

Gozo Business Relocation Scheme 2020

Support to companies based in Malta or abroad, that partially or fully relocate their enterprise to Gozo.



Guidance notes to applicants



MINISTRY FOR GOZO

1. Introduction:

1.1 Scope of the Guidance Notes

These Guidance Notes are intended to assist business operators in applying for support under the Gozo Business Relocation Scheme. Through this scheme, aid is to be granted to business operators in the form of a partial reimbursement to expenses incurred on the:

- Relocation of business-related equipment and material; and
- A financial grant serving as an establishment package relieving the operator from expenses related to 'starting-up' functions in Gozo.

All applicants must abide by the Guidance Notes valid at the time of application, which may be periodically reviewed, updated and amended.

1.2 Objective of the Scheme

In recent years, Gozo has witnessed unprecedented economic growth complemented with infrastructural investments in several sectors. In order to sustain this linear economic growth, the Ministry for Gozo has been offering schemes that support businesses in Gozo in many different ways.

For the year 2020, the Ministry for Gozo has launched the Gozo Business Relocation Scheme, amongst other schemes, to provide support to companies based in Malta or abroad, that partially or fully relocate their enterprise to Gozo. Only enterprises that shall engage a minimum of 10 simultaneous full-time employees residing in Gozo within the first month of establishment shall be considered for this scheme. However, business proposals that may engage lesser than 10 employees but more than 5 employees, shall be given due consideration on the basis of their business proposal.

The objective of this scheme is to further attract enterprises to conduct their business operations in Gozo to ensure the employment market on the Island creates more, both in quantitative and qualitative terms, opportunities of employment. This is a scheme that can provide Gozitans employed in Malta with an opportunity to find employment in their homeland.

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 Back Office Employment Scheme.

1.3 Legal Basis

The administrative basis for this scheme is Budget Measure 7.19, Incentives for the Creation of Jobs in Gozo, Malta Budget Speech 2020.

1.4 Available Budget and Duration of the Scheme

The scheme is demand driven. Aid will be awarded on a first-come, first-served basis, subject to the annual ceiling and total budget. The Gozo Business Relocation Scheme is one of five schemes that pertain to the fund titled Gozo Business Schemes which totals €1 million for the year 2020. Complete applications must be submitted by the 25th September 2020. Any exceptions made for application submitted afterwards will be at the discretion of the Ministry based on the entity of the investment.

1.5 Main Parties involved in the Implementation of the Scheme

A – Ministry for Gozo

The overall responsibility for the management and implementation of the Gozo Business Relocation Scheme is with the Ministry for Gozo.

B – The Beneficiary

The beneficiary hereinafter is referred to as the Company in the form of a single-undertaking.

- i. In the case of the Gozo Business Relocation Scheme, the beneficiary is the Company benefitting from the partial reimbursement related to costs incurred on the movement of business-related equipment and materials, and a financial establishment grant based on the number of Gozo residents' employees based on a signed Grant Agreement.
- ii. The beneficiary is responsible to implement business activities in line with the terms and conditions of the Grant Agreement signed and of these Guidance Notes. The beneficiary should always be guided by the principles of good governance, sound financial management, fairness and transparency.

2. Eligibility

2.1 Eligibility of Applications

Complete applications will be evaluated against the eligibility criteria listed in this Section (2. Eligibility). Incomplete or incorrect applications will be rejected.

2.1.1 The Scheme will be implemented in line with the provisions of 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, 18.12.2013, p.1).

Undertakings active in all economic sectors may be eligible, with the exception of:

(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.

2.2 Eligibility is subject to availability of funds and subject to the overall scheme's eligibility period. The latest version of the documentation, as published on the Ministry for Gozo website, must be submitted.

2.2.1 To be eligible, the Company must certify that it has neither exceeded, nor will exceed with the aid granted through this scheme, the *de minimis* threshold of €200,000 (or €100,000 in the case of single undertaking performing road freight transport for hire or reward) cumulatively from this scheme and any other *De Minimis* scheme over the applicable three-year reference period, in line with the *De Minimis* Regulation.

2.2.2 Further to point 2.2.1, the Company must duly fill in the State Aid (*De Minimis*) Declaration found at Section D of the Scheme Application.

2.2.3 To qualify under the definition of Relocation, the beneficiary company must be relocating in full or partially. Partial relocation entails the transfer of a section/unit/department within a company from Malta or abroad to Gozo. An extension of a section/unit/department is also eligible.

2.2.4 Upon submission of documentation confirming business operations in Gozo, the company must recruit a minimum of 10 simultaneous full-time employees residing in Gozo within the first month of operations. A recruitment process must be already in place in order to ensure the deadline and threshold imposed is respected.

2.2.5 The original invoice/s and a signed proof of payment document pertaining to the relocation business-related equipment and material must be presented to the Ministry for vetting purposes. Based on the provision of the documentation requested and their validity, will the Ministry approve a submission for reimbursement.

2.2.7 The applicant company must be currently in operation in Malta or abroad producing goods, services or both simultaneously.

