



# Accelerate

Insights into Malta's  
**Start-Up Ecosystem**

**Seed**

Strategy | Regulatory | Tax | Advisory

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Seedconsultancy.com

[info@seedconsultancy.com](mailto:info@seedconsultancy.com)

Designed by Andrea Camilleri

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# About Seed

We set up Seed wanting to do things differently. Powered by tech, our business attracts the best people, whilst creating meaningful work. Our principles and vision define us. We care about making a difference; for our employees, for our clients and the wider community. Our clients enjoy objective advice, clearly expressed. With our help, they make better decisions and get better results. No matter what sector, size of business or scope of work, we bring together rigour, knowledge and experience.

**Seed is big enough to deliver yet small enough to care.**

**[seedconsultancy.com](https://seedconsultancy.com)**

# The Authors



**JP Fabri**

*Co-founding Partner*

An economist by profession, he has extensive experience in applying economics in the private and public

sector. He has advised nine international governments on building economic resilience. He is a visiting assistant lecturer at the University of Malta.



**Nicky Gouder**

*Co-founding Partner*

Nicky is a Co-founding Partner at Seed focusing on Tax, Corporate and Private Clients.

Advising both corporate clients and High Net Worth Individuals & families, Nicky is a leading tax specialist in Malta. He has advised and structured a number of international structures and transactions. He continues to advise a number of clients on estate planning matters and also businesses restructuring programmes



**Sarah Martin**

*Senior Consultant*

Sarah has several years' experience within the banking, trust and corporate administration field

having advised numerous corporate and private clients. She also has extensive experience in investment migration, which helps her advise clients who are in the process of relocating and handles their applications with the relevant authorities. Her main areas of focus are corporate governance & strategy and growth & transaction advisory services.



**Paul Ciantar**

*Consultant*

A warranted lawyer by profession, Paul has amassed experience in both the private and public sector working at applying financial services legislation in regulatory and advisory fields. His primary area of expertise is PSD2 and the provision of payment services-related advice.

## Other publications by Seed



### **Agile.** *Perspectives on the future of Malta's economy post COVID-19. (April, 2020)*

This publication aims to contribute to the national debate and to stimulate business and policy leaders to embrace the future and to start working towards a much-needed recovery plan that is anchored around a long-run vision for Malta. The research report complemented by consultations with 18 social partners, 20 business leaders, 15 expert contributions and an economic survey with 385 participants.



### **(r)Evolution.** *PSD2, Open Banking and the future of payment services.*

This report sheds light on the adoption by local credit and financial institutions of Europe's Second Payment Services Directive (PSD2) which introduces the concept of Open Banking within its regulatory framework. To gauge the Directive's impact and measure the level of preparedness in the financial world, we undertook a qualitative and quantitative research study of representatives from close to 20 leading credit and financial institutions. We have used the results to inform this report.



### *This is the first publication in the series 'Taxation of..'*

This series aims to shed light on tax matters in various transactions and industries. This particular publication provides a detailed explanation of the tax matters in M&A transactions – it looks at the tax treatment from both the buy-side and the sell-side, on both asset and share deals. The last section of the report also delves into the issues of Change Management within a M&A, which are often overlooked and are so critical to the success of the M&A itself.

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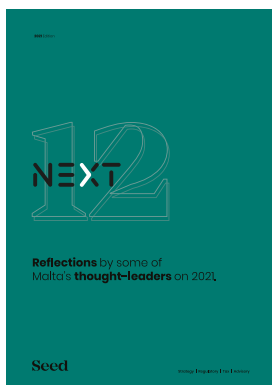
### **Propose. Budget 2021.** (September, 2020)

Seed launches its pre-budget recommendations with a two-pronged approach. The first set of recommendations focuses on a short-term stimulus package to continue supporting real economic activity with the main measure being the gradual reduction in corporate tax for local businesses. Second set of proposals are anchored around a long-term vision for the island.



### **Malta Budget 2021.** (October, 2020)

This document presents a detailed review of the Malta Budget for 2021. Apart from a high-level description of the measures announced by the Government, the report also gives a detailed economic context and analysis which should serve as a backdrop to this unique budget.



### **Next12.** *Reflections by some of Malta's thought-leaders on 2021.* (January, 2021)

Next12 brings together some of Malta's leading thought-leaders in their respective field to share their insights on a number of areas and topics and their developments throughout 2021. With still a prevailing sense of uncertainty, the world will surely continue to transform itself in a number of domains. There is no doubt that the world will change. Business and trade will change. Social dynamics and our way of life will change too. We need to start thinking of a new normal and Malta is no exception.

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**Analyse.** *Taxation Trends within the European Union. (February, 2021)*

This publication provides high level tax information on each of the 27 EU Member States. As the world becomes smaller it is becoming more important to be able to obtain an understanding of how transactions are impacted in different countries and not just in Malta. This publication provides essential information on the various tax systems within the EU at the click of a button.



**Vaccine.** *Building the case for vaccine manufacturing in Africa. (June, 2021)*

The burden of infectious diseases continues to be disproportionately high in some African countries, particularly in sub-Saharan Africa, leading to significant impacts on health and socio-economic development. The COVID-19 pandemic has revived a long-standing question in African and global circles: What would it take for Africa to manufacture its own vaccines? This report is our contribution to the debate.

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# Foreword

**Director,** Founders Atelier

We are a team of startup industry ecosystem experts working across Europe, the Middle East and USA.

Our paths crossed as we had an analogous holistic vision of empowering local ecosystems and were underwhelmed with the one-size-fits all approach of global players.

We launched Founders Atelier, a catalyst for local startup ecosystems that creates tailored accelerators plugged into the global ecosystem through our partnership with Berkeley Skydeck.

In this regard, Malta plays a strategic role on the Innovation world map - being a member of the European Union, while having close connections to Africa and the Middle East, the Maltese ecosystem can only attract future startups and corporations, willing to be part of this booming innovation hub.

Founders Atelier, powered by Berkeley SkyDeck, in cooperation with Seed - which has a very high quality network in the Maltese ecosystem, aims at playing a key role to support Maltese startups but also to attract international startups to Malta.

Our partnership with Seed is definitely a great asset to make Malta the place for innovation in the region.



**Elias Boustani**  
**Director,** Founders Atelier



# Foreword

Malta is intrinsically linked to trade and entrepreneurship. Our strategic location has attracted some of history's greatest traders and seafarers and as an island state with no natural resources, Malta's economy thrived and continues to thrive on trade. As time went by, our biggest resource turned out to be the human resource and regulation. Today, Malta has built a successful economy based on regulatory innovation. In fact, over the last few decades, we have seen a number of new economic sectors emerge, which have grown to become key contributors to our GDP. These emerging sectors have diversified our economy and created high quality jobs. The effort to continuously innovate continues to prove crucial to achieve sustained growth.

Malta has been taking steps to position itself as a start-up hub and to encourage growth of early-stage businesses by attracting talent from around the world. The 2017 Global Start-up Ecosystem Report ("GSER") published by Start-up Genome, states that Malta exhibits substantial potential to transition to a start-up hub. There are various measures governments can introduce to foster the right environment for entrepreneurship. It is important to understand that entrepreneurs are highly mobile, quickly moving to jurisdictions they believe offer the best mix of investment-friendly, attractive fiscal regimes and supportive legal environments. In view of this, countries need to not only compete to ensure they keep attracting foreign talent, but to also ensure they are fostering the right ecosystem for these start-ups to thrive.

