



GUIDANCE NOTE ON THE REGISTRATION OF A YOUTH ENTERPRISE

The Malta Business Registry

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The Companies Act (Youth Enterprise) Regulations, (S.L. 386.32.), (the “Regulations”) allow 16 and 17-year-olds to start and run their own private companies. By creating a safe “sandbox” for young founders, the said Regulations remove legal hurdles while providing oversight from the Malta Business Registry (“MBR”) and professional mentors.



Who can apply?

Natural persons aged sixteen (16) or seventeen (17) years, both ages inclusive, who are at all times resident in Malta and acting in their own name.



Requirements prior to incorporation of a Youth Enterprise

Company Name

It is advisable that before registering a youth enterprise, the proposed name is checked with the Registrar.

A youth enterprise name can be reserved for three (3) months through BAROS. The cost of an application to reserve a name is EUR 10.

The Registrar may refuse a name as per Article 70 (1) of the Companies Act (Chapter 386 of the Laws of Malta) (the “Act”) if:

- it is the same as a name of another commercial partnership or so nearly similar as in the opinion of the Registrar it could create confusion;
- is in the opinion of the Registrar offensive or otherwise undesirable;
- has been reserved for registration for another commercial partnership by a notice in writing to the Registrar given not more than three months before the date of the second request.

Evidence of paid-up share capital

The share capital must be deposited in a bank account prior to submission of the incorporation documents to the Registrar.

Formation and Registration of a Youth Enterprise

To set in motion the incorporation of a youth enterprise, the following documents are to be filed at the MBR:

- The Memorandum and Articles of Association – Annex I
- A declaration of the parent/s exercising parental authority, guardians or tutors of the members of the youth enterprise in line with regulation 8 (c) of the Companies Act (Youth Enterprise) Regulations (S.L. 386.32) – Annex II



- A declaration confirming the mentor of the youth enterprise in accordance with regulation 8 (d) of the Companies Act (Youth Enterprise) Regulations (S.L. 386.32) – Annex III
- A return in accordance with regulation 8 (e) of the Companies Act (Youth Enterprise) Regulations (S.L. 386.32) – Annex IV
- A declaration of the members of the youth enterprise in accordance with regulation 8 (g) of the Companies Act (Youth Enterprise) Regulations, (S.L. 386.32) – Annex V
- Payment of the applicable registration fee as per paragraph (a) of the Schedule to the Companies Act (Fees) Regulations.

Memorandum and Articles of Association – Annex I

The memorandum of association of every youth enterprise shall contain the following information as per Annex I of the Regulations:

- The name of the youth enterprise;
- The youth enterprise registered office in Malta;
- The youth enterprise electronic mail address;
- The objects of the objects of the youth enterprise;
- The amount of share capital with which the company proposes to be registered (also referred to as the authorised capital), the division thereof into shares of a fixed amount, the number of shares taken up by each of the members (also referred to as the issued share capital) and the amount paid up in respect of each share;
- The name of each of the members;
- The name, identification number and service address of the mentor;
- The manner in which the representation of the youth enterprise is to be exercised.

In respect of each member and mentor, a certified true copy of an official identification document should also be provided. A bank or professional reference of a character nature is required in case the individual involved is non-EU member. Such reference must be made within the preceding six (6) months by a warrant holder (lawyer, auditor, accountant, or notary) and must also state that the warrant holder providing the reference has known the individual for at least one (1) year.

The memorandum of association may be accompanied by the articles of association, which is a document that prescribes the internal regulations of the youth enterprise.

If the articles of association are not registered, it is assumed that the model articles of association found in Annex I of the Regulations have been adopted.

A youth enterprise is validly constituted in accordance with the Regulations once the memorandum and articles of association and the relevant documentation for the incorporation of the said youth enterprise are presented to the Registrar for registration. On the registration of the mentioned documentation, the Registrar shall issue a certificate of registration which is conclusive evidence that the youth enterprise has

come into existence and is authorized to commence businesses as from the date of registration indicated on the certificate.

Registered Office

Every youth enterprise registered in Malta must have a registered office in Malta. A proof of address including the premises owner's authorisation together with a notary declaration, confirming the ownership of the property for the youth enterprise to use that proposed registered office will also be required.



Electronic Mail Address

A registered email address is required when one sets up a youth enterprise. This must be an email address where the Registrar can send communications to the youth enterprise and whereby third parties can contact the youth enterprise.



An email address is considered valid if emails sent to it by the Registrar would be expected to come to the attention of the member/s or mentor of the youth enterprise.

Furthermore, it is advisable that the email address does not contain personal information of the member/s.

Objects

The Memorandum of Association must specify the objects for which the youth enterprise is set up, provided that the object of the youth enterprise cannot be stated to be of a holding entity. Moreover, the objects may not be simply stated to be any lawful purpose or trade in general.

Capital Requirements

The minimum authorised share capital of a youth enterprise shall be not less than one hundred Euro (EUR 100) and not more than twenty thousand Euro (€20,000). The authorised share capital shall be subscribed by at least one (1) person.



The issued share capital must be fully subscribed in the memorandum.

A declaration of the parent/s exercising parental authority, guardians or tutors of the members of the youth enterprise in line with regulation 8 (c) of the Companies Act (Youth Enterprise) Regulations, (S.L.286.32) Annex II

This declaration must be signed by the parent/s exercising parental authority, guardians or tutors to grant permission, and to confirm that the minor is aware of the provisions of the Regulations.

A declaration confirming the mentor of the youth enterprise in accordance with regulation 8 (d) of the Companies Act (Youth Enterprise) Regulations, (S.L. 386.32) – Annex III

This declaration must be signed by the mentor whereby he/she declares that he/she is registered in the Register of Mentors, that he/she has been appointed to serve as a Mentor in terms of the Regulations and that he/she shall be acting in accordance with the Code of Conduct for mentors.

