

## Financial Support for Existing Maltese Companies via a Soft Loan

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By **Jonathan Vassallo**, 21st March 2023

Malta Enterprise currently offers a variety of diverse funding options, aimed at developing and enhancing small to medium sized businesses on the island. In this article we focus on the Soft Loan. It is designed to support existing businesses to; accelerate plans to establish new products, enter a new geographic market, address environmental concerns, and/or digitise processes.

Companies that meet the requirements can benefit from a Soft Loan covering part of the funding requirements, up to €1,000,000.

### **How Does it Work?**

An eligible undertaking may be supported through a soft loan to:

- a) facilitate a development or expansion project based on a business plan to develop a new product or enter a new geographic market
- b) address environmental issues such as; water usage, water treatment, waste treatment, reduction, and reuse
- c) optimise business processes through digitalisation and advanced technologies
- d) projects aimed to achieve a high level of sustainability

*Supported projects must have an implementation period which is not longer than eighteen months and the loan may cover up to 75% of the costs related to the proposed project, including the; procurement of assets, wage costs, know-how and other non-recurring costs.*

### **Details About the Loan**

It is important to note that the loan is by way of collateral, secured by a special 'hypothec' covering at least fifty percent (50%) of the loan amount. The loan amount cannot exceed:

a) €1,000,000 maximum funding that must be repaid over a five year term. For organisations involved in road freight transport, the maximum funding is €500,000.

b) Alternatively, if the loan is to be re-paid over ten years, the maximum funding is €500,000, or €250,000 for organisations involved in road freight transport.

### **Interest Rate**

Malta Enterprise charges a very competitive rate of interest that is not lower than 0.5%, established after considering the project and the prevailing European Central Bank reference rate.

The amount not covered by the loan issued by Malta Enterprise, must be financed through a loan issued through a commercial bank and/or through the reserves of the organisation, or other funds considered to be the organisation's own funds, which must be specifically allocated to the project and deposited with a Commercial Bank.

The loan is repayable within a period of five years, or ten years as outlined above, and Malta Enterprise may agree a moratorium of a maximum twenty-four months for the loan to the relevant organisation, as long as the repayment remains scheduled to be completed within the five or ten year period, as applicable.

### **Additional Assistance in Malta**

This support measure can be combined with the other assistance, such as: The Research and Development Grant: <https://www.dixcart.com/setting-up-a-company-in-the-eu-malta-funding-solutions/>

## How Can We Help You?

Dixcart Malta have a wealth of experience across financial services, offering legal and regulatory compliance insight and helping to implement transformational technology and organisational change.

Our team of professionals can assist you with the application process and make recommendations with regards to the funding being proposed, as well as preparing the relevant paperwork to ensure a smooth and seamless process, to obtain the relevant finance required.

We will guide you each step of the way and detail the specific criteria required, depending on the activity of the company.

### **Additional Information**

For further information about Malta and the assistance available to companies, please contact [Jonathan Vassallo](mailto:Jonathan.Vassallo@dixcart.com), at the Dixcart office in Malta: [advice.malta@dixcart.com](mailto:advice.malta@dixcart.com). Alternatively, please speak to your usual Dixcart contact.