

INVEST IN AZORES

AZORES BUSINESS DEVELOPMENT SOCIETY

Investment support: Competir+

The System of Incentives for Business Competitiveness, Competir+, aims to promote the sustainable development of the regional economy, strengthen competitiveness, the ability to reach new markets and the internationalization of regional businesses, as well as to expand the economic export base of the Azores.

Competir+ is structured into seven subsystems. Applications may be submitted throughout the year on an ongoing basis.

Subsystem of Incentives for Local Development

Scope

1. Includes projects aiming **Installation, modernization, remodeling, renovation or expansion**, oriented to boost the internal market, fulfill its needs, and expand the productive capacity of the Autonomous Region of the Azores, **with investments exceeding €15,000** in the following areas classified in accordance with the Portuguese Classification of Economic Activities (CAE - Rev. 3) are eligible to receive aids:

- a) Manufacturing – divisions 10 to 33, with the exception of divisions 12 (Manufacture of tobacco products), 18 (Printing and reproduction of recorded media) and 19 (Manufacture of coke, refined petroleum products and fuels briquettes) and groups 206 (Manufacture of man-made fibres) and 241 (Manufacture of basic iron and steel and ferro-alloys);
- b) Services – divisions 37 (Collection, drainage and treatment of sewage), 38 (Waste collection, treatment and disposal activities; materials recovery), 39 (Remediation and similar activities), 62 (Computer programming, consultancy and related activities), 72 (Scientific research and development), 75 (Veterinary activities), 78 (Employment activities), 79 (Travel agency, tour operator, reservation service and related activities) (only excluding subclass 79120 - Tour operator activities), 88 (Social work activities without accommodation) and groups 521 (Warehousing and storage), 582 (Software publishing), 592 (Sound recording and music publishing activities), 631 (Data processing, hosting and related activities; web portals), 813 (Landscape service activities) and 851 (Pre-primary education), classes 5911 (Motion picture, video and television programme production activities), 5912 (Motion picture, video and television programme post-production activities) with investments no higher than €500,000.

2. Also Includes projects aiming **modernization, remodeling, renovation or expansion**, oriented to boost the internal market, fulfill its needs, and expand the productive capacity of the Autonomous Region of the Azores, **with investments exceeding €15,000** in the following areas classified in accordance with the Portuguese Classification of Economic Activities (CAE - Rev. 3) are eligible to receive aids:

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- a) Commerce – divisions 45 (Wholesale and retail trade and repair of motor vehicles and motorcycles), 46 (Wholesale trade, include commission trade, except of motor vehicles and motorcycles), 47 (Retail trade, except of motor vehicles and motorcycles) with investments no higher than €300,000;
- b) Food and beverage service activities – division 56, with investments no higher than €200,000;
- c) Services – divisions 82 (Office administrative, office support and other business support activities) and 95 (Repair of computers, personal and household goods), subclasses 86905 (Thermal activities) and 96040 (Physical well-being activities), with investments no higher than €100,000.

3. Installation, modernization, remodeling, renovation or expansion projects promoted by micro and small companies, oriented to boost the internal market, fulfill its needs, and expand the productive capacity of the Autonomous Region of the Azores, **with investments between €2,500 and €15,000** in the following areas classified in accordance with the Portuguese Classification of Economic Activities (CAE - Rev. 3) are eligible to receive aids:

- a) Manufacturing – divisions 10 to 33, with the exception of divisions 12 (Manufacture of tobacco products), 18 (Printing and reproduction of recorded media) and 19 (Manufacture of coke, refined petroleum products and fuels briquettes) and groups 206 (Manufacture of man-made fibers) and 241 (Manufacture of basic iron and steel and ferro-alloys);
- b) Services – divisions 37 (Collection, drainage and treatment of sewage), 38 (Waste collection, treatment and disposal activities; materials recovery), 39 (Remediation and similar activities), 62 (Computer programming, consultancy and related activities), 71 (Architectural, engineering and related technical activities; technical testing and analysis), 72 (Scientific research and development), 74 (Other consultancy, scientific and technical activities), 75 (Veterinary activities), 78 (Employment activities), 79 (Travel agency, tour operator, reservation service and related activities), 82 (Office administrative, office support and other business support activities), 88 (Social work activities without accommodation) and 95 (Repair of computers and personal and household goods), groups 521 groups (Warehousing and storage), 582 (Software publishing), 592 (Sound recording and music publishing activities), 631 (Data processing, hosting and related activities; web portals), 812 (Cleaning activities), 813 (Landscape service activities) and 851 (Pre-primary education), classes 5911 (Motion picture, video and television programme production activities), 9313 (Fitness facilities), 9601 (Washing and (dry-)cleaning of textile and fur products), 9602 (Hairdressing and other beauty treatment) and 9604 (Physical well-being activities) and subclasses 85530 (driving school activities), 86905 (Thermal activities) and 93210 (Activities of amusement parks and theme parks);
- c) Commerce – divisions 45 (Wholesale and retail trade and repair of motor vehicles and motorcycles), 46 (Wholesale trade, include commission trade, except of motor vehicles and motorcycles), 47 (Retail trade, except of motor vehicles and motorcycles) with investments no higher than €300,000;
- d) Food and beverage service activities – division 56.

