Smart and Sustainable Investment Grant

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

Rationale

1.1 The European Union is committed to becoming the first climate-neutral bloc in the world by 2050. This requires significant investment from both the EU and the national public sector, as well as the private sector. Apart from being an obligation, the twin transition to more digital and environmentally sustainable business practices provide an opportunity for enterprises to grow, enhance their competitiveness and improve sustainability of the economic activity.

1.2 Malta Enterprise, as a pivotal economic development agency in Malta, will be supporting businesses in their investments to incentivise the adoption of these twin transition paths for growth.

1.3 The **Smart and Sustainable Investment Grant** provides business funding to support investments that lead to more sustainable processes. These investments are expected to enhance the competitiveness of the enterprises through the optimisation of the use of resources in their activities.

Legal Basis

1.4 The Smart and Sustainable Investment Grant Regulations (subsidiary legislation 463.45 to the Malta Enterprise Act) form the specific legal basis for these Incentive Guidelines.

Budget

1.4 The Smart and Sustainable Investment Grant Scheme has an annual budget of two million euro (€2,000,000).

Definitions

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

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.*

Single Undertaking: *(as per Commission Regulation EU No 2023/2831 of 13 December 2023 on the application of the Treaty on the Functioning of the European Union to de minimis aid)* means all enterprises having at least one 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) through one or more other enterprises shall also be considered to be a single undertaking.

2. Am I eligible?

2.1 You are eligible to apply for the Smart and Sustainable Investment Grant if you are registered as a limited liability company with the Malta Business Register, partnership or self-employed and are engaged in an economic activity that operates from a commercial property. To be considered for support you must meet **all** the criteria established below:

a) Be planning an investment project of at least ten thousand euro (€10,000) having the aim to achieve sustainability, improved environmental performance or digitisation leading to growth potential.

b) The applicant must not be engaged in activities specifically excluded under the *de minimis* Regulation (vide Section 8).

c) The applicant must have at least one (1) full time employee registered with Jobsplus (a full-time self-employed person is considered to meet this criterion).

2.2 The Corporation shall reject projects that are deemed to constitute the replacement of equipment, plant or machinery that has reached (or almost reached) its useable life.

2.3 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, 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. What is the maximum support?

3.1 The maximum grant that can be awarded to support an eligible investment shall cover fifty percent (50%) of the eligible expenditure up to a maximum grant of €100,000 per project. Applications will be considered on a case-by-case basis and the level of funding will be determined following an assessment of the proposed investment and implementation plan.

3.2 Furthermore a Tax Credit of up to €40,000 per project may be awarded as an additional 10% (to 60%) if the project meets one (1) of the below criteria and 20% (to 70%) if the project meets any two (2) of the below criteria:

a) The project results in new investment in Gozo. (Such investment can include expansion of existing investments);

b) The project is carried out by an undertaking which has been established for less than three (3) years. (This shall be calculated from the date of registration).

c) The project is supported by an independent energy audit conducted by a qualified energy auditor or engineer.

d) The project achieves at least 50% carbon emission savings (directly as a result of the investment) as evidenced by the carbon footprint report that must be submitted with the application.

3.3 The Smart and Sustainable Investment Grant is a *de minimis* measure. The total amount of *de minimis* aid granted to a single undertaking shall not exceed the amount of €300,000 over any rolling period of three (3) consecutive years.

4. What costs are eligible?

4.1 The Smart and Sustainable Investment Grant may support investments and modifications in plant, machinery, equipment and technologies that lead to a quantifiable reduction in CO_2 emissions of at least ten percent (10%) (directly in relation to the investment). The CO_2 savings must be clearly substantiated through the submission of a carbon footprint report compiled by a warranted engineer or competent person as may be acceptable to the Corporation.

4.2 Eligible investments may also include specialised technical services and procurement of technologies that enable the undertaking to measure parameters linked to the undertaking's carbon footprint. Such investments should have the scope of identifying actions to reduce carbon footprint. Aid for these cost items must be incorporated within an eligible sustainability project and shall be capped at twenty percent (20%) of the total amount approved. Any technical service must be provided by unrelated parties and must be covered by a contractual agreement of which only the initial twelve (12) months shall be eligible.

4.3 Projects should include an investment plan indicating the duration of the project implementation.

4.4 Should a project be supported, the beneficiary must also commit to maintain the investment for a minimum of three (3) years.

