



**MALTA**ENTERPRISE

# Family Business Grant INCENTIVE GUIDELINES

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<http://support.maltaenterprise.com>

Support and clarifications in relation to these guidelines may be obtained through the Family Business Office which may be contacted by calling 21497970 or by email on [familybusinessact@gov.mt](mailto:familybusinessact@gov.mt)



# Contents

Contents	3
1. Introduction	4
2. Am I eligible?	4
3. The incentive.	5
4. Applying for Support	6
5. What happens after I apply?	7
6. State Aid Rules and Obligations	8
7. Contact Details	10

# 1. Introduction

## 1.1 Rationale

Family Businesses are a fundamental part of the Maltese business ecosystem. They contribute to economic growth, employment, and generally provide a higher level of economic stability. Yet, Family Businesses face some unique and crucial challenges related to their very nature and the close ties the business has with the persons managing the operations. A crucial hurdle for most Family Businesses is the transition of ownership from one generation to the next.

Business succession is the challenge that all Family Businesses must undergo. If not properly undertaken, the transition might lead to the termination of the business activity. To mitigate the problems that might be encountered, Family Businesses should have plans on how to address the various aspects that may hinder a smooth transition. These plans should be as holistic as possible and should cover issues such as ultimate ownership, financial management, and governance.

The Family Business Act (CAP 565 of the Laws of Malta) indirectly provides for a framework to support businesses that fall within the definition of a Family Business in their planning for succession and an effective transfer of ownership. The legislation establishes operational benchmarks so that Family Businesses can further achieve their aims.

The Family Business Grant provides part financing of advisory and mediation services required by Family Businesses towards facilitation and planning of succession.

## 1.2 Administrative Basis

The Family Business Grant is an administrative measure issued by Malta Enterprise within the context of the Malta Enterprise Act (CAP 463 of the Laws of Malta) and the Family Business Act (CAP 565 of the Laws of Malta).

Malta Enterprise Corporation may issue and publish Incentive Guidelines in terms of Article 8 (3)(a) of the Malta Enterprise Act (CAP 463 of the Laws of Malta).

## 1.3 Definitions

**Applicant:** An Applicant is an Undertaking that has submitted a complete application for support in terms of these Incentive Guidelines to the Corporation.

**Beneficiary:** A Beneficiary is an Undertaking that is in possession of a Letter of Approval issued by the Corporation.

**Corporation / Malta Enterprise:** In these Guidelines, Corporation and Malta Enterprise mean Malta Enterprise Corporation as established by the Malta Enterprise Act (CAP 463 of the Laws of Malta).

**Family Business:** A Family Business is an undertaking as defined in Article 3 of the Family Business Act (CAP 565 of the Laws of Malta) that is duly registered as a Family Business and holds an updated certificate issued by the Regulator for Family Businesses.

**Regulator for Family Businesses:** The Regulator for Family Businesses refers to the office established by Part 3 of the Family Business Act (CAP 565 of the Laws of Malta).

**Letter of Approval:** A Letter of Approval is a document stipulating any terms and conditions deemed appropriate by the Corporation and establishing the support granted to an Undertaking.

Single Undertaking: Single Undertaking includes, all enterprises having at least one (1) of the following relationships with each other:

- a) one enterprise has a majority of the shareholders' or members' voting rights in another enterprise;
- b) one 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 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 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 *de minimis* Regulation states that a group of linked enterprises is considered as one Single Undertaking for the application of the *de minimis* rule, but those enterprises 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 enterprises controlled by the same public body or bodies, which may have an independent power of decision, is therefore taken into account.

## 2. Am I eligible?

### 2.1 Eligible Undertakings

In order to be considered for support the Applicant must be registered as a Family Business with the Family Business Office.

### 2.2 Disqualifying Criteria

Irrespective of the parameters established in these Guidelines, undertakings must not be engaged in activities excluded from receiving *de minimis* aid in terms of the applicable State Aid Regulation (see Section 6 - State Aid Rules and Obligations).

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 the condition that the applicant commits to regularise these dues within an established timeframe.

## 3. The Incentive

### 3.1 **Maximum Support**

The maximum support that can be awarded under these Guidelines is capped at €20,000 per Family Business over any rolling three (3) year period. Applications will be considered on a case-by-case basis and the level of funding will be determined following an assessment carried out by the Family Business Office.

### 3.2 **Eligible Costs: Advisory Services**

Family Businesses may request support for accessing advisory services to establish a succession plan for the business. The advisory services must address aspects of a succession plan and hence an advisory team must be led by an accountant, a public notary or a lawyer. Malta Enterprise shall support Family Businesses by covering fifty percent (50%) of the advisory costs up to a maximum grant of two thousand, five hundred euro (€2,500) per advisory project<sup>1</sup>.

The appointed advisors must be approved by the Family Business Office and must not have a direct or indirect relation with the Family Business.

### 3.3 **Eligible Costs: Mediation Services**

Whilst preparing for business succession, owners of Family Businesses may encounter challenges that need to be resolved to ensure continuity and possible succession. To address these challenges, the Corporation in collaboration with the office for Family Business, shall provide a grant to support Family Businesses access mediation services.

The mediator shall be appointed with the approval of the Family Business Office.