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This Subsystem of Incentives **does not cover** investment projects related to the primary production of agricultural products listed in Annex I of the Treaty of the European Union.

Promoters

Independent entrepreneurs, single shareholder companies, private limited companies, public limited companies, commercial enterprises, cooperatives and complementary groups of companies.

Promoters may submit a new investment project to this Subsystem of Incentives only upon completion of the investment associated to a prior project approved within this framework and, in the case of the projects specified in **paragraph 3** under Scope, after 2 years.

In the case of promoters exploring several establishments, exceptions can be made to this rule, as long as duly justified.

Eligible expenditure

For the projects specified in **paragraph 1** under Scope, among others, the following are eligible costs:

- a) Acquisition of land in industrial areas, industrial parks and business location areas, in view of relocating business units to such infrastructures, up to a maximum of 10% of the eligible investment;
- b) Acquisition of derelict buildings, provided that they are directly related to the productive process and the functions required for the development of activities, up to a maximum of 25% of the eligible investment (only for SMEs);
- c) Acquisition of buildings that, due to their location and architectural value or interest in terms of preservation, recognized by the relevant regional department in matters of culture, up to a maximum of 40% of the eligible investment (for SMEs only);
- d) Construction of buildings, as long as directly related to the productive process and the functions required to carry out the activity, up to a maximum of 60% of the eligible expenditure;
- e) Reconstruction of buildings, installation works and refurbishment of facilities and other construction works, as long as directly related to the productive process and the functions required to carry out the activity;
- f) Purchase of machinery and equipment, namely in the areas of management, production, sales and marketing, communications, logistics, design, quality, safety and hygiene, laboratory control, energy efficiency and environmental protection;
- g) Purchase of passenger vehicles and other transport equipment, provided they are essential for the development of the activity included in division 79, up to a maximum of €200,000;
- h) Purchase of light or heavy-duty commercial vehicles, provided that they are essential to carry out the respective activity, with a maximum of 30% of the eligible investment, up to a maximum of €200,000;
- i) Acquisition of scientific and technical tools and equipment required for the project;

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- j) Expenses related to the introduction of ICTs and acquisition of standard or specific software related to the development of the project, up to a maximum of 15% of the eligible investment (for SMEs only);
- k) Investment costs in the fields of energy efficiency and quality, safety and environmental management systems;
- l) Costs associated with the preparation of requests for patents, utility models and national models or designs that are overseas, by direct means through national, European and international administrations, including rates, state-of-the-art research and consultancy fees related to industrial property;

For projects specified in **paragraph 2** under Scope, the following are eligible costs:

- a) Acquisition of derelict buildings, provided that they are directly related to the functions required to carry out the activity, up to a maximum of 25% of the eligible investment (for SMEs only);
- b) Construction of buildings, up to 60% of the eligible investment, when related to the relocation of business units, and Remodeling or expansion of buildings, facilities and other structures, provided that they are directly related to the functions required to carry out the activity;
- c) Remodeling or expansion of buildings, facilities and other structures, provided that they are directly related to the functions required to carry out the activity;
- d) Purchase of machinery and equipment, namely in the areas of management, production, sales and marketing, communications, logistics, design, quality, safety and hygiene, laboratory control, energy efficiency and environmental protection;
- e) Construction, remodeling or expansion of sanitary and changing facilities for staff;
- f) Purchase and installation of production equipment maintenance cold or thermal (cold or hot), fixed or mobile;
- g) Acquisition and installation of cleaning and disinfection equipment;
- h) Acquisition and installation of ventilation, exhaustion and air-conditioning systems in locations linked to the processing, storage or display and sale of food products;
- i) Acquisition of equipment necessary for quality management, implementation and monitoring of systems or hygiene, safety and quality of food products;
- j) Acquisition of environmental protection equipment, namely for the treatment of effluents and waste;
- k) Expenses related to the introduction of ICTs and acquisition of standard or specific software related to the development of the project, up to a maximum of 15% of the eligible investment (for SMEs only);
- l) Acquisition of light or heavy-duty commercial vehicles or specific food transport containers, up to a maximum of €100,000;
- m) Costs related to technical assistance for the implementation of systems for the hygiene, safety and quality of food products, up to a maximum of 5% of eligible investment;
- n) Investment costs in the fields of energy efficiency and quality, safety and environmental management systems;

