



MALTAENTERPRISE

Business Development

Support for Business Development and Transformation

INCENTIVE GUIDELINES

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<http://support.maltaenterprise.com>

Support and clarifications in relation to these guidelines may be obtained through Business First which may be contacted by calling 144 or by email on info@businessfirst.com.mt

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1. Overview

- 1.1 The Business Development Scheme has the scope of facilitating value-added projects, including new business initiatives, start-up, expansions and transformation activities that shall contribute to the regional development of Malta.
- 1.2 Supported initiatives should lead to new business opportunities, creation of skilled and highly-skilled employment, increased competitiveness or widening market reach.
- 1.3 Supported projects must commence within twelve (12) months from the date the funding is approved. The approved projects would be expected to be implemented within thirty-six (36) months from the date the support is approved, yet the Corporation may consider extending the implementation period to cover operational expenditure or if the beneficiary substantiates that delays were encountered irrespective of the efforts made to complete the project in the established time limit.
- 1.4 This incentive has an annual budget of nine million euro (€9,000,000) with an overall budget of sixty three million euro (€63 million). The Corporation may award support in the form of tax credit or a cash grant or a combination of both.

2. Am I eligible?

- 2.1 The support available through this measure may be awarded to enterprises that contribute or plan to contribute to the economic development, environment and sustainability targets of the Maltese government.
- 2.2 The measure does **not** apply to enterprises that generate revenue:
 - a) directly or indirectly through gambling activities; or
 - b) the sale of real estate as a business activity; or
 - c) wholesale (unless the activity is carried out within a value chain where value is added in Malta to the goods transacted) or retail activities (unless of this activity is incidental to the other activities of the enterprise, such as the sale of goods manufactured or designed by the enterprise or goods that are directly linked with products and services of the enterprise), or
 - d) the provision of financial services.

This exclusion does not include technology providers who may generate revenue by servicing directly or indirectly enterprises engaged in the above activities.
- 2.3 The measure does not apply to enterprises excluded by the applicable State Aid regulations (see section 8).
- 2.4 Public entities defined as: “Ministries, Departments, Entities, Authorities, Public Commissions, Public Sector 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 organisations are established by law” are not eligible. This exclusion does not include enterprises carrying out an economic activity in a competitive market in which Government holds 50% or less of the control or shareholding.
- 2.5 The Corporation shall refuse applications from undertakings that have dues in relation to VAT, Income Tax, and Social Security payments that in total exceed €1,000, unless the applicant has a

repayment agreement to settle any dues that is being honoured. The Corporation may, at its discretion, accept applications from undertakings that have dues in relation to VAT, Income Tax, and Social Security payments, of up to €1,000, after considering the reasons for these dues as provided by the applicant and on condition that the applicant commits to regularise these dues within an established timeframe.

3. Eligible Projects

3.0 This Corporation may support projects, and costs related to projects, that fit any one of the below criteria:

3.1 **Setting-up, expansion and modernisation**

The setting up, expansion and modernisation of facilities for carrying out the following activities:

- a) manufacturing;
- b) industrial service analogous to manufacturing;
- c) maintenance repair and overhaul of electro mechanical equipment, air craft and sea going vessels.
- d) software development (including video game development);
- e) the development and/or provision of digital solutions intended for an international market;
- f) waste recycling;
- g) product development and design;
- h) activities related to development and manufacture of pharmaceuticals and medical devices.
- i) filming, recording and editing of audio and visual content.
- j) research and development;

3.2 **Environmental Actions**

Projects to improve environmental protection and performance. Such projects shall result in a positive environmental outcome such as the minimisation of waste, a reduction in carbon footprint, an increase in recycling and reuse, or the remediation of advanced human activities. Project should be supported by an independent report compiled by an expert advisor, indicating the objectives of the project and the envisaged environmental gains.