A start-up is typically defined as a young company which is founded by one or more entrepreneurs to develop a unique product or service to bring to the market. Over the past decade, the global appetite for start-ups has grown exponentially. Technological innovation has brought about profound changes to organisations and entire industries. The so-called Fourth Industrial Revolution has ushered in various opportunities in a number of fields such as artificial intelligence, internet of things and smart manufacturing. Also important is the rise of medtech and fintech which many a times start out from academic research. The rise of technology companies, creative products and novel service offerings have made governments and individuals appreciate the role of entrepreneurial innovators.

Malta can position itself as an attractive hub for start-ups. Being a European Union member with a good quality of life and good connectivity, Malta needs to continue strengthening its ecosystem to become a country of choice for start-ups.

The aim of this report is to provide an understanding of the current eco-system, together with a number of recommendations which will help Malta propel itself to the top spots in terms of establishment of start-ups. The report also includes a number of interviews with founders of successful start-ups, and how they believe Malta can continue to improve in this space.

It is time for all stakeholders to come together to achieve this goal, which will reap benefits for years to come.

**JP & Nicky**

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Introduction

Interviews

The Ecosystem

Recommendations

# Introduction

# Introduction

Over the last few years, the Maltese start-up ecosystem has come on leaps and bounds and developed into a complex network whose effectiveness relies on the successful collaboration between its various moving parts. This has been achieved as a direct result of numerous public and private initiatives, which have moulded the local landscape into one which is receptive of innovative business solutions across a multitude of sectors.

Not to be judged by its small size and modest annual GDP, Malta's start-up ecosystem punches well above its weight, as has been recognized in international and public fora. The progress Malta is gradually registering in this space is also attributable to an inherently strong set of business-enabling factors which include



These factors, coupled with the numerous ad hoc measures which have been rolled out to boost the local ecosystem, have not only incentivized

Malta-based entrepreneurs to establish and run their business locally, but have also caused various foreign start-ups to relocate their business to Malta.



Introduction

Interviews

**The Ecosystem**

Recommendations

# The Ecosystem

Seed

## Actors

Although a lot of headway had been made in this space, the Maltese Start-Up Ecosystem is still characterized by a relatively small output in terms of currently operational start-ups.

Whilst the number of start-ups in any given ecosystem is heavily dependent on the definition applied, most sources are in agreement that Malta hosts between 150 and 250 start-ups, many of which operate in the fintech, blockchain, gaming and big data analytics sectors. Most of these start-ups operate a highly scalable and outward looking business model, with the limitations of the Maltese market forcing local players to develop an international dimension by targeting larger innovative markets.

Parallels can however be drawn between the start-up scene and the local micro and small business sector\*. Throughout 2020, a year which created unprecedented financial pressures on small and budding enterprises, 4,619 micro and 83 small business units were registered in Malta in what is undoubtedly a testament to the country's economic resilience and favourable conditions for launching new businesses. By leveraging such conditions and continually improving its start-up environment, Malta is well on track to:

- i. Identify and address any gaps in the various facets of its start-up architecture; and
- ii. Grow and build an ever increasingly diverse start-up community by bringing together local and foreign entrepreneurs, talent and investment

*\* Micro businesses employ between 0-9 employees and Small businesses employ between 10-49 employees*

**"Throughout 2020, a year which created unprecedented financial pressures on small and budding enterprises, 4,619 micro and 83 small business units were registered in Malta."**

## Environment

The Maltese start-up ecosystem has benefited greatly from a number of support programmes, hubs and incubators which have been launched over the last few years and which provide various forms of relief to start-ups. These support programmes, whether administered publicly or privately, are vital in addressing some of the challenges faced by local start-ups, such as limited venture capital activity; an undeveloped crowdfunding culture and a perceived lack of support from credit institutions

The Malta Information Technology Agency (MITA) for instance administers the YouStartIT validator and accelerator programme which runs biannually, and which offers start-ups a pre-seed investment

of €30,000. Similar seed funding is also accessible through other public initiatives such as the TAKEOFF Business Incubator, as well as private schemes such as the Microsoft for Start-ups Global Programme and Pitchora

2021 also saw the launch of START in Malta, an initiative fronted by the Maltese government and Malta Enterprise (the country's economic development agency) having the ultimate goal of supercharging the Maltese start-up ecosystem by consolidating the various schemes present in the public and private sector. Moreover, Malta Enterprise directly administers its own 'flagship' schemes:

### Business Start

up to **€200,000**

Upon presentation of a business plan and a demonstration that the start-up is economically viable

### Business Development

up to **€200,000**

which have demonstrated viability, and which intend to have a positive impact on the Maltese economy and create/maintain jobs by expanding their operations

### Start-up Finance

up to **€400,000**

which may increase to **€800,000** to start-ups with innovative and viable ideas showing commitment towards growth

The Maltese start-up ecosystem has also started to incorporate sandbox environments for emerging fintech companies. The Malta Financial Services Authority's regulatory sandbox is one such example as it provides a regulated environment for Fintech operators to test their innovative products within the financial services sector.

By doing so, this and other sandbox environments seek to:

- i. Encourage Innovation
- ii. Monitor Sustainability
- iii. Enhance Regulatory Certainty
- iv. Promote Knowledge Sharing

## Seed

## I. INTENSITY AND DYNAMISM OF REGULATION

One of the primary reasons why many start-ups choose to establish their operations in, or otherwise relocate to, Malta, is precisely the strength of the regulatory frameworks in place, as well as the country's ability to adopt a forward-thinking approach when establishing new policies. Whilst regulation plays a crucial role throughout the life cycle of any corporation by providing certainty in several key areas, a well-functioning ecosystem should not adopt a regime which is too overbearing and acts as a barrier to entry, particularly when start-ups are concerned.

Taxation, employment, company law, intellectual property, data protection, insurance and health and safety, to name but a few, are all highly regulated areas which Malta-based start-ups must navigate through, but which at the same time afford a high degree of clarity and protection. Registering a business in Malta is also quite straightforward, with funding opportunities and mentorship programmes

being subject to detailed guidelines and codified processes. These programmes, particularly those administered by Malta Enterprise, layout the eligibility and disqualifying criteria for each scheme and provide stepped guidance to the relative application process.

Moreover, in part due to its small size and attractive business enabling factors, Malta is well placed to mobilise its resources and adopt targeted policies with the intention of developing specific niches within which start-ups can flourish. The iGaming and financial services industries are two of the main success stories of this approach, a model which Malta intends to replicate across other sectors. Prospective start-ups in the financial services space are now also able to access the MFSA's fintech regulatory sandbox and have their products and services tested and evaluated in a controlled environment over a 6-month period prior to launch.



## II. EMPLOYEE STOCK OPTIONS (ESOPs)

ESOPs are being used more frequently by companies to align the various interests of shareholders and employees and also to ensure that everyone shares in the success of the company.

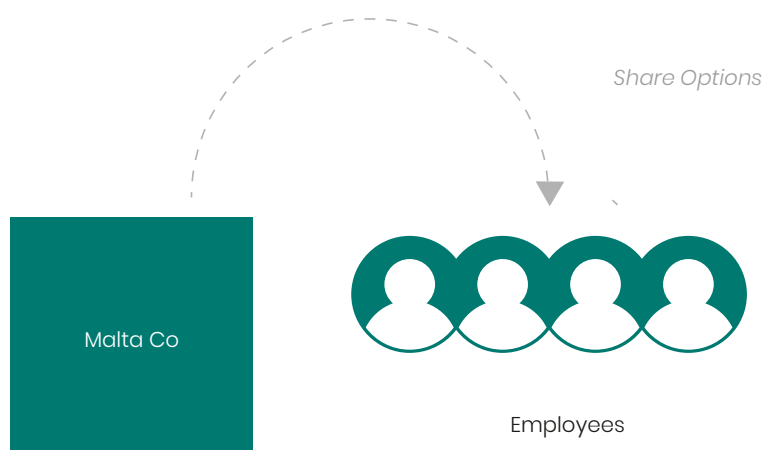
Typically, companies offer such schemes to their key employees and top management, however, there are no restrictions as to who receives these options and at what stage.