3. Financial Management, Eligible Amount and Payments

3.1 Payment Procedures and Reimbursement

As part of the Payment and Reimbursement Procedures, the Tourism and Economic Development Directorate within the Ministry for Gozo will be responsible to ensure that the:

- a. Claims for reimbursement made by the Company are correct;
- b. Business proposal upon application submission is compatible with the Ministry for Gozo's economic development strategy;
- c. Business proposal is sustainable through detailed information provided by the Company.

3.2 Eligible Costs

The Gozo Business Relocation Scheme will consist of:

- A partial reimbursement to expenses incurred through the relocation of business-related equipment and material to Gozo;
- A financial grant serving as an establishment package relieving the operator from expenses related to establishing operational functions in Gozo.

3.2.1 Expenses incurred through the relocation of business-related equipment and material to Gozo shall be based on the number of employees engaged within the first month of operations.

Number of Employees	Reimbursement Rate	Up to Maximum Grant
10 - 15	25%	€2,250
16 - 25	35%	€3,000
26 +	40%	€3,750

Reimbursement to this relocation component shall be calculated with one of the percentage rates in the table above vis-à-vis the invoice for the movement of exclusively business-related equipment and material. However, the maximum grant represents the maximum amount the company shall be reimbursed.

In order to be eligible for the claim, the company must engage a minimum of 10 full-time employees within the first month. If the minimum of 10 full-time employees are engaged within the first month, and following this month the number of employees has decreased, even temporarily, the company is to notify the Ministry for Gozo.

3.2.2 The financial grant serving as an establishment package relieving the operator from expenses related to establishing operational functions in Gozo, shall be based on the number of employees engaged. Each employee engaged shall entitle the company to €1,000. Therefore, the minimum amount granted would be €10,000 capped at maximum of €40,000.

3.3.3 Business proposals submitted with fewer than 10 full-time employees engaged but more than 5 full-time employees recruited, shall be eligible should the Ministry deem the entity of the investment as one of additional value. In such a case, 20% reimbursement rate applies under the movement of business-related equipment and material, and €1,000 per employee to establish operational functions in Gozo.

3.3.4 Beneficiaries will be subject to monitoring and on-site verification which may be carried out by the Ministry or by third parties commissioned by the Ministry.

3.3.5 Grants will only be forwarded to the beneficiary upon presentation of a true copy of the full-time employees' contracts which must entail a minimum duration of 3 years, proof of payment in relation to the movement expenses, a true copy of the invoice, and finally all the documentation exhibiting acknowledgement by relevant authorities of relocation of operations to Gozo.

3.3.6 Termination of employment under this scheme is to be notified. If employment is terminated before three years elapse, each case will be analysed 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 granted, and all the refunded amount will be recovered by the Ministry.

3.3.7 The Ministry shall reserve the right to exclude black-listed enterprises and others whose business operations may be deemed as dubious.

3.4 Revocation of Aid

If an applicant is found to have breached the terms and conditions set in these Guidance Notes, and/or the Letter of Approval sent by the Ministry based on the beneficiary's business proposal, the Ministry reserves the right to revoke, suspend or recover any aid awarded.

3.5 Eligibility for Other Schemes

Companies that establish themselves in Gozo, can also be eligible to apply for other schemes offered by the Ministry, provided that the rules on cumulation outlined in Article 5 of the *de minimis* Regulation are complied with.

4. Information & Data Protection

4.1 Publicity

- a. In order to enhance transparency regarding the use of the Scheme's funds, general details of the operation such as the name of the Company; the title of the operations and the amount of public funding allocation to each Undertaking may be published
- b. The Ministry for Gozo will provide a publicity poster to the Company showing the fund sources of the Scheme. The applicant must place this poster in a prominent place within their premises

- c. The Company shall ensure that the participants whose wages are being partially funded under The Gozo Business Relocation Scheme have been informed about the Scheme's benefits

4.2 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 Act¹ and the General Data Protection Regulation².

5. Definitions of the Term Used

Beneficiary refers to the entity legally responsible for the application submitted and the recipient of the aid.

Relocation refers to a single-undertaking that can either perform full relocation of operations or perform partial relocation of operations. Full relocation entails the closing of all operations in any given land other than Gozo and transferring the same operations to Gozo. Partial relocation would be the transferring of a section/unit/department from one land other than Gozo, to be conducted from Gozo. Extensions of a section/unit/department perceived as further growth of the company can also be viewed as relocation of growth.

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;

¹ Data Protection Act, Cap 440 of the Laws of Malta

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

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 relationship referred to in points (a) to (d) above through one or more other enterprises, shall also be considered to be a single undertaking.

Eligible Company

- To be eligible, the Company must certify that it has neither exceeded, nor will exceed with the aid granted through this scheme, the de minimis threshold of €200,000 (or €100,000 in the case of a single undertaking performing road freight transport for hire or reward) cumulatively from this scheme and any other De Minimis scheme over the applicable three-year reference period, in line with the De Minimis Regulation.
- The operations and functions in Gozo must be duly registered with the relevant authorities.

Eligible Employee

- Any individual who is resident in Gozo is eligible.
- Must be a signatory to a contract with a minimum of 3 years. The contract must list the employee as employed in Gozo.