The Corporation shall support mediation services based on an hourly rate of up to one hundred euro (€100) per hour up to a maximum of twenty-five (25) hours per approval.

### 3.4 **General Terms**

The support may only be awarded in respect of new assignments that are to be completed within twelve (12) months from the date of commencement.

The supported advisory and/ or mediation services should address the outcomes agreed to with the Family Business Office.

The advisory services provided shall not be a continuous or periodic activity nor relate to the undertaking's usual operating costs, such as routine tax consultancy services, regular legal services or advertising. The support only covers the advisory services and does not cover fees for the preparation of documents, forms and other related costs.

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<sup>1</sup> The Corporation shall not accept concurrent applications by an applicant obtaining services from the same advisors or advisory team.

## 4. Applying for Support

### 4.1 Duration of the Incentive and Applicable Incentive Guidelines

This incentive shall be available from 1<sup>th</sup> June 2024 until the 31<sup>st</sup> December 2030.

The Corporation may periodically update and amend these Incentive Guidelines and may terminate the incentive at an earlier date.

The Corporation shall accept applications until 31<sup>st</sup> October 2030.

### 4.2 Application Process

Support through this incentive should only be requested from Malta Enterprise after the undertaking has been in contact with the Family Business Office and following agreement on the applicable measures to support the business in planning for succession or in resorting to mediation for the purposes of eventually establishing a robust succession plan. The provision of the advisory and/or mediation services may commence following the endorsement of the Family Business Office, yet:

- a) the request for support (Application Form) must be submitted within two (2) months of the signing of the agreement between the advisory provider and/or mentor;
- b) the Applicant should be aware that should the application be declined by the Corporation, any cost incurred would not be supported.

When applying for support, Family Businesses should access the Corporation's Client Portal and download the latest application in which a submission deadline may be established. The Corporation's Client Portal may be accessed from <https://clientportal.maltaenterprise.com/login>. First time users will be required to register.

The Application should clearly identify the service providers, the costs to be incurred and the purpose of the service to be provided. The Family Business Office may guide the Applicant in the process.

In order to process the application, the Corporation and the Family Business Office shall be granted a concession to discuss the application and other details relevant to the business and the support requested.

Incomplete applications will be rejected. The Corporation shall have the right to reject any application received. The Family Business Office and the Corporation have full discretion on the approval of applications.

## 5. What happens after I apply?

### 5.1 **Award**

Once an application is submitted to the Corporation, the submission will be reviewed in line with the terms and conditions of these Incentive Guidelines. If Malta Enterprise approves the application, the Corporation will issue a Letter of Approval (in line with Part VI Section 28 et seq. of the Malta Enterprise Act.) specifying the terms and conditions of the award.

### 5.2 **Monitoring**

Beneficiaries may be monitored by the Family Business Office, the Corporation and other agencies entrusted by the Corporation. The Family Business Office and Corporation may request any documentation deemed relevant to confirm that the aims of the advisory and/or mentoring are being achieved.

### 5.3 **Claiming Support**

Beneficiaries 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. Malta Enterprise may seek the endorsement of the Family Business Office confirming that the advisory/mediation was carried out in line with the approval.

### 5.4 **Revocation and Suspension of Aid**

The Corporation may revoke or suspend an approval and may seek to recover funds with interest from the undertaking that was awarded the aid if any breach of the applicable regulations, these guidelines or the approval parameters is identified.

In terms of Part VII and Part VIII of the Malta Enterprise Act, (CAP 463 of the laws of Malta), the Corporation may revoke, amend or modify the Letter of Approval and apply penalties or request recovery of aid in the case of breach of these Guidelines or the conditions set down in the Letter of Approval issued by the Corporation and any relevant regulations.

## 6. 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).<sup>2</sup>

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 in line with 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.

6.1

### Applicability of the Aid

As per Article 1 of the *de minimis* Regulation, assistance may not be granted to the following:

- (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 the sectors referred to in points (a), (b), (c) or (d) above and is also active in one or more of the other sectors falling within the scope of the de

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<sup>2</sup> [https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L\\_202302831&qid=1706714834273](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L_202302831&qid=1706714834273)



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.

6.2

## 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 in accordance with this scheme 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.

6.3

## 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').

## 7. Contact Details

Information and guidance on this support measure may be obtained from the Family Business Office. You can contact the Family Business Office on by calling +356 21497970 or through email on [familybusinessact@gov.mt](mailto:familybusinessact@gov.mt) or from the following website: <https://www.familybusiness.org.mt/>

Other information and guidance on the filling in of the application form may be obtained by contacting the Family Business Office during office hours.

Postal Addresses:

Address:	Family Business Office Malta Investment Management Co Ltd Clock Tower, Level 1 Tigne Point, Sliema, TP01  <a href="mailto:familybusinessact@gov.mt">familybusinessact@gov.mt</a> Tel: +356 21497970	Business 1st Centru Joseph Grech 2nd Floor, Cobalt House Mdina Road Mriehel, B'Kara, BKR 3000 <a href="http://www.businessfirst.com.mt">www.businessfirst.com.mt</a> <a href="mailto:info@businessfirst.com.mt">info@businessfirst.com.mt</a> Tel: 144	Malta Enterprise (Gozo Office) Industrial Estate Xewkija XWK 3000 Gozo, Malta. Tel: 2156 4700
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