

Enterprise Act 2008

Financial Assistance Scheme Guidelines

ISSUED BY THE DEPARTMENT FOR ENTERPRISE

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Department for Enterprise Financial Assistance Scheme Guidelines

Disclaimer

The information contained in this document is intended to serve as guidance as to the manner in which the Department for Enterprise (a Department of the Isle of Man Government) ('the Department') exercises its powers to provide financial assistance to eligible businesses under the Enterprise Act 2008. The content is intended to be general in scope and should not be relied upon as advice.

Provision of financial assistance is discretionary and the decision to provide assistance in any particular case will be based on the merits of the case. The amount of assistance offered may be less than that shown as typical in these Guidelines or no offer may be made at all.

The Department may amend these Guidelines from time to time. While every effort has been made to ensure that the content was correct and up-to-date at the time of publication the Department does not accept any responsibility, legal or otherwise, resulting from any errors or omissions and shall not be liable for any losses or damage that anyone may suffer as a result of relying on the information contained herein.

1. Terms used in these Guidelines

Act	The Enterprise Act 2008 ¹
Department	The Department for Enterprise (DfE)
Financial assistance	Any grant or loan paid to an applicant under the Scheme
Regulations	The Enterprise Act 2008 (Eligible Businesses) Regulations 2018 ²
Scheme	The Financial Assistance Scheme (FAS) (see paragraph 2.)
Vision 2020	The Government's strategy for achieving economic growth and sustainable development ³
Programme for Government	A strategic plan prepared by the Council of Ministers with involvement and input from Chief Officers, Department and Tynwald members.

Prospective applicants may wish to take professional advice before making an application and should seek advice in relation to any documents they are asked to sign whereby they offer security for any financial assistance offered to them.

¹ See https://legislation.gov.im/cms/images/LEGISLATION/PRINCIPAL/2008/2008-0017/EnterpriseAct2008_2.pdf

² See <http://www.tynwald.org.im/business/opqp/sittings/Tynwald%2020162018/2018-SD-0177.pdf>

³ See <https://www.gov.im/media/1347647/vision2020-leaflet.pdf>

2. The statutory framework for providing financial assistance

The Act gives the Department statutory authority to provide financial assistance (and other forms of assistance) to an ‘eligible business’ where, in the Department’s opinion:

- “(a) the eligible business undertakes or will undertake an economic activity in the Island;*
- (b) the assistance is likely to encourage sustainable economic growth in the Island;*
- (c) the form and amount of the assistance is reasonable having regard to all the circumstances.”*

In order to be eligible for financial assistance from the Department an eligible business must meet the criteria set out in **the Enterprise Act 2008 (Eligible Businesses)**

Regulations 2018.

Section 4(5) of the Act requires the Department to publish information to serve as guidance with respect to the manner in which it exercises its powers to provide financial assistance to eligible businesses under the Act. This document is intended to constitute such guidance.

Note that purely for ease of reference the various discretionary incentives available under the Act to eligible businesses and which are set out in these Guidelines are referred to collectively as the Financial Assistance Scheme (“the Scheme”) but there is in fact no separate Scheme document.

3. Overview of the Scheme

The Scheme is a **discretionary** financial assistance scheme to encourage economic growth and diversification of the economy. It provides a range of grants and, on occasion, loan support to eligible businesses (both new and existing) to help achieve this purpose. The Scheme aims to:

- attract inward investment to the Isle of Man which will provide economic benefits (revenues, jobs, profits, expenditure in the local economy) and associated fiscal benefits (direct and indirect taxes);
- assist existing businesses to grow and to consider the Isle of Man as the location of choice for future developments. This growth is expected, on most occasions, to include an increase in the number of employees.

The main objectives of the Scheme are to encourage job creation, wealth creation, increase exports, import substitution and exchequer benefit. The Scheme encourages existing businesses to adopt new technologies and practices, and new businesses to develop on the Island. The opportunity exists not only to encourage new projects, but also to develop projects in conjunction with private sector partnerships and contacts.

The Scheme can offer a generous package of financial assistance to eligible businesses that meet the criteria set out in these Guidelines. Assistance that is available includes:

- capital grants towards the costs of new buildings, building improvements, new plant and machinery, hardware and software;
- operating grants towards:
 - costs associated with the establishment of a project;

- costs relating to specific new off Island marketing ventures;
- implementation of quality standards and energy conservation;
- renting a factory from a private developer for the initial period of a new project;
- salary costs in respect of certain staff from outside the Island who relocate to the Island etc. (see further at Appendix 6);
- training grants will be considered but must relate to a project in respect of which financial assistance is being given.

The above incentives apply to both existing and new ventures and, subject to the rules at paragraph 7. businesses may submit repeat applications. Applicants should inform the Department as to the likely frequency and nature of potential future applications, to help assess the appropriate level of financial assistance.

4. Factors relevant to the award of financial assistance

Any business requesting assistance must have at least one employee who is or (in the case of a new business or business relocating to the Island) will be resident for tax purposes in the Island, while in the case of a sole trader, the business must be the principal business of the individual.

In addition, a business must fall within the current policy of the Department as set out in these Guidelines. The level of any financial assistance offered (if any) will be in proportion to the expected economic benefit to the Island. Among the factors which will be taken into consideration are:

- wages and salaries;
- job creation;
- location of beneficial shareholders;
- local spend;
- dividend policy.

There are a number of other factors that the Department applies when considering an application for financial assistance in order to meet other economic, social and wider Government objectives. These are set out below.

4.1. Geographical diversification

Eligible businesses based outside the Eastern sector may attract more financial assistance.

Where an eligible business is renting business premises in a designated regeneration area, financial assistance of up to 100% of the first year's rent may be available (up to a maximum of £50,000).

4.2. Sectoral diversification

New sectors which help to reduce overall economic risk to the Island may be offered a higher percentage of financial assistance.

4.3. Diversification of the employment base

Provision of a diverse range of jobs to aid full employment is taken into account.

4.4. Protection of historic businesses/sectors

Where a particular sector and / or business is considered to have made an important, long standing contribution to the Island, this is taken into account.

4.5. Additionality

Only projects which further develop the business and the economy are supported. For example, businesses are expected to replace obsolete or obsolescent equipment at their own cost, whereas a grant application for new equipment which will expand an existing product range, generate new revenues and thus grow jobs and taxes, is eligible to apply for financial assistance.

Where new equipment is being purchased and there is a replacement element, financial assistance is reduced accordingly. The Department appreciates that advances in technology mean that new equipment may result in efficiencies and better quality output. These factors are taken into consideration when a decision as to whether to support an application is made.

4.6. Proportionality

The level of financial assistance offered is proportionate to the economic and fiscal benefits forecast, the number and value of jobs being created and perceived likelihood of success. Also, where projects are judged to be high risk, staged payment of grants may be conditional upon achieving specified levels of turnover, profit, salaries, local spend or employment numbers based on the applicant's business plan. Furthermore, security may be required in order to mitigate the risk of failure in order to enable the Department to recover any grants paid. Security may take the form of fixed charges upon land, buildings and machinery and/or floating charge.

4.7. Participation in workforce initiatives

The levels of financial assistance offered varies from sector to sector (see further at paragraph 5. below). Maximum financial assistance is usually only available to established local businesses that participate in at least two of the following:

- Investors in People (IIP) (either working towards or having attained the standard)⁴;
- the STEP programme, an undergraduate work placement programme⁵;
- the Awareness of Careers in Engineering programme (ACE);
- provision of a training programme by the applicant in which at least one trainee or apprentice is taken on annually, the training costs of which are paid for by

⁴ <https://www.gov.im/categories/business-and-industries/business-support-and-assistance/investors-in-people/>

⁵ <https://www.gov.im/categories/business-and-industries/business-support-and-assistance/step-programme/>

the employer and the outcome is a qualification recognised by the Department⁶;

- collaboration with the Disability Employment Service (DES) to employ at least one person with a disability who is registered with the service.
- ISO or similar accreditation relevant to the applicant's business;
- active involvement in Government led clustering initiatives and any associated business improvement programme;
- active involvement in the community including participation in such events as school work experience programmes or working with local third sector organisations.

