

Start-up grant

Target group: start-up entrepreneurs who created their company within the previous 24 months.

The start-up grant aims to support the creation of enterprises that have a lot of development potential, and thereby expand regional entrepreneurship and the number of exporters.

Companies that receive the grant are obliged to meet certain goals, such as create new jobs and increase sales revenue.

Maximum amount of grant €15,000

Share of grant in the cost of a project is the maximum of 80%, self-financing must be at least 20%.

Total budget of the measure is € 8,100,000

Goal: To help start-up entrepreneurs in starting their companies in the manner described in the business plan and reach the desired results.

Results: By the year 2023, in total 1,000 new jobs have been created for all projects.

Conditions

- The regulation that regulates the grant is available [here](#).
- The company has operated up to 24 months.
- The company must be registered in the Commercial Register.
- There is no affiliation to another company of the same area of activity.
- The share of a legal entity in the company does not exceed 25%.
- The number of employees in the company is less than 10.
- The sales revenue or balance sheet total of the financial year preceding the submission of the application or for the last quarter of the current financial year must not exceed €80,000.
- Aimed at internationalisation and job creation if the company is operating in the city of Tallinn.
- Aimed at job creation if the company is operating outside the city of Tallinn.
- If the shareholders of the company have previously received support from the Unemployment Insurance Fund, the start-up entrepreneur project of the Unemployment Insurance Fund is considered as successfully completed.
- The company's aid of minor importance does not exceed €200 000.
- The sales revenue of the company must reach €80,000 during the second financial year after the end of the project eligible period.

- The company is obliged to create two new jobs – one no later than during the first month after the end of the project eligible period, and the other a year after the end of the project eligible period. The gross salary paid to an employee is, by 1 July preceding the date of submission of the grant, at least 50 percent of the annual average gross monthly salary published by Statistics Estonia.

Companies of the following areas of activity **cannot apply for** the start-up grant:

- **primary production of agricultural products** (activities listed in Annex I of the Treaty on the Functioning of the European Union)
- **processing and marketing of agricultural products** (in cases set out in Article 1(1) c) of the Regulation of the Veterinary and Food Board listed in Annex I of the Treaty on the Functioning of the European Union)
- **fishing and aquaculture** (Articles 107 and 108 of the Commission Regulation (EU) No 1407/2013)
- **agriculture, forestry and fishing** (Classification of Economic Activities 2008, division A),
- **processing and preserving of fish, crustaceans and molluscs** (Classification of Economic Activities 2008, division C 102)
- **intermediation of sales, wholesale and retail trade** (Classification of Economic Activities 2008, division G), except repair of motor vehicles and motorcycles. Intermediation of sales shall be the activities of brokers, brokers of goods and other traders who bring together sellers and buyers, organise business transactions on behalf of another party, including through internet and sale through auctioning, including internet auctions
- **real estate activities** (Classification of Economic Activities 2008, division L);
- **manufacture of tobacco products** (Classification of Economic Activities 2008, division C 120),
- **gambling and betting activities** (Classification of Economic Activities 2008, division R 920),
- **financial and insurance activities** (Classification of Economic Activities 2008, division K),
- **legal and accounting activities** (Classification of Economic Activities 2008, division M 69),
- **activities of head offices; management consultancy activities** (Classification of Economic Activities 2008, division M 70),
- **advertising** (including online advertising) and market research (Classification of Economic Activities 2008, division M 73),
- **renting and operational leasing** (Classification of Economic Activities 2008, division N 77), and **services of temporary employment agency** (Classification of Economic Activities 2008, division N782)

The area of activity of the applicant for the **start-up grant** is determined by the characteristics of the sales revenue of the project entrepreneur's area of activity. If the applicant is uncertain of the suitability of their area of activity, we recommend sending a letter and describing the area of activity as accurately as possible (including the products/ services offered and which costs are arising from the offering of the product/ service).