The granting of stock options in Malta is not a taxable transaction. This removes a considerable burden on the employees receiving the options particularly since they are receiving an illiquid asset. In view

of this, companies often use ESOPs to reward their employees, without the tax burdens of other types of income.

Furthermore, when the employees exercise their options, any gains made is taxable at a beneficial tax rate of 15%, which continues to make these transactions more attractive in Malta.

We have been seeing the use of share awards or phantom shares instead of ESOPs. These also provide the employees with benefits similar to stock options and could be used in different situations.



### III. NOTIONAL INTEREST DEDUCTION (NID)

One of the recommendations of the Action Plan to make Europe the new Global Powerhouse for Start-ups is to end the tax bias favouring debt over equity. From a tax perspective, debt is favoured over equity, since debt provides a tax-deductible return for the company, in the form of interest, whereas equity does not. Malta has removed this bias by introducing NID

rules which bring the tax treatment of equity and debt on equal footing.

This is an important legislation which Malta has adopted as it provides benefits to companies which are financed by debt rather than by equity.

## IV. CORPORATE TAX SYSTEM

### Overview

#### Corporate Tax

Malta's corporate Tax rate is 35% on the 'chargeable income', which is the 'total income' of any person, which means the aggregate amount of income of any person from the sources specified in the Income Tax Act, remaining after allowing the provided exemption and deductions. Although this is a considerably high rate when compared to other countries, the effective rate may be reduced considerably by virtue of Malta's Full Imputation (FIS) and Tax Refund System (TRS). In accordance with the FIS, the tax paid at the level of the company is available as a credit in the hands of the shareholders on the tax due on the dividend income. This ensures that shareholders are not charged to further tax on their dividend income, in some cases, they may also be able to benefit from a refund if their average tax rate is below 35%.

In addition to the FIS, the TRS provides for a tax refund to the shareholders of the tax paid on the dividend being distributed. The refunds vary according to the source of income, at company level, and whether any double taxation has been relieved - The refunds are of 6/7ths, 5/7ths, 2/3rds and 100%, resulting in an effective rate of between 0% - 6.25%.

Malta also provides for an exemption on dividend income and capital gains from a participating holding or from the transfer of such holding, making it a very attractive jurisdiction for holding structures.

#### Personal Tax

Malta adopts a progressive system of taxation when it comes to taxation of individuals. The rates vary from 0% to 35%, reaching the highest bracket on annual income above €60,000. There are different tax brackets for individuals who may opt for 'single', 'married' or 'parental' rates - whilst the rates remain between 0% - 35%, the income brackets varies.

Malta adopts a self-assessment system, whereby each individual self declares their chargeable income on an annual basis and pay tax accordingly.

## Personal Tax

All income and taxable capital gains are aggregated together when computing the total taxable payable by an individual.

Different tax rates could apply on different sources of income. A 15% optional tax rate applies on rental and interest income. If the 15% option is taken, this would be deemed to be final tax, and such income wouldn't need to be declared in the annual Tax Return.

Individuals who are ordinarily resident but not domiciled in Malta for tax purposes are not charged to tax on their world-wide income, but on income and capital gains arising in Malta and on foreign income which is received in Malta. There are also a number of exemptions applicable to non-residents, such as the exemption on any gains derived from the transfer of shares in a Maltese company.

A number of tax residence programmes, provide for a reduced rate of 15% tax on foreign income which is received in Malta.

The annual tax returns are due by the 30 June following the year in which the income was earned or received.

## Employment Taxes

Employment income is charged to tax at the progressive rates applicable to individuals. The rates vary from 0% to 35%, reaching the 35% rate when the annual income exceed €60,000. Employment income is taxed according to the Final Settlement System (FSS), which is a tax deduction methodology designed to produce accurate tax deductions from emoluments. This methodology ensures that the correct amount of tax is deducted from gross emoluments as they are received thus reducing the incidence of large refunds and tax bills arising from end of year tax assessments. Tax on employment income is deducted from the gross salary, before paying out the net salary to the employee.

Upon the termination of the tax year, or of employment, the employee is provided with a document, known as the FS3, which includes all tax and social security deductions carried out during the year, or during his/her employment. Typically, individuals who are in receipt of only employment income, would not need to file an annual tax return as they would receive a tax statement with the above-mentioned deductions from the Commissioner for Revenue.

In addition to income tax, social security contributions (SSC) are also deducted from one's salary. The rates of SSCs vary, but typically these are at the rate of 10% for the employee and another 10% for the employer, at a maximum amount of €2,498 per annum (or €1,901 for persons born up to 31 December 1961).

Rates

	Rate	Notes
<b>Corporate</b> Tax Rate (%)	35	The effective tax rate could be reduced to between 0% - 6.25% by virtue of Malta's Full Imputation System and Tax Refund System.
<b>VAT</b> Rate (%)	18	Other rates apply, such as 7% and 5%, together with exemptions with and without credit.

WHT on:

<b>Dividends (%)</b>	R	0*	NR	0	Whilst Malta does not impose withholding taxes on outgoing dividends, a 15% withholding tax is imposed when distributions are made from the 'untaxed account' to a 'recipient'. A 'recipient' includes a person, other than a company, resident in Malta and also a non-resident person who is owned and controlled by an individual who is ordinarily resident and domiciled in Malta.
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**Interest (%)** R **0** NR **0**

Malta does not impose any withholding tax on interest.

**Royalties (%)** R **0** NR **0**

Malta does not impose any withholding tax on royalties.

**Personal**  
Tax Rates (%) **0–35**

Progressive rates of tax apply to individuals, with a tax free portion and a 35% rate for annual income which exceeds €60,000.

**Inheritance**  
Tax Rates (%) **0**

Malta does not impose any inheritance tax, however it does impose a stamp duty on 'causa mortis' transfer of 2% and 5% in relation to transfers of securities and immovable property.

**Corporate**  
**Capital Gains**  
Tax Rates (%) **35**

Capital Gains are taxed with the other income and the standard corporate tax rate of 35%. Although all items of income are taxable, Malta only taxes capital gains made from the transfer of certain assets, and these include, immovable property, securities, intangibles, beneficial interest in a trust and interest in a partnership.

**Personal**  
**Capital Gains**  
Tax Rates (%) **0–35**

Capital Gains are taxed with the other income and the standard progressive rates applicable to individuals of 0% - 35%. Although all items of income are taxable, Malta only taxes capital gains made from the transfer of certain assets, and these include, immovable property, securities, intangibles, beneficial interest in a trust and interest in a partnership.

**Gift**

Tax Rate (%)



Malta does not impose a specific gift tax, however as per Malta's capital gains rules, a donation shall be considered as a deem sale made at the market value of the property at the time of the transfer, and depending on the asset being donated, it may be charged to tax at the rates applicable to individuals or corporates.

**Wealth**

Tax Rate (%)



Malta does not impose a wealth tax.

## V. PATENT BOX REGIME

Malta's Patent Box Regime Rules allow for a tax deduction on income derived from a Qualifying IP, which could reduce the effective tax rate to 1.75%.

