

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 Qualified and Creative Entrepreneurship

Aim

To aid the implementation of investment projects contributing to the diversification and renewal of the corporate sector and developed in the framework of Empreende Jovem, a system of incentives for the promotion of entrepreneurship designed for young entrepreneurs;

Empreende Jovem

Scope

To be eligible to receive aid, investment projects must cumulatively meet the following requirements:

- I. Total investment costs ranging from €10,000 to €300,000;
- II. Promote the creation of companies, mostly owned by young entrepreneurs;
- III. Be developed in the following areas classified according to the Portuguese Classification of Economic Activities (CAE - Rev.3):
 - 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) Food and beverage service activities – division 56, provided that they are recognized as innovative projects contributing to the diversity and qualification of tourism supply.
 - c) Services – 62 (Computer programming, consultancy and related activities), 72 (Scientific research and development), 74 (Other consultancy, scientific and technical activities), 75 (Veterinary activities), 86 (Human health activities), 88 (Social work activities without accommodation), 592 (Sound recording and music publishing activities), 851 (Pre-primary education), 5911 (Motion picture, video and television programme production

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activities), 5912 (Motion picture, video and television programme post-production activities) and 90030 (Artistic and literary creation);

d) Tourism:

- I. Installing tourism accommodation units within the framework of tourism in rural areas and housing tourism (manor houses), provided that they are recognized as projects contributing to the diversity of tourism supply;
- II. Installing tourism accommodation units not covered in the above subparagraph and/or expanding existing units, provided that they are recognized as innovative projects, which diversify or qualify tourism supply in terms of facilities and services;
- III. Installing, expanding, or remodeling of hostels, provided they are located in urban centers and promote the reconstruction, recovering, or remodeling of derelict or poorly maintained buildings.
- IV. Tourism entertainment activities provided that they are recognized as being of interest for the development and consolidation of regional tourism supply.

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, mainly held by young entrepreneurs.

Young entrepreneurs are 18 and 35 year-olds holding a minimum level of education corresponding to compulsory education or holders of a Master's degree or PhD younger than 40.

Young entrepreneurs having been granted "parental leave" until the said age limits may apply to receive the benefits herein provided for until the age of 40 and 45, accordingly.

Young entrepreneurs may only submit a second application upon completion of the investment project previously approved within the framework of this Subsystem of Incentives, in which they take part as equity holders, except in duly justified circumstances.

Access requirements for promoters

Among other requirements, promoters must:

- a) Meet the criteria defined for small and medium-sized enterprises (SME).

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- b) Show proof of having the technical and management skills appropriate to the size and complexity of the project, through an interview conducted by the managing body during the application analysis phase;
- c) Be able to ensure technical, physical, human and financial resources to develop the project.

Eligible expenditure

Among other expenditure, the following are eligible costs:

- a) Construction of buildings, up to a maximum of 40% of the eligible investment;
- b) Acquisition of derelict buildings, up to a maximum of 30% of the eligible investment;
- 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;
- d) Other construction and adaptation or remodeling works directly related with the implementation of the project;
- e) Purchase of machinery and equipment, including associated costs with transport, insurance, assembly and disassembly, presenting relevant significance for the development of the project, namely in the areas of management, production, sales and marketing, distribution and logistics, communications, design, quality, safety, laboratory control, energy efficiency and renewable energy, and the environment, regarding in particular wastewater treatment, atmospheric emissions, waste, noise reduction and the introduction of eco-efficient technologies for a sustainable use of natural resources;
- f) Acquisition of brand new vehicles, as long as they prove to be absolutely essential to the project and have a direct impact in achieving operating results, up to a maximum of €30,000;
- g) Acquisition of information and communication technologies, namely hardware and software;
- h) Costs related to the certification of systems, products and services, namely costs associated with the certifying entity, specific technical assistance, trials, testing, calibration and monitoring;
- i) Costs associated with applications for industrial property rights, namely rates, fees, first annuity, studies on the state of the art of national or foreign databases, costs with the study, design and production of developed technology prototypes and consultancy fees in matters of industrial property during process instruction phases, as well as their added value, particularly as regards licensing processes, technology transfer and support to the creation of companies emerging from therein;

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- j) Initial registration of domains associated with third-party hosting, adherence to marketplaces and other electronic platforms, creation and publication of electronic product and service catalogues, as well as inclusion and/or cataloguing;
- k) Preparation of the application phase, up to a maximum of €1,500;
- l) Architectural and engineering projects associated with the investment project, up to a maximum of €5,000.
- m) Acquisition of trademarks, franchises, drawings and models, patents and utility models.

Nature and amount of incentives

The incentive to be granted for the eligible costs of selected projects is a non-refundable incentive and corresponds to 40% in the case of São Miguel and Terceira islands, 45% for Faial and Pico islands, and 50% for Santa Maria, Graciosa, São Jorge, Flores and Corvo islands.

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 50%.

In addition to the non-refundable incentive, an achievement award may be granted upon project cruise year assessment, based on the level of achievement of results, which corresponds to the application of the below percentages to the eligible project costs, on the basis of the following achievement indicators:

- a) Job creation:
 - i) 2% for each job created, 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 $10 \leq \text{PEP} < 20$
 - ii) 5% if $20 \leq \text{PEP} < 35$
 - iii) 7.5% if $35 \leq \text{PEP} < 55$
 - iv) 10% if $\text{PEP} \geq 55$

Non-refundable incentives may be incremented by 10% if the projects are fully owned by young entrepreneurs with higher education degrees or equivalent.

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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