



MALTAENTERPRISE

Green Mobility 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 Transport systems are critical to businesses but are also a major contributor to greenhouse gas and other pollutants. Considering that it is estimated that transport emissions represent around 25% of the EU's total greenhouse gas emissions, the EU's goal of being the first climate-neutral continent by 2050 requires concrete actions to be taken to increase the uptake of greener transport solutions. To achieve these targets, in February 2023, the European Parliament voted to approve a new law banning the sale of petrol and diesel cars from 2035. The new rule - part of a larger effort to combat climate change in the EU - will speed up the bloc's transition to electric vehicles.
- 1.2 The objective of the Green Mobility Scheme is to encourage the transition to more sustainable transportation by accelerating the uptake of electric vehicles used in business for the transportation of goods and people. The scheme is designed to work in synergy with other existing measures facilitating a green transition in the transport of goods and people. The scheme provides support in the form of financial grants and tax credits.
- 1.3 Applicants may seek support for investing in recharging infrastructure required for vehicles which are an integral part of the business activity and for leasing clean or zero-emission vehicles.

2. Am I eligible?

- 2.1 Malta Enterprise can accept applications submitted by businesses that require support in their transition to electrify their transportation requirements and/or adopt greener transportation solutions. Eligible businesses have to be registered with the Malta Business Registry at the time of application and employ at least 5 full-time employees.
- 2.2 The applicant must ensure not to have any dues related to VAT, Income Tax, and Social Security or provide evidence of a repayment agreement with the respective department and proof that the agreement is being adhered to.
- 2.3 An application will not be considered eligible if the applicant:
- a) carries out an activity listed in Article 1 (2), (3), and (5) of the General Block Exemption Regulation (where applicable).
 - b) is an 'undertaking in difficulty' defined in terms of the General Block Exemption Regulation, unless the undertaking was not in difficulty on 31 December 2019 but became an 'undertaking in difficulty' in the period from 1 January 2020 to 31 December 2021.
 - c) is an undertaking which is subject to an outstanding recovery order following a previous Commission decision declaring an aid granted by Malta illegal and incompatible with the internal market.

- d) is a Public Entity, 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 in direct competition with third parties.

3. Support for Charging Infrastructure

3.1 The Corporation may support the procurement, installation, and commissioning of private recharging infrastructure with smart recharging functionalities required by an undertaking to recharge commercial vehicles owned by the same undertaking.

3.2 The Corporation may award:

- a) a grant covering up to hundred percent (100%) of the interest paid during the first three (3) years on a loan supported by the Malta Development Bank or a recognised financial institution to fund eligible costs¹;
and/or
- b) a tax credit calculated as a percentage of the eligible costs incurred.

The total aid awarded shall not exceed the total allowable aid intensity as established in these Guidelines.

3.3 The eligible costs shall be the costs of the construction, installation, upgrade or extension of recharging or refuelling infrastructure. Those costs may include the costs of the recharging or refuelling infrastructure itself and related technical equipment, the installation of, or upgrades to, electrical or other components, including electrical cables and power transformers, required for connecting the recharging or refuelling infrastructure to the grid or to a local electricity or hydrogen production or storage unit, as well as civil engineering works, land or road adaptations, installation costs and costs for obtaining related permits.

3.4 The eligible costs may also cover the investment costs of on-site production of renewable electricity or renewable hydrogen, and the investment costs of storage units for storing renewable electricity or hydrogen. The nominal production capacity of the on-site renewable electricity or renewable hydrogen production installation shall not exceed the maximum rated output or refuelling capacity of the recharging or refuelling infrastructure to which it is connected.

3.5 The aid intensity shall not exceed twenty percent (20%) of the eligible costs. The aid intensity may be increased by twenty (20) percentage points for medium-sized enterprises and by thirty

¹ Undertakings may access funding through commercial banks. Not all commercial bank funding includes public support, yet some instruments may be facilitated through public funds administered by the Malta Development Bank and/or other public institutions. For any funding that is supported through public funds the rules of cumulation shall apply.

(30) percentage points for small enterprises. The aid intensity may also be increased by five (5) percentage points for investments located in assisted areas designated in an approved regional aid map in force at the time of provision of the aid in application of Article 107(3), point (c), of the Treaty, and as identified in Annex A to these Incentive Guidelines.

- 3.5 The applicant would be required to have adequate premises for the required charging infrastructure which is a properly licenced commercial premises.
- 3.6 The supported infrastructure must be operated by the beneficiary and shall not be accessed by third parties nor by the public.

