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L.N. 377 of 2022

**MALTA ENTERPRISE ACT
(CAP. 463)**

**Support for Reducing the Environmental Impact of Construction
Activities Regulations, 2022**

IN EXERCISE of the powers conferred by article 5 of the Malta Enterprise Act, the Minister responsible for Malta Enterprise with the concurrence of the Minister for Finance, has made the following regulations:-

Citation and commencement.

1. (1) The title of these regulations is the Support for Reducing the Environmental Impact of Construction Activities Regulations, 2022.

(2) These regulations shall be deemed to have come into force on 1st December, 2022.

Interpretation.

2. In these regulations, unless the context otherwise requires:

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"Act" means the Malta Enterprise Act;

"aid intensity" means the gross aid amount expressed as a percentage of the eligible costs, before any deduction of tax or other charge;

"corporation" means the Malta Enterprise established by article 7 of the Act;

"guidelines" means the guidelines as published by the Corporation, from time to time, in accordance with the Act establishing the parameter of implementing the assistance through these regulations;

"project" means an action to be taken by an undertaking in accordance with the guidelines resulting in the procurement of equipment that is eligible for assistance in accordance with these regulations;

"undertaking" shall have the same meaning assigned to it in the Act.

Assistance to eligible undertakings.

3. Where the corporation is satisfied that the undertaking requires assistance to carry out investments that reduce the impact of its construction activities by facilitating the reduction in volume of

construction waste, control dust emission or the replacement of equipment, the corporation may provide assistance within the terms and conditions set out in the guidelines, at an aid intensity of up to fifty per cent (50%) to a maximum amount of one hundred thousand (€100,000) per project.

4. (1) An undertaking benefiting from tax credits in accordance with these regulations and the respective guidelines, shall be entitled to deduct from the amount of income tax which is due on its chargeable income derived from its trade or business in the years of assessment following the award of the benefit the amount shall be equivalent to the tax credit awarded.

Utilisation of
tax credits.

(2) An undertaking that in any year of assessment does not utilise any tax credit awarded to it or does not deduct the value from the amount of income tax which is due on its chargeable income, derived from its trade or business that is less than the tax credit awarded, shall carry forward the unutilised tax credit for the following year of assessment and for further years of assessment.

(3) Tax credits awarded in accordance with these regulations and the respective guidelines shall not give rise to a right to a refund of tax.

(4) Any tax credits shall be utilised by the fifth year of assessment commencing from the year of assessment as established by the corporation in accordance with the terms and conditions set out in the guidelines.

(5) Where an undertaking has benefited from the provisions of this regulation, the tax credit shall be deemed to have relieved from tax that part of the undertaking's chargeable income which, when multiplied by the rates of tax at which it was chargeable in that year, is equal to the tax credit, and when the undertaking is a company and such undertaking or any subsequent company distributes the income which is so deemed to have been relieved from tax, such undertaking shall declare in the dividend warrant pertaining to any such distribution of tax on that income, has been relieved from tax by a tax credit in accordance with this regulation.

(6) (a) In the case the undertaking is a company, the chargeable income which is deemed to have been relieved from tax in accordance with sub-regulation (5) shall be, for the purposes of the Income Tax Act, allocated to the respective tax accounts of the company in question in accordance with the Tax Accounts (Income Tax) Rules and any dividend, or part thereof, distributed from such income shall be exempted from income tax once in the hands of the

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members of the company on receipt of such distribution;

(b) Where a dividend referred to in paragraph (a) is distributed to a member which is also a company, in this sub-regulation is referred to as "the second company", the said dividend shall likewise be distributed by the second company to its members in the form of dividends exempt from income tax in the hands of the recipients, and where a member of the second company is also a company, the preceding provisions shall apply *mutatis mutandis* as though references to the first company were references to the second company, and as though references to the second company were references to that member, and the principle set out in this sub-regulation shall continue to be applied for as long as such income, or part thereof, to which this regulation applies, is distributed by way of dividends.

(7) In the case of a company, no tax credit shall be due to an undertaking in accordance with this regulation unless it is claimed in the appropriate section of a tax return submitted by electronic means by not later than the relative tax return date.

Deadline for submission of application for assistance.

5. Applications for assistance to support undertakings under these regulations shall reach the corporation by not later than 30th November, 2023:

Provided that no assistance shall be granted in accordance with these regulations by the corporation after 31st December, 2023.