

Overview of Business Support Measures

Last updated: 05 May 2020



Contents

COVID-19 Specific Measures

Tax Deferral Scheme	4
COVID-19 Wage Supplement Scheme.....	6
Facilitation of Teleworking Activities.....	9
Malta Development Bank COVID-19 Guarantee Scheme	11
Loan Moratorium.....	13

Pre-existing Support Measures

SME Consultancy Services Grant Scheme.....	16
SME eCommerce Grant Scheme	18
Skills Development Scheme	20
Micro Invest Tax Credits	22

The team at ARQ has been keeping up to date with economic measures as they are announced, and are ready to help you with any clarifications you might have or assistance required with applying for financing under the COVID-19 Guarantee Scheme.

For further information, kindly do not hesitate to contact Calvin Vella on cvella@arqgroup.com.

COVID-19 Specific Measures

Tax Deferral Scheme

What are the key objectives of this scheme?

- To improve business liquidity and ease cash flow pressures caused by the economic impact of the COVID-19 pandemic.
- To support employee retention.

Which taxes are eligible?

- Provisional tax
- Employee taxes
- Maternity Fund payments
- Social Security contributions
- Value Added Tax

What period does this cover?

All eligible taxes falling due between March and June 2020

Which sectors are its primary target?

- Tourism
- Hospitality
- Entertainment
- Transport
- Manufacturing

N.B. Businesses operating in other sectors are also eligible to apply if they fit the eligibility criteria, i.e. can prove a downturn in revenue/sales due to the impact of COVID-19.

What is the settlement period?

- Eligible taxes (excluding VAT) to be settled in four equal monthly instalments between May and August 2020.
- VAT to be settled in two equal instalments with the two quarterly instalments immediately following the quarter in which dues were deferred.

What is its key benefit to businesses?

- No interest or penalties to be charged in cases where eligible taxes are deferred under this scheme

Who are the potential beneficiaries?

- All companies or self-employed individuals who can prove a 'significant downturn' in turnover due to the economic impact of COVID-19
- In general terms, the 'significant downturn' referred to would equate to a drop in sales or revenue of 25% or more. This should be calculated based on a specific three-month period (EITHER February to April 2020 OR March to May 2020) compared to the equivalent three months in 2019.
- Estimates can be included in the calculation provided these are realistic and reasonable.

Who is the managing authority of this scheme?

Department of Social Security

How can I apply?

You can [click here](#) to access the online application form

What is the closing date?

15th May 2020

Other Notes:

- Companies or individuals who are not in line with tax obligations up to 31st December 2019 will be automatically excluded from the scheme.
- All tax forms must be submitted according to normal deadlines.

For further information on the Tax Deferral Scheme, kindly do not hesitate to contact Calvin Vella on cvella@arqgroup.com.



COVID-19 Wage Supplement Scheme

This Scheme supports business owners operating in sectors impacted by the economic disruption caused by the COVID-19 pandemic by providing a basic wage cover for employees.

What are the key objectives of this scheme?

- To provide employers with a financial incentive for retaining employees.
- To support self-employed individuals operating in impacted sectors by alleviating significant drop in income.

Which sectors does this scheme target?

This Scheme is divided into two different categories, each targeting a different group of sectors. Below is an overview of each category:

Category 1 – Enterprises operating in sectors drastically impacted by the COVID-19 pandemic

Enterprises operating in sectors which are the hardest hit by the economic disruption, both those which continue to operate as well as those that have temporarily suspended operations on the order of the Superintendent of Public Health. These are namely:

- Land transport
- Employment activities
- Travel and Tour Operators
- Retail & Wholesale
- Accommodation & Food Service Activities

[Click here to access ANNEX A](#) which includes the full list of eligible sectors identified by NACE code.

Cover provided:

- Full-time employees and self-employed individuals will be entitled to up to 5 days' salary based on a monthly wage of €800.
- Part-time employees will be entitled to a monthly wage of €500.

Who should apply:

- Any enterprise officially categorised by a NACE code falling within that list is eligible to apply.
- Self-employed individuals operating in designated sectors.

- Eligible applicants should be able to report a 'significant downturn' in sales or revenue of 25% or more over a given period in 2020 compared to the same period in 2019.

