

# General Block exemption Regulation

## Table of contents

Chapter I.....	17
COMMON PROVISIONS .....	17
<b>Article 1</b> .....	17
<b>Scope</b> .....	17
<b>Article 2</b> .....	19
<b>Definitions</b> .....	19
<b>Article 3</b> .....	24
<b>Conditions for exemption</b> .....	24
<b>Article 4</b> .....	24
<b>Aid intensity and eligible costs</b> .....	24
<b>Article 5</b> .....	25
<b>Transparency of aid</b> .....	25
<b>Article 6</b> .....	25
<b>Individual notification thresholds</b> .....	26
<b>Article 7</b> .....	27
<b>Cumulation</b> .....	27
<b>Article 8</b> .....	28
<b>Incentive effect</b> .....	28
<b>Article 9</b> .....	29
<b>Transparency</b> .....	29
<b>Article 10</b> .....	30
<b>Monitoring</b> .....	30
<b>Article 11</b> .....	31
<b>Annual reporting</b> .....	31
<b>Article 12</b> .....	31
<b>Specific conditions applicable to investment aid</b> .....	31
Chapter II .....	32
SPECIFIC PROVISIONS FOR THE DIFFERENT CATEGORIES OF AID .....	32
Section 1 .....	32
REGIONAL AID.....	32
<b>Article 13</b> .....	33
<b>Regional investment and employment aid</b> .....	33
<b>Article 14</b> .....	34
<b>Aid for newly created small enterprises</b> .....	34
Section 2 .....	36
SME INVESTMENT AND EMPLOYMENT AID .....	36
<b>Article 15</b> .....	36
<b>SME Investment and employment Aid</b> .....	36
Section 3 .....	37
AID FOR FEMALE ENTREPRENEURSHIP .....	37
<b>Article 16</b> .....	37
<b>Aid for small enterprises newly created by female entrepreneurs</b> .....	37
Section 4 .....	37
AID FOR ENVIRONMENTAL PROTECTION .....	37
<b>Article 17</b> .....	38
<b>Definitions</b> .....	38
<b>Article 18</b> .....	39
<b>Investment aid enabling undertakings to go beyond Community standards for environmental protection or increase the level of environmental protection in the absence of Community standards</b> .....	39
<b>Article 19</b> .....	41
<b>Aid for the acquisition of transport vehicles which go beyond Community standards or which increase the level of environmental protection in the absence of Community standards</b> .....	41
<b>Article 20</b> .....	42
<b>Aid for early adaptation to future Community standards for SMEs</b> .....	42
<b>Article 21</b> .....	42
<b>Environmental aid for investment in energy saving measures</b> .....	42
<b>Article 22</b> .....	43
<b>Environmental investment aid for high-efficiency cogeneration</b> .....	43
<b>Article 23</b> .....	44

<b>Environmental investment aid for the promotion of energy from renewable energy sources</b> .....	44
<b>Article 24</b> .....	44
<b>Aid for environmental studies</b> .....	44
<b>Article 25</b> .....	45
<b>Environmental aid in the form of tax reductions</b> .....	45
Section 5 .....	45
AID FOR CONSULTANCY IN FAVOUR OF SMEs AND SME PARTICIPATION IN FAIRS .....	45
<b>Article 26</b> .....	45
<b>Aid for consultancy in favour of SMEs</b> .....	45
<b>Article 27</b> .....	45
<b>Aid for SME participation in fairs</b> .....	45
Section 6 .....	46
AID IN THE FORM OF RISK CAPITAL .....	46
<b>Article 28</b> .....	46
<b>Definitions</b> .....	46
<b>Article 29</b> .....	47
<b>Aid in the form of risk capital</b> .....	47
Section 7 .....	48
AID FOR RESEARCH , DEVELOPMENT AND INNOVATION .....	48
<b>Article 30</b> .....	48
<b>Definitions</b> .....	48
<b>Article 31</b> .....	49
<b>Aid for research and development projects</b> .....	49
<b>Article 32</b> .....	51
<b>Aid for technical feasibility studies</b> .....	51
<b>Article 33</b> .....	52
<b>Aid for industrial property rights costs for SMEs</b> .....	52
<b>Article 34</b> .....	52
<b>Aid for research and development in the agricultural and fisheries sectors</b> .....	52
<b>Article 35</b> .....	53
<b>Aid to young innovative enterprises</b> .....	53
<b>Article 36</b> .....	53
<b>Aid for innovation advisory services and for innovation support services</b> .....	53
<b>Article 37</b> .....	54
<b>Aid for the loan of highly qualified personnel</b> .....	54
Section 8 .....	55
TRAINING AID .....	55
<b>Article 38</b> .....	55
<b>Definitions</b> .....	55
<b>Article 39</b> .....	55
<b>Training aid</b> .....	55
Section 9 .....	57
AID FOR DISADVANTAGED AND DISABLED WORKERS .....	57
<b>Article 40</b> .....	57
<b>Aid for the recruitment of disadvantaged workers in the form of wage subsidies</b> .....	57
<b>Article 41</b> .....	57
<b>Aid for the employment of disabled workers in the form of wage subsidies</b> .....	57
<b>Article 42</b> .....	58
<b>Aid for compensating the additional costs of employing disabled workers</b> .....	58
Chapter III .....	58
FINAL PROVISIONS.....	58
<b>Article 43</b> .....	59
<b>Repeal</b> .....	59
<b>Article 44</b> .....	59
<b>Transitional provisions</b> .....	59
<b>Article 45</b> .....	59
<b>Entry into force and applicability</b> .....	59
Annex I.....	60
Definition of SME.....	60
Annex II .....	63
Form for the provision of summary information for research and development aid under the extended reporting obligation laid down in Article 9.4.....	63
Form for the provision of summary information for aid for large investment projects under the extended reporting obligation laid down in Article 9.4 .....	64
Annex III.....	65
Information communicated by Member States regarding state aid granted under Commission General Block Exemption Regulation (EC) No XXXX.....	65