Qualifying IP includes:

- a patent or patents, whether issued or applied for, or where the issue of the patent is still pending and extensions of patent protection, so however that in the case of a patent which has been applied for and is pending, but where the application is eventually rejected, such patent shall cease to constitute qualifying IP ab initio; or
- assets in respect of which protection rights are granted in terms of national, European or international legislation, including those relating to plants and genetic material and plant or crop protection products and orphan drug designations; or utility models; or software protected by copyright under national or international legislation;
- in respect of a small entity, other intellectual property assets as are nonobvious, useful, novel and having features similar to those of patents, to the satisfaction of the Corporation, which shall determine this through a transparent certification process in terms of guidelines issued by the Corporation.
- The rules set out conditions which need to be satisfied in order for the deduction to be applicable, including the fact that the research, planning, processing, experimenting, testing, devising, designing, development or similar activity shall be carried out, wholly or partly, by the beneficiary of the deduction.

$$95\% \times \frac{\text{Qualifying IP Expenditure} \times \text{Income or Gains derived from qualifying IP}}{\text{Total IP Expenditure}}$$



## Talent and Mentorship

Notwithstanding the small size of the ecosystem, Maltese start-ups have access to a local talent pool with both quality and experience. In fact, around 70% of local start-ups are able to rely on employees that have previously gained at least 2 years of working experience in another start-up.

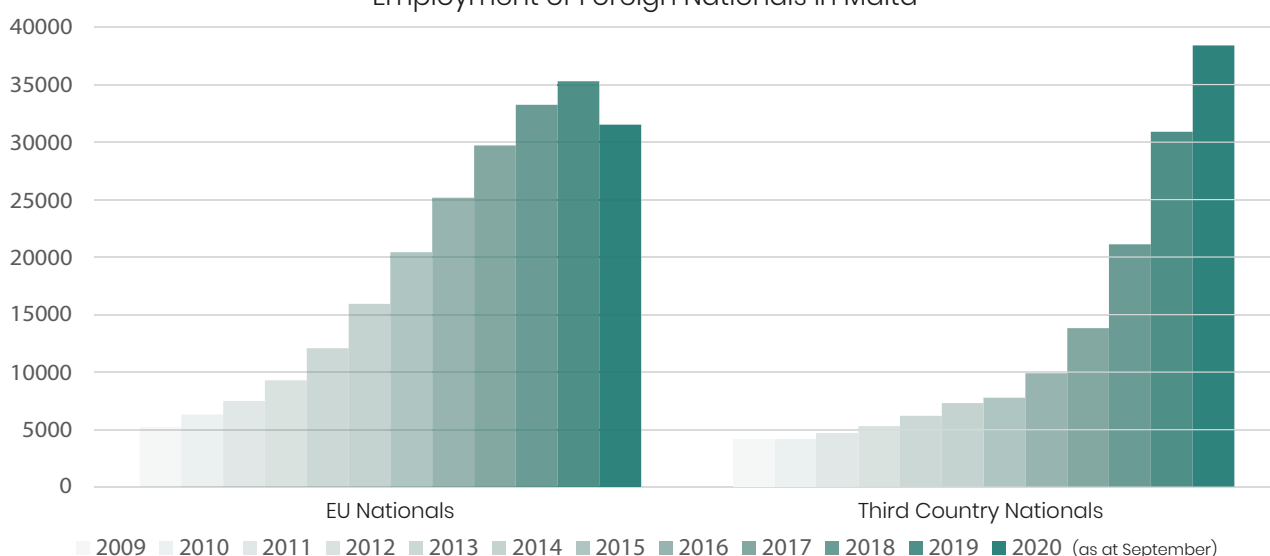
It is also evident that Malta is one of the leading jurisdictions for new founders with previous start-up experience – around 30% of Maltese start-ups count at least one of their founders with previous experience in a hypergrowth or unicorn. Malta is also one of the leading talent importers in Europe, having practical and convenient work permit regulations, as well as being a full member of the EU and therefore forming part of the single market. In fact, around 40% of Maltese start-ups are established by immigrant founders.

Cost for talent in the digital sector is also favourable, with:

- A software engineer averaging a salary of circa €36k
- A digital content manager averaging a salary of circa €37.5k

In a bid to increase the availability and quality of talent, various mentorship programmes have been introduced. Initiatives such as Business Start, Silicon Valletta and TAKEOFF (in conjunction with the University of Malta) all offer guided mentorship and training programmes designed to guide founders and employees alike through the initial stages of business development as well as on an ongoing basis in order to develop key technical skills.

Employment of Foreign Nationals in Malta



## Interactive Processes

Over the last few years, Malta has developed a strong reputation for hosting a number of tech-centric events which bring together national and international community members, investors, policy advisory and other stakeholders.

Whilst the pandemic has caused an inevitable slowdown in the scope and scale of such interactions,

initiatives such as Start in Malta and Silicon Valletta have bounced back strongly and are ramping up their activity calendar for 2021 and beyond. Events such as the fourth annual Malta Gaming E-Summit and the World Finance Conference are scheduled to go ahead, whilst local lobby groups intend to pick up where they left off by hosting a number of smaller scale and focused events.

## Funding and State Aid

Start-ups in Malta can apply for state aid through a number of regulatory bodies. Granting authorities include the government of Malta and other public authorities which are governed by public law, namely the government's ministries and departments, local authorities and any other corporate body empowered in terms of the law. Although in most instances state aid is granted directly by the Maltese government, specific institutions that would have been established – in particular, development banks, business development establishments, arts and culture institutions and state-owned investment funds, are delegated such function in relation to funding schemes and are tasked with granting state funds, as well as technically implementing and administering aid schemes. Some of these bodies include:

- Business enhance
- Business START
- BusinessFirst
- Malta Enterprise
- Malta Investment Management Company Limited
- Arts Council Malta
- Malta Film Commission
- Malta Council for Science and Technology
- Malta Culture; and
- Malta Development Bank

The Maltese authorities take a wide range of considerations into account when assessing the opportunity to grant aid. Some of the major criteria include the creation of new employment, e-commerce, Internationalisation, support for regional development, growth and restructuring of companies, research and development and diversification and innovation.

Malta Enterprise has developed various incentives for the promotion and expansion of industry and the development of innovative enterprises. Malta Enterprise provides incentives for enterprises demonstrating commitment towards growth, an increase in value added and employment. Enterprises engaged in manufacturing, ICT development activities, call centers, healthcare, pharmaceuticals, biotechnology, aviation and maritime services, education and training, logistics and more may benefit from these incentives. Grants and support measures are tailored to target the following areas:

- Investment
- Small enterprise
- SME Start-ups
- Research and Innovation
- Enterprise support

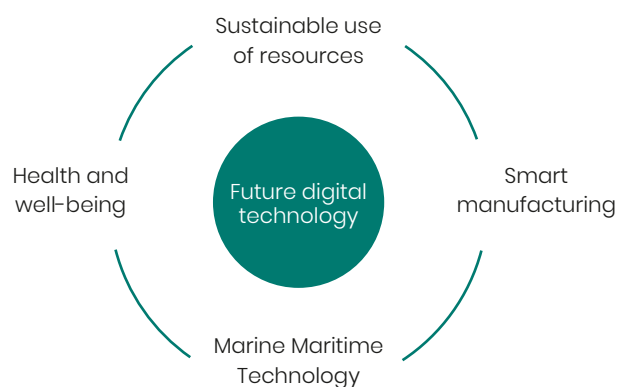
# The Importance of R&D

## National research and innovation strategy 2021–2027

The Malta Council for Science and Technology issued a public consultation document, which details the prioritisation of investment and outlines the potential areas for a research and innovation strategy post 2020, ensuring that investments are made to support Malta's competitiveness in the coming seven years.