Supported activities:

- **Acquisition of tangible fixed assets.** The cost of a single object of the tangible fixed assets must be at least €100 and the service life must be at least three years. The seller of the asset must be a legal entity whose area of activity during the past year has been sale of the fixed assets to be acquired.
- **Transport, configuration and installation.** The transport, configuration and installation costs related to the tangible fixed asset acquired with the grant.
- **Marketing.** For carrying out the marketing activities necessary for carrying out the goals of the project. The seller of the service must be a legal entity whose area of activity during the past year has been sale of the services set out in the quotation. Marketing expenses are allowed over a 12-month period.
- **Acquisition or development of application software.** For the acquisition, implementation or development of application software necessary for the main activities (except office software). In case of developing application software, the right of ownership of the intellectual property must remain with the applicant. The seller of the service must be a legal entity whose area of activity during the past year has been sale of services set out in the quotation.
- **Personnel costs.** Labour costs arising for the persons employed under an employment contract, or in case of board members, under contract for services or authorisation agreement, maximum 50% of the grant assigned with the decision to satisfy the application.

Start-up grant cannot be used for the following costs:

- 1) cost of acquisition of current assets;
- 2) cost of acquisition of immovable property;
- 3) costs related to acquisition and building or renovation of a building;
- 4) cost of consumer electronics, except acquisition of equipment directly necessary for the provision of the service;
- 5) cost of acquisition of office furniture and office appliances, except acquisition of computers used only in the production process;
- 6) cost of acquisition and development of office software supporting the support functions of the company (including accounting, customer management, text processing, spreadsheet and presentation programs);
- 7) cost of acquisition of passenger vehicles;
- 8) contributions in kind;
- 9) depreciation costs;
- 10) bank guarantees;
- 11) financial and bank expenses;
- 12) state fees;
- 13) transportation costs;
- 14) consultation costs, including cost of legal assistance;
- 15) cost of developing a strategy as an outsourced service and cost of developing the plan for implementation of activities;

- 16) cost of concluding a capital lease agreement for acquisition of tangible fixed assets, interest expenses, cost of insurance and other costs related to the said leasing agreement, except leasing payments set out in Section 8(3) 2) of this Regulation;
- 17) export-related costs that are directly linked to the running costs arising from exported quantities, establishing and functioning of the distribution network or other export-related running costs (including salary of the sales manager and related costs, and establishing a sales network);
- 18) accommodation and travel costs, daily allowance related to business trips;
- 19) expenses made on the basis of the transactions between related persons set out in Section 8(1) of the Income Tax Act, except personnel costs set out in Section 8(3) 7) of this Regulation;
- 20) acquisition of trucks for road transport company.

Application

Before the submission of the application it is required to **go through the preliminary counselling** and obtain a preliminary assessment at the local development centre (www.arenduskeskused.ee). After that, the application can be submitted via the e-grant environment of the State Shared Service Centre (RTK) <https://etoetus.strukturifondid.ee> .

Documents necessary for the application

- **Preliminary assessment**
Preliminary assessment prepared by an employee of the [County Development Centre](#)
In order to obtain the preliminary assessment, it is required to submit the digitally signed business plan, financial forecasts and the CVs of the board and shareholders to the employee of the County Development Centre.
- **[Application form](#) (completed in the e-grant environment)**
- **Business plan**
The business plan gives a clear overview of the planned activities of the company and contains an action plan for successful realisation of the project.
- **Financial projections**
The financial forecasts must be prepared by financial years. They must consist of the cash flow statement, income statement and balance sheet. The self-generating [financial projections](#) can be used, files for different years provided on website.
- **Financial reports**
The balance sheet and income statement on the prior economic activities as of the quarter before the submission of the application, if the applicant has started economic activities.

- **Quotations**

On all expenses to be made. They must not be older than three months from the date of submission of the application. If the cost value of the goods or service purchased shall be without the value added tax € 20 000 or exceeds this value, three independent and comparable quotations must be submitted. If three quotations cannot be submitted or if the cheapest offer is not selected, a relevant reasoning must be presented. The price list on the seller's e-store/website is acceptable as price offers. Foreign companies and e-shops are also acceptable. When purchasing equipment, the quotation must contain the technical specifications of the equipment.

If used equipment is acquired, either an alternative quotation for new equipment or a reference to public sources must be submitted if such information is available in the internet. If you are using the latter option, please submit the respective internet page in .pdf format.

If used equipment is purchased, [declaration for used equipment](#) should be submitted, it may be added during the submission of the application, but it may also be submitted with the payment application.

- **Terms of reference**

The terms of reference must be submitted if the grant is requested for the development of application software.