4. Support for the leasing of Commercial Vehicles

- 4.1 The Corporation may support through tax credits the leasing of commercial vehicles for a period of at least twelve (12) months of:
- a) clean vehicles powered at least partially by electricity or by hydrogen; or
 - b) zero-emission vehicles
- 4.2 The scheme shall cover up to thirty-six (36) months of the lease period commencing from the start of the lease. No support shall be approved on leases that have commenced prior to the approval of the Corporation. The Corporation may on request of the applicant, allow that a lease commences following the submission of the application but prior to the approval of any support and on condition that the applicant acknowledges that such a concession does not guarantee that any support will be approved.
- 4.3 The Corporation may award a tax credit covering a percentage of the eligible costs, being the extra costs of leasing the clean vehicle or the zero-emission vehicle. These shall be calculated as the difference between the net present value of leasing the clean vehicle or the zero-emission vehicle and the net present value of leasing a vehicle of the same category that complies with applicable Union standards already in force and would have been leased without the aid. For the purposes of determining the eligible costs, the operating costs linked to the operation of the vehicle, including energy costs, insurance costs and maintenance costs, shall not be taken into account, irrespective of whether they are included in the leasing contract;

4.4 The applicable support shall not exceed the following percentage of the eligible cost.

	Clean Vehicles	Zero Emission Vehicles
Large undertakings	20%	30%
Medium Sized undertakings	40%	50%
Small Undertakings	50%	60%

5. How do I apply?

5.1 Applications shall be received by Mata Enterprise and processed in collaboration with the Malta Development Bank and Transport Malta.

5.2 The application form which may be downloaded from the Corporation's website (<http://maltaenterprise.com/support>) and any other additional documentation should be submitted through the Corporation's client portal. First time applicants will be required to register on the client portal before they can submit their application.

6. By when can I submit an application?

6.1 This measure will be available from 1st January 2024 till 30th December 2026 and shall be operated on first come firsts served basis on the submission of a full and complete application. The Corporation shall receive applications until 30th September 2026. The scheme may be closed before if the allocated budgets are fully utilised.

7. What happens after I apply?

7.1 Once Malta Enterprise receives an application it will be reviewed in terms of these Incentive Guidelines. The review will be specifically to determine that the investment is related to an economic activity involving the carriage of goods or people and that reasonable environmental benefits would be achieved through the investment.

7.2 The Corporation has full discretion on the approval of projects.

7.3 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 and including such terms and conditions as may be set by the Corporation.

8. State Aid Rules and Obligations

8.1 The terms and conditions set out in these guidelines are in line with the *Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty*, as amended by *Commission Regulation (EU) No 2017/1084 of 14 June 2017 amending Regulation (EU) No 651/2014 as regards aid for port and airport infrastructure, notification thresholds for aid for culture and heritage conservation and for aid for sport and multifunctional recreational infrastructures, and regional operating aid schemes for outermost regions and amending Regulation (EU) No 702/2014 as regards the calculation of eligible costs*, by *Commission Regulation (EU) 2020/972 of 2 July 2020 amending Regulation (EU) No 1407/2013 as regards its prolongation and amending Regulation (EU) No 651/2014 as regards its prolongation and relevant adjustments*, by *Commission Regulation (EU) 2021/1237 of 23 July 2021 amending Regulation (EU) No 651/2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty*, by *Commission Regulation (EU) 2023/1315 of 23 June 2023 amending Regulation (EU) No 651/2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty and Regulation (EU) 2022/2473 declaring certain categories of aid to undertakings active in the production, processing and marketing of fishery and aquaculture products compatible with the internal market in application of Articles 107 and 108 of the Treaty*, and as may be subsequently amended (hereinafter referred to as the General Block Exemption Regulation).

8.2 Assistance may not be granted if the aid is:

- a) related to export activities towards third countries or Member States, namely aid directly linked to quantities exported, to the establishment and operation of a distribution network or to other current costs linked to export activity.
- b) contingent upon the use of domestic over imported goods.
- c) in favour of a beneficiary which is subject to an outstanding recovery order following a previous Commission decision declaring an aid granted by Malta illegal and incompatible with the internal market.
- d) In favour of an 'undertaking in difficulty' defined in terms of the General Block Exemption Regulation, unless the undertaking was not in difficulty on 31 December 2019 but became an 'undertaking in difficulty' in the period from 1 January 2020 to 31 December 2021.
- e)

8.3 This support is designed under the following articles of the General Block Exemption Regulation:

- Article 36a Investment aid for recharging or refuelling infrastructure
- Article 36b Investment aid for the acquisition of clean vehicles or zero-emission vehicles and for the retrofitting of vehicles

8.4 Rules on Cumulation of Aid shall be in line with Article 8 of the General Block Exemption Regulation.

9.5 In line with Article 9(1)(c) of the General Block Exemption Regulation, information regarding any individual aid awards that exceed €100,000 are to be made publicly available on the national State Aid website.