3.3 **Innovative New Businesses**

The setting up of new business operations (by start-ups or established undertakings) that provide products or services which are not readily available in the local market and can demonstrate through a business plan, a drive towards international growth in the forthcoming three (3) years.

3.4 **Facilitating Employment of Workers with Disabilities**

Projects approved by the CRPD that facilitate the integration of disabled persons in the workplace, that extend beyond the requirements imposed by the applicable legislation.

3.5 **Collaborative Projects**

Projects submitted by business associations (irrespective of their legal form) that lead to solutions of common benefit to multiple undertakings (such as coordinated employee transport, industrial zone surveillance, or consolidated warehousing etc) shall be considered for support in the form of cash grants or tax credits. Any aid shall be limited to the activities of the business association and may not be transferred to the participating business.

3.6 **Upgrading of Facilities (Industrial Sites and Hotels)**

Projects for the upgrading of industrial facilities and hotels (having a valid and active MTA licence) that result in an improvement in the services provided from the facility / establishment and that

are not considered to be part of the upkeep of the facility / establishment.

3.7

Establishing and upgrading of artisan facilities.

Projects for establishing and upgrading facilities that incorporate artisan and design workshops. The Corporation shall consider projects that are focused on creative products and that demonstrate a potential to reach international clients.

3.8

Business Re-engineering and Digital Transformation

The carrying out of a review of business processes and re-engineering projects leading to enhanced use of digital technology. Enterprises implementing such projects shall be expected to achieve higher efficiency by adopting technological solutions in their business.

3.9

Access to Markets and Certification

Projects leading to recognised certifications that are beyond the legal requirements of the applicant enterprise and are intended to achieve further economic development, business growth or enhanced environmental protection.

4. What costs are eligible?

4.0

The approved financing shall be directly related to the operation and development of an eligible economic activity and in any case shall be limited to:

4.1

Wage Costs

Support may be awarded to cover wage of:

- a) full-time employees (including employees engaged as full-time but working reduced hours) ;
- b) full-time students that are following a post-graduate degree at a tertiary education institution in Malta.

All employees whose wages are supported must be:

- a) covered by an employment contract specifying the employment period and which clearly specifies that the employee is to be located, employed and resident in Malta;
- b) duly registered with Jobsplus.

The eligible wage costs shall not include any additional costs such as bonuses, allowances, overtime, and insurances unless these are specified in an agreement between the parties, a copy of which must be submitted with the application for support, and the costs are specifically approved by the Corporation. The value deducted from the employee's wage as national insurance is part of the eligible wage.

4.2

Lease and Rental of industrial and non-residential properties

The Corporation may support the cost covering the leasing or renting of an industrial or non-residential property required for establishing a new business activity, the expansion of business activities or as part of a re-engineering exercise. Support may be approved on the basis of estimated costs established, yet they may only be awarded in respect of property leased from unrelated third parties under market conditions.

4.3

Shared industrial or business facilities

The Corporation may also support costs for shared office and industrial facilities, including costs for the use of temporary office space.

4.4

Advisory Services

The Corporation shall only support advisory services provided by an unrelated external Expert

Advisor (or advisory firms that engage an Expert Advisor as part of the team delivering the service) in relation to services having clearly defined deliverables that are related to an eligible Project, as outlined in section 3 of these Incentive Guidelines. The Corporation can only consider requests when the services to be rendered have an agreed fixed timeframe and are supported by documentary evidence identifying the deliverables to be provided. Services of a continuous or periodic activity or related to the undertaking's usual operating costs, such as routine tax consultancy services, regular legal services or advertising shall not be eligible.

4.5

Procurement of Tangible Assets

Costs for the procurement of tangible assets required to carry out the operations of the undertaking. Support shall only be provided on equipment and machinery that is new or first used in Malta. When the procured equipment is not new a declaration by a competent professional that the equipment is compliant with the latest environmental and regulatory provisions must be presented.

4.6

Procurement of Intangible Assets

'Intangible Assets' such as patents, licences, know-how or other intellectual property may be supported through this measure as long as they are purchased under market conditions from third parties unrelated to the buyer.