The usual requirement to participate in some of these initiatives does not apply to a business in its first two years of operation, a business relocating to the Island (during its first two years) or a business employing fewer than five people, unless the business is part of a larger group already operating on the Island.

For other organisations which do not participate in any of the above, then the maximum financial assistance offered and/or paid will be at least 10 percent below the norm for that industry. Checks will be made at the time of payment that the applicant is continuing to participate in at least two of the initiatives which were included on the application form.

4.8. Living wage

Businesses that pay its employees at least the living wage are more likely to receive a higher level of grant assistance (up to the maximum of 40%) than those who only pay the minimum wage. In relation to an application for financial assistance if the business is growing and taking on employees, then such employees should be paid at least the living wage.

It is noted that a business in its start-up phase or in certain sectors may not be able to pay the living wage, The Department will therefore assess each case on its individual merits. This may result in an award of assistance below the 40% maximum level.

4.9. Single use plastics & recycling

The Isle of Man Government has recently committed to significantly reduce the amount of single use plastics.

Single use plastics represents an unsustainable use of resources and makes a significant contribution to global greenhouse gas emissions. In assessing applications for financial assistance the Department will want to understand how the business deals with sourcing raw materials and recycling waste product. Therefore a business is more likely to achieve a higher level of grant assistance (up to the maximum of 40%) if it has an internal sustainable sourcing and recycling policy or is working towards ISO 14001 standard⁷.

⁶ <https://www.gov.im/categories/business-and-industries/business-support-and-assistance/vocational-training-financial-support-scheme/>

⁷ https://www.iso.org/files/live/sites/isoorg/files/archive/pdf/en/introduction_to_iso_14001.pdf

4.10. Other factors

Where the Department is providing financial assistance to businesses then it is expected that those businesses will work with Government to provide opportunities for all sectors of the potential workforce.

Sector bodies may make representation to the Department where they have evidence that their sector fits with and supports **Vision 2020** or where current Departmental policy is not to offer any financial assistance.

Importantly, financial assistance cannot be considered for items of expenditure which have been purchased prior to submission of a FAS application form (see paragraph 11.). The relevant date is the date the Department receives the application form.

In addition to the Scheme, the Department has other schemes which may be relevant to some applicants.

Enterprise Support can advise applicants regarding such schemes, and eligibility requirements. Contact details of the team are as follows:

Enterprise Support
Department for Enterprise
1st Floor
St George's Court
Upper Church Street
Douglas
Isle of Man
IM1 1EX
Tel: +44 1624 687333 / email: enterprisesupport@gov.im

5. Policy approach in relation to specific sectors and activities

5.1. Introduction

Financial assistance is available for:

- primary, export-earning sectors as these are key to the growth of the economy;
- facilities developed for visitor use (hotels and related attractions); and
- local leisure, if the type of facility is not already available within easy travelling distance.

Financial assistance is not usually available for:

- secondary sectors, such as construction, retail, bars and restaurants, or miscellaneous services (e.g. hairdressing, cleaning).

While these latter, domestically-focused sectors play an important role in ensuring the Isle of Man is an attractive place to work and live, providing financial assistance to them is less likely to grow the economy and may also create issues of Government aiding one local business at the expense of another.

As a result, it is the Department's policy that secondary sectors are not usually eligible to receive assistance under the Scheme. However, the Government do provide other forms of assistance, for example, vocational training (the construction sector is one of the largest recipients of the training support budget).

5.2. Manufacturing

Manufacturing is an important sector which helps to diversify the economy. The sector is almost 100% export-earning, with very little competition between local businesses (and thus reduced risk of an adverse local economic impact if a business is supported by the Department).

The Department supports not just the manufacturing process but other activities such as distribution, sales and support activities. For example, a manufacturer wishing to establish a distribution centre on the Island delivering products to international customers would be eligible. Similarly, a manufacturer wishing to create an international sales office or regional headquarters would also be eligible to apply for financial assistance.

The principal test is whether the proposed operation would generate new and sustainable economic activity (particularly jobs) on the Island.

A reduced percentage of assistance is typically given to businesses:

- with a small number of additional employees in relation to the level of assistance requested; or
- where there is an element of local competition.

The printing industry is a good example. Some printing businesses have operations based in the Island and have been supported. However, care has to be taken to ensure that investment by the Department in one business does not have an adverse effect on others. It is therefore expected that the applicant funds at least 80% of the machinery themselves, so that the maximum financial assistance the Department offers is 20%. Present policy is now to only provide financial assistance to this sector where at least 90% of turnover is derived from printing that is printed locally and an effort is being made to export printing services. Businesses which only carry out basic printing on the Island and send the rest of the work off-Island will not receive assistance from the Department.

5.3. E-Business

E-Business is considered to be a key sector which offers excellent potential for growth. Provision of financial assistance by the Department is playing a key role in stimulating that growth.

The Department's policy is to only provide financial assistance to export-earning e-businesses.

A key part of the e-business sector is the Island data centre sub-sector, which provides valuable data hosting services to both local and off-Island businesses. Data centres are a vital part of the Island's e-business infrastructure needed to attract other e-businesses but substantial capital investment is required. Therefore, the policy of the Department is to provide financial assistance for the construction and expansion of export-focused data centres. However, on-Island data centres do compete with each other and also serve the domestic market. In view of this, the Department's policy is to typically provide financial assistance for eligible projects at a maximum rate of 10% of the cost.

However, the Department has received and approved a wide range of applications from other kinds of e-businesses. Given their diversity it is not possible to be prescriptive as to the likely level of financial assistance. Export-earning e-businesses seeking financial assistance are encouraged to contact the Department to discuss their specific plans.

5.4. E-Gaming

E-Gaming businesses benefit from a supportive business environment and many generate significant amounts of income in a short time scale. Financial assistance is available to e-gaming businesses in the start-up phase capped at a maximum of £100,000 per three year period. This cap excludes the Employee Relocation Incentive which can be applied for in addition to the £100,000 (see appendix 6). It is unlikely that assistance will be provided to businesses for consumer advertising which is seen as a standard operational cost of the business. Only business to business marketing is supported.

The Department also helps businesses in the E-Gaming sector which are seeking to obtain a network licence from the Isle of Man Gambling Supervision Commission:

- loans, to a maximum of £20,000 per integration⁸ are available to assist with the cost of network integrations to such businesses;
- alternatively, financial assistance of up to 40% is available to sub-licence⁹ holders or white labels¹⁰ upgrading to full Island licences.

The overall financial assistance per E-Gaming company is capped at £100,000. Where loans are provided they will be interest bearing.

5.5. Financial and professional services

Except in the cases of requests for financial assistance under Appendix 2 or 6, where there is significant local competition for work within primary sectors, it is unlikely that the Department will provide financial assistance for existing financial and professional services sector businesses, examples of which include legal firms, accountancy firms and corporate service providers.

⁸ The technical hardware and software work required to link a new operator's web site securely to the internet.

⁹ Sub-licence holders are exclusively partnered to holders of a full licence. A sub-licence allows use of only the games approved for use by the holder of a full licence and the sub-licence holder retains control of both player registration and banking. The fee for a sub-licence is £5,000 per annum and it is a requirement that the sub-licence holder's business be incorporated in the Island.

¹⁰ White label holders are exclusively partnered to holders of either a full or sub-licence. White labels allow use of only games approved for use by the holder of a white label but unlike full or sub-licence holders, white label operators do not have any control of player registration or banking. There is neither a requirement for a licence fee nor to incorporate in the Island.

Consideration is, however, given to existing financial services businesses seeking to provide services which are not currently available in the Island to off-Island clients. This includes projects which enable an existing financial services business to provide its services off-Island or where a business can demonstrate that it is moving into a new market which has not previously been targeted by businesses on the Island. Where a business operates in more than one sector it is expected that any financial assistance would be proportionate to the eligible part of the business.

A new bank, insurance business, fund manager, corporate service provider, trust service provider or similar regulated entity is eligible for financial assistance under the Scheme with financial assistance being available at a maximum of 40% of the costs of setting up an office in the Island in the first two years. As above, the effect on existing businesses is taken into consideration; the Department does not support start-ups which are only taking clients away from existing service providers.

