

# MicroInvest Tax credits

# RSM Malta

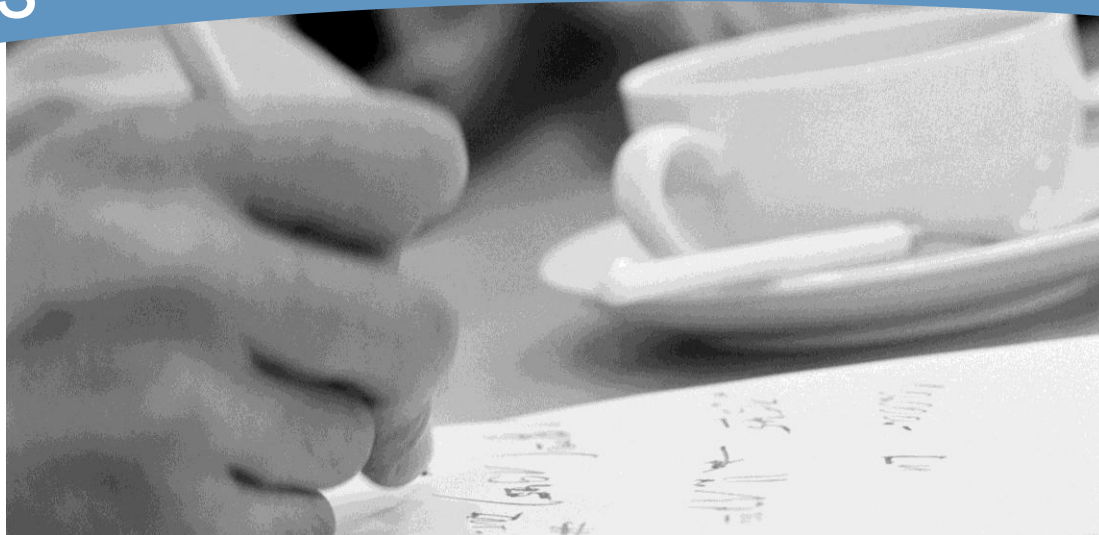
## Highlights of assistance

40% tax credit (60% in case of Gozitan businesses) on eligible costs, including wages

Expenditure has to be incurred in 2010 and 2011

Maximum tax credit available is EUR25,000

Tax credit to be utilized up to year of assessment 2014



## INTRODUCTION

As announced during the 2010 budget, micro enterprises and self-employed persons can qualify for a tax credit representing a percentage of the eligible expenditure and wages of newly recruited employees. This incentive applies from 1<sup>st</sup> January 2010 to 31<sup>st</sup> December 2011, and applications shall be submitted until the 31<sup>st</sup> March 2012.

## ELIGIBILITY

The applicant should satisfy all the following criteria:

(a) The entity must not employ more than 9 full time (includes persons on reduced hours or employees working more than 20 hours a week) persons as at 10th November 2009. Micro start-ups set up after this date, are also deemed eligible.

(b) The annual turnover of the entity must not exceed €2 million;

(c) Applicant to be VAT registered and in possession of regulatory licenses and permits where applicable.

(d) Applicants must not be defaulting on VAT, Income Tax, Social Security and rent payments to government.

## TAX CREDITS

A tax credit equivalent to 40% of eligible expenditure applies while an additional bonus of 20% (total 60% tax credit) applies to Gozo based micro enterprises. The maximum tax credit per enterprise shall be capped at €25,000 for the duration of this incentive.

## ELIGIBLE COSTS

**Eligible Costs** must be incurred and paid for during calendar years 2010 and 2011. These include:

(a) Investment in refurbishing, refitting and upgrading of business premises including extensions or modifications to premises.

(b) Investment in acquiring machinery, technology, apparatus or instruments which enhance the operations, including systems which help to save energy or to produce alternative energy;

(c) Investment required by applicant to become compliant with regulations including Health & Safety, Environmental directives and Physical access.

(d) Investment in one motor vehicle as long as such vehicle is involved in the carrying of goods (category N1, N2 or N3 motor vehicle), Tractors (category D) and Special Purpose Motor Vehicles (category E) as established in the Motor Vehicle Registration and Licensing Act (Cap.368). In the case of a replacement of an existing motor vehicles, the applicant will need to demonstrate a lower level of CO2 emissions and/or a modification to the previous vehicle.

(e) Wages costs covering a 12 month period pertaining to new jobs and apprenticeships created as from 10th November 2009 as long as this constitutes a net increase in the total number of employees of the applicant.

**Non-qualifying costs** include acquisition of immovable property, works of art, antiques and any assets that are not directly related to the trade and business of applicant, and costs that are assisted through other incentive measures.

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## RSM! Malta

### TAX CREDIT UTILISATION

Tax credits awarded under this incentive shall not give rise to a right of any tax refund. Moreover, the credit should be utilized by year of assessment 2014 (i.e. basis year 2013), and against income tax incurred on income derived from the trade or business activity only.

### APPLICATION

An application has to be made on the application provided by the Malta Enterprise and an applicant may only submit one application per year. We recommend that you submit an application for a calendar year in the first weeks of the following calendar year, covering all eligible costs of the previous year in that application (unless the €25,000 threshold has already been reached). The Malta Enterprise, upon satisfaction of the criteria established, will issue a certificate to the applicant subject to any terms and conditions that may be imposed by the Corporation.

### LIMITATIONS TO ASSISTANCE GRANTED

An enterprise may receive a total amount of aid up to €200,000 over a rolling three fiscal year period. This maximum threshold includes all de minimis aid granted to the beneficiary including that received from any entity other than Malta Enterprise.

Moreover, these tax credits are not available to farmers and fishermen since these are governed by different EU rules.

### FURTHER INFORMATION

Further information can be obtained either directly from the Malta Enterprise or else by contacting our taxation department on the e-mail below.



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