A return in accordance with regulation 8 (e) of the Companies Act (Youth Enterprise) Regulations, (S.L. 386.32) – Annex IV

This return must be duly filled in and signed by the member/s, the mentor, and parent/s exercising parental authority, guardians or tutors of the youth enterprise. It shall contain the details of all the persons involved in the youth enterprise.

A declaration of the members of the youth enterprise in accordance with regulation 8 (g) of the Companies Act (Youth Enterprise) Regulations, (S.L. 386.32) – Annex V

This declaration must be duly filled in and signed by the member/s whereby it is declared that they are not involved in any youth enterprise other than the one being proposed or any other commercial partnership that is in competition with the youth enterprise. Furthermore, it is to be declared by the member/s that there is no conflict of interest in relation the appointment as a member.

Fees

The provisions of paragraph (a) of the Schedule to the Companies Act (Fees) Regulations apply *mutatis mutandis* to a youth enterprise when the authorised share capital exceeds one thousand euro (€1,000) in total. The full list of applicable fees can be found in the following [link](#):

**Where to register**

The incorporation of a youth enterprise must be submitted digitally through the MBR web portal – BAROS (Business Automation Registry Online System). To avail oneself of such innovative facility, the mentor, previously approved by the MBR, must apply and register with the Registrar as an “authorised user”.

Signature requirements and submission process

The signing and submission of statutory returns is governed by specific standards based on the role of the individual.

Members may sign all necessary legislative and statutory returns in terms of the Regulations by using an electronic signature. To facilitate this, members can obtain a free digital signature by having their mentor contact ictsupport.mbr@mbr.mt for more technical guidance.

Mentors must, in all cases, sign all relevant documentation and statutory returns using a Qualified Electronic Signature and submit same through BAROS. All submissions must strictly adhere to the requirements set out by the MBR and the Regulations.

Public Information

The information and documents of a youth enterprise will not be available to the general public save for the following information:

- Name of the youth enterprise
- The registered office address and electronic mail address
- Date of registration and, or winding up and, or strike off
- Status
- Share Capital
- Name and service address of the mentor

Conversion to a Commercial Partnership

A youth enterprise may be converted into a commercial partnership as per regulation 13 of the Regulations once the member or all the members of the youth enterprise attain/s the age of eighteen (18) years.

Application to the Registrar for such conversion is to be made by means of resolution of the members and a new memorandum and articles in terms of the Act in accordance with Article 69 (1) of the Act. In addition, the requirements of the Act will be apply to the commercial partnerships following such conversion.

If the members do not apply for such conversion, they will be deemed disqualified from acting as members of the youth enterprise and shall resign with immediate effect.

Ongoing Obligations

Mentor

A youth enterprise must have a mentor at all times throughout its existence as per regulation 10 of the Regulations. In the event that a mentor has ceased to act as such the youth Enterprise shall inform the MBR by means of a letter within three (3) working days of the happening thereof. In default, the mentor shall have the right to inform the MBR that he ceased to be a mentor. Furthermore, in order to able to submit for registration a youth enterprise, the mentor must ensure that he/she is an approved authorised user on the BAROS portal and has a qualified digital signature.



Filing of Accounts

A youth enterprise shall file with the Registrar basic accounts annually.

Mandatory Training and Supervision

As of registration of the youth enterprise, each member shall attend a minimum of twenty (20) hours of training on business, compliance or financial literacy either physical or virtual. The training shall be supervised and verified by the mentor and/or the MBR. Every six (6) months from the date of the youth enterprise's incorporation, a signed training return shall be submitted to the Registrar. The contents of the return – Annex VI are found in the following [link](#).



Transfer of Shares

When a member voluntarily withdraws from the youth enterprise on just and proper grounds, the shares held by him/her must be transferred to the other members of the youth enterprise as per the conditions laid down in the memorandum and articles of association, or in the absence of such conditions, with the agreement of the majority of the other members. No new members are allowed to join the youth enterprise throughout its existence.

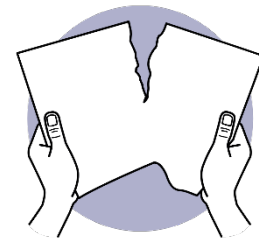
The remaining member/s must inform the MBR by means of a resolution. Such resolution must include in favour of whom the shares have been transferred.

The same procedure applies in case a member is expelled from the youth enterprise.

Dissolution

The youth enterprise must be dissolved by unanimous decision of the members in accordance with Article 214A of the Companies Act. The prescribed forms for the simplified procedure can be found in the following [link](#).

If a youth enterprise becomes inactive or all its members reach the age of eighteen (18) without applying to convert it into a commercial partnership, the Registrar can initiate a process to strike off the Register the name of the youth enterprise. This procedure involves the publication of a notice and if no justification is provided within three (3) months, the name of the youth enterprise will be struck off the register and its assets will be transferred to the Government of Malta. During the said three (3) month period, the youth enterprise is strictly prohibited from trading.



Kindly note that this guidance document sets out an overview of the requirements of the Companies Act (Youth Enterprise) Regulations, S.L. 386.32. Its purpose is solely to provide information and guidance on youth enterprises. This guidance document is not intended to be definitive legal advice and therefore it should not be relied upon as such. The interpretation of the legislation is a matter on which the Malta Business Registry cannot advise, and individuals will need to form their own view on compliance. This guidance document is intended for general information purposes only. Those making use thereof or relying thereon assume all risk and liability arising from such use or reliance. The Malta Business Registry shall not be held responsible for any loss or damage sustained by any youth enterprise, natural person or professional relying on this guidance document.

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