9. Further Information

- 1) 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 Green Mobility Regulations, Subsidiary Legislation 463.56 provides the legal basis of this incentive.
- 2) Beneficiaries should note that any changes not approved by Malta Enterprise may result in disqualification or in the revocation of the approval and the recovery of any funds disbursed. Any modifications must be notified to Malta Enterprise. The notification should clearly 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 a change in the amount of aid and/or activities supported.
- 3) Details of the undertaking, the value of the aid granted, and other non-confidential details of successful applicants may be published by Malta Enterprise and by other entities responsible for the monitoring of State Aid.
- 4) Beneficiaries will be monitored by the Corporation and other agencies entrusted by the Corporation. If a beneficiary fails to implement and maintain the supported investment and carry out the agreed actions as specified in the Letter of Approval, the Corporation may revoke and/or recover all or part of the support granted.
- 5) Useful Definitions:

Applicant: *An Applicant is an Undertaking that has submitted a complete application for support under this scheme 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: *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).*

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

Small and Medium Enterprises (SME); An 'SME' *is an undertaking which fulfils the criteria laid down in Annex I of the General Block Exemption Regulation.*

Undertaking in Difficulty means an undertaking in respect of which at least one of the following circumstances occurs:

- a) In the case of a limited liability company (other than an SME that has been in existence for less than three years), where more than half of its subscribed share capital has disappeared as a result of accumulated losses. This is the case when deduction of accumulated losses from reserves (and all other elements generally considered as part of the own funds of the company) leads to a negative cumulative amount that exceeds half of the subscribed share capital. For the purposes of this provision, 'limited liability company' refers in particular to the types of company mentioned in Annex I of Directive 2013/34/EU and 'share capital' includes, where relevant, any share premium.

- b) In the case of a company where at least some members have unlimited liability for the debt of the company (other than an SME that has been in existence for less than three years), where more than half of its capital as shown in the company accounts has disappeared as a result of accumulated losses. For the purposes of this provision, 'a company where at least some members have unlimited liability for the debt of the company' refers in particular to the types of company mentioned in Annex II of Directive 2013/34/EU.
- c) Where the undertaking is subject to collective insolvency proceedings or fulfils the criteria under its domestic law for being placed in collective insolvency proceedings at the request of its creditors.
- d) Where the undertaking has received rescue aid and has not yet reimbursed the loan or terminated the guarantee, or has received restructuring aid and is still subject to a restructuring plan.
- e) In the case of an undertaking that is not an SME, where, for the past two years:
 - i. the undertaking's book debt to equity ratio has been greater than 7,5 and
 - ii. the undertaking's EBITDA interest coverage ratio has been below 1,0.

For the purpose of this measure 'clean vehicle' means:

- (a) concerning light-duty road vehicles: a clean vehicle as defined in Article 4, point (4)(a) of Directive 2009/33/EC of the European Parliament and of the Council²;
- (b) concerning heavy-duty road vehicles:
 - until 31 December 2025, a low-emission heavy-duty vehicle as defined in Article 3, point (12) of Regulation (EU) 2019/1242 of the European Parliament and of the Council³;
 - until 31 December 2025, a clean vehicle as defined in Article 4, point (4)(b) of Directive 2009/33/EC and not falling within the scope of Regulation (EU) 2019/1242;
- (e) concerning maritime vessels:
 - a sea and coastal vessel for passenger, freight transport, for port operations or for auxiliary activities that (i) has a hybrid or dual fuel engine deriving at least 25 % of its energy from zero direct (tailpipe) CO₂ emission fuels or plug-in power for its normal operation at sea and in ports, or (ii) has an attained International Maritime Organization's Energy Efficiency Design Index (EEDI) value 10 % below the EEDI requirements applicable on 1 April 2022 and is able to run on zero direct (tailpipe) CO₂ emission fuels or on fuels from renewable sources;
 - a sea and coastal vessel for freight transport that is used exclusively for operating coastal and short sea services designed to enable modal shift of freight currently transported by land to sea and that has direct (tailpipe) CO₂ emissions, calculated using the EEDI, 50 % lower than the average reference CO₂ emissions value

² Directive 2009/33/EC of the European Parliament and of the Council of 23 April 2009 on the promotion of clean road transport vehicles in support of low-emission mobility (OJ L 120, 15.5.2009, p. 5).

