

# **Gozo Back Office Employment Refund Scheme 2020**

Guidance notes to applicants



MINISTRY FOR GOZO

## 1. Introduction

### 1.1 Objective of the Scheme

The **Gozo Back Office Employment Refund Scheme** will provide aid to Employers, in the form of partial reimbursement of salaries for **full-time work, on a minimum three-year contract** in

- a) either of newly employed staff as from **1st January 2020**, carrying out back office **operations based in Gozo** or
- b) staff already employed with the undertaking but, **as from 1st January 2020**, carrying out **back office operations based in Gozo**

By encouraging the setting-up of Gozo-based back office operations, the scheme will stimulate further investment by the private sector and help create more and better-quality job opportunities in Gozo, to attract highly skilled and educated workers. The scheme will also contribute to reducing existing disparities in average basic salaries between Malta and Gozo.

Qualifying for eligibility under this scheme does not exclude the beneficiary company to apply for incentives administered by the Ministry for Gozo – mainly the Gozo Employment Refund Scheme and the Gozo Business Relocation Scheme, as long as the application does not refer to the same employee.

### 1.2 Legal Basis for the Scheme

The administrative basis for this scheme is Budget Measure 272 of the Malta Budget 2020.

### 1.3 Available Budget and Duration of the Scheme

The Gozo Back Office Employment Refund Scheme is one of 5 schemes that will be funded out of a budget of €1,000,000, specifically allocated under the Malta Budget 2020 to support and incentivize businesses in Gozo. The Scheme is demand driven and aid will be awarded on a first-come, first-served basis, subject to the annual ceiling and total budget available. Complete applications must be submitted by the 31<sup>st</sup> of December 2020 and recruitment must take place by the same date.

### 1.4 Designated Authority

This incentive scheme is administered by the Ministry for Gozo (hereinafter referred to as the 'Ministry').

### 1.5 The Beneficiaries of this Scheme

The beneficiaries of this scheme will be the Employers, subject to compliance with the terms and conditions stated in these Guidance Notes.

## 2. Definition of Terms Used

**2.1 Single Undertaking** –A 'single undertaking' includes, for the purposes of this scheme, all enterprises having at least one of the following relationships with each other:

- a) one enterprise has a majority of the shareholders' or members' voting rights in another enterprise;

- b) one enterprise has the right to appoint or remove a majority of the members of the administrative, management or supervisory body of another enterprise;
- c) one enterprise has the right to exercise a dominant influence over another enterprise pursuant to a contract entered into with that enterprise or to a provision in its memorandum or articles of association;
- d) one enterprise, which is a shareholder in or member of another enterprise, controls alone, pursuant to an agreement with other shareholders in or members of that enterprise, a majority of shareholders' or members' voting rights in that enterprise.

Enterprises having any of the relationships referred to in points (a) to (d) above through one or more other enterprises shall also be considered a single undertaking.

**2.2 Back Office operations** – the administrative and technical support work of a business that is not client-facing i.e. as opposed to front-office work

**2.3 Annual Net Salary** means the total amount payable by the Employer in respect of the employment concerned, less National Insurance (N.I) and other compulsory contributions such as child-care and parent cost.

### 3. State Aid Rules

**3.1** This scheme will be implemented in line with the Commission Regulation (EU) No. 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid [OJ L 352/1] (the *de minimis* Regulation), as may be amended.

**3.2** Undertakings active in all economic sectors may be eligible, with the following exceptions:

- a) aid granted to undertakings active in the fishery and aquaculture sector, as covered by Council Regulation (EC) No 104/2000 of 17 December 1999 on the common organisation of the markets in fishery and aquaculture products (OJ L 17, 21.1.2000, p. 22).
- b) aid granted to undertakings active in the primary production of agricultural products;
- c) aid granted to undertakings active in the sector of processing and marketing of agricultural products, in the following cases:
  - (i) where the amount of the aid is fixed on the basis of the price or quantity of such products purchased from primary producers or put on the market by the undertakings concerned;
  - (ii) where the aid is conditional on being partly or entirely passed on to primary producers;
- d) aid to export-related activities towards third countries or Member States, namely aid directly linked to the quantities exported, to the establishment and operation of a distribution network or to other current expenditure linked to the export activity;
- e) aid contingent upon the use of domestic over imported goods.

**3.3.** The total amount of *de minimis* aid granted to a single undertaking shall not exceed the amount of €200,000 (or €100,000 in the case of a single undertaking performing road freight transport for hire or reward) over any period of three consecutive fiscal years. This period covers the fiscal year concerned as well as the previous two fiscal years. 'Fiscal year' means the fiscal year as used for tax purposes by the undertaking concerned.

**3.4** The maximum *de minimis* threshold would include all State aid granted under this aid scheme and any other State aid measure granted under the *de minimis* rule including that received from any

**entity other than the Tourism and Economic Development Directorate.** Any *de minimis* aid received in excess of the established threshold will have to be **recovered, with interest**, from the undertaking receiving the aid.