- **Copies of contracts**

A copy of the employment contract if compensation of the salary of employees is applied for. A copy of a contract of services or authorisation agreement if compensation of the fee of a board member is applied for. If the contracts have not yet been concluded, the description of the tasks, work or mandate of the planned position must be submitted.

- **CVs**

The CVs must be submitted for the persons holding a share in the applicant's company and board members of the applicant.

- **Letter of authorisation**

Necessary if a person holding the right of representation of the applicant is acting on the basis of authorisations.

- **Scheme of group members**

The [scheme of group members](#) must be submitted if the applicant has subsidiaries or if the applicant holds any other majority in any other company.

Project journey

- **Information counselling for general information**

The specialists of the County Development Centres counsel entrepreneurs with the aim of supporting them in preparing and realising of their business plan. Information counselling can provide feedback on your ideas regarding starting a company. Furthermore, information is provided on under which conditions your company is qualified to apply for the grant and what are the additional opportunities for funding.

We recommend information counselling at a County Development Centre before going through the preliminary counselling within the framework of the start-up grant. Please contact the specialist of your region www.arenduskeskused.ee

- **Preliminary counselling for preliminary assessment**

The specialists of the County Development Centres are best informed of entrepreneurship in the region of activities of a company, thus the preliminary assessment prepared by them is an obligatory part of the start-up grant application submitted to the RTK. The County Development Centres (www.arenduskeskused.ee) are located in each county and we suggest that you contact them in order to get a preliminary assessment for your start-up grant application.

- **Registration of applications and conformity check**

The application together with the additional documents must be submitted in the e-grants environment.

It is important to keep in mind the start date of the project indicated in the application, because the RTK shall not finance the expenses made before that date. The project eligible period is 12 months.

The RTK checks the compliance of the applicant and the application with the terms and conditions of the start-up grant, and the analysis of the related persons is carried out. If deficiencies are discovered, the applicant is informed thereof and up to 10 working days of additional time is granted to eliminate the deficiencies. For that period, the RTK will suspend the processing of the application. If the applicant fails to eliminate the deficiencies or submit information in due time, the RTK will make a decision to not to finance the application without carrying out the substantial analysis.

- **Processing of the application**

If the application complies with the conditions, the substantial assessment of the project will commence – the submitted business plan, financial forecasts and eligibility and reasonability of the costs planned in the budget as well as the assessment given during the preliminary counselling are reviewed.

Assessment of the applications is carried out on the basis of the materials submitted by the applicant to the RTK. If necessary, additional information is requested from the applicant or a meeting is set up with the applicant. If needed, the RTK will involve additional experts and specialists in the assessment of the application. [Methodology for assessing the applications.](#)

Generally, the decision on the application is made within 20 working days from the submission of the application. The period of processing will be extended by the time needed for eliminating the inaccuracies in the application and requesting additional information. The decision will be published in the e-grants environment under the project. A copy of the decision is sent to the email address of the specialist of the County Development Centre who prepared the preliminary assessment.

- **Approval of the changes in the project**

If you want to change activities or make changes in the budget (the budget line allocated for a specific activity changes by more than 30%), please get an approval for the change from the RTK:

- in due time: before making the change and before the end of the project period, i.e. during the project period,
- in writing: through the e-grants environment.

If necessary, project period extension can be requested. Initial eligible period of the project is 12 months. The project period can be extended twice, up to six months for both extensions. In total, the eligible period of the project can be extended by 12+6+6 months. Reasoned application must be submitted during the eligible period. The RTK makes the decision regarding the application for changes within 20 working days after the receipt of the application.

Please inform the RTK if there are any changes in the data of the grant recipient, i.e. changes in the name, address, legal or authorised representatives, in case of reorganisation, bankruptcy application, appointing of liquidator or termination of activities.

Before making the changes get a written approval from the RTK if the grant recipient or its share, stock or related assets or rights are transferred.

- **Payment of the grant**

A precondition for the payment of the grant is submission of the payment application together with correct expense and payment documents. The project payment application is submitted in the e-grants environment (guidelines for preparing a payment application). The grant can be taken out fully or in up to four parts. The period for processing the correctly formalised payment application is 20 working days, after which the grant is paid to the bank account of the grant recipient. The period of processing may be extended if the payment application has to be corrected or additional information has to be submitted.

