



**NEW  
DIGI  
SHIP**

# WP2.1.4. Grant and incentive funds for technology start-ups

Overall report



Co-funded by  
the European Union

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## Introduction to the Project

Unemployed youth can benefit from e-learning platforms to be created for digital entrepreneurship initiative and "NEWDIGISHIP touchpoint" support tools and mechanisms created locally. It empowers unemployed youth for digital entrepreneurship startups by developing an innovative and up-to-date handbook as well as an online course. It offers better quality opportunities for unemployed youth to develop their innovation and creativity skills for digital entrepreneurship.

You can find all the information about our project in the website: <http://newdigiship.eu/>

## Grants and incentives for Startups

In recent years, Europe has witnessed a remarkable surge in digital startups. These innovative ventures play a crucial role in driving economic growth, technological advancement, and employment opportunities. To nurture and elevate budding digital startups, various grant and incentive funds have been established across Europe. These funds aim to provide financial support, mentorship, and resources for these startups to thrive and reach their full potential.

### **Grant Funds for Digital startups:**

Grant funds are financial resources made available to startups, often by governmental or private entities, to support specific business initiatives or projects. These grants are typically awarded through a competitive application process and do not require repayment, making them highly attractive to early-stage digital startups. Grants provide a vital lifeline for startups to secure funding for research and development, product innovation, market expansion, and more.

### **Incentive Programs for Digital startups:**

Apart from grant funds, various incentive programs are specifically tailored to support digital startups in Europe. These programs aim to encourage entrepreneurship and foster an innovation-friendly environment by offering benefits and advantages to qualifying startups. Incentives may include tax breaks, cost-sharing initiatives, access to state-of-the-art infrastructure, networking opportunities, and specialized mentoring programs.

### **European Commission's Initiatives:**

The European Commission (EC) has launched several initiatives to boost digital entrepreneurship in Europe. The most notable among these is the European Innovation Council (EIC), which offers substantial funding opportunities for startups through its various programs. The EIC provides grants to collaborative projects focused on breakthrough innovations that can have a significant societal impact.

### **National and Regional Funding Programs:**

In addition to the EC's initiatives, individual European countries and regions have their own grant and incentive programs dedicated to supporting digital startups. These programs are designed to address specific regional challenges, foster local innovation ecosystems, and

attract investment. startups can benefit from financial aid, business development support, access to market opportunities, and collaborations with corporate partners.

**Private Sector Support:**

Besides government-backed initiatives, numerous private organizations, venture capital funds, and angel investors are actively involved in supporting digital startups in Europe. These entities provide grants, equity investments, and mentorship programs to help startups grow, scale up, and access international markets.

Grant and incentive funds serve as vital pillars for the growth and success of digital startups in Europe. These funding opportunities help alleviate financial constraints, enabling startups to focus on innovation and business development. Whether through government-backed initiatives or private sector support, European digital startups have access to a range of resources, fostering an environment conducive to their success in the global digital marketplace.

## Incubation and Mentoring Programmes for Digital startups

Europe has emerged as a vibrant hub for digital startups, with a range of incubation and mentoring programmes available to nurture and support these innovative ventures. These programmes play a pivotal role in fostering the growth and success of startups by providing them with invaluable resources, expert guidance, and a conducive environment to thrive in the fast-paced digital landscape.

Incubation programmes serve as a launchpad for startups, offering infrastructure, office spaces, and access to a network of seasoned entrepreneurs and industry experts. startups benefit greatly from these physical spaces, as they provide a collaborative and inspiring ecosystem where they can interact and collaborate with like-minded peers facing similar challenges. By being a part of these incubators, startups can tap into a wealth of knowledge and experience, enabling them to overcome obstacles and navigate the complexities of the digital market.

In addition to physical resources, mentoring programmes also contribute significantly to the growth and development of digital startups. These programmes connect aspiring entrepreneurs with experienced mentors who have a deep understanding of the industry and its various intricacies. Mentors provide indispensable guidance, helping startups refine their business strategies, identify market opportunities, and tackle common pitfalls. Through regular interactions and feedback, these mentors play a crucial role in steering startups in the right direction and ensuring their continuous improvement.

Moreover, incubation and mentoring programmes often offer a wide range of educational and training opportunities. Workshops, seminars, and networking events are organized to equip startups with essential skills ranging from product development and marketing to fundraising and investor pitching. These programmes help startup founders enhance their understanding

of various aspects of running a digital business, making them better positioned to succeed in Europe's competitive startup landscape.

