

# SME Growth Grant Scheme Frequently Asked Questions

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## The Scheme

### What is the scope of this scheme?

This scheme supports SMEs, through the provision of non-repayable grants, to part-finance expansion projects either by increasing the capacity of an existing establishment, or the setting up of a new establishment.

The investment should result in the growth of your enterprise, and an increase in the number of employees (full-time equivalent) employed by your enterprise.

### How is this scheme administered?

This scheme shall be administered on a demand driven basis through an open rolling call with periodical cut-off dates.

### What is a rolling call?

The IB shall issue a public open call (rolling-call) for interested eligible Undertakings to submit their applications. Applications will be assessed and evaluated and eligible applications scoring at least 50% of the selection criteria shall be awarded the grant.

### How will grants be allocated?

Grants shall be awarded on a first-come-first served basis subject to budget availability.

### What is the maximum grant value of this scheme?

The maximum grant value of this scheme is set at €500,000 with an aid intensity as outlined hereunder:

<b>Size of Undertaking</b>	<b>Aid Intensity (as of 1<sup>st</sup> January 2018)</b>
Micro & Small	30%
Medium	20%

### What State Aid regulation does this scheme fall under?

The aid under this Scheme is granted in terms of Commission Regulation (EU) 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application to Article 107 and 108 of the Treaty and Commission Regulation (EU) 2017/1084 of 14 June 2017. If an Undertaking receiving aid is found to be in breach of the relevant provisions of this Regulation, action shall be taken to claw back funds (recovery of funds) from the Undertaking in line with the provisions of the pertinent State Aid rules, (General Block Exemption Regulation).

## Eligibility

### Who is eligible to apply under this scheme?

**Micro, Small and Medium-sized Enterprises** engaged in an economic activity, irrespective of their legal form, referred to as the 'Undertaking'.

Undertakings which are not vested with a legal personality acquired through the law applicable to their establishment, need to be registered under the Second Schedule of the Civil Code (Chap. 16 Laws of Malta).

### Which sectors are excluded from this scheme?

Exclusions under this scheme are listed in section 3.2 of the Guidance Notes.

### What defines the exclusion 'Energy generation, distribution and infrastructure'?

'Energy generation, distribution and infrastructure' refers to the NACE division 35 which is excluded from the regional aid provisions of GBER.

### What is a NACE code?

The NACE code is used to classify economic activities. The NACE code is a 4 digit code, the first two digits identify the division, the third digit identifies the group, and the fourth digit identifies the class. When applying the applicant must insert the NACE code to the 4<sup>th</sup> digit effectively identifying the class of economic activities that are undertaken by the applicant enterprise. In those cases where applicants have more than one activity, the Applicant should check with the Business Register at NSO to be assigned a NACE Code which determines its core business activity. The principal activity of a statistical unit is the activity which contributes most to the total value added of that unit.

### What are the eligible costs under this scheme?

The eligible costs under this scheme are:

- Costs for leasing of private operational premises\*
- Construction/Up-grading costs\*
- Costs for purchasing of equipment, machinery, and/or plant
- Costs related to essential patents/licences\*

*(\*Each of the identified cost categories is not to exceed 10% of the total eligible expenditure of the project).*

### Where activities are capped at 10% of the total eligible project expenditure, how is the 10% to be calculated?

By way of example if the total eligible project cost is €100, the maximum eligible cost that may be considered for the activity would be €10, while if the total eligible project cost is €50 then the maximum eligible cost that may be considered for the activity would be €5.

### What can be considered for match financing?

Match financing has to be from private sources and can be formed either through the Applicant's own financial resources, bank loan, crowd funding, or others.

### Do I need to provide evidence for match financing?

Yes. The applicant needs to submit evidence that he/she has already successfully secured the project match financing.

### What is considered to be evidence of Private Match Financing?

Evidence of Private Match Financing would depend on how the Project is being Financed. Examples of evidence would be bank statements with an amount that is reflective of the project cost in the case of self financing or a sanction letter from the bank if a bank loan will be used to finance the project. Such a source may not come from Public Funds be it National or EU Funds.