The grant can be taken out by previously paying the invoices fully or to the extent of self-financing (+ value added tax). The self-financing proportion comes from the approved budget, so it may be higher than the minimum self-financing rate in the grant regulation. In both cases, the grant is paid out on the condition that the grant recipient has received the purchased items/ services and verified it (as a rule, the instrument of delivery and receipt of the works/ item, correspondence, consignment note, invoice or contract is considered as verification, if such document reflects information on the delivery). In case of partial payment of invoices, the payment date of the invoice must be longer in order to allow processing of the payment application and payment of the grant in the RTK before the term of payment. After the grant is received, the grant recipient must fully pay the invoices set out in the payment application and no later than after 10 calendar days after the receipt of the grant, proof of payment must be submitted to the RTK.

Cash settlements are not accepted, all expenses related to the grant must be paid from the bank account of the company. Invoices must be prepared during the period of eligible project, goods or services must also be received during the period of eligible project.

If used equipment is purchased, it is necessary to submit the declaration on used equipment.

Record the grant in your accounting according to guideline 12 'State Aid' of the Estonian Accounting Standards Board. See guidelines of the Estonian Accounting Standards Board <http://www.rmp.ee/raamatupidamine/rtj/>.

Please archive the documents in the manner that will ensure their preservation until the date set out in the Regulation. Documents verifying the eligibility of expenses and other proof must be preserved according to Article 140(1) of Regulation (EU) No 1303/2013 of the European Parliament and of the Council.

If the last grant payment was made:

- until 30 June, the documents must be kept for at least 4 calendar years (calculation of the calendar year starts from 1 January of the year when the payment of the grant was made).

- from July to 31 December, the documents must be kept for at least 4 calendar years (calculation of the calendar year starts from 1 January of the year following the year when the payment of the grant was made).

- **Notifying of the public** The grant recipient is obliged to notify the public of the grant received. [Guidelines for notifying and logos.](#)
- **Development counselling during eligibility period**

After the decision to satisfy the start-up grant application, the entrepreneur is required to realise their business plan. The County Development Centres welcome to development counselling in order to provide the companies versatile support for achieving the set goals and intended purpose use of the allocated grant. At least four development counselling sessions will take place during the entire eligibility period, but there may be more if needed. It is important to understand that the entrepreneur and specialist of the County Development Centre share one goal – to start a functioning company and do it in line with the established terms and conditions. The first development counselling will take place within six months after the beginning of the project eligibility period. For that purpose, the specialist of the County Development Centre (presumably the same person who carried out preliminary counselling of the application) will contact the grant recipient and agree on the meeting that is suitable for both parties.
- **Final reporting**

The grant recipient is obliged to submit the final report of project in the e-grants environment after the end of the eligibility period, in which is reported the activities carried out, expenses made and assets acquired. The term for submission of the final report is set out in the decision to satisfies the application. Should you have any questions regarding the submission of the final report, please contact the specialist of County Development Centre who carried out the development counselling.

 - [Sample report form](#) (applications submitted before 01.04.2019), completed in the e-grants environment
 - [Sample report form](#) (applications submitted after 01.04.2019), completed in the e-grants environment
 - Annexe to the report – [Important economic indicators and employment information of the grant recipient](#)

- **Development counselling after the eligible period**

Development counselling is systematic and long-term (at least three years) client relation between the organisation carrying out the development counselling and the grant recipient, the aim of which is to support continuous carrying out of the activities set out in the business plan and achieving of the planned results.

The grant recipient is obliged to go to development counselling at least once every 6 months. The decision to satisfy the application features specific dates when the development counselling must be completed.

When going to development counselling, the grant recipient must submit the balance sheet and income statement as of the previous quarter to the specialist of the County Development Centre.
- **Follow-up report**

The grant recipient is obliged to submit the follow-up report of project in the e-grants environment after the end of the eligibility period to the RTK. The company's financial reports (i.e. balance sheet and income statement) and important economic indicators must be attached to the follow-up report (see form under 'Interim reporting'). The grant recipient must have had achieved all set goals according to the submitted business plan and financial forecasts by the moment of submission of the follow-up report.
- **Results assessment**

The RTK will carry out assessment of the impact of the measures through survey or follow-up questions. If your company is in the survey sample and you have received a questionnaire for answering, we appreciate the cooperation and feedback. Based on the assessment results, the RTK will be able to meet the expectations of companies better and develop the activities to be more efficient.