Both new and existing financial businesses may be eligible for financial assistance of up to £20,000 per annum at a percentage of 40% of eligible expenditure if undertaking marketing abroad (except where it may not be public policy to support work in a particular country).

Advocates and accountants may be eligible for such financial assistance.

The Department is always willing to discuss the availability or otherwise of assistance to a particular sector with relevant businesses or representatives from that sector.

5.6. Media

The Scheme can support media businesses to set-up or establish on the Island with capital investment and start-up requirements but excludes programme making costs. Media businesses that would attract assistance would be projects where the business requires capital investment and permanent premises. These projects might be for television, video, games and animation as well as new media genres with a potential for future expansion such as virtual reality.

An example of a type of business referred to above that could be supported is an animation project where the business requires capital investment and permanent premises. Support could typically be up to the 40% level and towards (not exclusively):

- plant & equipment (for example computers);
- IT infrastructure (cabling etc.);
- IT software purchasers;
- rent costs (for up to the first 24 months);
- office refurbishment;
- 1st year non-recurring set-up costs.

The level of support would be dependent on the normal FAS application procedures, due diligence, evaluation and assessment of the jobs created by the project.

Any potential applicants are encouraged to contact the Enterprise Support Team before any formal application is submitted.

5.7. The visitor economy and leisure sectors

A fundamental aim of the Scheme is the creation of jobs and the accrual of other benefits to the Island's economy but consideration is also given to smaller, viable businesses which offer a unique experience to visitors and expand the Island's tourism offering. The level of financial assistance available for the visitor economy and leisure sectors is dependent on the particular activity.

The Scheme does not provide any financial assistance in respect of moveable fixtures or fittings for tourism premises (e.g. beds and furniture), redecoration of premises or replacement of existing equipment.

Financial assistance is not available towards developing or building traditional self-catering accommodation or bed and breakfast accommodation (the latter term is defined as being within the owner's own residence, and comprising accommodation for up to 6 people) as this sector is well served locally. However, the development of serviced accommodation and quality alternative accommodation e.g. "glamping" facilities (which promote year-round tourism) is encouraged by the Department and may be eligible for assistance.

Financial assistance may be available towards developing hostel designated accommodation where it is also supported by associated activity (based on Visit England Standards) as the Island has limited provision currently in terms of group and youth accommodation. Priorities in relation to eligibility are that the hostel accommodation offers additional leisure facilities that are supervised and offered as part of the product offering. Therefore, due to the nature of the product, hostels in the countryside that provide geographical diversification - spreading tourism away from the Eastern sector would be preferred.

The Island has an acute shortage of accommodation which is accessible for people with disabilities and the Department supports and encourages its development in order to meet consumer demand. Accommodation which would be accredited under the National Accessible Scheme ¹¹ (managed by Visit England) will increase the probability of the maximum level of financial assistance being offered.

Financial assistance is considered for quality visitor attractions which make a positive impression on both visitors arriving on the Island and residents, and add to the Island's offering as a tourist destination. Businesses operating in the visitor economy may apply for off-Island marketing financial assistance of up to 40% of eligible expenditure up to a maximum grant of £30,000 per annum. Further details can be found at **Appendix 4**.

Businesses which operate in the leisure sector may be eligible for assistance where the activity to be offered is not currently available. If the activity is already offered elsewhere on the Island the decision to consider the application depends upon an assessment of whether the market can support more than one such project. Assistance is not available for bars, restaurants, night clubs, casinos or similar venues.

¹¹ See <https://www.visitbritain.org/national-accessible-scheme>

Applications from the leisure sector are considered and evaluated according to the following criteria:

- job creation;
- value to the visitor economy;
- overall contribution to the community; and
- local spend.

5.8. Relocation of head office or key functions etc.

The Department may provide financial assistance where an international, export-focused business seeks assistance to establish its headquarters or related key function (such as a research facility or call centre) on the Island. Such projects can provide diverse and good quality employment.

A relocation of a head office will be eligible for financial assistance at a typical rate of 10% to 25% to cover office rental for up to the first two years, initial set-up costs of the business such as professional fees and relocation costs, office fit out and furnishings.

5.9. Ship and aircraft management and related activities

Assistance is available to businesses relocating to the Island with an existing client base. The level of assistance is dependent on the number of jobs and the value generated for the local economy. No assistance is available for a start-up which would be in direct competition with existing managers.

5.10. Non-regulated business services

There are numerous service related businesses targeted at off Island customers. Examples include businesses undertaking design services, software development or the provision of call centre services.

The Department may consider applications from service businesses targeting the local market where the service is not available locally or has to be brought in from off-Island.

Applications in this area can be more difficult to determine and potential applicants should seek advice as to eligibility from the Department. In the majority of cases the Department would only consider a single application from a business starting up or relocating to the Island.

5.11. On Island conferences held by local businesses

The Department is seeking to increase the number of conferences which take place in the Island, especially in the low season. Many local businesses hold conferences for customers or suppliers or else hold an annual conference for other companies which are in the same group. Financial assistance of up to 40% for a conference arranged by a local business may be available where it is held between 1 October and 28 February with one application being permissible from the same applicant in any three year period. To be eligible, the event must comply with the following:

- there must be fifteen or more delegates;
- 50% of delegates must come from off-Island;
- Off-Island delegates must have a minimum of one overnight stay in commercial accommodation;
- the Department must be given the opportunity to make a presentation (though this right may not be exercised).

5.12. Business park / industrial estate owners

In order to encourage improvements to the Island's industrial estates and business parks, financial assistance of up to 25% of eligible expenditure capped at £25,000 per annum is available to landowners in respect of the following:

- improvements to estate infrastructure;
- landscaping appropriate areas;
- employment of one or more approved contractors (see below) to tidy the estate;
- 'vision' documentation of estate extensions showing an artist's impression of how an estate might be developed, marketing information etc.

The Department seeks to ensure that the whole Island is open for business; this requires the Island's industrial areas and business parks to look inviting to inward investors. Improvements are encouraged as is the preparation of artist impressions of new developments etc.

The conditions to which any offer of financial assistance will be made are as follows:

- the work has to be agreed in advance with Department;
- the work must not consist of routine maintenance but has to be a genuine improvement;
- contractors used have to be accredited under the Manx Accredited Construction Contractors' Scheme (MACCS)¹²;
- professional service businesses have to be based in the Isle of Man;
- any printing or creative work has to be carried out by local businesses.

Assistance will only be given to businesses which employ at least one employee who is resident for Isle of Man income tax purposes.

5.13. Food and drink manufacturing / processing

The Department is working closely with the Department of Environment, Food and Agriculture to support adding value to local produce through manufacturing and processing. The benefits of this sector are:

- import substitution;
- food security;

¹² See <https://www.iomcf.im/maccs/what-is-maccs/>

- export opportunities; and
- enhanced visitor experience.

The Department provides assistance towards the plant and equipment used for processing, gaining appropriate quality standards, undertaking off-Island marketing and building improvement work to convert a building to a suitable production or processing facility.

5.14. Training businesses

The Department has previously assisted training businesses. However, this market is growing and a number of businesses now offer a much wider range of training than was previously available. Current policy is to offer financial assistance only where the type of training being offered is (at the time of the application) only available off-Island and where its local provision will materially aid economic growth.

The above list of sectoral support is not exhaustive and, as stated earlier, the Department is willing to accept an approach from sector representative bodies where there may be a strong economic argument to support a particular sector and the making available of such financial assistance is in accordance with Vision 2020.

For further more detailed information as to financial assistance available to specific sectors or in relation to specific activities see **Appendix 1: Summary table of specific sectoral financial assistance.**

6. Types of financial assistance available

The Department can provide assistance with a range of expenditure, namely:

6.1. Capital grants

Up to 40% of the costs of new purpose built buildings, building improvements and new plant and machinery. Repairs and renewals are not eligible for financial assistance. Consumables such as furniture, linen, crockery for hotel developments are not eligible; these are considered as operational costs.