4.7

Digital Technologies

Procurement of software solutions, including licences and services (such as Software as a Service – SaaS solutions, participation in send boxes or similar solutions), provided that licences and recurring services costs may only be covered for a period not exceeding two years.

4.8

Construction, and related services

Services and materials required for the construction and upgrading of industrial sites, hotels and artisanal workshops.

4.9

Relocation of employees

The cost covering the rental for a period of three months, a flight to Malta and shipping of personal assets to Malta incurred for relocating personnel may be supported. The Corporation shall not support flights and rentals unless evidence is provided that the person relocating transferred personal belongings to Malta.

5. What is the maximum support?

5.1

The maximum support per application shall be capped at three hundred thousand euro (€300,000) per Single Undertaking over a rolling period of three years. Support shall not exceed 75% of the costs approved.

5.2

The Corporation may award a value of aid that may not exceed €300,000 over a period of three (3) rolling years.

6. How do I apply?

6.1

Business First can provide support to potential applicants throughout the application process. Following the first contact, you may be assigned a relationship manager from Malta Enterprise to discuss your project in further detail. The relationship manager will provide you with guidance

to help you determine whether the envisaged project fits within the scope of the scheme.

- 6.2 When submitting an application, you will be required to provide details including a budget of the costs to be incurred. It is recommended that where possible budgeted costs are substantiated by market research, quotations and relevant documentation. Applicants that have been established for less than five (5) years shall be required to submit a business plan.
- 6.3 The application form may be downloaded from and be submitted together with any other additional documentation through the Corporation's client portal (<https://clientportal.maltaenterprise.com/>). First time applicants will be required to register on the client portal before they can submit their application.

7. When can I submit an application?

This incentive shall be available until the 31st December 2030. Applicants must submit a complete application prior to the start of the project. Applications may be submitted until 30th September 2030, yet the Corporation may suspend applications if the budget allocated to the scheme in a specific year has been committed.

8. What happens after I apply?

- 8.1 Once Malta Enterprise receives an application it will be evaluated in terms of these Incentive Guidelines. The evaluation will take into consideration the objectives of the scheme and how the applicant will be achieving such objectives. The Corporation has full discretion on the approval of projects.
- 8.2 In assessing requests for support under this incentive, the Corporation will examine the potential contribution of the project to the Maltese economy, the number of skilled and highly skilled jobs that will be created or maintained, and the environmental and sustainability achieved that should be attained through the project.
- 8.3 Applicants will be notified in writing of the outcome of their application. If the support is approved, a letter of approval will be issued specifying the value of the aid awarded. The approval letter shall include such terms and conditions as may be set by the Corporation and shall contain details on how to claim reimbursement of eligible costs.

9. What happens if I need to change a Project?

- 9.1 Any modification to an approved project must be notified to Malta Enterprise prior to being applied. The request must be submitted on the appropriate form provided by the Corporation. The request should describe the proposed changes and include comprehensive arguments justifying the changes. Malta Enterprise will evaluate the proposed amendments and will inform the applicant in writing of the outcome pursuant to the evaluation. The outcome of such evaluation may lead to any of the following:
- a) An approval of the proposed changes.
 - b) A revocation or modification of the Letter of Approval.

- c) A change in the amount of aid and/or activities supported. A request for further information on the proposed changes.
- d) A recommendation to reconsider the proposed amendments.
- e) Recovery of funds disbursed.

"The possibility of additional support can only be considered in cases of project variances that occur outside the beneficiary's control and which could jeopardise the project if not remedied" Additional support can only be awarded in respect of any additional costs committed to and incurred after the request for change is approved. An increase in aid will constitute new aid and shall require new verifications in terms of the applicable State Aid regulation.

Any changes not approved by Malta Enterprise may not be claimed and shall not be supported through this incentive.