Furthermore, incubation and mentoring programmes can provide access to funding opportunities and potential investors. By having a recognized and reputable programme backing them, startups gain credibility and visibility, attracting financial support from angels and venture capitalists. These programmes often have established relationships with investors, facilitating introductions and enabling startups to secure the necessary funding to scale and expand their operations.

Overall, incubation and mentoring programmes in Europe offer digital startups an invaluable platform to cultivate their ideas, gain industry expertise, and accelerate their growth. By leveraging the resources and guidance provided by these programmes, startups can overcome challenges, develop a solid business foundation, and increase their chances of long-term success in the dynamic digital landscape of Europe.

## Different Stages of Digital startups

The stages of development for digital startups follow a general progression from the seed stage, through early and growth stages, leading to maturity. Each stage presents unique challenges and opportunities that drive startups to adapt, innovate, and scale their operations. Understanding these stages not only provides insights into the evolution of digital startups in Europe but also serves as a valuable roadmap for aspiring entrepreneurs and investors seeking to navigate this dynamic landscape.

### **Seed Stage:**

At the seed stage, digital startups are in their infancy, characterized by a small founding team with a business idea and a minimal viable product (MVP). Entrepreneurs often leverage their personal savings, support from family and friends, or angel investors to fund their ventures. During this stage, startups focus on market research, product validation, and building a minimum viable product that serves as a proof of concept. They typically face challenges related to market fit, technology development, and building a talented team.

### **Early Stage:**

In the early stage, startups have successfully secured seed funding and are focused on scaling their operations. This stage often involves attracting additional funding and securing well-defined business models. startups also work on expanding their customer base, enhancing their product or service offerings, and establishing a sustainable revenue stream. Activities during this stage include refining marketing strategy, optimizing operations and processes, and building a strong customer base.

### **Growth Stage:**

startups in the growth stage have proven their business model and secured substantial funding from venture capitalists or institutional investors. They are now focused on rapid expansion, both geographically and in terms of market share. Growth-stage startups prioritize scaling their team, improving their product, and penetrating new markets. Business development and

strategic partnerships become critical in this stage to foster growth and reach a sustainable competitive advantage.

### **Maturity Stage:**

In the maturity stage, digital startups have successfully navigated the early challenges and established themselves as stable players in their respective markets. They have achieved significant revenue growth, profitability, and a substantial customer base. startups in this stage often consider an IPO or acquisition as potential exit strategies. The focus shifts towards consolidating market share, optimizing operations, and diversifying product offerings.

## How to Start and Finance a Digital Startup

Here are our 10 top tips on how to start and finance a startup:

- 1. Idea Generation:** Begin by brainstorming and researching potential digital startup ideas. Consider your skills, interests, and market demand. Look for gaps or problems that your startup can address and provide a suitable solution.
- 2. Business Plan:** Develop a comprehensive business plan that outlines your company's objectives, target market, revenue model, and marketing strategy. This plan will help guide your startup and attract potential investors.
- 3. Bootstrap:** Start small and self-finance your startup initially, if possible. This means funding the business using your savings, personal investments, or by seeking small loans from family and friends. Being resourceful and minimizing early expenses can help you gain traction while preserving equity in the business.
- 4. Pitch to Investors:** If self-funding is not sufficient or feasible, seek external funding from angel investors, venture capitalists, or crowdfunding platforms. Prepare a convincing pitch that clearly communicates the uniqueness and potential profit of your digital startup. Research investors who specialize in your industry to maximize your chances of securing funding.
- 5. Build a Minimum Viable Product (MVP):** Rather than developing a complete product, start with a simplified version that showcases your core idea or features. An MVP helps you gather early feedback, validate demand, and save development costs. It also attracts investors who may be more inclined to invest in a startup with a working prototype.
- 6. Leverage Incubators and Accelerators:** Consider joining startup incubators or accelerators that provide mentorship, networking opportunities, and sometimes funding. These programs can help your digital startup grow faster by providing guidance from experienced entrepreneurs and access to a supportive ecosystem.
- 7. Grants and Competitions:** Research government grants, entrepreneur competitions, and startup challenges specific to your industry. These opportunities often provide funding, exposure, and valuable connections that can help propel your digital startup.



**8. Collaborate with Co-founders:** Consider finding partners or co-founders who can contribute complementary skills and resources. Building a strong team not only improves your startup's chances of success but also makes it more attractive to investors.

