



MALTA ENTERPRISE

INCENTIVE GUIDELINES

Smart and Sustainable Investment Grant

Issue Date: 1st October 2021
Version: 1.2
Updated 1st March, 2023

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

1. Overview

- 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 provides 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 business 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 the undertaking of investments that lead to more sustainable processes leading to the enhancement of competitiveness of the enterprises through the optimisation of the use of resources in their activities.

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) Planning an investment project of at least €10,000 having the aim to achieve sustainability, improved environmental performance or digitisation leading to growth potential.
 - b) The applicant must not have any dues related to VAT, Income Tax, and Social Security which are older than twelve (12) months.
 - c) The applicant must not be engaged in activities specifically excluded under the *de minimis* Regulation (vide Section 8).
 - d) The applicant must have at least one full time employee registered with Jobsplus (a full time self-employed person is considered to meet this criterion).

3. What is the maximum support?

- 3.1 The maximum grant that can be awarded to support an eligible investment shall cover 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 of the below criteria and 20% (to 70%) if the project meets any two of the below criteria:
 - a) The project results in new investment (including expansion of existing investments) in Gozo;
 - 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.

- 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 €200,000 (or €100,000 in the case of single undertakings performing road freight transport for hire or reward) over any period of three consecutive fiscal 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 CO₂ emissions.
- 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 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 Costs of an operational nature such as software licences, SaaS solutions, routine services, servicing and maintenance shall not be considered eligible for support.
- 4.4 Any costs incurred before the approval of the Corporation will not be considered as eligible. Supported investments must be implemented within twelve (12) months from the date when funding is approved and the beneficiary must commit to maintain the investment for a minimum of three (3) years.
- 4.5 The below table provides details of eligible expenditure and related conditions.

Eligible Investment	Notes
Waste Minimisation <i>Reducing materials use per unit of production.</i>	The introduction of new industrial solutions or strategic modifications to existing plant and machinery can help business achieve a reduction in the waste generated per unit during the production process, including the reduction in packaging and increasing life-span 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.

<p>Sustainable materials</p> <p><i>Cost Reducing impact of product on global environment</i></p>	<p>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.</p> <p>The results of such investments could: improve the life span / cycles of product; help in shifting to biodegradable packaging and the reduction / elimination of toxic material (by replacing them with non-toxic lubricants, dyes, etc).</p> <p>Supported projects could also include changes to the value chain to ensure that source materials from 'green' sources and verify through certification are used.</p>
<p>Energy Efficiency</p> <p><i>Reducing energy use per unit of production.</i></p>	<p>Investments in solution 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.</p> <p><i>Projects under this heading may also be supported through the Investment Aid for Energy Efficiency Projects also administered by Malta Enterprise</i></p> <p><i>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.</i></p>
<p>Water Efficiency</p> <p><i>Reducing water use per unit of production.</i></p>	<p>Investments in solutions to improve water usages such as investments in closed-cycle water systems, water purification and recycling solutions and investment to store run-off rain water.</p>
<p>Sustainable Digitalisation</p> <p><i>Adopting digital solutions to enhance environmental performance</i></p> <p>Cost for 'digitisation'.</p>	<p>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;</p> <p>Projects could include:</p> <ul style="list-style-type: none"> • Increase process efficiency through IoT (smart HVAC, system monitoring etc) • 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 CO₂ emissions following the completion of the project.
- 5.2 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?

- 6.1 The applications may be submitted from 1st October 2021 until 30th November 2023.

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 to the applicant.
- 7.3 If a project is approved, the Corporation will issue a letter of approval specifying the terms and conditions of the Grant. The letter will include details on implementation and monitoring.

8. State Aid Rules and Obligations

8.1 Applicable State Aid

- 8.1.1 If the submitted application is approved, the beneficiary will benefit from *de minimis* State Aid in line with *Commission Regulation (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid* [OJ L 352/1, 24.12.2013] (the *de minimis* Regulation), as amended 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 [OJ L 215/3, 7.7.2020].

- 8.1.2 The *de minimis* Regulation allows a 'single undertaking' to receive an aggregate maximum amount of *de minimis* aid of €200,000 (or €100,000 in the case of single undertakings performing road freight transport for hire or reward) under all *de minimis* aid measures, over a period of three consecutive fiscal years. This

period covers the fiscal year concerned as well as the previous two fiscal years. ‘Fiscal year’ means the fiscal year as used for tax purposes by the undertaking concerned. The agriculture and fisheries sectors are subject to different thresholds and criteria. For the purposes of this scheme, the term ‘single undertaking’ shall be defined as per the *de minimis* Regulation.

- 8.1.3 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.

- 8.1.4 The *de minimis* declaration form must be filled in and submitted together with the application form.

8.2 Applicability of the Aid

8.2.1 Assistance approved under this aid scheme is NOT:

- a) Aid granted to undertakings active in the fishery and aquaculture sector, as covered by Council Regulation (EC) No. 104/2000¹;
- b) Aid granted to undertakings active in the primary production of agricultural products;
- c) Aid granted to undertakings active in the sector of processing and marketing of agricultural products, in 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;
- d) Aid to export-related activities towards third countries or Member States, namely aid directly linked to the quantities exported, to the establishment and operation of a distribution network or to other current expenditure linked to the export activity;
- e) Aid contingent upon the use of domestic over imported goods;
- f) Aid for the acquisition of road freight transport vehicles granted to undertakings performing road freight transport for hire or reward.

- 8.2.2 Where an undertaking is active in the sectors referred to in points (a), (b) and (c) above as well as in other sectors falling within the scope of the *de minimis* Regulation, the Corporation will ensure a separation of the activities or distinction of costs. 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.

8.3 Cumulation

- 8.3.1 *De minimis* aid granted in accordance with the *de minimis* Regulation may be cumulated with *de minimis* aid granted in accordance with Commission Regulation (EU) No 360/2012 up to the ceiling laid down in that Regulation. It may be cumulated with *de minimis* aid granted in accordance with other *de minimis* Regulations up to the relevant ceiling laid down in Article 3(2) of the *de minimis* Regulation.

¹ Council Regulation (EC) No 104/2000 of 17 December 1999 on the common organisation of the markets in fishery and aquaculture products (OJ L 17, 21.1.2000, p. 22).

- 8.3.2 *De minimis* aid awarded under this scheme shall not be cumulated with State aid in relation to the same eligible costs or with State aid for the same risk finance measure, 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 which 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. Further Information

- 9.1 This incentive has a budget of Five million euro (€5,000,000).
- 9.2 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.
- 9.3 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.

Useful Definitions

- 9.4 **Applicant:** An Applicant is an Undertaking that has submitted a complete application for support under this scheme to the Corporation.
- 9.5 **Beneficiary:** A Beneficiary is an Undertaking that is in possession of a Letter of Approval issued by the Corporation.
- 9.6 **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).
- 9.7 **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.
- 9.8 **Single Undertaking:**

Single Undertaking shall be defined as per Commission Regulation EU No 1407/2013 of 18 December 2013 on the application of the Treaty on the Functioning of the European Union to de minimis aid.

Single Undertaking includes, for the purposes of the de minimis Regulation, 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 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 account².

10. 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

² Commission Regulation (EU) No 1407/2013 of 18th December 2013, as amended.