



MALTA ENTERPRISE

Rent Subsidy 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 This measure is designed to support undertakings engaged in industrial activities, that require industrial space for starting a new business, to expand operations, optimise supply chains or diversify processes. The support subsidises rental of private industrial premises required for long term development strategies and also short-term rentals to address specific requirements.
- 1.2 Undertakings may be supported through cash grants and/or tax credits, and the total support per single undertaking shall be limited to one hundred and fifty thousand euro (€150,000) over any rolling period of three (3) years.

2. Am I eligible?

- 2.1 You are eligible for the Rent Subsidy scheme if you are a limited liability company, a partnership (en nom collectif or en commandite) or a self-employed¹.
- 2.2 To be considered for support the applicant must meet all the criteria established below:
- a) The applicant must not have any dues related to VAT, Income Tax, and Social Security Contributions;
 - b) The applicant must not be engaged in activities specifically excluded under the de minimis Regulation (vide Section 8);
 - c) The applicant must at the point of application be employing less than 250 persons on a full-time basis.
 - d) The applicant must not be subject to collective insolvency proceedings, or must not fulfil any criteria under Maltese law for being placed in collective insolvency proceedings at the request of its creditors.

3. Rent Subsidy for Qualifying Business Activities

[Qualifying Activities]

- 3.1. An eligible undertaking may be supported through a subsidy covering up to fifty percent (50%) of the rental costs of an eligible business premises required for the carrying out of one or more of the following Qualifying Activities:
- a) Manufacturing activities;
 - b) Artisanal activities;
 - c) Industrial Packaging activities;
 - d) Maintenance and Repairs of Motor Vehicles;
 - e) Repair of Machinery & Electrical Equipment; or
 - f) Warehousing and logistics activities incidental to the above.

¹ Applicants should be liable to pay Income Tax in Malta and partnerships are required to register under Article 27(6) of the ITMA to be treated as a company.

[Supported Rentals]

3.2. The Corporation may consider subsidising the first three (3) years of a new rental, when the rental agreement commences not earlier than one (1) year² from the date on which the application for support is submitted to the Corporation.

3.3. Support shall only be considered when the applicant:

- a) is a start-up in the first three (3) years of operation.

For the purposes of this measure a start-up is:

- I. an undertaking registered in the thirty-six (36) months prior to the submission of the application³ and is not related to other entities already carrying out a business activity.
 - II. an undertaking that can demonstrate that no income has been generated in the last 2 fiscal years and is not related to any undertaking carrying out the same qualifying activity.
- b) requires additional space to expand or diversify operations. Where the space required exceeds 200sqm, this shall be supported through a space audit.
 - c) requires new industrial premises due to termination of a prior lease and consequent forced eviction as verified by a termination notice issued by the landlord. In such instance, the support shall be limited to the difference in rental costs to be incurred by the applicant.

[Adjustments to address unsupported Activities]

3.4. When a rented premises is used for activities not included in the list of Qualifying Activities (mentioned above) the Corporation shall at its discretion apportion the value of the aid awarded in proportion to the floor space required for the Qualifying Activity.

[Permits]

3.5. The rented premises shall have the correct classification for the activity identified by the applicant to be carried out. Premises should be classified appropriately under CATEGORY E – INDUSTRIAL USES or CATEGORY F – STORAGE and DISTRIBUTION (CLASS 6A) (as defined in Subsidiary Legislation 552.15 Development Planning (Use Classes) Order 2 of the Development Planning Act) or covered by a prior certification / licence / permit to carry out the required qualifying activity.

[Extended Support]

3.6. Beneficiaries who had previously received support under this measure (or similar or successor scheme) administered by the Corporation for the carrying out of a Qualifying Activity may be considered for a Tax Credit covering part of the rental costs for a further three (3) years but not exceeding the rental period established in the rent contract on which the original support was approved where such premises shall continue to be used for the qualifying activity. This support shall only be considered based on a new application.