Category 2 – Enterprises operating in sectors adversely affected by the COVID-19 pandemic

Enterprises operating in sectors which are also adversely affected by the economic disruption, especially those impacted by the ripple effect of the downturn. These are mainly:

- Manufacturing
- Advertising & Media
- Maintenance & Repair
- Warehousing
- Wholesale

[Click here to access ANNEX B](#) which includes the full list of eligible sectors identified by NACE code – any enterprise officially categorized by a NACE code falling within that list is eligible to apply.

Cover provided:

- Malta-based enterprises
 - Full-time employees and self-employed individuals will be entitled to one day's salary per week equivalent to €160 per month.
 - Part-time employees will be entitled to one day's salary per week equivalent to €100 per month
- Gozo-based enterprises
 - Full-time employees and self-employed individuals will be entitled to two days' salary per week equivalent to €320 per month.
 - Part-time employees will be entitled to two days' salary per week equivalent to €200 per month.
- Self-employed individuals with employees (Malta-based)
 - Full-time self-employed individuals with employees will be entitled to two days' salary per week equivalent to €320 per month
- Self-employed individuals (Gozo-based)
 - Full-time self-employed individuals will be entitled to two days' salary per week equivalent to €320 per month
 - If they have employees, this entitlement increases to €480 per month and the employees will be entitled to two days' salary calculated at €800 per month.

Who should apply:

- Any enterprise officially categorised by a NACE code falling within that list is eligible to apply.
- Self-employed individuals operating in designated sectors.

Who is the managing authority of this scheme?

Malta Enterprise



How can I apply?

You can [click here](#) to access the online application form

What is the closing date?

Payments for the first period covered by the COVID Wage Supplement (March and April 2020), are currently being disbursed by Malta Enterprise.

The Scheme has now been extended to cover May and June 2020.

Employers who successfully applied for the first period of the Scheme need not reapply since they will automatically continue to benefit from the Scheme in May and June 2020. With effect from 1 May, employers who have not yet applied may submit an application to Malta Enterprise for inclusion in the second period of the Scheme.

Other Notes:

- No double funding: if the employer is receiving any other form of assistance related to COVID-19, the wage supplement will be adjusted accordingly so that the total assistance received does not exceed the amount of supplement granted by Government to cover a full 5-day week.
- Employers granted a COVID wage supplement covering a partial week must guarantee an income of at least Euro 720 (net) per month to supported employees, inclusive of any COVID wage supplement.
- Employees cannot be made redundant while being supported through a COVID Wage Supplement.
- The employer shall pay his share of N.I. on COVID Wage Supplements disbursed by the Corporation.

For further information on the COVID-19 Wage Supplement Scheme, kindly do not hesitate to contact Calvin Vella on cvella@arqgroup.com.



Facilitation of Teleworking Activities

This call is being designed to facilitate employers providing teleworking arrangements to their employees who can carry out their work from their residence.

What are the key objectives of this scheme?

- To partially cover the cost of employers and self-employed individuals who are investing in remote working facilities and technology as a solution to the issues caused by the COVID-19 pandemic.

Who should apply?

Employers or self-employed individuals conducting any activity that can, in whole or in part, be carried out remotely and who do not, as yet, have a fully developed teleworking infrastructure. In the case of enterprises impacted by the current 'stay home' measures, this will allow a number of employees to remain productive when working from home.

Who is eligible to apply?

All business undertakings (including self-employed individuals) irrespective of size and sector provided that:

- Eligible telework arrangements are covered by a telework agreement.
- The role of the employee/s concerned can be carried out remotely.
- Connections to the workplace are via a VPN (or similar) solution.

There was not active teleworking agreement in place before 15th February 2020.

What support is being provided?

The total support under this call shall be capped at €2,000,000 and shall be limited up to €500 per teleworking agreement and €4,000 per undertaking. This call is eligible for costs incurred between 15th of February and 8th May 2020.

Who is the managing authority of this scheme?

Malta Enterprise

How can I apply?

You can [click here](#) to access the online application form

What is the closing date?

8th May 2020

For further information on the COVID-19 Facilitation of Teleworking Activities Scheme, kindly do not hesitate to contact Calvin Vella on cvela@arqgroup.com.