The Department does not provide financial assistance towards the purchase of land or property.

Financial assistance is available for the purchase or construction of a brand new building where such a building has not previously been occupied and is to be purchased within 18 months of its completion. A valuation will be required by the Government Valuer and the cost of land must be excluded from the application.

The purpose of capital grants is to generate new economic activity. As a result, the level of financial assistance offered will be lower where machinery or equipment is simply replaced without creating new economic value. A new machine or equipment that will generate new revenues and jobs may attract a grant of 40% while a machine that is simply replacing a worn out one will not qualify for a grant; where there is a mix of replacement equipment and equipment which is to be used for a new purpose this will be likely to attract a grant of less than 40%, the exact percentage being based on the business case provided.

6.2. Operating grants

- (a) **Special First Year Expenses** - up to 40% of non-recurring costs associated with the establishment of a project (excluding statutory charges). These should be discussed with the Department before submitting any application.

It is unlikely that the Department will provide financial assistance towards intellectual property being transferred to the Island.

- (b) **Training Costs** - up to 40% of special training costs directly associated with purchased plant and equipment.
- (c) **Marketing Costs** - up to 40% of the costs of specific new marketing ventures (see further at 6.3. below).
- (d) **Efficiency Measures** - up to 40% of the costs of implementing quality standards, energy conservation etc.
- (e) **Rent Reduction** - up to 40% of the cost of renting commercial premises from a private developer or landlord for the initial period of a new project. For manufacturing, financial, and professional services businesses, ICT, creative and e-businesses where 80% of the turnover is generated off-Island financial assistance towards rent of up to 100% is available for twelve months (up to a maximum of £50,000) where the accommodation is situated in town boundaries (plus the extension in Ramsey). This is in addition to other categories of financial assistance.

Financial assistance is paid quarterly in arrears; evidence of the payment of the rent will need to be submitted to the Department.

6.3. Marketing grants

It is the Department's policy to support new marketing activity that will generate new revenues and economic benefits. Activity that is simply intended to protect existing customers and sales will not attract financial assistance.

Where there is an exhibition attended by numerous competing Island businesses (e.g. the International Casino Expo (ICE) in gaming and the Monaco Yacht Show for shipping) no financial assistance will be available to any business, as it would not be equitable to support some businesses and not others.

The Department is supportive of local businesses entering new markets and thus expanding their customer bases and geographical spread as this reduces their risks. An application for this type of support will receive financial assistance at a higher level than marketing used for other purposes.

Day to day marketing and promotional efforts to maintain customer relations, sales and awareness is viewed by the Department as an ongoing business cost and for this reason such activities do not typically attract financial assistance. Many businesses attend the same exhibitions every year both to protect existing customers and to gain new customers. The Department recognises that these types of event can help to grow businesses and for this reason encourage businesses to attend; at the same time the Department is mindful that businesses should be responsible for funding their own

regular marketing activities. Hence financial assistance will be given on the following basis: a maximum of 40% financial assistance in year one; 25% in year two; 15% in year three, and 10% thereafter.

The Department does not support any on-Island marketing other than in respect of on-Island conferences (see 5.11.).

6.4. Employment grants

Financial assistance is available in certain circumstances where:

- a new or existing business creates jobs on the Island or relocates jobs to the Island from elsewhere; and
- the jobs are taken by off Island workers.

Note that, subject to conditions, employment grants are available to all businesses in the e-business sector (which includes the ICT sector) even if businesses are not principally engaged in export-related activity (see further at **Appendix 6**).

6.5. Research & development

Financial assistance may be available to businesses that are undertaking a new research and development project (see further at **Appendix 7**).

6.6. Other forms of financial assistance

Some other less common forms of financial assistance may be available. These are set out at **Appendix 3** and **Appendix 8**.

6.7. Financial assistance for businesses in difficulty

Information as to financial assistance for businesses in difficulty is set out at **Appendix 5**.

7. How often can businesses apply to the Scheme?

Many businesses submit regular applications for assistance. The Department's policy is to only accept one application from a business in any year, except in exceptional circumstances (for example where a business is contemplating expanding into a new business area which has the potential to create new employment.) However, this general policy does not preclude businesses from having an ongoing dialogue with the Department about any ongoing issues.

The Department assesses the level of financial assistance to be offered in relation to the potential economic benefit. Where an applicant seeks financial assistance each year, then this is likely to reduce the economic return compared to, for example, where a single application for assistance over a 10 year period is received.

Applicants need to advise the Department as to the likely frequency and nature of potential future applications to assist officers to assess the appropriate level of financial assistance.

8. Criteria used to assess economic value

The Department assesses applications for financial assistance on a case by case basis. The following are the key criteria which the Department takes into consideration when determining what percentage of financial assistance to grant in applications to the Scheme. Other than where a lower percentage is set for a particular incentive (see Appendix 1) the maximum level of financial assistance is 40%.

- contribution to the Island's economy (measured using Gross National Product, (GNP));
- any local competition considerations;
- the number and quality of jobs that a project will create or protect;
- whether the machinery or equipment is to replace existing machinery or equipment, (see further at 4.5.);
- whether the business is an exporter;
- any import substitution;
- the level of expenditure, excluding wages and salaries, to be undertaken on the Island;
- where the directors and shareholders of the business are resident;
- where appropriate, the number of visitors a project may bring to the Island;
- in respect of marketing applications, whether the purpose of the marketing is to support new markets (see further at 6.3. above).

9. Terms and conditions

Standard terms and conditions apply to all offers of financial assistance usually for a 3, 5, 10 or 15 year period.¹³ They are intended to protect the Department's investment so that if, for example, a business ceases to trade within the period of the conditions or stops using the supported assets for the purpose intended, then all or part of the financial assistance received may be repayable. There are a number of scenarios that would trigger a default under the standard terms and conditions so it is very important that applicants read and understand the terms and conditions before accepting an offer of financial assistance. The Department may also impose further more specific conditions depending on the particular applicant's circumstances. In the case of a new business start-up, financial assistance may be linked to the performance of the business against the business plan as submitted as part of the application.

The Department may wish to take security on the assets of the business to protect any financial assistance provided. This would be by way of a debenture providing a first fixed and floating charge on assets that exceed the value of the assistance provided. Where security is required the applicant will be required to enter into a legally binding charge in respect of which independent legal advice should be sought.

¹³ Sample terms and conditions are available at https://www.gov.im/media/150878/ded_financial_assistance_scheme_sample_termsandconditions.pdf

10. Public disclosure of financial assistance paid

It is a statutory requirement that the names of businesses which received support under the Scheme be published in an annual report prepared by the Department which is laid before Tynwald (the Isle of Man's Parliament). Details of financial assistance cannot therefore, be confidential to the business concerned.

Applicants should also be aware that parliamentary questions may be asked about particular applications or applicants.

11. The application process

Potential applicants who would like to discuss financial assistance which may be available from the Department and how the Scheme could help their business are encouraged to contact the Department before submitting an application. It will be necessary to submit a completed application form signed by a director or principal on behalf of the business.

Please note:

- financial assistance cannot be considered retrospectively for items of expenditure which have already been purchased;
- neither a preliminary discussion nor presentation should be considered a substitute for a properly supported application;
- the applicant is responsible for all costs involved in preparing and submitting an application.

