THE ICT SECTOR IN MALTA

An overview

INVEST IN MALTA

MALTA ENTERPRISE

01 Malta

Located in the centre of the Mediterranean, the Maltese islands have been a major regional trading hub throughout their history. Moreover, a strategic location, a clear political commitment to ensure sustainable economic development, and a highly qualified workforce ensured that the country has become increasingly respected as an attractive investment location.

In recent years, Malta has demonstrated both economic resilience as well as an ability to prosper, even in difficult global contexts. In fact, the country has developed a clear strategy for sustainable economic development, identifying key sectors with high growth potential as well as plans to support their consolidation and success. These sectors include, but are not limited to, **information and communication technology**, advanced manufacturing, life sciences (including the biotechnological, pharmaceutical and chemical industries), transport and advanced logistics, tourism, international education services, financial services, and the creative industries.

1.1 Malta's Economy

Malta's Gross Domestic Product in 2017 amounted to €11.1 billion[1]. During the same year, Malta's economy in real terms grew at the rate of 6.6%, contrasting very positively with the EU 28 average of 2.4%. Indeed, Malta was the third fastest growing economy in the European Union. GDP per capita in real terms for 2017 amounted to €22,500. Although it is one of the EU's smallest economies, it is also one of the most resilient, resulting from a decades-long strategy of ensuring a wide spread of activities within the economic sector so as to minimise negative exposure to outside economic developments.

[1] National Statistics Office, Malta

02 Malta's ICT sector

Although a relatively new player within Malta's economy, the ICT sector has grown to represent 6.6% of the GVA generated by the Maltese economy in 2017, an increase of 5.8% over the previous year. Currently the industry is represented by more than 300 companies, employing over 7,300 persons. The success registered so far suggests favourable prospects for investment by other operators within this sector.

Malta's comparative advantages and strengths further enhance our attractiveness:

- English as an official language – accent free and knowledge of colloquialisms
- Multilingual skills
- EU Member State
- Central European Time Zone
- Conveniently located between Europe and North Africa/Middle East
- Size provides an ideal test bed for innovative technology solutions
- Political and economic stability
- Highly productive workforce
- Low employee turnover
- Low social costs
- Privacy and security legislation in line with EU practises
- Data Protection Act in force

Current operators all place a great deal of emphasis on the quality of staff which is available in Malta. Indeed, this is the result of decades of investment in the workforce by successive governments, which have all recognised the importance of having a well-trained workforce available for the investor.

The investment in human resources was backed up by a strong nation-wide infrastructure with three main service providers as well as multiple cable connections to the European mainland which guarantees redundancy. Furthermore, ancillary services such as local data hosting are available.

Hear from investors and stakeholders:

KPMG Crimsonwing

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Faculty of ICT

03 Connectivity

Malta International Airport (MIA) is connected by direct flights to most major European and regional cities with the majority of destinations less than three hours flying time away.

Various airlines and dedicated service providers also offer airfreight services via this airport, with daily connections to various important hubs, both within Europe and beyond.

maltairport.com

04 Malta Enterprise Support Measures

Malta Enterprise provides a wide range of incentives in order to ensure that the setting-up process and ongoing operations of an undertaking in Malta are as cost-effective as possible.

These schemes are available to enterprises upon the completion of a due diligence exercise on the applicant and the proposed project:

4.1 Access to Finance

- **Soft Loans:** Granted by Malta Enterprise, soft loans usually amount to 33% (never more than 75%) of the cost of plant, machinery and equipment at a reduced rate of interest;
- **Loan Subsidies:** Malta Enterprise may subsidize the rate of interest payable on bank loans. Loan interest subsidies are not additional to soft loans and may only be granted where a soft loan has not been granted. Such loans are provided by banks or other financial institutions;
- **Loan Guarantees:** Malta Enterprise can provide a guarantee for up to 75% of bank loans taken by a company to finance acquisition of additional assets to be employed in the company's business.

4.2 Investment Aid

Qualifying companies are entitled to a tax credit based on an initial investment project which is calculated as a percentage of:

- Expenditure in tangible and intangible assets; OR
- The wage cost for the first 24 months of the newly created job in relation to the supported investment project.

4.3 Business Development and Continuity Scheme

The scheme is intended to facilitate typically large, high-value adding projects that are likely to offer a significant contribution to the regional development of Malta through substantial job creation.

4.4 Research and Development Schemes

- **Qualifying Employment in Innovation and Creativity (Personal Tax):** This measure facilitates employment of non residents in roles which are currently not addressed by the local labour market by temporarily easing the tax expenses incurred by such persons through a fiscal incentive.

- **R&D Feasibility Studies:** The objective of this incentive is to support undertakings intending to undertake Industrial Research and Experimental Development projects in carrying out R&D Feasibility Studies in preparation for these projects.

- **Research & Development 2014 - 2020:** This measure supports industrial research or experimental development carried out for the acquisition of knowledge leading to the development of innovative products and solutions. Eureka and Eurostars projects are supported through this measure.

A full list of investment incentives is available here:
maltaenterprise.com/support

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