



**DFK MALTA**

Audit ▪ Tax ▪ Advisory

# INVESTMENT AID 2021

SUPPORTING INITIAL INVESTMENTS

# Objectives

The Investment Aid Scheme aims to sustain the regional industrial and economic development of Malta.

This measure facilitates initial investments by encouraging the setting up of new establishments as well as the expansion and development of existing businesses.

The aid awarded under this scheme shall amount to a percentage of qualifying expenditure incurred and may take the form of tax credit (which may be claimed against future tax bills) and/or cash grant.

# ELIGIBLE PROJECTS

- SMEs
- Large Enterprises
- Qualifying Economic Activities

# Eligible Projects - Rules for SMEs

- Investment Aid shall be awarded to SMEs in respect of an 'initial investment' in tangible and intangible assets resulting in:
  - a) the setting-up of a new establishment;
  - b) the extension of the capacity of an existing establishment;
  - c) a fundamental change in the overall production process of an existing establishment, where for an investment to constitute a fundamental change in the production process, the eligible costs must exceed the depreciation of the assets linked to the activity to be modernised in the course of the preceding three fiscal years.
  - d) a diversification of the output of an establishment into products not previously produced in the establishment whereby the eligible costs must exceed by at least 200% the book value of the assets that are reused, as registered in the fiscal year preceding the start of works.
- The acquisition of assets belonging to an establishment that has closed or would have closed had it not been purchased, and is bought by an investor unrelated to the seller shall also be considered as an eligible investment.

# Eligible Projects - Rules for Large Enterprises

- Investment Aid shall be awarded to large enterprises in respect to 'initial investments in favour of a new economic activity or activities' which must consist of:
  - a) An investment in tangible and intangible assets related to the setting up of a new establishment, or to the diversification of the activity of an establishment, under the condition that the new activity is not the same or a similar activity to the activity previously performed in the establishment; OR
  - b) The acquisition of the assets belonging to an establishment that has closed or would have closed had it not been purchased, and is bought by an investor unrelated to the seller, under the condition that the new activity to be performed using the acquired assets is not the same or a similar activity to the activity performed in the establishment prior to the acquisition.

# Qualifying Economic Activities

Manufacturing	Waste Treatment	Education & Tuition
Maintenance, Repair & Overhaul	Environmental Solutions	Human Inpatient / Day Care Services
Industrial Services	Life Science	Freeport Operations
Computer Programming	Pharmaceutical Activities	Logistics
Data Processing & Hosting Facilities	Audio-visual Productions	Industrial Packaging
Call Centres	Audio Recording	Hotels & Guesthouses
R&D & Design	Digital Video Games	Knowledge Intensive Services
Restoration	Operation of facilities for (specific) events	

# AID INTENSITY

- Eligible Project Expenditure
- Investment Aid
- Time Period

# Eligible Project Expenditure

Eligible project expenditure shall be:

- a) The acquisition of Qualifying Tangible and Intangible Assets required for the implementation of an eligible Initial Investment Project; **OR**
- b) The estimated wage costs arising from job creation as a result of an initial investment.



# Investment Aid

The amount of investment aid that may be awarded in terms of these regulations for a given investment project shall not exceed the lower applicable intensity specified below:

- a. 30% of the qualifying expenditure for an undertaking which qualifies as a 'Small' undertaking;
- b. 20% of the qualifying expenditure for an undertaking which qualifies as a 'Medium-sized' undertaking;
- c. 15% in respect to initial investment project carried out by 'Small' and 'Medium-sized' undertakings in the development of hotels, guest houses and their amenities as licensed by the Malta Tourism Authority;
- d. 10% of the qualifying expenditure for an undertaking which qualifies as a 'Large' undertaking.

# Time Period

**Applications for support must be submitted to  
Malta Enterprise by 31<sup>st</sup> October 2021**

- A project can only be supported if Start of Works occurs in 2020, 2021, 2022 or 2023.
- Cash Grants can be awarded to project having start of works after the aid is approved by Malta Enterprise.
- Tax Credits can be awarded to all projects having a start of works in 2020, 2021, 2022 or 2023 as long as the application is received before the submission deadline.

# FOR FURTHER INFORMATION CONTACT:

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