[Form of Aid and Aid Intensity]

3.7. The support will cover fifty percent (50%) of the rental costs up to a maximum of fifty thousand euro (€50,000) per annum covering the first three (3) years of a supported rental agreement.

² Extensions and renewals of existing rental agreements do not constitute a new agreement.

³ In case of self-employment the registration date shall be the date registered with Jobsplus.

4. Rent Subsidy for Temporary Storage Facilities

[Temporary Storage]

- 4.1. The Corporation may consider subsidising a new rental for a premises required for temporary (short-term) storage of goods and materials so as to mitigate fluctuations in supply and other market disruptions. Such support shall cover a maximum of one year and shall only be considered if:
- a) at the time of application, the applicant is operating from own premises or from premises covered by a rental agreement which stipulates a termination date that exceeds the period for which support is requested.
 - b) the applicant justifies (to the satisfaction of the Corporation), that the additional facility will help the business mitigate fluctuations in supply and other market distortions in terms of established contractual agreements.

[Permits]

- 4.2. The rented premises shall have the correct classification for the activity identified by the applicant to be carried out. Eligible premises should be classified under CATEGORY F – STORAGE and DISTRIBUTION (CLASS 6A) (as defined in Subsidiary Legislation 552.15 Development Planning (Use Classes) Order 2 of the Development Planning Act) or by a prior certification / licence / permit to carry out the required qualifying activity.

5. Exclusions

- 5.1. Eligible costs shall only include the rental of the required space and must exclude tax and other services (such as cleaning, reception and security services) that may be included with the rental agreement.
- 5.2. The support shall not be awarded in respect to the renting of:
- a) Any property owned by an undertaking, legal person or group of legal persons, that are related to the applicant;⁴
 - b) public property where the rent charged is below market rates⁵;
 - c) Showrooms, display areas, customer handling areas and similar areas.

⁴ Sub-leasing through a related party is also excluded even if the owner of the premises is a third party.

⁵ Support may be considered if the applicant provides a document issued by lessor confirming the rent charges represents the market value.

6. Application process

- 6.1. Applications must provide details and comprehensive information to enable the Corporation to determine eligibility and evaluate the request for support. A list of the required documentation shall be provided in the application form.
- 6.2. Applicants will be required to provide a draft copy of the rental agreement (if the agreement is still to be signed) or a copy of the original rental agreement for the premises on which the support is requested.
- 6.3. The application form and any other templates provided by the Corporation may be downloaded from the Corporation's Client Portal <http://clientportal.maltaenterprise.com/>. All required documents must be submitted through the portal. First time applicants will be required to register on the client portal before they can submit their application.
- 6.4. Any approval is dependent on a review carried out by the Corporation and is awarded at the sole discretion of the Corporation.
- 6.5. Applications shall be submitted to the Corporation by 31st October, 2030.

7. What happens after I apply?

[Evaluation]

- 7.1. Once you have submitted the application through the portal, the submission will be evaluated in line with the terms and conditions of these Incentive Guidelines. Each submission will be reviewed on its own merits and any support will be awarded at the sole discretion of the Corporation. In assigning aid under this incentive, the Corporation will examine the project's potential to contribute to the Maltese economy by examining various criteria which will include the:
 - a. applicant's business performance and projections in relation to the cost of the rent agreement;
 - b. strength of the justification provided in the applicant submission;
 - c. space requirements of the applicant; and
 - d. environmental consideration and alignment of business to sustainable development goals.⁶
- 7.2. In its evaluation, the Corporation may conduct onsite visits and request further information and clarifications, beyond the information requested in the application so as to determine whether the support should be awarded.

[Approval / Rejection]

- 7.3. The outcome shall be communicated through 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. The approval of the Corporation shall establish the maximum support to be awarded in support of the Project. The Letter of Approval will specify the maximum value which may be claimed as a cash grant and/or tax credits, as applicable, and details on how these should be claimed.