³ Regulation (EU) 2019/1242 of the European Parliament and of the Council of 20 June 2019 setting CO₂emission performance standards for new heavy-duty vehicles and amending Regulations (EC) No 595/2009 and (EU) 2018/956 of the European Parliament and of the Council and Council Directive 96/53/EC (OJ L 198, 25.7.2019, p. 202).

determined for heavy duty vehicles (vehicle sub group 5-LH) in accordance with Article 11 of Regulation (EU) 2019/1242;

For the purpose of this measure ‘zero-emission vehicle’ means:

- (a) concerning two- and three-wheel vehicles and quadricycles: a vehicle falling within the scope of Regulation (EU) 168/2013 of the European Parliament and of the Council⁴ with zero tailpipe CO₂ emissions, calculated in accordance with the requirements laid down in Article 24 and Annex V of that Regulation;
- (b) concerning light-duty road vehicles: a vehicle of category M1, M2 or N1 with zero tailpipe CO₂ emissions, as determined in accordance with the requirements laid down in Commission Regulation (EU) 2017/1151⁵;
- (c) concerning heavy-duty road vehicles: a zero-emission heavy duty vehicle as defined in Article 4, point (5) of Directive 2009/33/EC;
- (e) concerning maritime vessels: a sea and coastal vessel for passenger or freight transport, for port operations or for auxiliary activities that has zero direct (tailpipe) CO₂ emissions;

‘vehicle’ means any of the following:

- (a) a road vehicle of category M1, M2, N1, M3, N2, N3;
- (b) a sea and coastal vessel for passenger or freight transport;

‘recharging infrastructure’ means a fixed or mobile infrastructure supplying vehicles or mobile terminal equipment or mobile ground handling equipment with electricity;

‘refuelling infrastructure’ means a fixed or mobile infrastructure supplying vehicles or mobile terminal equipment or mobile ground handling equipment with hydrogen;

‘renewable electricity’ means *electricity generated from renewable sources, as defined in Article 2, point (1), of Directive (EU) 2018/2001;*

‘renewable hydrogen’ means hydrogen produced from renewable energy in accordance with the methodologies set out for renewable liquid and gaseous transport fuels of non-biological origin in Directive (EU) 2018/2001 of the European Parliament and of the Council;

‘smart recharging’ means a recharging operation in which the intensity of electricity delivered to the battery is adjusted in real-time, based on information received through electronic communication

⁴ Regulation (EU) No 168/2013 of the European Parliament and of the Council of 15 January 2013 on the approval and market surveillance of two- or three-wheel vehicles and quadricycles (OJ L 60, 2.3.2013, p. 52).

⁵ Commission Regulation (EU) 2017/1151 of 1 June 2017 supplementing Regulation (EC) No 715/2007 of the European Parliament and of the Council on type-approval of motor vehicles with respect to emissions from light passenger and commercial vehicles (Euro 5 and Euro 6) and on access to vehicle repair and maintenance information (OJ L 175, 7.7.2017, p. 1).

11. Contacts

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 during office hours.

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

Tel: 144

Websites: www.maltaenterprise.com

The official Incentive Guidelines are published at:

<https://www.maltaenterprise.com/support>

Email: info@businessfirst.com.mt

ANNEX A – Assisted areas

MT001101 Valletta; MT001103 Birgu; MT001104 Isla; MT001105 Bormla; MT001118 Floriana; MT001129 Kalkara; MT001133 Luqa; MT001134 Marsa; MT001145 Paola; MT001206 Qormi; MT001214 Birkirkara;	MT001221 Gzira; MT001246 Pembroke; MT001252 San Giljan; MT001253 San Gwann; MT001259 Sliema; MT001310 Zejtun; MT001315 Birzebbuga; MT001331 Kirkop; MT001335 Marsascala; MT001336 Marsaxlokk; MT001351 Safi;	MT001402 Mdina; MT001407 Zebbug (Malta); MT001412 Attard; MT001416 Dingli; MT001450 Rabat (Malta); MT001537 Mellieha; MT001539 Mosta; MT001544 Naxxar; MT001555 San Pawl il-Bahar. Gozo and Comino
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ANNEX B – Example of Support through various measures

Below is an example of how a Medium-Sized business can use a supported loan in combination with this measure. The figures are only indicative and do not reflect an actual scenario.

Note: The Aid under this scheme must be approved prior to the beneficiary committing to the purchase of equipment. If the beneficiary is requesting an interest subsidy, the details governing such loan need to be available at application stage.

Maximum Aid 40%
Project Cost Euro : 250,000

Loan through Commercial Bank facilitated through the Malta Development Bank of Euro 250,000 to finance the project.

- Value of Aid of Euro 30,000 (As specified in loan documentation)
- Interest for first 3 years Euro 13,500

Available Support through the Green Mobility Scheme

- Maximum Gross Grant Equivalent Allowable
Euro 250,000 x 40% (Euro 100,000) less aid from supported Loan (Euro 30,000)
Euro 70,000
- Maximum Support under Green Mobility Scheme
 - Cash Grant of Euro 13,500 (covering first 3 years Interest)
 - Tax Credit of 56,500