MALTA

INCENTIVE GUIDELINES MICROINVEST 2014

The MicroInvest Scheme, launched by **Malta Enterprise**, is a tax credit incentive aimed at encouraging micro enterprises and self-employed individuals to improve and expand their business. Hereunder follow the relevant qualification criteria and conditions governing this scheme.

SCOPE OF THE SCHEME

The scheme was set up for the following purposes:

- To encourage undertakings to invest in their business.
- To innovate.
- To implement compliance directives or to develop their operations.
- To expand and recruit more individuals.
- To support undertakings which include self-employed persons.

REIMBURSEMENT METHOD

Undertakings will be supported through a tax credit representing a percentage of the eligible expenditure and wages of newly recruited employees and apprentices, which were incurred in 2014.

ELIGIBLE CRITERIA

The applicant must be a single undertaking that for the year in which the costs were incurred, did not employ more than thirty (30) persons Full Time Equivalent (FTE) and had a turnover that did not exceed €10 Million. The applicant must calculate its FTE on their last full financial year (2014):

- The applicant (legal person submitting the application) must employ at least one (1) person (on full or part time basis) at date of application. The person employed may be the applicant himself in the case of self-employed persons. In any case such employment must be registered with the ETC.

- Unless exempted, an applicant must be registered with the VAT department.

- Self-employed persons should be registered with ETC.

- All applicants must provide the required documented confirmation that they are duly licensed to carry out their trade or business.

- Applicants must not be defaulting on VAT, Income Tax, and Social Security payments. No Tax Certificate will be issued by Malta Enterprise prior to regularisation of the position with the relative departments.

- This incentive is intended to support enterprises that carry out a trade or business, hence it is not intended for voluntary organisations.

ELIGIBLE EXPENSES

- Costs subcontracted to third parties in relation to refurbishing and upgrading of business premises including extensions or modifications to premises in line with the permits issued by MEPA.

- Investment in acquiring new machinery, technology, apparatus or instruments which enhance the applicant's operations, including systems which help to save energy or to produce alternative energy.

- Capital Investment in Information Technology.

- Over a period of 3 years, investment in one (1) new motor vehicle (or first time used in Malta) as long as such vehicle is involved in the carrying of goods (category N1, N2 or N3 motor vehicle), and Special Purpose Motor Vehicles (category E).

- Wages costs covering the first 12 months period pertaining to new **full-time** jobs created as from 1st January 2014 as long as this constitutes a net increase in the total number of **full-time** employees of the applicant when compared to the employment figure of the previous years. Part-time employment is also eligible.

- With regards to claims for employment commencing after January and with the costs overrunning in the following year, the residual months of the 12 month period (which have not been claimed for) could be included in the following year's application form.

ELIGIBLE COSTS

- Malta Enterprise may approve a tax credit equivalent to 45% of eligible expenditure. An additional bonus of 20% (total 65% tax credit) applies to undertakings operating from Gozo.

- The maximum eligible amount to a single undertaking shall not exceed the amount of €30,000 over any period of three (3) consecutive years, starting from any tax credits granted in 2014 for costs incurred in 2013.

- Aid awarded through an Incentive Entitlement Certificate issued under the previous Tax Credits for Micro Enterprises and the Self Employed, also known as MicroInvest (for eligible expenses incurred and paid during the period 1st January 2013 to 31st December 2013), shall be deducted from the eligible capping in relation to applications submitted in 2014 and 2015.

QUALIFYING COSTS

Costs must be incurred and paid between 1st January and 31st December of the year preceding the year in which the claim is submitted. As a result, for a claim to be submitted in 2015, the costs claimed must have been incurred in 2014.

FIND OUT MORE

Fenech Farrugia Fiott Legal provides specialist advice and assistance to undertakings wishing to participate in the MicroInvest 2014 Scheme. For more information kindly contact us on 2549 6400 or email us at **info@fff-legal.com.**

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