**9. Early Revenue Generation:** Explore revenue streams, even small ones, to show potential investors that your business model is viable. Offer low-cost or free versions of your product or service to attract customers, focusing on generating revenue through upselling, advertising, or premium features.

**10. Network and Learn:** Attend industry events, connect with fellow entrepreneurs, and stay up to date with the latest digital startup trends. Networking can open doors to potential investors, partnerships, and valuable advice.

Remember that finance is just one aspect of building a successful digital startup. Prioritize building a reliable product, providing exceptional customer value, and continuously evolving based on market feedback.

## Partner Countries Overview

Extract about supporting policies, legislation and taxation, available grant and tenders for startups, incubation and mentoring programme: [CLICK HERE](#)

### France

Supporting Policies:

- National Strategy for Developing Start-up Culture: French Tech Initiative, French Tech Visa program, Public Funding and Support, Incubators and Accelerators, Regional and Local Initiatives.

Legislation and Taxation:

- Young Innovative Company (Jeune Entreprise Innovante - JEI) status provides tax benefits for start-ups engaged in research and development activities.
- Tax Credit for Research and Development (Crédit d'Impôt Recherche - CIR) and Tax Credit for Innovative Start-ups (Crédit d'Impôt Innovation - CII).
- Social Security Contribution Exemptions for start-ups meeting specific criteria.
- Tax-Free Threshold for Micro-Entrepreneurs.

Available grants and tenders for start-ups:

- French Tech Seed
- Regional Innovation Fund

Incubation or Mentoring Programmes:

- NUMA is a global innovation hub with locations in Paris and Marseille. It offers acceleration programs, mentoring, and events for start-ups in various sectors, including digital technology.
- French Tech Central is a resource center for entrepreneurs located in Paris. It provides mentoring, workshops, and support services for start-ups.
- Bpifrance is a public investment bank that offers various programs and initiatives to support start-ups and entrepreneurs in France. They provide funding, mentoring, and educational resources.

### Germany

Supporting Policies:

- The 'Start-up Strategy of the Federal Government' outlines multiple areas of focus and action for fostering a startup culture.
- Each state in Germany has its own set of guidelines and support programs tailored to investments, research, technology and development, policy-making, consultancy, and training.

Legislation and Taxation:



- Tax exemption for reinvested profits: Startups can be exempt from paying taxes on profits that are reinvested in the business.
- Loss carryforward: Startups that experience losses in their early years can carry those losses forward and offset them against future profits, reducing their tax liability.
- Investment deduction: Startups can deduct up to 20% of the cost of acquiring new assets, such as equipment or machinery, from their taxable income.
- Wage tax relief: Startups can benefit from reduced wage taxes for their employees in their first five years of operation.
- Reduced VAT rate: Some startups may qualify for a reduced VAT rate of 7% instead of the standard rate of 19%.

#### Grants and Tenders:

- Berlin Start
- DeepTech & Climate Fund

#### Incubation or Mentoring Programmes:

- Landesprogramm Mentoring

## Hungary

### *Supporting policies*

- In 2016 a National Digital Startup Strategy was launched as an an integrated approach covering all aspects of the startup ecosystem and strategy in the country. The strategy aims to develop public policy, development policy, regulatory and policy instruments tailored to the actual needs, life curve and development and potential of start-ups.
- The strategy emphasizes that it was created not only for Budapest but calculates with university cities in the countryside as research base and place for talents.

The strategy deemed to define „start-up” through international examples and standards, and it comes to the conclusion that the distinction between digital and non-digital startups are not necessary. (Moreover, in the future, all businesses will be more or less digital, so the distinction becomes meaningless anyway.)

In Hungarian policy documents start-up is defined as seed enterprise / early-stage enterprise with the follow criteria:

- partnership not majority or wholly owned by another enterprise an undertaking
- up to 3 years old
- annual net turnover not exceeding HUF 100 million (ca. 270K EUR);
- no more than 20 full-time employees;
- the company has not been previously invested in by a venture capital fund;
- the company does not hold a participation (business share) in any other economic in another company;
- the company must have no tax debts (not a matter of definition, but of a condition for receiving aid).

#### Legislation and Taxation:

- Hungary is below the European average in the EU Small Business Act ("SBA") ranking in terms of administrative background and regulatory environment, performing roughly in line with the Visegrad Four.



- On the regulatory side, complicated support systems and administrative burdens are the main competitive disadvantages of the Hungarian startup ecosystem.
- Hungarian schemes providing benefits are characterised by a very narrow and complex definition of those eligible for benefits/participation, especially when compared internationally.
- There are several smaller tax incentives, preferential tax forms, but none of them provide significant benefits to start-ups or facilitate access to finance.