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For the projects specified in **paragraph 3** under Scope, the following are eligible costs:

- a) Construction works, as long as they are directly related to productive process and the functions required to carry out the activity;
- b) Acquisition of machines and equipment;
- c) Expenses related to the introduction of ICTs and acquisition of standard or specific software related to the development of the project.
- d) Purchase and installation of production equipment maintenance cold or thermal (cold or hot), fixed or mobile;
- e) Acquisition and installation of processing, cleaning and disinfection equipment;
- f) Acquisition and installation of ventilation, exhaustion and air-conditioning systems in locations linked to the processing, storage or display and sale of food products;
- g) Acquisition of equipment required for quality management, system implementation and monitoring or hygiene, safety and quality of food products.

Nature and amount of incentives

Incentives granted for eligible costs of projects specified in **paragraphs 1 and 2** under Scope are non-refundable or refundable with a zero-interest rate, according to the following investment levels:

- a) Up to €300,000 – non-refundable incentive corresponding to 30% for São Miguel and Terceira Islands, 35% for Faial and Pico Islands and 40% for Santa Maria, Graciosa, São Jorge, Flores and Corvo Islands;
 - i) The percentage concerning the non-refundable component of the incentive applicable, in Terceira Island, to projects that generate jobs and which application is presented until the 31st of December of 2019, is exceptionally fixed at 40%.
- b) Exceeding €300,000 – non-refundable incentive corresponding to 15% for São Miguel and Terceira Islands, 20% for Faial and Pico Islands and 25% Santa Maria, Graciosa, São Jorge, Flores and Corvo Islands, plus a refundable incentive without interest, corresponding to 25%.
 - i) The percentage concerning the non-refundable component of the incentive applicable, in Terceira Island, to projects that generate jobs and which application is presented until the 31st of December of 2019, is exceptionally fixed at 25%.
 - ii) Refund period for the refundable incentive is 10 years, with a three-year grace period, counting from the date of the first payment of the incentive, except for projects with eligible costs exceeding €2,000,000, for which the refund period for the refundable incentive is 12 years, with a four-year grace period.

An achievement award may be granted to the projects specified in **paragraphs 1 and 2** under Scope, upon project cruise year assessment, based on the level of achievement of results, which, in the case of the projects in **paragraph 1**, consists in adding an increment to the non-refundable incentive rate

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and, in the case of the projects in **paragraph 2**, transforming the refundable incentive into a non-refundable incentive, up to the maximum limit of the refundable incentive.

The achievement award corresponds to the application of the following percentages on the eligible costs of the project, based on the following indicators of achievement:

- a) Job creation:
 - i) 1% for each job created, if up to 5 jobs are created.
 - ii) 0.5% for each job created beyond 5 jobs, up to a maximum of 15%.

- b) Project's economic productivity (PEP), as provided for in the regulations of this Subsystem of Incentives, considering the following limits:
 - i) 2.5% if the PEP ranges from 10 to 20 percentage points.
 - ii) 5% if the PEP ranges from 20 to 35 percentage points.
 - iii) 7.5% if the PEP ranges from 35 to 55 percentage points.
 - iv) 10% corresponds to more than 55 percentage points.

The following non-refundable incentive increments may also be granted:

- a) 2.5% of non-refundable incentive, if the project includes eligible investments in energy efficiency that are equal or higher than at least 5% of eligible costs;
- b) 10% of non-refundable incentive, in the case of projects that generate continuous commercial transactions over and beyond the island where the project is developed.

Incentives granted for eligible costs of projects specified in **paragraph 3** under Scope are non-refundable incentives corresponding to 40% for São Miguel and Terceira Islands, 45% for Faial and Pico Islands, and 50% for Santa Maria, Graciosa, São Jorge, Flores and Corvo Islands.

Exceptionally, the rate of non-refundable incentive applicable to projects implemented in the Terceira Island, which create jobs and whose application is presented prior to December 31, 2019, is 50%.

The maximum amount of aids to be granted per project is €2,000,000 non-refundable incentive, and €2,000,000 refundable.

Disclaimer

This document is for information purposes only. It partially reflects but does not disclose completely nor substitute the knowledge of the full legislation governing incentives in Portugal.

SDEA is available to assess specific business plans and to determine how specific investments may qualify for incentives packages and what, if any, type of packages may be applicable to the investment.

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