4.5 Costs of an operational nature such as, but not limited to, software licences, SaaS solutions, routine services, servicing and maintenance shall not be considered eligible for support.

4.6 Any costs incurred before the approval of the Corporation will not be considered as eligible.

4.7 The below table provides details of eligible expenditure and related conditions.

Eligible Investment	Notes
Waste Minimisation *Reducing materials use per unit of production.*	The introduction of new industrial solutions or strategic modifications to existing plant and machinery that can help businesses achieve a reduction in the waste generated per unit during the production process, including the reduction in packaging and increasing the lifespan of products. or The introduction of solutions that result in a reduction of materials (primarily plastic). Such solution could lead to the reduction of materials in work environments (such as the installation of drinking fountains to replace bottled water) and/or a reduction in the materials used when interacting with customers (such as the provision of bulk selling systems which require the customer to reuse his own containers). Eligible costs could include the provision of refillable containers to customers when such costs are incurred in conjunction with other investments.

Sustainable materials *Costs reducing impact of product on global environment*	Investments may be required to test (carry out pilot projects) and enable a shift to the use of more sustainable and/ or ecologically-friendly material. Investments may support a change both in materials used during the production process and also changes to materials used in products so as to ensure better recovery of material at the product's end of life. The results of such investments could: improve the life span / cycles of products; help in shifting to biodegradable packaging and the reduction / elimination of toxic material (by replacing them with non-toxic lubricants, dyes, etc). Supported projects could also include changes to value chains that ensure that materials are procured from 'green' sources (as verified through certification) or from suppliers that can guarantee lower transit/production CO2 emissions (through near shoring or the use of more environmentally aware processes).
Energy Efficiency *Reducing energy use per unit of production.*	Investments in solutions to reduce power requirement in relation to machinery and lighting, improving insulation of buildings, investments in cogeneration of heat and power and geo-thermal installations. The installation of double glazing, solar film and solar tubes may also be considered as eligible costs. *Projects for the generation of power from alternative sources can be supported though schemes administered by the Regulator for Energy and Water Services https://www.rews.org.mt.*
Water Efficiency *Reducing water use per unit of production.*	Investments in solutions to improve water usage such as investments in closed-cycle water systems, water purification and recycling solutions and investment to store run-off rainwater.
Sustainable Digitalisation *Adopting digital solutions to enhance environmental performance.* Cost for 'digitisation'.	The adoption of technologies carried out by electronic devices and/or systems which make it possible to increase product functionality, modernise processes, or migrate to business models based on the disintermediation of goods production and service delivery, eventually leading to more environmentally efficient operations. Sustainable Digitisation Projects may address various aspects such as : • The use of IoT (Internet of Things) technologies to Increase the efficiency of equipment and machinery; • the installation of building management systems to optimise heat, light and power usage.

5. How do I apply?

5.1 When submitting an application, the applicant will be required to provide full details and costs to be incurred. The application requires that a technical analysis by a competent person (such as an engineer) on the environmental and energy savings is submitted (on a template provided by the Corporation) quantifying the gains to be achieved through the project. The application should also include a report on the current carbon footprint, and the forecast reduction in CO_2 emissions following the completion of the project.

5.2 Applicants may be requested to submit further information in relation to the proposed project including a cost benefit analysis that justifies that the proposed solution is the most viable option for the applicant.

5.3 The application form which may be downloaded from the Corporation's website 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?

Applications may be submitted until 30th November 2026.

7. What happens after I apply?

7.1 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.

7.2 Malta Enterprise shall make the utmost to process applications in the shortest time possible and may in the process request further clarifications from the applicant.

7.3 If a project is approved, the Corporation will issue a Letter of Approval specifying the terms and conditions of the aid. The letter will include details on implementation and monitoring.

7.4 Beneficiaries will be monitored by the Corporation and other agencies entrusted by the Corporation. If a Beneficiary fails to implement or 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.

8. State Aid Rules and Obligations

These Incentive Guidelines are in line with the 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 over any period of 3 years to which the de minimis Regulation applies, must be filled in and submitted together with the application form.

9.1 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 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. the Corporation 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.

9.2 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.

9.3 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 the 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').

9. 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 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.
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Websites:	www.maltaenterprise.com The official Incentive Guidelines are published at: https://www.maltaenterprise.com/support
Email:	info@businessfirst.com.mt