The identified 5 potential smart specialisation areas for the period 2021–2027, are:

- Health and well-being
- Sustainable use of resources for climate change mitigation
- Smart manufacturing
- Marine and maritime technology
- Future digital technology



## University of Malta: Research, Innovation and Development Trust

The University of Malta Research Innovation and Development Trust (RIDT) was established by the Government of as an integral component of Malta's established policy to bolster investment in research and development on a national level. It is intended to attract funds from private and corporate bodies to be used to maximise and exploit the research milieu at the University of Malta, and to foster the commercial exploitation of research.

Since its establishment, RIDT managed to engage with various sectors of society and raise much-needed awareness about the benefits of research and the need to support it. This led to a number of community-financed initiatives and projects including, amongst others, PhD scholarships in cancer research and in climate change, a kidney research programme, research projects in engineering, a fully-fledged mobile dental clinic, and a research programme in the genetics of osteoporosis.

## The Importance of R&D

### 'TAKEOFF' Seed Fund Awards

Researchers and entrepreneurs will be able to apply for a chance to benefit from the 7th cycle of the TAKEOFF Seed Fund Awards (TOSFA), which this year will allocate €100,000 to local researchers and entrepreneurs. TAKEOFF is part of the Centre for Entrepreneurship & Business Incubation (CEBI) at the University of Malta that provides a working environment for anyone with a new business to achieve their ideas. The seed fund is a joint initiative between the Ministry for The Economy, Investment and Small Businesses (MEIB) and the University of Malta supported by the University's Knowledge Transfer Office (KTO), TAKEOFF Business Incubator and the Centre for Entrepreneurship and Business Incubation (CEBI).

Last year, the TOSFA Seed Fund Award supported 5 new ventures in their way forward, after 26 submissions were received and the top 11 were selected to pitch their ideas to the Adjudication Team. The number of applications received every year confirms that the interest in research and the expertise are there. Entrepreneurs and start-ups may apply for Seed Funds to assist them in taking a step closer to their first customer or investment. Researchers working on innovations developed through University R&D shall be eligible for Proof of Concept funds to assist in taking their technology closer to commercialisation.



## How public policy action may help support start-ups

What policy actions are most suited to support start-up ecosystems? Entrepreneurs, investors, corporate executives, policymakers and other stakeholders are all interested in the following two questions:

- What actions are being taken to improve their start-up ecosystem?
- Are the actions being taken impacting and improving the ecosystem?

The illustration on the right shows several common policy actions taken around the world to help bolster the start-up ecosystem in various countries, clearly outlining which actions are given the most importance. It is clear that the distribution of policy actions centres heavily around financing and access to capital, whilst Start-up support organisations and programmes (“SSOPs”) and immigration are another two areas of strong focus.

An important observation to note, is that the areas with the least amount of policy actions point to potential areas of comparative advantage. Given that most countries focus on access to finance, SSOPs and immigration, there is an opportunity for countries such as Malta to increase their global and regional attraction by distinguishing themselves with robust bankruptcy reforms.

Policy action taken	Intensity of actions
Funding/Access to capital	High Intensity
SSOP	
Immigration	
Entrepreneurship education	Medium-High Intensity
Taxes	
Cultural support	
Regulatory sandbox	Medium-Low Intensity
Scaleup support	
Entrepreneurship residency	
Regulatory reform	
Procurement	
Diversity and inclusion	
Bankruptcy regulation	



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## Definitions

The need to define key terms is crucial in developing a start-up ecosystem. With proper definitions of the following terms, Malta can introduce legislation which is targeted towards the companies which fall within a predetermined definition. Whilst we speak about the number of 'start-ups' which are on the island, everyone understands the terms differently, which creates confusions when quoting statistics and will not allow for the introduction of some of the below-mentioned proposals.

As per the EU Action Plan, the following terms must be defined:

- Start-up
- Scaleup
- Start-up sector
- Large innovative company
- Stages of growth (of the start-up)
- Deeptech
- Unicorn

## Tax incentives for investors

One of our proposals is the introduction of tax incentives for investors in the form of a tax-deductible investment. The proposal is for investors to be allowed to deduct their investments in start-ups from capital gains taxes.

This could potentially be a game-changer but for the EU, but also for Malta, particularly with the local community who could start looking at investing in start-ups, rather than the typical investments in bonds.

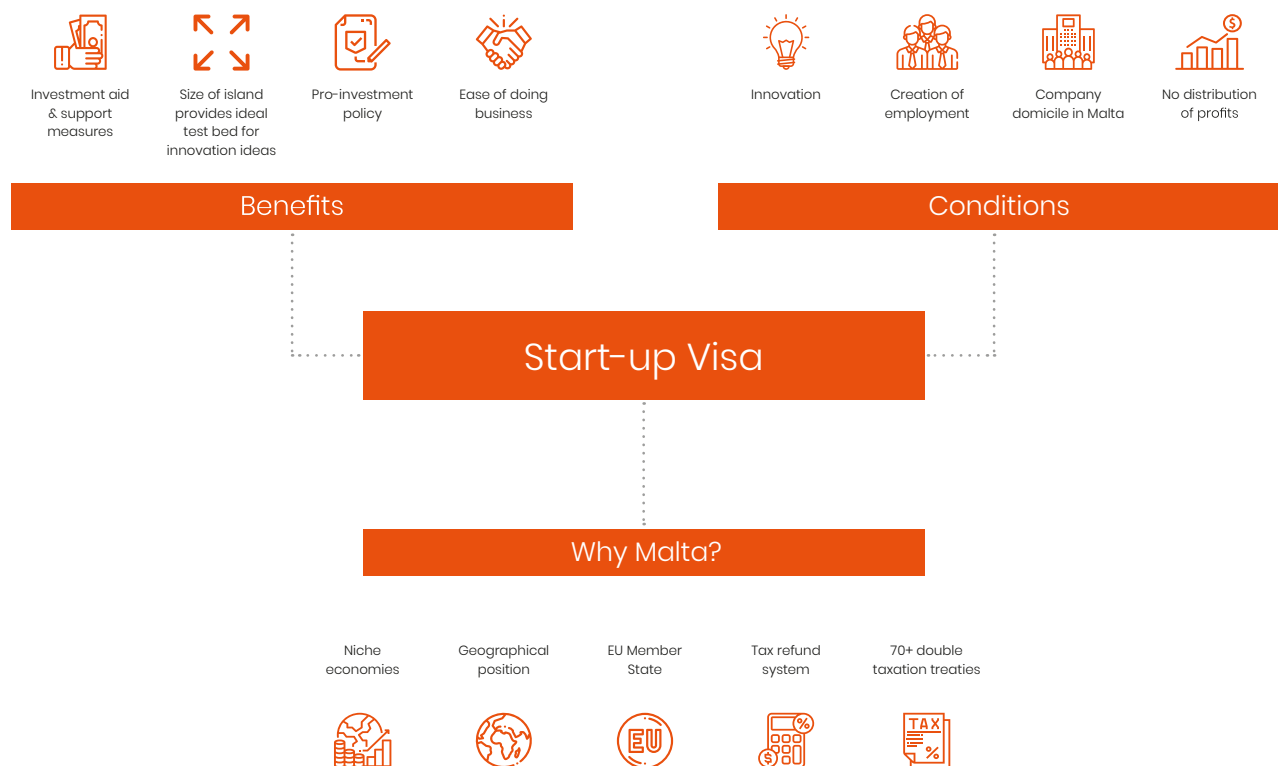
## Start-up Visa

Launching a start-up visa in the short term is going to be crucial for Malta to be able to attract start-ups to the island. The introduction of a start-up visa can help Malta to continue to strengthen its ecosystem and attract entrepreneurial talent from all over the world. The proposition of a start-up visa represents

an essential step in ensuring the accessibility of skills and talent is made possible, whilst doing away with slow, cumbersome administrative procedures which create significant barriers to the mobility of innovative entrepreneurs and act as a deterrent for business.