Malta Development Bank COVID-19 Guarantee Scheme

Who is the managing authority of this scheme?

Malta Development Bank (MDB)

What are the key objectives of this scheme?

A Guarantee Fund of €350 million has been allocated by the Government for the purpose of guaranteeing loans granted by commercial banks in Malta to meet new working capital requirements of businesses facing cashflow disruptions due to the effects of the COVID-19 pandemic. Loans will be available from the commercial banks accredited by the MDB.

The scheme will enable commercial banks, accredited by the MDB, to leverage the €350 million guarantee fund into €777.8 million in new working capital loans

Who should apply?

Credit institutions intending to issue schemes for businesses

Which businesses will benefit?

- Small and medium-sized enterprises (SMEs) employing up to 250 employees
- Large enterprises employing more than 250 employees.

What are the key loan features?

These are summarised in the below table:

Maximum Individual Loan Amounts	<ul style="list-style-type: none"> • Small and medium-sized enterprises (SMEs): €2 million • Large enterprises: €5 million • Higher amounts require the prior ad-hoc approval of MDB and are to be capped at €4 million for SMEs and €8 million for large enterprises. <p>Provided that: Such amounts do not exceed double the annual wage bill of the beneficiary OR 25% of total turnover of the beneficiary in 2019. Amounts higher than these limits are subject to appropriate justification and self-certification, to cover the liquidity needs of SMEs for the coming 18 months and of large enterprises for the coming 12 months.</p>
Interest Rates:	To be determined by the commercial bank, however these would need to give an interest rate reduction to beneficiaries of at least one percentage point on the average lending rate as compared to similar facilities prior to the introduction of the guarantee scheme.
Loan Term:	Minimum of 18 months to maximum of 48 months. The term can increase to 72 months, subject to additional terms and conditions.
Moratorium	A moratorium on both interest and capital repayments will be given for a minimum period of 6 months with the possibility to extend to one year on a case-by-case basis.
Eligible costs	Eligible costs under these loans mainly include, but are not limited to, salaries, leases, utilities, working capital creditor balances, creditor balances for investment expenditure contracted for before the approval of the Scheme, acquisition of material and stock, maintenance costs and expenses directly related to contracts which were cancelled or postponed because of the COVID-19 outbreak (excluding penalties and other liabilities incurred due to non-performance of contracts).
Current status	Interested parties can approach any credit institution accredited by the MDB to participate in this Scheme – a list of such institutions is expected to be released by the MDB in the coming days.

For further information on the Malta Development Bank COVID-19 Guarantee Scheme, kindly do not hesitate to contact Calvin Vella on cvella@arqgroup.com.



Loan Moratorium

Through Legal Notice 142, entitled Moratorium on Credit Facilities in Exceptional Circumstances Regulations, 2020, credit and financial institutions licensed by the Malta Financial Services Authority have been directed to offer a six-month moratorium on repayment of capital and interest 'to support economically vulnerable persons who have been materially affected by the COVID-19 outbreak'.

Who is the managing authority of this scheme?

Central Bank of Malta

What is the duration of moratorium?

A moratorium on both interest and capital repayments will be given for a minimum period of 6 months with the possibility to extend to one year on a case-by-case basis.

Who can apply?

Any individual, household or business with a credit facility sanctioned prior to 1 March 2020 that has been negatively affected by the pandemic.

What types of loans are covered?

- Mortgages
- Business and commercial loans
- Buy-to-let loans
- Personal loans
- Bullet loans
- Overdrafts
- Bills of exchange
- Promissory notes
- Guarantees
- Indemnities

What are the key features?

- The moratorium is not granted automatically, and the borrower will need to apply to the respective credit or financial institution. The moratorium comes into effect once the application has been approved.
- Credit and financial institutions have the right to refuse the application provided this is done within the terms of the Directive.
- Borrowers can apply to forego payments of both capital and interest completely for six months and can also opt to continue to pay the interest but not the capital.
- The payments missed during the moratorium will be paid during a six-month extension to the term of the credit facility. If the credit facility was due to mature at retirement age, the missed payments would be spread evenly throughout the remaining term of the credit facility after the end of the moratorium period.

How can I apply?

Borrowers are to apply directly to their credit institution, requesting further details on the application process.