3.5 The rules on cumulation of aid as outlined in Article 5 of the *de minimis* Regulation will be respected.

## 4. Eligibility of Applications

4.1 Complete applications will be evaluated against the eligibility criteria listed in this Section.

### 4.2 The Employer

- a) The Employer's business concern must have a **registered address in Gozo from where back-office operations are carried out.**
- b) The Employer can only apply **once** under the **Gozo Back Office Employment Refund Scheme** for the same employee/s.
- c) If applying under the **Gozo Back Office Employment Refund Scheme**, the Employer **CANNOT** apply under the **Gozo New Employment Refund Scheme** for the same employee/s.

### 4.3 The Employees–

- a) Employees must be employed full-time, on a minimum three-year contract and must be carrying out **back office operations based in Gozo, NOT** starting before **1<sup>st</sup> January 2020.**
- b) Employees must be resident in Gozo
- c) Recruitment of employees must take place by **31<sup>st</sup> December 2020**
- d) If Shareholders and Directors of an Undertaking take up back-office employment within the same private Undertaking, their wages will **not** be considered refundable from the **Gozo Back Office Employment Refund Scheme.**
- e) Wages Of persons occupying official positions with Non-Governmental Organizations (NGO's) will **not** be considered eligible for any refund from the **Gozo Back Office Employment Refund Scheme** if they take up back office employment with the same NGO.

## 5. Financial Management, Eligible Amount and Payments

5.1 The aid that beneficiaries will receive from the **Gozo Back Office Employment Refund Scheme** will cover partial reimbursement of the **Annual Net Salary** of each employee carrying out back office operations in Gozo. The applicable rate will be calculated according to the following wage brackets:

Wage Bracket (€)	Yearly Reimbursement per employee
a) 9,143 – 12,500	€2,200
b) 12,501 – 16,000	€2,700
c) 16,001 & Above	€2,900

The annual maximum financial aid shall be capped at the amount of **€35,000** per single undertaking.

No single undertaking shall be allowed to exceed the permissible *De Minimis* thresholds outlined in Section 3 of these Guidance Notes.

5.2 Claims for reimbursement shall be processed when the **first year** of back-office employment, of each employee enrolled under this scheme has elapsed, and subsequently will continue to be processed for a further two years. Each year, **employers will be asked to present employees' FS3 forms and a statement of earnings**, so that the **Annual Net Salary** can be calculated accurately.

## 6. Conditions to Participate in this Scheme

6.1 Interested business entities should apply to participate in the scheme by filling in the electronic form, through the following [link](#), by not later than **31<sup>st</sup> December 2020**. Each application will be acknowledged in writing on the e-mail address provided in the application.

**Claims for reimbursements submitted after this date will not be processed.**

6.2 The following supporting documentation is to be uploaded with the application form:

- a) Proof that the applicant's business concern has a registered address in Gozo from where back-office operations are carried out, as per clause 4.2;
- b) A copy of the **Employment Contract, as well as the JobsPlus Employment History** of each employee that is being applied for, as proof of compliance with clause 4.3(a) and clause 4.3(c)
- c) A copy of the Identity Card for each employee that is being applied for, as proof of compliance with clause 4.3(b)
- d) a signed **de minimis declaration form**

6.3 The Tourism & Economic Development Directorate, within the Ministry for Gozo will be entitled to make the required verifications with other government entities on the information submitted. **An application can be rejected if the provided information results incorrect or does not satisfy any of the conditions for participation in this scheme.** The Ministry for Gozo can also request further information from the applicant prior to making a final decision.

6.4 Applicants should also provide the necessary documentation upon request by the Ministry for Gozo, to confirm that the employee/s enrolled under this scheme **is/are still eligible year after year**.

6.5 Termination of **back-office employment** under this scheme is to be duly **notified**. In the event that back-office employment is terminated before three years elapse, each case will be analyzed to establish the reason for such termination. If the reason is considered valid, a refund will be issued pro-rata. If the reason is not considered valid, no refund will be given and any partial reimbursement already effected will be recovered by the Ministry.

6.6 The Ministry for Gozo reserves the right to take legal action to recover any amount given under this scheme with interest and other costs incurred, in case the applicant breaks any conditions of the scheme or for other reasons where the "bona fide" intention of the applicant is manifestly missing.

6.7 The Tourism & Economic Development Directorate reserves the right to **close the scheme** earlier than indicated, subject to the funds allocated for this purpose being exhausted. Should this be the case, a notice will be published on the Ministry for Gozo website: [www.gozo.gov.mt](http://www.gozo.gov.mt).

## 7. Information & Data Protection

### 7.1 Publicity

In order to enhance transparency regarding the use of the Scheme's funds, general details of the operation such as the name of the Employers; the title of the operations and the amount of public funding allocation to each Undertaking may be published.

## **7.2 Data Protection**

All data is collected and held by the Ministry for Gozo and/or transferred to third parties in order to fulfil reporting functions, publicity, research and other Community obligations according to Law and in line with the provisions of the Data Protection Act<sup>1</sup> and the General Data Protection Regulation<sup>2</sup>.

<sup>1</sup> Data Protection Act, Cap 440 of the Laws of Malta

<sup>2</sup> General Data Protection Regulation (GDPR) EU 2016/679