11.1. Information to be provided

For applications where expenditure is £50,000 gross cost (FASt-Track) and below, the Department will only require the following:

- expenditure in respect of which financial assistance is sought;
- a summary of the business and its customers;
- details of the business: date of registration, shareholders (to include percentages of shares owned), directors, beneficial owners etc. and links to other businesses, if any;
- job titles and salaries of current and proposed staff;
- monthly income and expenditure sheet including local spend;
- information as to premises - whether owned or rented and the location;
- summary of any marketing initiatives, current or proposed;
- financial information including:
 - copies of accounts for up to the previous 3 years;
 - projected profit and loss for 1 year

For all other applications, the following information should be provided; a business plan with a project summary must be submitted with the FAS application form¹⁴. The plan should include:

- expenditure in respect of which financial assistance is sought;
- background and current or proposed location of the business;
- CVs and relevant experience of the management team;
- details of the business: (date of registration, shareholders (to include percentages of shares owned), directors, beneficial owners etc. and links to other businesses, if any);
- business model, together with short and long term objectives, key customers, confirmed orders etc.;
- employment structure including numbers of employees, types of jobs, wage rates etc.;
- information as to premises - whether owned or rented and the location. Where premises are rented or leased, details of owners and annual costs (including rent and any service charge contributions and/or other regular outgoings);
- marketing plan including whether customers are off-Island or on-Island;
- financial information including:
 - copies of audited accounts for the previous 3 years (if applicable);
 - projected profit and loss forecasts for the next 3 years together with an explanatory narrative;
- a list of all items in respect of which assistance is being requested together with the cost of each (net of VAT) and an explanatory narrative;
- a summary that links the business plan, financial statements, marketing plan and the application together to show clearly 'at a glance' how the potential assistance would benefit the business and the Island;
- any other relevant information, particularly as to any potential risks to the business.

Where financial assistance requested is £100,000 or above cash flow forecasts for three years must be supplied together with an explanation of the assumptions used. In such circumstances, Treasury approval of the application will also be required.

Applicants should read the Terms and Conditions thoroughly before submitting an application (see paragraph 9. above). The completed application form and supporting documentation should be sent to:

¹⁴ The Application Form is available <https://www.gov.im/categories/business-and-industries/business-support-and-assistance/financial-assistance-scheme/>. Hard copies of the form may be obtained from the Department's Enterprise Support Team.

Enterprise Support
Department for Enterprise,
1st Floor,
St George's Court,
Upper Church Street, Douglas,
Isle of Man
IM1 1EX
Tel. +44 1624 687333 / email enterprisesupport@gov.im

The Department would recommend that postal applications be sent by recorded mail.

By exception and by officer's discretion, it may still be necessary to request additional information required in higher value applications.

11.2. Evaluation of the application

Following receipt of the application and supporting documentation the application will be formally evaluated. At this stage the Department may request additional information or seek clarification of certain points. The Department will arrange a meeting at the applicant's place of business (or proposed place of business) to discuss the application in further detail.

The Department will also contact the Treasury with regard to National Insurance, ITIP, Income Tax, VAT Payments to ensure there are no outstanding Government debts. Further checks may also be made subsequently before grants are paid (see 11.6. below).

The Department aims to deal with the majority of applications within 8 weeks of receipt or, where additional information is sought, the date such information is provided (whichever is the later).

11.3. Departmental report

Once the Department has all the information that is required to evaluate the application, a report is prepared for formal consideration by the Department.

11.4. The decision

Where the application is successful the applicant will be notified of the offer in writing and the terms and conditions which would apply upon acceptance. As discussed at 9. above standard terms and conditions are applied to each offer of financial assistance. These cover the implications of acceptance of assistance and set out the process for reporting information on the business that the Department will require as a condition of providing assistance.

The Department reserves the right to withdraw an offer of assistance at its discretion. Although unusual this circumstance could arise if an applicant fails to comply with terms and conditions or if the Department believes that any information submitted as part of the application is incorrect or untrue.

Where the application is refused, the applicant will be advised of the decision and the reasons for it.

An applicant who is refused financial assistance can ask the Department to reconsider its decision if he or she has additional information or is of the view that a relevant factor

has not been taken into account. Similarly where the Department decides to offer financial assistance but on terms which the applicant considers to be unacceptable the applicant may request the Department to reconsider the terms and conditions.

The Scheme is discretionary. The offer of any financial assistance is entirely at the Department's discretion. The Department is under an obligation to process and consider all applications reasonably, but is not under an obligation to make any payment.

Any offer of financial assistance is also subject to availability of Department funds.

11.5. Accepting the offer

Where the offer of financial assistance is accepted the terms and conditions should be signed and returned to the Department. This is necessary before any application for payment can be considered.

The offer of financial assistance must be accepted by the applicant within six months of issue of the offer letter. The assistance may then be claimed over a period of two years from the date the offer of financial assistance is made. Upon application to the Department this period may be extended. If, for business reasons, an applicant is unable to take up an offer of assistance within the given timescale, submission of a new application may be necessary.

Applicants who are in receipt of an offer should read the terms and conditions carefully, as they may include significant obligations (see further at 9.). As pointed out, the Department may impose conditions (including but not limited to the giving of security for the repayment of the financial assistance), which are additional to those included in the standard terms and conditions. Applicants are advised to seek independent legal advice as to the terms and conditions and any additional documentation which they are required to sign.

11.6. Claiming payments from the Department

Once the applicant has signed and returned the terms and conditions to the Department the applicant may make claims for payment. As stated above the offer of assistance is valid for two years and claims must be submitted within that time.

In order to process a claim for payment the Department will contact the Treasury with regard to National Insurance, ITIP, Income Tax, VAT payments and other potential Government debts. In order to prevent any delay in processing claims, claimants should ensure that they remain in compliance with all statutory obligations.

Financial assistance under the Scheme will be paid retrospectively, except in exceptional circumstances when the Department makes available working capital repayable grants. This type of financial assistance is only available to existing businesses and is subject to agreement in advance based on demonstrable need.

In order to submit a claim for payment, applicants should complete the application for payment, form F103, and submit it to the Department together with the original invoices, and a summary sheet. Any queries regarding the claim procedures should be directed to the Department on (+44) 1624 682328 or by e-mailing enterprisesupport@gov.im.

Appendix 1: Summary table of specific sectoral financial assistance

Sector Sub-sector	Typical % financial assistance	Justification for the Department's financial assistance for eligible sectors
Manufacturing		
Aerospace	10 to 40%	<ul style="list-style-type: none"> • Approximately 1,000 well paid jobs supported • High levels of contribution to GNP • Raises profile of the Island • Is the future of high value manufacturing • Significant growth potential • All output is exported
Engineering	10 to 40%	<ul style="list-style-type: none"> • Range of employment opportunities at various skill levels • Enables local production and reduces imports • Supports key aerospace sector
General Manufacturing	10 to 40%	<ul style="list-style-type: none"> • Wide range of employment opportunities • Development of new skills • Encouragement of entrepreneurial opportunities • Reduces imported goods • Stable sector
Food and Drink	10 to 40%	<ul style="list-style-type: none"> • Range of employment opportunities at all levels • Approximately 1,000 jobs • Reduces imported goods • Export of certain products increasing • Greatest scope for adding value as raw materials are home grown • Helps maintain local agriculture
Printing Industry	10 to 20%	<ul style="list-style-type: none"> • Prevents the need to import goods
Recycling	5 to 10%	<ul style="list-style-type: none"> • Range of employment opportunities • Reduces waste to landfill • Reduces imported goods • Export of some products
E-Business		
Data centres	10%	<ul style="list-style-type: none"> • Employment opportunities for highly skilled staff • Quality data centres attract other e-businesses
E-Payment businesses	10 to 40%	<ul style="list-style-type: none"> • Pool of skilled staff available from banking sector • Money flowing through Island banks helps banking profits and thus corporate taxes

Sector Sub-sector	Typical % financial assistance	Justification for the Department's financial assistance for eligible sectors
Other exporting E-Businesses	10 to 40%	<ul style="list-style-type: none"> • Employment opportunities for skilled staff carrying out a wide range of activities • A greater number of e businesses encourages development of the secondary sectors that serve such businesses • Money flowing through Island banks helps banking profits and thus corporate taxes
E-Gaming		
Gaming Companies	10 to 40% (excludes consumer advertising / marketing). Financial assistance capped at £100,000 per company. Loans, to a maximum of £20,000 per integration are available to assist with the cost of network integrations. Alternatively, financial assistance of up to 40% is available to sub-licence holders or white label holders upgrading to full Island licences.	<ul style="list-style-type: none"> • Employment opportunities for a wide range of staff • Helps to further develop cluster of gaming organisations based on Island • Money flowing through Island banks helps banking profits and thus corporate taxes
Gaming Support Businesses	10 to 40%	<ul style="list-style-type: none"> • Support for a key sector • Helps retain money on-Island
Financial & Professional Services		
New licensed export orientated business	10 to 40% (excluding marketing)	<ul style="list-style-type: none"> • Money flowing through Island banks helps banking profits and thus corporate taxes • Key sector on the Island