What is the closing date?

30 June 2020

For further information on COVID-19 Loan Moratoriums, kindly do not hesitate to contact Calvin Vella on cvella@arqgroup.com.



Pre-existing Business Support Measures

SME Consultancy Services Grant Scheme

This scheme enables business owners to identify the best strategic options for their enterprise by part-financing access to quality consultancy services.

What are the key objectives of this scheme?

- To support SMEs that may not have the in-house business and financial resources required to identify the right strategic direction for their business, particularly when facing particular challenges to their survival and growth.
- The scheme enables SMEs to overcome this resource deficit by financing up to 80% of the cost of outsourcing a range of business consultancy services.

Which enterprises does this scheme target?

- Micro enterprises
- Small enterprises
- Medium-sized enterprises

What assistance does this scheme provide?

This Scheme mainly targets businesses that are at a crossroads in their development and that could benefit from external advice to take the right decisions and make the right investments at this time, maximising their competitiveness and potential for future growth.

The Grant value under this scheme is set at a lump sum of €4,000 to cover 80% of the eligible costs.

Eligible actions include the development of the following studies:

- Organisation and Operations Review
- Process and System Review

These actions can be beneficial for enterprises that need to redesign their structure and processes to minimize costs and maximise efficiency.

- Business Plan
- Feasibility Study

These actions can support businesses that need to innovate and diversify in order to grow and compete in a challenging market. These studies can address any of the following issues:

- *the economic exploitation of new ideas*
- *expansion in business capacity*
- *diversification of business activity*
- *diversification in business output*
- *fundamental change in the overall production process*
- *development of new or improved products, processes and systems*
- *investment in new or improved products, processes and systems*
- *organisation innovation*
- *process innovation*
- *the internationalisation of products and services*
- *the entry, establishment and expansion into new markets*
- *the introduction, upgrading and integration of e-commerce solutions*

Who is the managing authority of this scheme?

Measures and Support Division

How can I apply?

This scheme is administered through an open rolling call with the following cut-off dates:

Friday	29th May 2020
Tuesday	30th June 2020

You can click [here](#) to access an online sample application form

For further information on the SME Consultancy Services Grant kindly contact Calvin Vella on cvella@arqgroup.com.



SME eCommerce Grant Scheme

This scheme assists businesses take their services and products online by part-financing investment into the development of e-commerce websites and/or mobile apps.

What are the key objectives of this scheme?

- To support SMEs seeking to increase their market share and reach new markets through e-Commerce, or to upgrade their current e-Commerce capability in line with emerging trends.
- The scheme enables such SMEs to take this major step by financing 50% of the capital required to design and develop quality e-Commerce solutions.

Which enterprises does this scheme target?

- Micro enterprises
- Small enterprises
- Medium-sized enterprises

What assistance does this scheme provide?

This Scheme incentivises SMEs to boost their competitiveness and market reach through online promotion and sales by part-financing the costs involved in this transition. The scheme is also open to businesses that already have an online sales platform but wish to update and improve this facility.

The grant value under this scheme is set at €5,000, with part-financing of up to 50% of eligible costs related to the design, development, implementation and delivery of an e-commerce website and/or a mobile app, including the capacity for online sales or bookings. These solutions should include an online payment gateway and support key business analytics.

Eligible actions include the development of the following studies:

- Domain name registration

- Hosting fees
- Content Management System (CMS) software including required licenses
- e-Commerce website and/or mobile application design in line with the brand identity of the organisation
- Shopping cart integration
- Other Set-up fees (including setting up and configuration of the CMS system, system design, customisation and development, integration with payment system/s, implementation of the required security features, testing and go live).

Who is the managing authority of this scheme?

Measures and Support Division

How can I apply?

This scheme is administered through an open rolling call with the following cut-off dates:

- Friday, 15th May 2020 at noon
- Friday, 29th May 2020 at noon
- Wednesday, 17th June 2020 at noon
- Tuesday, 30th June 2020 at noon

You can click [here](#) to access an online sample application form

For further information on the e-Commerce Grant Scheme kindly contact Calvin Vella on cvella@arqgroup.com.



Skills Development Scheme

This scheme helps businesses develop the skills and competencies of their workforce to increase competitiveness and enable further growth.