- 9.2 The Corporation shall evaluate the submitted documentation and determine whether to award the support. The Corporation's decision is final and shall only be reconsidered following a new submission with additional information and clarifications.
- 9.3 The Corporation shall reserve the right to re-evaluate the project on the basis of the proposed amendments and may, pursuant to the outcome of the evaluation, terminate further assistance.

10. Claiming approved support

- 10.1 Undertakings shall claim the eligible costs as approved by the Corporation. All costs must be covered by the appropriate fiscal documentation and proof of payment. For each transaction, the beneficiary shall provide a copy of the encashed cheque image or bank documentation clearly identifying the bank transaction confirming the transfer of funds to the recipient. Any procurement must be covered by a fiscal invoice as required by Maltese legislation.
- 10.2 Wage costs must be substantiated with payroll systems data reports (extracted through the beneficiary's payroll systems) or payslips
- 10.3 Any expenditure claimed shall meet the following conditions:
 - a) All costs claimed must exclude VAT and other recoverable taxes.
 - b) Where the beneficiary may benefit from any other State Aid in respect of expenditure incurred in the carrying out the approved project, the beneficiary must ensure that any rules governing the cumulation of aid are respected.
- 10.4 For aid awarded in the form of Tax Credits, the Corporation shall issue a Tax Credit Certificate.

11. Utilisation of Tax Credits

- 11.1 Tax Credits shall only be confirmed following the presentation of documentation by the Beneficiary confirming that the eligible costs have been incurred.
- 11.2 Any tax credits awarded under this incentive shall not give rise to a right of any tax refund.

- 11.3 Any Tax Credits not utilised shall be carried forward to the following year of assessment and shall be adjusted with the reference rate applicable at the time. The process of carrying forward tax credits shall be repeated until they are utilised.
- 11.4 Any Tax Credits confirmed following the review of a claim shall be awarded through a Tax Credit Certificate which will allow the beneficiary to claim the tax credit from the year of assessment immediately following the year in which the Certificate is issued.
- 11.5 The Tax Credit Certificate may only be used against tax due and may not be used to settle any pending tax payments.
- 11.6 When the undertaking does not utilise (in part or in full) the tax credits awarded in a Tax Credit Certificate, the undertaking shall carry forward the unutilised tax credit to subsequent years of assessment.

12. State Aid Rules and Obligations

This scheme will be implemented in line with Commission Regulation (EU) 2023/2831 of 13 December 2023 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).

The total amount of *de minimis* aid granted to a single undertaking shall not exceed the amount of €300,000 over any period of three consecutive years.

This maximum threshold would include all State Aid granted under this aid scheme and any other State Aid measures granted under the *de minimis* Regulation 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 form indicating any other *de minimis* aid received and/or applied for over any period of 3 years to which the *de minimis* Regulation applies, must be filled in and submitted together with the application form.

12.1 Applicability of the Aid

Assistance approved under this aid scheme shall NOT result in:

- (a) aid granted to undertakings active in the primary production of fishery and aquaculture products;
- (b) aid granted to undertakings active in the processing and marketing of fishery and aquaculture products, where the amount of the aid is fixed on the basis of price or quantity of products purchased or put on the market;
- (c) aid granted to undertakings active in the primary production of agricultural products;
- (d) aid granted to undertakings active in the processing and marketing of agricultural products, in one of 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;
- (e) aid granted to export-related activities towards third countries or Member States, namely aid directly linked to the quantities exported, the establishment and operation of a distribution network or other current expenditure linked to the export activity;
- (f) aid contingent upon the use of domestic goods and services over imported goods and services.

Where an undertaking is active in one of the sectors referred to in points (a), (b), (c) or (d) above as well as in one or more of the other sectors falling within the scope of the *de minimis* Regulation, or has other activities falling within the scope of this Regulation, aid may be granted in respect of the latter sectors or activities. Malta Enterprise will ensure, by relying on appropriate means such as separation of activities or separation of accounts, that the activities in the sectors excluded from the scope of the *de minimis* Regulation do not benefit from the *de minimis* aid granted in accordance with this scheme. 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.

