



The Incentive Guidelines for Investment Tax Credits covering the period from 1st July 2014 to 31st December 2020 has just been launched by Malta Enterprise. This incentive is aimed at sustaining the regional industrial and economic development of Malta by providing the basis of Investment Support.

Originally launched in 2008, this scheme aims at providing support to the industry in the form of tax credits to its beneficiaries based on the level of investment conducted by such companies. The intensity of the tax credits depends on the size of the beneficiary, also taking into consideration related enterprises.

ELIGIBLE ENTERPRISES

Eligible enterprises can benefit from tax credits calculated as a percentage of the value which is set according to the enterprise size. The principle beneficiaries are enterprises engaged in:

- manufacturing;
- information and communication technology;
- research and development, and innovation;
- eco-Innovation, waste treatment and environmental solutions;
- biotechnology;
- facilities for filming and audiovisual productions;
- provision of tertiary education in the fields of 'science and technology';
- provision of private healthcare services;
- logistics operations by large undertaking;
- restoration of works of art and antiques but, excluding restoration of buildings and structures;
- facilities for large scale cultural, creative and trade events; and
- packaging on an industrial scale through automation.



Enterprises engaged in the following activities are disqualified from Investment Aid:

1. sale by retail;
2. non-value adding processes including dividing, sorting, packaging and mixing without changing the character of the good, drying, labelling, or other similar processes or any combination of such processes to goods which are acquired in bulk merely to prepare those goods for sale or distribution, unless such processes are analogous to a manufacturing activity; and
3. preparation of food in the course of catering unless carried out as part of a hotel or guest house activity.

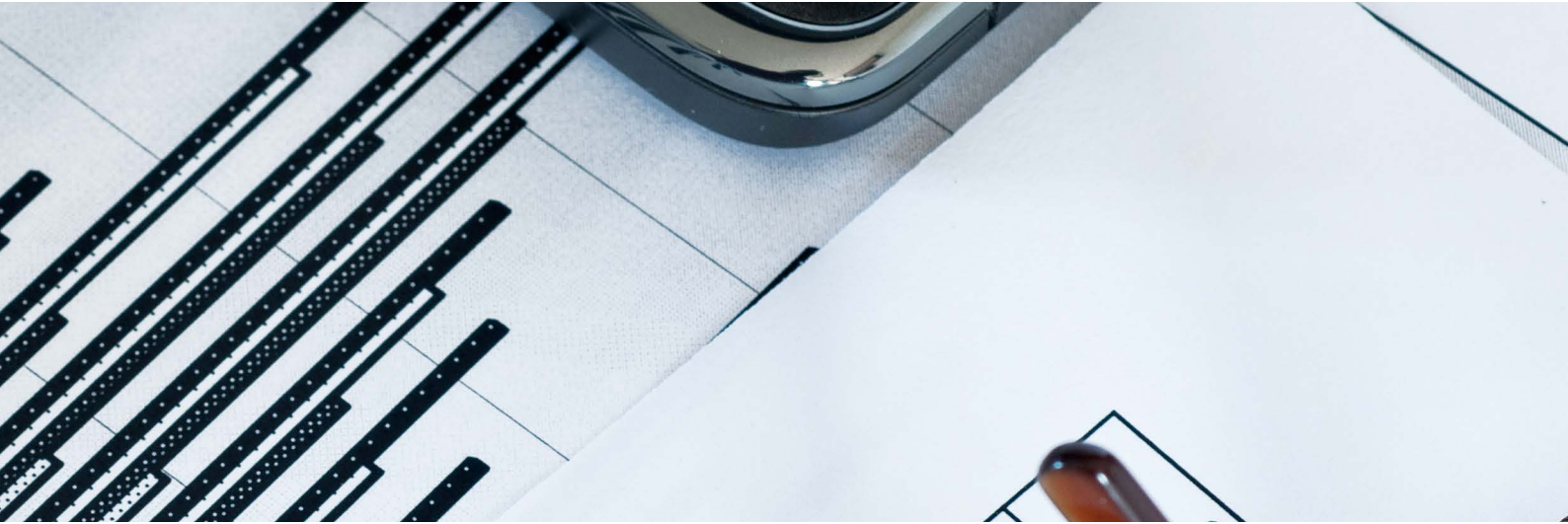
INELIGIBLE ENTERPRISES

Companies engaged in the following industries are ineligible for tax credits under this incentive:

1. fisheries and aquaculture sector;
2. shipbuilding sector;
3. coal industry;
4. steel industry;
5. transport sector;
6. synthetic fibres sector; and
7. activities linked to the primary production of agricultural products (processing and marketing of agricultural products is eligible).

BENEFITS AND THRESHOLDS

	Relative Tax Credit		
	Small	Medium	Large
For any eligible cost	35 % of the eligible cost	25 % of the eligible cost	15 % of the eligible cost



Tax credits are computed as a percentage of either the value of capital investment or the value of wages for 24 months covering new jobs created as a result of an investment project.

In the case of large investment projects, investment aid shall never exceed 15% of the eligible investment for the part in excess of €50 million and 10.2% of the investment for the part exceeding €100 million.

The tax credits which are not utilised during a particular year are carried forward to subsequent years.

ADDITIONAL RULES FOR AN EXPENSE TO BE CONSIDERED QUALIFYING

To be considered as a qualifying expenditure, the asset acquired must be new, except in the case of micro, small and medium-sized enterprises, and in the acquisition of an establishment.

Costs related to the lease of tangible assets may be considered a qualifying expenditure if:

- lease continues for at least five years after the expected date of completion of the investment project for large undertakings, or three years in the case of micro, small, medium-sized undertakings, for land and buildings; and
- plant and machinery, the lease must be in the form of finance lease and must contain an obligation for the undertaking to purchase the asset upon expiry of the lease term.

Any investment on which a tax credit has been granted shall be retained by the beneficiary for at least five years, or three years if the beneficiary is a micro, small or medium-sized enterprise.

An undertaking wishing to avail itself from the benefits of these regulations shall finance at least 25% of the project through its own resources or from external resources free from public support.

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As a reputable organisation of over 20 years standing, and forming part of a worldwide network of independent business advisors, consultants, auditors and accounting firms present in over 120 countries, we are optimally positioned to offer global expertise. Along these years, we have built client loyalty around a credible reputation for delivering results whilst working to the highest professional standards.

Nexia BT's strength lies in the technically competent staff with experience across a varied range of industry sectors. We deliver solutions to our clients through a high calibre customised service reflected in the professional work approach and ethics of our staff and driven by our ethos 'Closer to you'. With the backing of this business approach, we confidently present you Nexia BT as your trustworthy, dependable and reliable partner in Malta.

CONTACTS

For further information please contact:



Karl Cini
Partner

✉ karl.cini@nexiabt.com

🌐 www.nexiabt.com

☎ T: +356 21637778 F: +356 21634383

The Penthouse, Suite 2
Capital Business Centre
Entrance C, Triq taz-Zwejt
San Gwann SGN 3000
Malta EU

Find us on



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