What are the key objectives of this scheme?

- To incentivise businesses to boost their competitiveness and efficiency by investing in the skills development of their employees.
- The scheme enables businesses to address skills shortages, facilitate re-skilling, tackle skills mismatches and work towards developing a knowledge-based workforce.

Which enterprises does this scheme target?

- All enterprises and self-employed persons that carry out an economic activity in Malta, employ at least five (5) persons on a full-time basis and are engaged in one or more of the following activities:

NACE	Activity
A	Agriculture, forestry and fishing
C	Manufacturing
E	Water supply, sewerage, waste management and remediation activities
F	Construction
G.47	Retail trade, except of motor vehicles and motorcycles
H	Transportation and storage
I	Accommodation and food service activities
J	Information and communication
K	Financial and insurance activities
M	Professional, scientific and technical activities
N	Administrative and support service activities
P	Education
Q	Human health and social work activities
R	Arts, entertainment and recreation
S	Other service activities

What assistance does this scheme provide?

This measure shall support undertakings in providing training to employees.

This assistance can include training delivered to one or more employees of the beneficiary by:

- Other employees of the beneficiary (i.e. in-house training)
- Employees of related enterprises
- External experts
- Private Training Providers (holding an NCFHE license)

Eligible costs include:

- Consultancy costs for developing the training programme.
- Wage costs of trainees, covering direct contact hours during which the trainee is participating in the training.
- Wage costs of trainers, covering direct contact hours during which the trainer is delivering the training.
- Hourly costs covering direct contact hours of training service providers engaged to deliver training.
- Air Travel expenses incurred to send trainees to foreign training locations if the training is not available locally and it is more economically feasible than holding the training locally.
- Air Travel expenses incurred to bring trainers to Malta.
- Rental of Training rooms, tools and equipment, to the extent that they are used exclusively for the training project.

In principle the aid shall be granted in the form of a tax credit, however the Corporation may consider awarding assistance in the form of a cash grant.

Aid intensity will vary according to the size of the enterprise:

Size of enterprise	%
Small	70
Medium	60
Large	50

Who is the managing authority of this scheme?

Malta Enterprise

How can I apply?

You can click [here](#) to access an online application form

For further information on the Skills Development Scheme kindly contact Calvin Vella on cvella@arqgroup.com.



Micro Invest Tax Credits

This Scheme allows SMEs to free up more capital for innovation, growth, and development by offering generous tax credits.

What are the key objectives of this scheme?

To support small and medium-sized enterprises businesses seeking to invest in operational innovation, expansion, or development.

Which enterprises does this scheme target?

This scheme is open to all enterprises and self-employed persons that:

- employ at least one (1) person on a full or part time basis
- employ up to a maximum of fifty (50) persons on a full-time basis
- registered a maximum turnover of €10 million in the fiscal year preceding the year in which the application is submitted
- are registered with the VAT department.

What assistance does this scheme provide?

This measure offers businesses a tax credit calculated as a percentage of eligible expenditure and wages costs. The maximum eligible tax credits are capped at **€50,000** over any period of three (3) consecutive fiscal years.

This capping increased to **€70,000** in the case of:

- businesses operating from Gozo;
- registered family businesses; and
- female-owned enterprises (i.e. at least 51% of shares held by females)

Once issued, the Micro Invest Tax Credit certificate is valid for up to three years for SMEs and five years for start-ups.

Costs claimed through this scheme must have been invoiced between 1 January and 31 December of the year preceding the year in which the claim is submitted.

Eligible costs include:

- An increase in wage costs of more than 3%.
- The upgrading and refurbishment of business premises.
- Any investment in machinery, technology, apparatus and instruments.
- Business digitisation costs, including hardware, packaged software solutions and the development costs for new software systems, websites and digital applications.
- Investment in one commercial vehicles.
- Investment in alternative energy solutions.

Who is the managing authority of this scheme?

Malta Enterprise Corporation

How can I apply?

Businesses wishing to benefit from this incentive may submit one (1) application per calendar year which can only include costs incurred during the previous year.

You can [click](#) here to access an online application form.

For further information on the Micro Invest Scheme kindly contact Calvin Vella on cvella@arqgroup.com.