12.2 Cumulation

In terms of Article 5 of the *de minimis* Regulation, *de minimis* aid granted under this incentive may be cumulated with:

- (a) *de minimis* aid granted in accordance with Commission Regulation (EU) 2023/2832;
- (b) *de minimis* aid granted in accordance with Commission Regulations (EU) No 1408/2013 and (EU) No 717/2014 up to the relevant ceiling laid down in Article 3(2) of the *de minimis* Regulation.

Aid granted under this incentive shall not be cumulated with State aid in relation to the same eligible costs 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 Commission.

12.3 Publication in Central Register

In line with Article 6(1) of the *de minimis* Regulation, as of 1 January 2026, information on *de minimis* aid granted under this scheme shall be made publicly available in a central register.

The following information shall be made public:

- the identification of the beneficiary,
- the aid amount,
- the granting date,
- the aid instrument, and
- the sector involved on the basis of the statistical classification of economic activities in the Union ('NACE classification').

13. 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, (CAP 463 of the Laws of Malta.)

The *Business Development 2024 Regulations as Subsidiary Legislation 463.57 (Malta Enterprise Act, CAP 463 of the Laws of Malta)* provides the legal basis of this incentive. These incentive guidelines should be construed in accordance with this legal notice.

14. Definitions

- 14.1 **Applicant**
An **Applicant** is a legal person or group of legal persons that has/have submitted a complete application for support under this scheme to the Corporation.
- 14.2 **Beneficiary**
A **Beneficiary** is a legal person or group of legal persons that is/are in possession of a Letter of Approval issued by the Corporation.
- 14.3 **Corporation / Malta Enterprise**
The terms **The Corporation** and **Malta Enterprise** shall mean Malta Enterprise Corporation as established by the *Malta Enterprise Act, (CAP 463 of the Laws of Malta)*.
- 14.4 **Expert Advisor**
An **Expert Advisor** is a person holding a doctoral degree in the relevant field or a person with a post graduate degree having at least five years' experience in the relevant field.
- 14.5 **Letter of Approval**
A **Letter of Approval** is a document establishing the support awarded and stipulating any terms and conditions deemed appropriate by the Corporation in relation to that award.
- 14.6 **Single Undertaking**
For the purpose of these Incentive Guidelines, the term **Single Undertaking** means, all enterprises having at least one (1) of the following relationships with each other:
- a) one (1) enterprise has a majority of the shareholders' or members' voting rights in another enterprise;
 - b) 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;
 - c) one (1) enterprise has the right to exercise a dominant influence over another enterprise pursuant to a contract entered into with that enterprise or pursuant to a provision in its memorandum or articles of association;
 - d) 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 (a) to (d) above through one or

more other enterprises shall also be considered to be a single undertaking.

The criteria should be applicable, to both SMEs and large undertakings and should ensure that a group of linked enterprises is considered as one single undertaking for the application of the de minimis rule. However, enterprises that 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, should not be treated as being linked to each other. The specific situation of enterprises controlled by the same public body or bodies, in which the enterprises may have independent power of decision, should therefore be taken into account.

14.7

Tax Credit Certificate

A **Tax Credit Certificate** is a certificate issued by the Corporation establishing the value that may be deducted by the Beneficiary from Income Tax due, commencing from the year of assessment specified within the certificate itself.

15. 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 or Business First during office hours.

Address:	Malta Enterprise Gwardamangia Hill, Pieta`, MEC 0001 Malta	Business 1st Centru Joseph Grech 2nd Floor, Cobalt House Mdina Road Mriehel, B'Kara, BKR 3000	Malta Enterprise (Gozo Office) Industrial Estate Xewkija XWK 3000 Gozo, Malta.
Tel	144		

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

Email: info@businessfirst.com.mt