# Recommendation on the introduction of a start-up visa



## Accelerator

A start-up accelerator provides a number of benefits including, mentorship, access to investors and knowledge, and much more. Without an accelerator program Malta will never be able to compete and attract the desired start-ups. The benefits provided by such programmes are, in many cases, a determining factor as to where the start-up will be

established. Whilst Malta has a Start-up accelerator, its focus is very limited.

Seed has teamed up with Founders Atelier ([www.foundersatelier.co](http://www.foundersatelier.co)) to provide start-ups with grants, access to investments and mentorship at the renowned University of Berkley.

## Digital Transformation

In order to ensure that Malta continues to compete and outperform its competition is to go through a digital transformation of the various support services provided by the government. The process for individuals or companies to register or relocate in Malta must be a smooth, quick, digital process

which is not heavily reliant on human resources. This includes services such as, immigration, company registration, tax registration and filing, applying for funding and grants and a number of other services which support the start-up eco system.

## Banking

One of the major struggles which a number of jurisdictions face when attracting investment, is the long-winded process of opening bank accounts. No business can operate without a bank account, or its equivalent. Whilst it is not obligatory for companies which are registered in Malta to have a bank account in Malta, one cannot expect to attract major industry players to Malta without a proper solution.

The jurisdiction has several alternative solutions to banking, these include a number of locally registered payment service providers. Whilst these provide a viable alternative to opening accounts with banking institutions, Malta still needs to ensure that the bank account opening process is a quick and smooth one, and that start-ups have a number of alternatives when looking into banking options.

## Education

A start-up ecosystem is only as strong as its accessible talent pool. Whilst Malta is well positioned in this respect, constant efforts are required to guarantee a continued supply of talent which the ecosystem will inevitably demand as it scales up.

For instance, additional funding and resources should be made available to dedicated entrepreneurship education programmes which aim to inspire the next generation of entrepreneurs. Efforts need to be made not only at a governmental level, but also through private companies and enterprises by providing training programmes focused on STEM, coding and entrepreneurial soft skills to schools and the general public.

Moreover, initiatives targeted at under-represented groups in the start-up world should be given more visibility across the board. One such example is Women TechEU, a Horizon Europe programme which provides assistance to female leaders working in deep tech to grow their business, as well as mentoring to female CEOs and founders in the space. Similar initiatives carry a lot of potential in challenging inherent stereotypes and biases by showcasing success stories and bringing role models to the forefront. In addition, they can also act as a supplementary funding source to groups which have been disproportionately affected by the pandemic – recent statistics have shown that throughout 2020, 90.8% of all Tech-related capital raised in the EU went to all male teams.

## Bankruptcy Laws

One of the areas in which the Maltese ecosystem needs strengthening is the local bankruptcy framework. On a European level, around 50% of enterprises do not survive past their first five operational years, with bankruptcies accounting for circa 15% of business closures.

Presently, many Maltese start-ups experiencing financial difficulties are steered towards liquidation, with virtually no possibility of ever discharging their bankrupt status. Whilst the Covid-19 pandemic has prompted government to issue legislation which, amongst others, suspends a creditor's right to file a

winding up application against a company, further protective and recovery measures need to be adopted in order to support Maltese registered start-ups

This could be achieved through additional amendments to corporate law which provide threshold-based protections for start-ups centered around revenue levels, number of employees or accumulated debt. Moreover, failed start-ups should be provided with better recovery opportunities, amongst others by having access to commitment-based restart funding



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## Jacob Appell

CEO & Co-founder

**Binderr**

### ***Provide a brief background about your company***

Binderr is a bookkeeping app for freelancers and small businesses. Our goal is to empower business owners by making bookkeeping easy for them.

We started development in early 2020 and launched the app for freelancers in Malta in May 2021.

### ***What was the purpose of setting up your company?***

Binderr is the result of our struggles to stay on top of our bookkeeping. Furthermore, as the operators of Bolt across the Mediterranean, we work with thousands of self-employed people. We, therefore, have first-hand knowledge of the problems they face in getting good accounting services despite the relatively high fees involved.

"We see an opportunity in changing how everyone does bookkeeping. In a world where technology is moving so fast, accounting still feels like the same old headache it always used to be."

### ***What were the main challenges you faced when launching your company?***

Developing high-quality app technology requires a lot of expertise. It becomes even more complicated when you combine it with attempting to solve tax automation. So, it was quite a challenge we took on.

Another challenge was to provide a great user experience. Maltese institutions are still in the process of adopting digitalisation to their systems, making it difficult to create scalable solutions for our users.

We should, however, give the Commissioner of Revenue (CfR) a lot of credit for creating one of the simplest tax frameworks across Europe. Hopefully, we will also soon see a fully digitalised setup.

### ***What are the main challenges which start-ups face?***

Malta does not have the most beneficial framework and systems in place for start-ups. There's a definite lack of useful support, and access to funding and expertise is limited.

An important step for Malta would be to develop a better ecosystem for ambitious start-ups. With the right framework in place, many more entrepreneurs would be able to turn their ideas into reality, which would only help Malta's economy.

### ***What were the benefits of starting up your company from Malta?***

Malta is an English-speaking EU country with a highly qualified workforce, making it highly attractive to any entrepreneur. Wages are also more competitive than many other EU countries, increasing long-term cost efficiency and providing investors with a powerful competitive edge.

Some other benefits include the tax benefits Malta offers foreigners and the various schemes Malta Enterprise offers start-ups. Finally, we cannot overlook the importance of Malta's strategic location between Europe and Africa.

### ***What do you think Malta should focus on to attract more start-ups to the island?***

Introduce incentives for investments, such as making failed investments in start-ups tax deductible.

Move the incorporation online and get rid of the certified documents, original signatures, and manual processes. In countries such as Denmark and Estonia, you can set up a company online in minutes with minimum cost.

Also, solving the issues of being unable to open a normal bank account in Malta is essential.

### ***Who inspires you?***

Dale Carnegie has always been an inspiration for his extensive work on emotional intelligence. 'How to Win Friends and Influence People' and 'How to Stop Worrying and Start Living' are books everyone should read. The second is fundamental to surviving the founder game long-term. I admire fearless leaders who relentlessly keep going regardless of the challenges they face.

Robert Greene for his comprehensive knowledge on strategy, power and seduction. '48 Laws of Power' and 'Mastery' are great books that I highly recommend.

Finally, Tom Bilyeu for his curiosity and determination to expand his knowledge. He does some great interviews with thought leaders on his YouTube channel.



## Erika Vella & Julia Anastasi

Founders

**Bukkun**

Interviews

### *Provide a brief background about your company*

Bukkun is Malta's first kid's food brand, with the aim of providing a range of solutions to busy parents. We like to think of ourselves as kid-centric, meaning that kids are at the heart of everything we do. From our packaging design to the way our food looks & tastes, our entire process is built around children and the way they think. Our goal is to make nutritionally balanced & wholesome food fun for kids to eat – until eventually clean & wholesome eating is their first choice, rather than store bought, preservative laden foods!