Sector Sub-sector	Typical % financial assistance	Justification for the Department's financial assistance for eligible sectors
Existing licensed businesses setting up a new activity on the Island targeted off Island	10 to 40% (excluding marketing)	<ul style="list-style-type: none"> • Key sector on the Island • Ensures the Island is considered as a potential location for business expansion
New and existing business (marketing support)	Up to 40% to a maximum of £20,000 (See Appendix 2 for details)	<ul style="list-style-type: none"> • Encourages development of new markets
Media		
Television, video, games and animation projects etc.	Up to 40% (Capital expenditure, First Year Expenses and Rent costs only)	<ul style="list-style-type: none"> • Encourages new media projects on the Island. • This support is not towards the costs of programme making.
Hotel and Leisure Facilities		
New hotel accommodation 3* and above (whole premises, sole business)	Up to 20%	<ul style="list-style-type: none"> • There has been a loss of hotel accommodation over the last ten years • The Island needs quality hotel accommodation • Supports business sector as well as tourist visitor sector
New serviced accommodation 4* and above	Up to 20%	<ul style="list-style-type: none"> • There is a need for quality serviced guest accommodation on a smaller, less formal scale in addition to hotel accommodation
Improvements to existing serviced visitor accommodation to 3* plus	Up to 20%	<ul style="list-style-type: none"> • To protect existing visitor accommodation from decline • To increase visitor spend • To enhance perceptions of the Island as a visitor destination • To minimise negative perceptions of poor quality
Creation of new, permanent campsites to 3* plus (operating a minimum 7 months per year)	25 to 40%	<ul style="list-style-type: none"> • There is a requirement for good quality camping parks to meet new national standards • To provide required facilities for development of the camping, motorhome and caravan market

Sector Sub-sector	Typical % financial assistance	Justification for the Department's financial assistance for eligible sectors
Development of existing permanent campsites to meet new minimum standards (operating a minimum of 7 months a year)	25 to 40%	<ul style="list-style-type: none"> • There is a need to introduce new minimum quality standards in order to compete with other visitor destinations • Existing campsite facilities are basic in comparison to UK and European standards
New hostel accommodation with associated outdoor activities on offer. (operating a minimum 7 months a year)	25 to 40%	<ul style="list-style-type: none"> • Island has limited provision in terms of group and youth accommodation • Increase value generated by new visitor markets • Provide geographical diversification e.g. away from towns • Provide a unique experience that expands the Island's product offer
Development of new and existing alternative accommodation sites including yurts, log cabins, pods, treehouses, safari tents etc.	25 to 40%	<ul style="list-style-type: none"> • Research suggests this is a niche but growing market • Demonstrates a good fit with the Island's target markets • Low environmental impact of temporary structures • Offers further diversification of the Island's visitor economy
Visitor and local leisure facilities	Up to 25%	<ul style="list-style-type: none"> • Good leisure facilities can increase quality of life experience • Range of activities can help attract visitors and retain money on-Island • Requirement for diverse range of visitor experiences to compete as visitor destination
Visitor economy marketing		
Off-Island promotion	Up to 40% capped at £30,000 per annum	<ul style="list-style-type: none"> • To increase awareness of the Island as a visitor destination • Increase visitor numbers • Increase visitor spend • Increase number of contacts for marketing activity

Sector Sub-sector	Typical % financial assistance	Justification for the Department's financial assistance for eligible sectors
Head Office		
Head Office	10% to 25%	<ul style="list-style-type: none"> • Possible transfer of skills from the finance sector • Wide range of employment opportunities, many in higher pay ranges • Likely to attract High Net Worth Individuals
Ship and Aircraft Management and related activities		
Ship Crewing	Up to 25%	<ul style="list-style-type: none"> • Fits with the Ship Registry • Skills readily available on the Island
Ship and Aircraft Management	Up to 40%	<ul style="list-style-type: none"> • Fits with Aircraft and Ship Registry • Skills readily available • Supports professional sectors on the Island
Services - Non Financial		
Export Orientated Businesses	Up to 40%	<ul style="list-style-type: none"> • Helps grow overall economy • Many service businesses are a good fit with existing workforce skills
Local service provider	Up to 40%, maximum of £10,000 (where no local provider)	<ul style="list-style-type: none"> • Import substitution • Adds to overall economy • Extends range of skills available locally
Business Park / Industrial Estates		
Estate owners	Up to 25%	<ul style="list-style-type: none"> • Encourages improvements to estate infrastructure
Nursing and Child Care		
Start-up/Expanding Nursery Businesses	Up to 40% (specified categories in Appendix 8)	<ul style="list-style-type: none"> • See Appendix 8

Appendix 2: Financial assistance for marketing for financial services businesses

Basic eligibility criteria

It should be noted that businesses need to be sole traders, partnerships established on the Island or Isle of Man incorporated entities to be eligible; branches of companies registered in other jurisdictions are not eligible.

Activities which are eligible for financial assistance

- Travel and accommodation where an Island representative is speaking at a conference/event.
- Visits to gain new clients and businesses. Trips to retain contact with existing clients are not eligible. Where a trip comprises both, a reduced level of financial assistance will be given. Items supported will be travel and accommodation.
- Eligible countries and regions are China, India, the Middle East, Sweden, Russia, Singapore and United Kingdom, though trips to other areas may be supported where there is a strong business case.
- Arrangement of bespoke events such as presentations for potential clients and customers, assistance with room hire, event organisation, travel and accommodation.

Attendance at conferences and exhibitions will only be eligible for financial assistance where a representative of the applicant is to make a presentation at the event.

Where the Department is already providing financial assistance in respect of the event / conference through another mechanism then no additional financial assistance will be available.

Application forms must be received before any travel is undertaken. An applicant who undertakes travel before a decision has been made in respect of such an application must accept the risk that he or she may not receive any reimbursement of those costs if financial assistance towards the travel costs is not approved.

Assistance available

Assistance available is up to 40% of eligible expenditure, up to a maximum of £20,000. (No further application from the same business is permitted within a year of submission of an application).

Total financial assistance to a group which comprises a number of companies will be limited to £20,000 per year except in exceptional circumstances.

The actual percentage offered will be affected by:

- whether the service to be marketed is unique or whether it is offered by other businesses;
- employment levels and employment growth prospects; and
- the potential effect of the marketing on the profile of the Island as a whole.

Application process

Applicants should:

- complete the application form (see 11.);
- submit details of the proposed marketing activity to the Department together with details of costs and intended outcomes;
- submit statutory financial statements for the previous three years;
- submit information as to staff levels, average salaries and employment prospects for the next three years.

Payment process

Claimants should:

- complete form F103 (see 11.6.);
- submit paid invoices to the Department together with an invoice summary sheet;
- submit a report on the trip and its outcome with the claim for payment.

Additional notes

- Subsistence claims will be paid in accordance with the daily rates detailed in the application form.
- No financial assistance will be provided in respect of alcoholic beverages.

Appendix 3: Alternative types of financial assistance

There are many potential different types of financial assistance. The Department may, in conjunction with the Treasury, consider the following types of financial assistance. The general principles relating to the types of businesses and sectors as described elsewhere in these Guidelines will normally apply.

Of these alternative types of assistance the use of loans is the most regularly used.

Loans

There may be occasions where assistance with actual expenditure, the Department's most common type of assistance, is not relevant. A business may not have a significant amount of items within the eligible categories and working capital may more relevant. It may also be that a combination of grants and loans would be a more effective form of support for the business. Loans may also be available in the circumstance set out in **Appendix 5** below.

Such applications are dealt with on a case by case basis, with the main consideration being the economic benefits that will be generated by the particular business. The application process is the same as for other applications under the Scheme.

Loans may also be available under the separate Enterprise Development Scheme 2018¹⁵.

Sale and leaseback

This option is only expected to be used in exceptional circumstances where no other source of finance is available to a business wishing to expand and the business is export orientated. Individual cases are determined on their merits and potential applicants are advised to discuss their proposals with the Department before submitting an application. This will help establish eligibility and the information that will be required as part of the application.