#### Incubation or mentoring programmes

- Specialised seed and pre-seed investment capital fund for ICT start-ups
- Design Terminal Mentoring Program

## Malta

#### Supporting Policies:

- Malta Enterprise provides various incentives for startups including tax credits, soft loans, and guarantees.
- The Business START (B.Start) initiative offers seed funding for startups.
- The Micro Invest scheme provides tax credits for small and medium-sized enterprises.
- The Research and Development (R&D) scheme provides tax credits for R&D activities.
- The Business Development and Continuity Scheme provides assistance for the development and growth of enterprises.

#### Legislation and Taxation:

- Malta has a full imputation system, which means that companies are taxed at the corporate rate of 35%, but this can be reduced to 5% due to tax refunds available to shareholders when dividends are distributed.
- There are no withholding taxes on dividends, interest, and royalties paid to non-residents.
- Malta has a network of over 70 double tax treaties, which can provide further opportunities for tax planning.
- The Maltese tax system is compliant with EU and OECD standards.

#### Available grants and tenders for start-ups

- "Invest Support for Initial Investment Projects" provided by Malta Enterprise, a public body. This measure is applicable to investment projects that result in initial investment or initial investment in favour of a new economic activity in various sectors. The support comes in the form of tax credits, cash grants, and loan interest rate subsidies.

#### Incubation or mentoring programmes

- TAKEOFF business incubator provided by the University of Malta. It is for entrepreneurs in Malta who want to start, or grow, their own business or social enterprise.

## Lithuania

### Supporting Policies:

- Ministry of the Economy and Innovation has initiated a 13-million EUR public tender to attract an internationally-acclaimed startup accelerator.
- The Ministry will allocate almost 1 billion EUR to strengthen Lithuania's economy, including 365 million EUR for business, innovation, and investment.

### Legislation and Taxation:

- The standard CIT rate is 15%. Small companies and agricultural companies can apply a reduced CIT rate of 0% or 5% if certain conditions are met.
- New amendments to the Law on CIT relating to anti-hybrid rules will come into force from 1 January 2023.

### Available grants and tenders for start-ups:

- Innovation Agency Lithuania, the official public agency, is responsible for the development of the Lithuanian innovation ecosystem and the promotion of innovation at all stages of business development.

### Incubation or Mentoring Programmes:

- Tech-Park Kaunas

## Spain

### Supporting Policies:

- Funding Programs: NEOTEC Program and Emprendetur Program.
- Tax Incentives: "Patent box" scheme and "start-up" program.
- Simplification of Regulations: "Entrepreneur's Law".
- Promotion of Entrepreneurship: Start-up Spain initiative and Spanish National Entrepreneurship Network.
- Support for R&D: Technological Fund and European Regional Development Fund.
- Access to Talent: Entrepreneur's Visa and Blue Card Program.

### Legislation and Taxation:

- Corporate Law: Spanish Commercial Code.
- Labor Law: Regulations related to employment contracts, minimum wage, working hours, and social security contributions.
- Tax Law: Corporate income tax rate for start-ups is 15%.
- Intellectual Property Law: Spanish Patent and Trademark Office (OEPM).

### Available grants and tenders for start-ups

- UVemprén LAB" grants from the Universitat de València within the framework of the LLAMP 5UCV Innovative and Sustainable Entrepreneurship Campus.
- InnoCámaras Valencia

### Incubation or Mentoring Programmes:

- Lanzadera offers space and mentoring support to develop your idea. They require your data and your Startup's data to understand your needs. Applications are open all year.

## Turkey

### Supporting Policies:

- Facilitating the Employment of Foreign National Personnel.
- Activation of internship, entrepreneurship, and on-the-job training programs.

### Legislation and Taxation:

- In accordance with the Law No. 4691 on Technology Development Zones and Implementation Regulation, there are exemptions and exceptions for entrepreneurs/companies engaged in research and development, software, and design development activities.
- Advantages of Technoparks: Corporate Tax exemption, Employee Income Tax Exemption, SSI Employer's Share, VAT Exemption, Stamp Tax exemption, Supporting Foreign Investments.
- Please note that this is a high-level summary and you may want to dive deeper into each point for your presentation.

### Available grants and tenders for start-ups:

- TUBITAK Young Entrepreneur Support Program

### Incubation or Mentoring Programmes:

- İTÜ Core Facility Centre

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