### *What was the purpose of setting up your company?*

When Covid-19 struck, we ended up on reduced working hours, and we found it difficult to sit still and wait for the time to pass. We spent countless days shooting off ideas to each other. We both love children and are both huge foodies, so we knew we wanted to find a way to combine the two. We searched for the right brands we could bring to Malta, but quickly asked ourselves 'why can't we build our own brand?'. We are lucky to live on an island with incredible resources right at our fingertips: locally reared meat, locally caught fish, and best of all, locally grown fruit and vegetables. There are so many brands offering delicious meals and snacks for adults, we thought it only right we offer the same to our little ones!

### *What were the main challenges you faced when launching your company?*

Initially, the main challenge was time. Even though we were on reduced

hours, a lot more than meets the eye goes into starting a company from scratch – from meetings with designers to come up with a brand, to submitting documents to register the company, to meetings with the banks to open accounts – everything is very time consuming especially when considering the tonne of paperwork that needs to be done.

Once that was sorted, the main issue became funding & financing. Whilst there are many funds available, its all very overwhelming to crunch through all the info and reading material – only to find in the end that you're not eligible for that fund. Current funding available is very niche, and targeted – which means that apart from the basic funds, its very hard to find actual monetary support.

### *What are the main challenges which start-ups face?*

Once you cut through the hurdles of company formation, start-up costs etc. the main challenge as a start-up you will face is definitely getting your name out there and converting the business, from the one-off curious purchase to a more sustainable model with a stable set of weekly clients.

### *What were the benefits of starting up your company from Malta?*

Given that we are Maltese, it was a natural choice for us to start the company here.

However, a benefit surely is the kind of relationships you build with suppliers – a very friendly approach meant that a lot of our suppliers were 1. Very helpful when it came to guiding us and 2. Rather flexible when it came to payment.

### *What do you think Malta should focus on to attract more start-ups to the island?*

From our experience, Malta's company formation climate is not so sensitive towards start-ups & leaves much to be desired in this aspect. Here are 3 things that can be improved:

**Paperwork:** whether to apply for reimbursement on funds already granted or opening a bank account, the paperwork required is immense. The current structures do not take into consideration how little time or experience start-up owners have in this area to complete all the requirements. Many times, you would even need a professional to help you complete some requirements which requires a cost – and money is a limited resource for start-ups.

**Seed funding:** This is a concept still in its infancy & raising funding is still a very difficult task. Moreover, a lot of the EU or government funds are very industry specific, so most funds available will not be applicable unless your start-up is unique in its idea, technologically intensive or you are able to protect it with an IP.

**Mentoring:** there are little or no mentoring programmes in Malta for start-ups and having a place or a person you can go to, to guide you at certain decision-making points in the start-up journey would make a very big difference!



## Fiona Captur

CEO

**JAYE**

## Interviews

### *Could you provide a brief background about JAYE*

As one of the world's largest and most impactful youth-serving NGOs ranked 7th globally by NGO Advisor, JA prepares young people for employment and entrepreneurship, delivering hands-on, experiential learning in work readiness, financial capability, and entrepreneurship. Reaching more than 10 million young people last year in 115 countries, JA is one of few organizations with the scale, experience, and passion to build a brighter future for the next generation of innovators, entrepreneurs, makers, and managers who can truly shape our future.

### *What is the goal of JAYE?*

JAYE Malta Foundation is a non-profit entrepreneurship education institution with a mission to educate, empower and inspire young people so that they may transform their future by achieving economic success in a global economy through entrepreneurship, financial capability and work readiness. Our goal is to ensure that all young people have at least one practical entrepreneurial experience before leaving school as the European Commission recommends in the Entrepreneurship Action Plan 2020; to establish an Entrepreneurship Education National Policy; to reinforce the UN Global Goals for Sustainable Development namely – Goal 4 (Quality Education) and Goal 8 (Decent Jobs and Economic Growth) through JAYE programmes and to focus on the increasing importance of Environmental, Social, and Governance (ESG) factors in investment decisions and access to finance, for the development of clean technologies and sustainable business models.

### *What role do you think JAYE plays in shaping future entrepreneurs?*

Entrepreneurship is a state-of-mind that one can apply to any subject and any aspect of life. Whilst our experiential programmes teach our Achievers a number of much needed skills that they won't find in books, the best by-product is their new found self-confidence and self-esteem. The realisation that they do have what it takes is self-efficacy at its best. Empowerment is the birth of entrepreneurship in any young person whatever they choose to apply it to. JAYE empowers its Achievers with lifelong self-directed learning skills that will help them stay ahead of the game in an ever changing environment.

### *What is the biggest challenge which the younger generation face when they want to develop an idea into a business venture?*

Ideation I would say is the first hurdle. Few take the angle that your product needs to fill a need/gap in the market and that a good product is not enough to make a business viable. Your business model counts for at least as much as the product. Also, when we say 'tech' everyone concludes Apps and there's more to tech than Apps as this year's Start-up winning team – Silentsave well proved.

### *What does Malta need to improve to truly develop a successful start-up ecosystem?*

I have to say that there is a lot going for the start-up ecosystem locally at the moment. The incubator phase is well supported. From business angels to financial support and mentoring, a number of entities are really focusing on this area especially when attracting start-ups to Malta. The key stumbling block I'm seeing with our teams is literally the jump from prototype to manufacturing. The concepts are good, the support is there, the funding is available but bringing the idea to an actual product with the right partners is still quite a challenge that needs unravelling. It's an area we will be exploring and developing further over the coming months to ensure we facilitate the process for our teams moving forward.

**Jurij Dreó**

CTO

**BrainTrip Limited*****Provide a brief background about your company***

BrainTrip is an applied neuroscience SME, which has developed a fast, affordable, and scalable EEG-based biomarker for early dementia diagnosis. It was established in 2019 by founders who have a combined research/work experience of 20+ years in the fields of neuroscience and clinical neurology, with an emphasis on EEG data processing. After carrying out 2 clinical trials, we began developing our application. Our proof of concept was carried out as part of Horizon 2020, SME Phase I, which made us one of only 5 Maltese SMEs to receive this grant.

***What was the purpose of setting up your company?***

An early diagnosis of dementia can improve the lives of those affected by it, as they can get informed on how to best tackle the challenges imposed by the disease. 50% of all dementia cases never get diagnosed because current methods are expensive, invasive, and only a few can diagnose dementia at an early stage. Our vision is to change that by offering early diagnosis to individuals at a risk age. This can hopefully buy people up to 2 or more years of healthy life, as they can start taking medication earlier in order to palliate the symptoms, engage in cognitive training, and plan ahead for the future (finances, inheritance, home management, etc.).

***What were the main challenges you faced when launching your company?***

The main challenge that we faced when launching our company was obtaining initial investments due to our idea's disruptive character. Many

investors did not consider it 'safe' to invest in an innovation that would represent something completely novel on the market. For that reason, we decided to join an accelerator and focus on getting the attention of early adopters.

***What are the main challenges which start-ups face?***

Speaking from a healthtech point of view, scaling up a business model within the context of diverging regulatory schemes has so far been one of our main challenges as a start-up. Medical certifications tend to be country-specific and there are little to no exceptions that allow for transnational certifying. This represents a significant financial burden for healthtech start-ups, as obtaining a medical certification can have an upfront cost of up to €100,000 and take several years.

***What were the benefits of starting up your company from Malta?***

We first came to Malta to participate in MITA's Innovation Hub Accelerator and were quickly convinced of the many benefits that setting up our company here would have. As an island country, Malta has a long tradition of attracting innovative businesses to its shores by offering them logistical help as well as financial and education-centered incentives. Due to its size, Malta's business network seems to be very-well connected, which makes conducting corporate operations easier than in many other places. It also helps that the government has made efforts to promote healthtech as an important emerging sector.