Equity investment

Equity investment is not available through the Scheme but may be available through the separate Enterprise Development Scheme 2018¹⁶.

¹⁵ <https://www.gov.im/categories/business-and-industries/business-support-and-assistance/enterprise-development-scheme/>

¹⁶ See previous footnote.

Appendix 4: Financial assistance for visitor economy marketing activity

Basic eligibility criteria

Businesses need to be sole traders, partnerships established on the Island or Isle of Man incorporated entities to be eligible.

Applicants must demonstrate that financial assistance is required for initiatives which target new markets and does not comprise day to day marketing expenditure.

Applicants must demonstrate how the proposed activity will benefit the broader visitor economy and support the Department's objectives which are to:

- increase awareness of the Island as a visitor destination in key markets;
- increase bookings / visitor numbers;
- increase valid leads for the Department's database of contacts;
- increase visitor spending;
- attract additional out of season visitors (October to February). (Note that 25% of the budget must be spent to this end).

Funding is only be provided for off-Island marketing activity.

Financial assistance of up to 40% of the cost of marketing activity will be considered, with a maximum of £30,000 per business within a twelve month period. Payment is made retrospectively following completion of relevant documentation and submission of receipts.

If applications are submitted for repeat activity the amount of funding available may be reduced in subsequent years.

Non-financial support in the form of marketing advice and training may also be available during the year. The Department's Business Improvement Scheme¹⁷ may also be available to help businesses trade online e.g. for development of a web site. Where appropriate, websites should link to the Department's websites.

Assessment criteria

The following criteria are considered when applications are assessed:

- 1) The extent to which the project will increase visitor numbers over and above those that are coming already;
 - whether it will help extend the length of the season;

¹⁷ See <https://www.gov.im/categories/business-and-industries/business-support-and-assistance/business-improvement-scheme/>

- whether it will enhance visitors' experience and encourage them to return to the Island or recommend the Island to others;
- 2) The extent to which the project is in keeping with the visitor economy strategy;
- whether it will help develop the Island into a year round destination;
 - whether it will increase the value generated by visitors;
 - whether it will attract new visitors;
 - whether it creates opportunities to gather contact data to share with the Department.
- 3) What would happen if funding under the Scheme was not available;
- whether the project would still go ahead and, if so, whether it would be likely to be less successful in attracting visitors.
- 4) The project leverage in respect of other sources of funding;
- whether the grant would be supplemented by additional funds from Government or other grant awarding bodies which would increase the overall level of investment.

Application requirements:

Applicants should submit:

- application form (see paragraph 11.);
- a detailed marketing strategy; and
- financial forecasts indicating the level of new business which it is expected to generate as a result of the grant which is being sought.

Specific conditions

Applicants for financial assistance must agree to:

- provide customer volumes, profiles, sales channels, expected outcomes and results achieved;
- provide occupancy data, enquiries, booking figures, (as applicable);
- provide details of contacts that have opted in to receive information from the Department;
- use the Visit Isle of Man logo, provide hyperlinks to the visitisleofman.com web site where applicable (in accordance with guidelines which will be provided by the Department);
- take part in relevant Department surveys;
- act as an ambassador for the Island if so requested by the Department;
- assist the Department's marketing activity and Visitor Economy strategy.

Appendix 5: Financial assistance for businesses in difficulty

The Department will consider supporting eligible businesses that are experiencing financial difficulties. The criteria and the process are outlined below.

It is recognised that each case is different and that prompt resolution is often required in such cases; therefore it is recommended that any business which may be seeking such financial assistance speaks to the Department before making an application.

Criteria

To be eligible for financial assistance, a business must satisfy the following conditions:

1. Type of business

The business must meet all of the eligibility criteria set out in the Regulations.

2. Sustainability of the business

There must be credible evidence that the business will be able to trade on a profitable and sustainable basis if financial assistance is given. It would not be an appropriate use of taxpayers' money to provide financial assistance to a business which is not viable.

If a business meets the above conditions, then the following criteria will also be assessed:

1. Impact on the economy if the business were to cease trading

There can be significant adverse consequences if a business ceases to trade, for its employees, customers, creditors, the taxpayer and the wider economy. The applicant should provide relevant information to help to assess the possible impact.

2. Growth prospects

The Scheme is principally intended to aid the growth of the Island's economy. The applicant should provide evidence of the prospects for future growth of the business and the potential to generate additional revenue, spending in the local economy, the effect on Government income, and job creation.

3. Sources of capital

A business experiencing financial difficulties typically requires additional capital to enable it to survive and thrive. In such a situation the Department would not expect to be the sole provider of finance and would anticipate shareholders and /or third parties also providing finance to the business.

Application requirements

Applicants should submit:

- full disclosure setting out the background to the current situation;
- accounts for the previous three years;

- management accounts from the previous financial year end to the date of application;
- the business plan detailing the future plans for the business and the sources of the capital required;
- full disclosure of all creditors;
- letters of authority to enable debts to be checked if appropriate.

Application process

The steps are as follows:

- the applicant approaches the Department to establish whether an application can be made;
- the applicant submits all relevant information;
- a meeting is held between officers of the Department and the applicant to discuss the information. It may be helpful for other parties to be involved, notably the bank(s) involved and any parties which may be providing significant additional capital;
- a report is prepared for the Department;
- where the Department is in favour of providing significant financial assistance the approval of the Treasury is also required. If this is the case, additional time will be required.
- the applicant is informed of the decision.

The Department will treat applications from businesses experiencing financial difficulties as a priority. Applicants should, however, still expect to wait a minimum of three weeks for a decision.

Appendix 6: Employee Relocation Incentive

Background

The Department is seeking to encourage an expansion of the Island's workforce. This is in the Island's national interest as it helps both to grow the economy and to balance the Government's budget by generating additional tax revenue.

The Department appreciates that:

- businesses may have a choice of international locations where they can locate jobs; and
- many existing Island businesses require additional skilled staff who are not available locally.

As such, the Department wishes to incentivise businesses to bring new employees¹⁸ to the Island.

In recognition of the additional recruitment and relocation costs in connection with off-Island employees, subject to meeting eligibility requirements, financial assistance is available where jobs are filled by off-Island workers.

This is subject to the following conditions:

- that the minimum gross salary in respect of which assistance is sought is £25,000 per annum, and;
- that the business is either expanding its overall workforce by at least the number of full-time equivalent employees (FTEs) in respect of which assistance is sought, or;
- the business is backfilling an existing role. This is subject to the Department's discretion and budget constraints.

Assistance available

Assistance is by way of a grant, paid retrospectively, of 20% of the salary paid to the relevant employee for their first year of employment on the Island. For the purposes of this calculation, the amount of the salary will exclude bonuses, discretionary payments and the cost to the business of Income Tax, National Insurance and superannuation costs. The maximum grant is £10,000 per employee.

Eligibility to apply for assistance

- **The business**
 - must be in an eligible sector (see below);
 - must have a permanent establishment / place of business in the Island;
 - must be an eligible business under the Regulations (see further at sections 1 and 2 of the main text);
 - must be up to date with all tax (including VAT) and National Insurance obligations including returns and payments.

¹⁸ For the purposes of this Appendix, the term "employee" means the employee who fills or will fill the position in respect of which the application for assistance is made; this could include a new employee or an existing employee of the business who is relocated to the Island.

- **The job**
 - must constitute permanent, regular employment; and
 - must not be an excluded employment (see below).
- **The employee**
 - must be directly employed by the business;
 - their work must take place predominantly on the Island;
 - must not have been resident on the Island for income tax purposes prior to employment in the job;
 - must become resident on the Island for income tax purposes for the period of employment in respect of which the grant is claimed;
 - must have commenced employment by 30th September 2019.

- **Other**

An applicant must comply with the Control of Employment Act 2014 (CEA) and, in the case of any proposed workers from outside the European Economic Area, with the Immigration Act 1971 (of Parliament) and the immigration rules made under it, as they have effect on the Island.

