

Setting up a Company in the EU - Malta Funding Solutions

If you are setting up a company in the EU and require funding solutions, the Maltese Government has launched an attractive loan scheme.

By **Jonathan Vassallo**, 26th October 2022

If you are in the process of setting up a company in the EU and require funding solutions – Malta can assist.

The Maltese Government has launched an attractive loan scheme to support the manufacturing and service industries, investing in projects that will help them further expand their business.

- The measures are designed to support companies which plan to; establish innovative products, enter unexplored geographic markets, address environmental concerns, or aim to digitalise various business processes. Projects can be funded through a variety of loan offerings, up to a total of €800,000.

Companies which are based in Malta have access to national and EU funding.

Dixcart Malta can help with the application to the Malta Enterprise, the Government agency which offers support measures to Maltese companies at different stages of their lifecycle. There are attractive funding options that are available for companies in the following sectors; Hi-Tech Sector, Artificial Intelligence, Advanced Manufacturing, Life Sciences Sector, Education and Training, Digital Innovation and Data Science.

Eligibility Requirements

Companies registered as a limited liability company with the Malta Business Registry and engaged in the business of producing goods or services in Malta are eligible for funding.

Businesses must also:

- have no tax liabilities relating to; VAT, income tax, or contribution payments;
- not be engaged in activities expressly excluded under the de minimis regulation;
- have at least one full-time employee registered on Job Plus and residing in Malta;
- not be subject to collective insolvency proceedings.

Activities

Common examples of activities that may be supported through a soft or start-up loan include:

- a) facilitate a development or expansion project, based on a business plan that is focused on developing a new product or entering 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) achieve a high level of sustainability.

Amount of Contribution

The loan may cover up to 75% of the costs associated with the proposed project, including asset purchases, salary costs, know-how, and other non-recurring costs.

The loan must be secured by a unique mortgage covering at least 50% of the loan amount.

The Soft Loan amount must not exceed:

- €1 million (or €500 thousand for road freight companies), to be repaid over a period of five years,
- €500 thousand (or €250 thousand for road haulage companies), to be repaid over a period of ten years.

The Start-up Loan amount must not exceed:

- €800,000 for innovative projects, provided that all parties in the company structure, including corporate entities, are a maximum of 4 years old.

Artificial Intelligence (AI) Strategy and New Niches

The Maltese strategy and vision for AI aims to map the path for Malta to gain a strategic competitive advantage in the global economy as a leader in the AI field. Malta is becoming a home for technologies that will be shaping the future, such as:

- a. Distributed Ledger Technology (DLT), including blockchain;
- a. MedTech, including bioinformatics and medical imaging;
- a. Artificial Intelligence, mainly with a focus on machine learning, natural language processing and speech;
- a. Internet of Things and 5G;

a. Biometrics;

a. Virtual Reality and Augmented Reality.

Malta as a Technology “Test Bed”

Malta is an ideal micro test bed enabling service providers to prove and develop their concepts and create solutions. Malta incentivises companies to introduce innovative technologies and to help build a new infrastructure for the future. The Government of Malta continues to invest in bringing the latest technologies to Malta and aspires to ensure continuous connectivity.

Malta – The Tech Hub in the Mediterranean

[Malta Enterprise](#) is the Maltese Government economic development agency, responsible for attracting Foreign Direct Investment, whilst also assisting businesses to set-up, grow and continue to expand their operation.

This is achieved through various fiscal and financial incentives that are managed and administered by the agency. It is also worth noting that 25% of Malta’s population are expats living and working in Malta, demonstrating that it is very much an Island open to diversity and innovation.

Case Study

An entrepreneur based in Portugal contacted Dixcart to help with an application for the Malta Start-up Support Measure.

After a quick preliminary meeting with Malta Enterprise, it was identified that the product met the eligibility requirements for the Start-up Support programme and would qualify for the €800,000 loan, allocated to projects that are deemed innovative.

Dixcart started to work concertedly, for the next couple of months with the client, to prepare the business plan, the financial projections, and to then assist with the pitch to the Malta Enterprise Board.

A couple of weeks following the pitch, Malta Enterprise informed Dixcart and the client that the project had been successfully approved. Dixcart then helped the client establish the Maltese company, find suitable office space, and recruit staff.

Dixcart will also help the client apply for Research and Development (R&D) Grants, for any expenses that are not covered by the Start-up Loan. We will also provide ongoing management and support, including accounting and secretarial services, and comprehensive reporting and compliance services.

Additional Information

If you require any further information regarding setting up a company in Malta and our “one-stop shop” corporate services, including support with an application for funding in Malta, please speak to [Jonathan Vassallo](#) at the Dixcart office in Malta: advice.malta@dixcart.com.