***What do you think Malta should focus on to attract more start-ups to the island?***

Offering more efficient digital services that can facilitate swift and uninterrupted business operations would go a long way in helping Malta attract more start-ups to the island. There are still bureaucratic hurdles that oftentimes require founders to be physically present in the country to make things go more smoothly.

***Who inspires you?***

We are particularly inspired by disruptive companies with innovations and a vision that have the potential to improve the overall wellbeing of our societies. One company that comes to mind is Tesla, which had to overcome significant cultural and logistical barriers in order to bring its vision of an environmentally friendly and reliable electric car to the market.





### Max Thake

Co-Founder & CMO

**Peaq**

#### ***Provide a brief background about your company***

Peaq is a full-stack blockchain development company. We provide everything from decentralized solutions and applications through to a public network based on a new type of DLT which we developed in-house.

We're turning the Internet of Things - where 'things' connect and exchange data - into the Economy of Things - which allows these 'things' to monetize and trade all kinds of value autonomously, securely and without intermediaries

#### ***What was the purpose of setting up your company?***

We saw a huge opportunity to create value and enable widespread positive change. Once we wrapped our heads around blockchain and understood how it worked, it was clear to us that it would have profound implications on our collective future. It was an opportunity to spearhead a digital revolution on a similar scale to the internet. Peaq is the vehicle by which we make this happen. We're bringing decentralization into some of the world's largest companies and markets from the ground up.

#### ***What were the main challenges you faced when launching your company?***

Too many to note! If I had to pick one it would have to be that blockchain was and is a new technology because this is the root of loads more challenges. A new technology implies that the market for whatever you provide is either non-existent or still emerging. A lot of effort had to go into educating our potential customers and trying to predict the future.

Not all new technologies are equal. In blockchain's case we're dealing with an infrastructure technology. Like the internet, the potential implications are enormous but it takes a very long time to develop and implement.

On top of all this we chose the B2B sector, catering to slow-moving enterprises - yet another big challenge. I guess the pain is proportional to the size of challenge.

#### ***What are the main challenges which start-ups face?***

Difficult to paint all start-ups with one brush. It's very dependent on industry. But one 'blanket problem' I think lies more with start-up founders than the start-ups themselves; purpose. Your 'why'. I think too many of us dive into building start-ups without first figuring out our purpose. I think if we spent more time figuring ourselves out, what we're curious about, our passions and our place in the world then we could do a lot more, better and faster while creating more value for society. Purpose goes hand in hand with perseverance. It's really tough, and if you're not passionate, if you don't have purpose, you'll give up - burning relationships, time and money.

#### ***What were the benefits of starting up your company from Malta?***

Being based in Berlin, I can say that climate is a bigger factor that I'd have initially thought. Lifestyle goes hand in hand with climate. Tax is much much lower in Malta, but of course you need to assess what you'd get overseas in return for paying higher tax - it's not just about seeking out the lowest rates.

There are a couple of benefits which are double-edged swords, such as

having less competition and higher chances of gaining a first mover advantage locally. The flip side is of course a small market. But these dynamics are becoming less and less important in the digital era.

#### ***What do you think Malta should focus on to attract more start-ups to the island?***

We should double down on the 'haves' as per the previous question, and gain further competitive advantages through innovation and technology. We could take a page out of Estonia's book in terms of digitalising public services. Becoming a more tech-friendly island could go a long way in attracting people and companies focused on tech. Digital Nomad Visas also seem like an opportunity we should take.

A personal dream would be to see us being serious about becoming a 'blockchain island'. If we replace our PR stunts with actual working tech in the public sector, we could attract some seriously big players while simultaneously benefitting Malta and the Maltese.

#### ***Who inspires you?***

**Naval Ravikant:** balance between wealth, health and happiness

**Michael Ganser:** leadership (Michael is a personal mentor of ours at Peaq)

**Jason Silva:** consciousness, flow and creativity

**Elon Musk:** raw entrepreneurial passion and perseverance

**Tim Ferriss:** body and biohacking

**Steve Jobs:** bold simplicity in thought, communication and design



## Dana Farrugia

CEO

**Tech.mt**

### *Could you provide a brief background about Tech.mt*

Public-Private Partnership Tech.mt was established in 2019 by the Government of Malta and the Malta Chamber of Commerce, Enterprise and Industry to promote Malta as a tech centre for innovative technologies. With a drive to expand the value of the Technology industry in Malta, Tech.mt aims to position Malta as a quality, creative tech-savvy country, and promote Malta as a suitable set-up for foreign direct investment, whilst also promoting the local technological industries abroad.

### *What is the goal of Tech.mt?*

The aim of Tech.mt is not only to understand the main principles of the best business practices, but also to be proactive and assist businesses to get clearer directions for the future. We strive to understand the current posture of technology companies and start-ups and the type of assistance they may require, to expand their potential. We strive to bring value and assist ambitious businesses to overcome common obstacles in preparation for the future. In this respect, we are committed to take initiative and provide interested businesses with the necessary support services ensuring that the challenges encountered are reduced and the full potential of the client's needs are met.

### *What role do you think Tech.mt plays in helping start-ups in Malta?*

A core pillar setting Tech.mt's foundations is the assistance it provides to local start-ups in expanding their businesses both locally and abroad. It works on creating an ecosystem that allows companies to be exposed to opportunities on both a local and international level. Tech.mt recognises that the key to stay ahead of the game lies in the agility of recognising and implementing new innovative technologies. It follows companies along their journey to adopt these innovations and offers support and direction along the way on various fronts from promotion, to taking the digitisation plunge and access to finance.

At Tech.mt we understand that start-ups and small businesses need as much assistance as possible to take their business to the next level – whether it's at concept validation, product development, launching on the market or reaching clients. Given the challenging conditions that start-ups or small businesses face, investing in consultancy or high-end expertise is an expense that only few may afford. That is why Tech.mt partnered up with leading industry players to launch the Strategic Partnership for Start-ups initiative, earlier this year. The aim is to provide local tech start-ups with pro-bono, unbiased feedback from an external perspective, management advice, strategic planning and marketing tactics.

### *What is the biggest challenge which the younger generation face when they want to develop an idea into a business venture?*

Based on feedback we receive from industry I truly believe that access to finance and financing is probably one of the biggest challenges that young entrepreneurs face when they come to taking their ideas to the next level. Innovation funding is a critical element for Malta's start-up & innovation ecosystem and that is why Tech.mt is committed to further strengthen this element through venture capital and other non-traditional sources of financing.

### *What does Malta need to improve to truly develop a successful start-up ecosystem?*

Tech.mt, the Government and other private stakeholders are already doing a lot to ensure that the ecosystem remains competitive. Investments in connectivity, telecommunications, industrial space and also in incentives which are both tax and non-tax continue making Malta's digital ecosystem successful. Fostering the development of a high-performing digital ecosystem requires infrastructure, connectivity and digital equipment; effective digital capacity planning and development, including up-to-date organisational capabilities; a digitally competent and confident workforce; and attractive incentives for companies to establish themselves. Going forward, it is critical to ensure that the complete ecosystem is functioning and not broken or fragmented. The future is here to stay, and we need to ensure that we are ahead of the curve.

## Concluding Remarks

It is clear that Malta has what it takes to become the Start-up hub in the EU. Whilst it already ticks most of the boxes, with a few changes, as per our Recommendations section, it can truly become the leader in this space.

Start-ups are, and will continue to be, the engine of any economy, from which everyone stands to gain. Being able to attract the right Start-ups to the island is crucial for many industries. Sustainability is an important aspect to consider. One must not only look at the economic benefits which these companies bring, but also ensuring that we attract the right businesses with Sustainability and Purpose as key pillars in everything they do.



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