⁶ <https://sdgs.un.org/goals>

[Monitoring]

- 7.4. Beneficiaries may be monitored by the Corporation and other agencies entrusted by the Corporation. If a beneficiary fails to 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. For monitoring purposes, the Corporation may request any documentation it deems relevant and may also conduct site visits.

[Revocation and Suspension of Aid]

- 7.5. The Corporation may revoke or suspend an approval and may seek to recover funds with interest from the undertaking which was awarded the aid if any breach of the applicable regulations, of these guidelines or of the approval parameters is identified.
- 7.6. 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.
- 7.7. The Corporation may withhold all, or part, of the assistance if the undertaking (at group level) is subject to an outstanding recovery in respect of any other incentive awarded by the Corporation.

8. Tax Credits

- 8.1. Tax Credits shall be awarded as Tax Credit Certificates that may be utilised against income tax due. The Tax Credit Certificates shall have a validity of five (5) years commencing from the year of assessment relevant to the period when the Certificate is issued. Any Tax Credit amount not utilised may be carried forward until the year of assessment when the certificate expires.
- 8.2. Tax Credit Certificates shall not give right to a tax refund and any tax credits awarded under this incentive may not be utilised to settle any tax arrears or to rectify any errors identified by the relevant authorities in the tax return submitted to the Inland Revenue Department. The Commissioner for Revenue shall have the right to refuse any tax credit awarded to undertakings defaulting on VAT, Income Tax, and Social Security payments.
- 8.3. The Tax Credit Certificate is non-transferable and must be utilised by the undertaking to which it is issued.

9. State Aid Rules and Obligations

9.1 Applicable State Aid

- 9.1.1 These Incentive Guidelines are 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).
- 9.1.2 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.

9.1.3 This maximum threshold would include all State aid granted under this scheme and any other State aid measure granted under the *de minimis* rule, including that received from any entity other than Malta Enterprise Corporation. Any *de minimis* aid received in excess of the established threshold will have to be recovered, with interest from the undertaking receiving the aid.

9.1.4 The *de minimis* declaration form indicating any other *de minimis* aid received over any period of 3 years to which the *de minimis* Regulation applies, must be filled in and submitted together with the application form.

9.2 Applicability of the Aid

9.2.1 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.

a) .

9.2.2 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 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..

9.3 Cumulation

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

- (a) with *de minimis* aid granted in accordance with Commission Regulation (EU) 2023/2832;

- (b) De minimis aid granted in accordance with this Regulation may be cumulated with 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.

9.3.2 State 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. De minimis aid that 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.

9.4 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 the central register at national or Union Level.

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').

10. 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 Rent Subsidy (Amendment) Regulations, 2024 as Subsidiary Legislation 463.33 (Malta Enterprise Act, CAP 463 of the Laws of Malta) provide the legal basis of this incentive. These incentive guidelines should be construed in accordance with this legal notice.

11. Further Information

11.1 This measure shall be applicable until 31st December 2030. While the Corporation may periodically update and amend these Incentive Guidelines, the applicable Incentive Guidelines shall be those published when the request for assistance is received.

11.2 Rent Subsidy Regulations (subsidiary legislation 463.33 to the Malta Enterprise Act), as amended, forms the national legal basis of this aid scheme.

11.3 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 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.*

Single Undertaking:

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

- 1. one (1) enterprise has a majority of the shareholders' or members' voting rights in another enterprise;*
- 2. 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;*
- 3. 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;*
- 4. 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 (1) to (4) above through one or more other enterprises shall also be considered to be a single undertaking.

The same Regulation states that a group of linked enterprises is considered as one single undertaking for the application of the de minimis rule, but that 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 account⁷.

⁷ Commission Regulation (EU) 2023/2831 of 13 December 2023.

12. 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 Business First during office hours.

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

Telephone: 144

Email: info@businessfirst.com.mt

Website: www.businessfirst.com.mt