mentor shall produce a final report reviewing the overall on-the-job training provided. If the transfer of skills is successful within the terms established in these guidelines, the corporation shall disburse the associated bonus.

3.7 Monitoring

3.7.1 A quarterly review outlining the training delivered by the undertaking and the progress achieved will be carried out by an assigned mentor who will give his/her recommendation on whether the support should be continued or terminated. These reviews shall require the endorsement of both the craftsman and of the trainee (or trainees) on the progress claimed.

3.7.2 Malta Enterprise shall reserve the right to organise on site monitoring visits.

3.7.3 The Corporation reserves the right to revoke the Approval and recover any funding that may have already been granted to the Beneficiary in case of double funding of the same eligible costs from the Corporation or other public entities; any breach of State Aid Regulations; any breach of the guidelines and relevant laws; if it should become apparent to the Corporation that any matter disclosed, warranted or represented (expressly or by implication) by the beneficiary was or has become, materially or adversely misleading or incorrect.

4. Assistance for Artisan Start-ups

4.1 Incentive Description

4.1.1 Trainees who in the previous six (6) months successfully completed a skills transfer programme supported through this measure (see section 3), may benefit from Eight Hundred Euro (€800) per month for a maximum period of twelve (12) months and up to Four Hundred Euro (€400) covering invoice/s for any supervision or mentoring provided by the same person that has effected the skills transfer.

4.2 Eligible Entities

4.2.1 This incentive is open to Start-ups undertakings, controlled by a person or persons that have received a skill through initiative supported under Section 3 of these Guidelines and where the main business activity is dependent on the skills acquired by these persons.

4.2.2 At point of application the applicant (legal person submitting the application) must employ at least one (1) person (on full or part time basis). The person employed may be the applicant in the case of self-employed persons. In any case such employment must be registered with the Jobsplus.

4.2.3 Persons or undertakings engaged in activities specifically excluded under the *de minimis* regulations (vide Section 6) are not eligible for this incentive.

4.3 Application

4.3.1 Applications together with all the supporting documentation must be submitted to the Corporation in accordance to the parameters established in the application Form which shall be published by the Corporation by not later than 1st June 2020.

4.3.3 As part of the application process the undertaking will need to provide a business plan to justify the starting-up of the craft as an economic activity;

4.3.4 The Corporation may request additional documentation and information which it may deem relevant to process the application.

4.4 Evaluation

4.4.1 Applications shall be processed in the order received. All projects that are deemed viable by the corporation shall be supported until the allocated budget is absorbed.

4.4.2 The scheme is intended to facilitate persons who acquired knowhow through a skills transfer initiative in a particular craft to commence their own business based on the craft learnt. As part of the adjudication process the Corporation may appoint third parties to confirm that the applicant has adequate facilities where to carry out the craft as a business.

4.4.3 The corporation will evaluate the submissions received and in determining to provide support shall consider:

- a) The robustness of the business plan submitted;
- b) Elements of innovation in support of future development of the craft;
- c) The financial strength of the proposed business beyond the support provided;
- d) The number of persons to be engaged and trained in the Craft.

4.4.4 Support will be awarded if the Corporation sees the business as viable beyond its support.

4.5 Approval

4.5.1 If the corporation agrees to support the start-up, it will issue a letter of approval detailing the aid being provided.

4.6 Disbursement and Claims

- 4.6.1 The Beneficiary shall submit periodic claims as specified in the letter of approval issued by the Corporation.
- 4.6.2 Claims for any costs related to mentoring and consultancy, should be supported by fiscal receipts (or invoices) and proof of payment.

4.7 Monitoring

- 4.7.1 Malta Enterprise shall reserve the right to organise on site monitoring visits.
- 4.7.2 The Corporation reserves the right to revoke any approval and recover any funding that may have already been granted to the Beneficiary in case of double funding of the same eligible costs from the Corporation or other public entities; any breach of State Aid Regulations; any breach of the guidelines and relevant laws; if it should become to the Corporation that any matter disclosed, warranted or represented (expressly or by implication) by the beneficiary was or has become, materially or adversely misleading or incorrect.

5. State Aid Rules and Obligations

- 5.0.1 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)*³.
- 5.0.2 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.
- 5.0.3 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 (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.
- 5.0.4 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.
- 5.0.5 The De Minimis declaration form must be filled in and submitted together with the application form.

5.1 Applicability of the Aid

- 5.1.1 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. 104/2000⁴;
 - 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) For Voluntary Organisations

³ [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 \(the De Minimis Regulation\)](#)

⁴ 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).

- 5.1.2 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.

5.2 Cumulation

- 5.2.1 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 360/2012⁵ 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.
- 5.2.2 *De Minimis* aid approved under this incentive 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.

⁵ 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).

6. Further Information

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.

Postal Address: Business First
Centru Joseph Grech,
Cobalt House, 2nd Floor,
Mdina Road, Mriehel Ind. Estate,
Mriehel, B'Kara
Malta BKR3000

Tel: 144

Websites: www.maltaenterprise.com
www.businessfirst.com.mt

Email: info@businessfirst.com.mt