In some cases the jobs may be covered by exemptions under the CEA. Where an exemption does not apply, applicants are advised to seek advice from the Department prior to or at the time of application.

Only one claim may be made per job/employee.

Eligible sectors

Applicants meeting the eligibility criteria and recruiting staff engaged principally in export-related activity in the following sectors may apply for financial assistance:

- Financial and Professional Services -
 - banking
 - insurance
 - fiduciary
 - fund management
 - space
 - management of ships, yachts or aircraft
 - legal and accounting
 - other financial services
- Manufacturing
- E-Business and Information and Communication Technologies (ICT) ¹⁹
- Specialist Construction roles (Architects & Quantity Surveyors only)
- Tourism and Hospitality, skilled and/or senior roles restricted to -

¹⁹ “Information and Communications Technologies (ICT)” comprises the use of digital technology as a central part of the development, manufacture or delivery of a product or service; “e-business” means the supply or delivery of goods and services primarily by electronic means using the internet or similar electronic networks and to avoid doubt, includes online gambling within the meaning of section 1(1) of the *Online Gambling Regulation Act 2001*.

- Head Chef
- Sous Chef
- Head Housekeeper
- Food & Beverage Manager
- Revenue Manager
- General Hotel Manager

Applicants, whose principal business is ICT / E-Business may apply for assistance even if not engaged principally in export-related activity provided that they meet the other general criteria set out in this Appendix.

Excluded employments

Assistance is not available in respect of the following employments:

- in the supply, in the course of a business, of food or drink from a vehicle, tent or temporary structure;
- in the sale by retail of goods otherwise than from a permanent place of business in the Island, whether at a fixed location or from door to door;
- in or in connection with construction operations (unless specified above);
- in shop work;
- in tourist premises, unless specified above;
- in licensed premises, unless specified above;
- in the serving of refreshments, unless specified above;
- in the provision of personal care;
- in horticulture; or
- in cleaning work.

Ineligible operations

Neither is financial assistance available where in the Department's opinion, in order to obtain grant assistance, the business:

- manipulates the employment status of some or all of the workforce (including after receipt of a grant);²⁰
- moves jobs between connected Island employers or Isle of Man companies (including newly created companies) within the same Group (so that the jobs are not, in effect, new jobs); or
- seeks to displace existing workers.

Application requirements

- a signed application form (see 11.);
- a summary of the business plan explaining how the applicant plans to increase its workforce on the Island. This must include:

²⁰ For example, a self-employed individual incorporates and becomes an employee in order to receive a payment, then reduces the salary and pays dividends in order to save NIC.

- (in the cases of existing businesses) details of the applicant's current workforce, specifically numbers of directly employed, permanent employees, both full-time and part-time, the latter also expressed as FTEEs;
- details as to jobs and salaries in respect of which assistance is claimed and (where appropriate) clarification as to which jobs are to be new jobs;
- permission for the Department to obtain information from the Treasury as to the applicant and the applicant's employees in respect of whom assistance is sought (which will in turn require the applicant to obtain the requisite permissions from its own employees).

Before an application is submitted, the applicant must approach the Department to establish whether an application can be made.

Once this has been established, applicants must submit the following information:

Notification requirement

Applicants must notify the Department when each employee in respect of whom assistance is sought commences employment in the Island.

Conditions for payment of grants

Payment of assistance will be made retrospectively only after it has been confirmed to the Department's satisfaction:

- the relevant employee in respect of whom assistance is sought has completed 12 months' continuous service²¹;
- the salary paid to the employee for the relevant 12 month period;
- the employment is consistent with details which were provided in the application;
- the employment is to continue (and on the same basis); and
- Where the applicant has applied for assistance regarding a new role, it is expected that the applicant's workforce has expanded in accordance with plans that were provided at the time of application (and to this end the applicant must provide information as to the number of FTEEs working in the business at the end of the 12 month period).

The Department will also verify data with the Treasury before any assistance is paid and, where assistance has been paid, will retain the right to require part or full repayment, where in the Department's opinion the business does not comply with both the terms and conditions contained in this Appendix, in addition to the standard terms and conditions for assistance under the Financial Assistance Scheme referred to in paragraph 9 of these Guidelines.

²¹ Where the employee has not completed 12 months' continuous service no pro rata payment will be made.

Appendix 7: Financial Assistance in respect of research & development

Applicants are required to demonstrate that any proposed research and development expenditure should lead to the business developing innovative products or services with future commercial potential. In turn this is expected to lead to high-value export growth and job creation.

Qualifying research and development expenditure may include:

- testing and developing an innovative idea;
- developing a new product or service;
- an early stage feasibility study;
- prototyping, field trials, market tests, proof of concept, validation;
- late stage product or service development and testing.

Permissible costs include:

- facilities and premises;
- materials consumed;
- capital equipment;
- sub-contractor costs;
- third party consultancy fees;
- reasonable overheads;
- travel and subsistence (Government approved rates);

other costs e.g. technical reports, licensing new technologies, software, certification or other such costs as agreed by the Department on a case by case basis.

The Department may consider on-Island wage costs for an employee (other than that of a shareholder or director) with grant assistance being paid in respect of the actual costs, as verified by payslips. Such support would be considered on a case by case basis. The maximum amount of assistance which may be claimed in relation to wages is £10,000, and is restricted to employees working directly on research and development.

The Department will review the research and development expenditure against the following criteria:

- the likely commercial potential of the product or service;
- the likelihood of the project meeting its proposed objectives within 12 months;
- potential job creation;
- the applicant's track record.

Generally, only one grant application is permitted in any 12 month period and applicants are encouraged to take this into account and plan for the forthcoming year's expenditure when applying. However, in exceptional circumstances where job growth and creation can be proven, the Department may at its discretion allow further applications. Total financial assistance (excluding wage costs) is capped at £25,000 per annum.

Appendix 8: Support for additional child care & nursery provision

Background

A recent report undertaken by the Social Affairs Policy Review Committee highlighted the acute shortage of nursery and child care facilities for 0-5 year old children, in particular provision for those under 2 years. It required the Department of Health and Social Care, Department of Education, Sport and Culture, Department for Enterprise and Treasury to work together to develop a holistic strategy to start to address the issue.

The shortage of nursery and childcare facilities is a factor that can inhibit economic growth as it potentially prevents parents returning to work and is often seen as a barrier by new workers looking to relocate to the Island.

The support for additional child care and nursery provision is for a limited period and is subject to a review in November 2020. It is aimed at businesses that have exceeded the Micro Business Grant Scheme which allows new businesses to access up to £15,000 support.

Assistance Available

For start-up nursery and child care businesses or such existing businesses wishing to expand, the Department has the following support available through a fast track simplified application process:

- Up to 40% rent support for 12 months (100% if outside the Eastern Sector in a town boundaries);
- Up to 40% towards modifications required to buildings;
- Up to 40% towards equipment, toys, play equipment, tvs/computers etc.;
- Voluntary access to free training support under the MBGS.

Additionally, for businesses that are prepared to expand and create at least 40% of its new nursery spaces for under 2 year olds:

- the amount available for rent support can be increased to 100% rent support for up to 24 months (regardless of location).

In all cases, the level of support would be dependent on the normal FAS application procedures, due diligence, evaluation and assessment of the jobs created by the project.

Eligibility to apply for assistance

The person or business must be undertaking a 'Child-related care service', either as a child day care centre, or childminder, as defined by the Regulation of Care Act 2013.

- **The business**
 - must have a permanent establishment / place of business in the Island;
 - must be an eligible business under the Regulations (see further at sections 1 and 2 of the main text);
 - must be up to date with all tax (including VAT) and National Insurance obligations including returns and payments.

- **Other**
 - An applicant must comply with the Control of Employment Act 2014 (CEA) and, in the case of any proposed workers from outside the European Economic Area, with the Immigration Act 1971 (of Parliament) and the immigration rules made under it, as they have effect on the Island.

 - In some cases the jobs may be covered by exemptions under the CEA. Where an exemption does not apply, applicants are advised to seek advice from the Department prior to or at the time of application.

 - An applicant must be in compliance with the Regulation of Care Act 2013.



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