### May assistance under this scheme be provided to undertake investment to bring my operations in line with existing legislative/regulatory requirements?

No.

### Will upgrade of replacement costs be considered eligible under the Scheme?

The scheme relates to expansion projects. The upgrade, replacement, re-furbishment of existing assets are not considered eligible.

### Are Training Costs in relation to equipment or machinery eligible?

No. Training costs in relation to the use of equipment or machinery is not considered eligible.

### Will the scheme reimburse me for expenditure that I have already undertaken?

No. Only expenditure effected after the date of the Grant Agreement may be considered eligible.

### Where can I get the Income Tax Compliance/ Final Settlement of Social Security Contributions Compliance Certificate/VAT Compliance Certificate from?

Requests for these Compliance Certificates (Income tax, FSS and VAT) are to be addressed to the Office of the Commissioner for Revenue generic email - [certificates.cfr@gov.mt](mailto:certificates.cfr@gov.mt)

*To note that in case of a self-employed taxpayer (with no employees), the Social Security Contributions Compliance Certificate is to be requested for the self-employed accordingly.*

### How to Apply

In order to apply, one must first register to the online SFD 14-20 application portal, accessible through: [www.sfd.gov.mt/application](http://www.sfd.gov.mt/application). Steps on how to register and activate your account are provided on screen throughout the process. For more detailed

instructions on how to register and fill in the application, one can view the Notes to Applicants document.

### Must all the necessary permits be in hand before applying?

In those instances where at the time of submitting the application the necessary Planning Permits have not as yet been issued, an application for support under the scheme may still be submitted. In such cases in the event that an application makes it through the Selection Process, the granting of aid shall be conditional on the submission of evidence, within six months from the date of the Acceptance Letter, that the relevant Planning Permits have been issued.

### What is the Grant Agreement?

The Grant Agreement (GA) is the formal agreement between the Intermediate Body and the Applicant. The GA is the legally binding document and sets out the terms of the Grant. The IB will work through the terms and any conditions which must be discharged prior to entering into the GA with the Applicant. When the IB is satisfied that any conditions have been discharged, it will issue the GA and it will submit two unsigned copies to the Applicant. The Applicant will, by the indicated timeframe, sign and return both copies for counter-signature by the IB and one copy will be sent back to the Applicant. Work on projects can only start following the signing of the Grant Agreement.

## Implementation

### How should I approach the procurement process to respect the Public Procurement principles?

In order for the expenditure included in the Grant Agreement to be considered eligible for reimbursement, the beneficiary must demonstrate that the process used to determine the suppliers of goods, works and services for actions part-financed through the European Regional Development Fund 2014 – 2020, under any of the Business Enhance ERDF Grant Schemes, is consistent with the Treaty Principles, namely:

- Equal Treatment;
- Transparency;
- Non-discrimination;
- Mutual Recognition; and
- Proportionality.

It is essential that from the onset and prior to the issuing of the Request for Quotations, the Beneficiary identifies the **minimum technical specifications** required and conducts the necessary market research to ensure that the market can offer the required specifications.

Except in cases where the procurement does not exceed €5,000 (*ex VAT*), and subject to the capping outlined in Section 4.1.1 of the Guidelines for Implementation, the Beneficiary should be in a position to receive **at least three compliant quotations** further to the issuance of the Request for Quotations. In the absence of receiving three compliant quotations, the Beneficiary needs to submit a request for consideration by the IB through the Single Justification Form with a detailed and solid justification evidencing that all attempts to attain three compliant quotations have failed. In the absence of three compliant quotations and an approval from the IB through the submission of a Single Justification Form, the procurement will be subject to a financial correction.

Section 4 of the Guidelines for Implementation provides further details including the details to be included in the Request for quotations and the importance of maintaining a clear audit trail.

# BUSINESS ENHANCE



Operational Programme I - European Structural and Investment Funds 2014-2020  
"Fostering a competitive and sustainable economy to meet our challenges"  
Aid Scheme part-financed by the European Regional Development Fund  
Co-financing rate: 80% European Union; 20% National Funds