**COMMISSION REGULATION (EC) No .../..**  
**of ....**  
**on the application of Articles 87 and 88 of the Treaty declaring certain categories of aid**  
**compatible with the common market (General block exemption regulation)**

THE COMMISSION OF THE EUROPEAN COMMUNITIES

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 994/98 of 7 May 1998 on the application of Articles 92 and 93 of the Treaty establishing the European Community to certain categories of horizontal State aid<sup>1</sup>, and in particular Article 1 points (a) and (b) thereof,

Having published a draft of this Regulation<sup>2</sup>,

After consulting the Advisory Committee on State Aid,

Whereas:

- (1) Regulation (EC) No 994/98 empowers the Commission to declare, in accordance with Article 87 of the Treaty that under certain conditions aid to small and medium-sized enterprises ("SMEs"), aid in favour of research and development, aid in favour of environmental protection, employment and training aid, and aid that complies with the map approved by the Commission for each Member State for the grant of regional aid is compatible with the common market and not subject to the notification requirement of Article 88 (3) of the Treaty.
- (2) The Commission has applied Articles 87 and 88 of the Treaty in numerous decisions and gained sufficient experience to define general compatibility criteria as regards aid in favour of SMEs, in the form of investment aid in and outside assisted areas, in the form of risk capital schemes and in the area of research, development and innovation, in particular in the context of the implementation of Commission Regulation (EC) No 70/2001 of 12 January 2001 on the application of Articles 87 and 88 of the EC Treaty to State aid to small and medium-sized enterprises<sup>3</sup>, the implementation of Commission Regulation (EC) No 364/2004 of 25 February 2004 amending Regulation (EC) No 70/2001 as regards the extension of its scope to include aid for research and development<sup>4</sup>, the implementation of the Commission communication on State aid and risk capital<sup>5</sup> and Community guidelines on State aid to promote risk capital

---

<sup>1</sup> OJ L 142, 14.5.1998, p. 1.

<sup>2</sup> OJ C 210, 8.9.2007, p. 14..

<sup>3</sup> OJ L 10, 13.1.2001, p. 33.

<sup>4</sup> OJ L 63, 28.2.2004, p. 22.

<sup>5</sup> OJ C 235, 21.08.2001, p. 3

investments in small and medium-sized enterprises<sup>6</sup>, as well as the implementation of the Community framework for state aid for research and development and innovation<sup>7</sup>.

- (3) The Commission has also gained sufficient experience in the application of Articles 87 and 88 of the Treaty in the fields of training aid, employment aid, environmental aid, research and development and innovation aid and regional aid with respect to both SMEs and large enterprises, in particular in the context of the implementation of Commission Regulation (EC) No 68/2001 of 12 January 2001 on the application of Articles 87 and 88 of the EC Treaty to training aid<sup>8</sup>, Commission Regulation (EC) No 2204/2002 of 12 December 2002 on the application of Articles 87 and 88 of the EC Treaty to State aid for employment<sup>9</sup>, the Community framework for State aid for research and development<sup>10</sup>, the Community Framework for State aid for research and development and innovation, the Community guidelines on State aid for environmental protection<sup>11</sup> and the Guidelines on national regional aid<sup>12</sup>.
- (4) In the light of this experience, it is necessary to adapt some of the conditions laid down in the regulations referred to in recitals 2 and 3. For reasons of simplification and to ensure more efficient monitoring of aid by the Commission, they should be replaced by a single regulation. Simplification should result, amongst others, from a set of common harmonised definitions and common horizontal provisions laid down in Chapter I of this Regulation. In order to ensure the coherence of State aid legislation, the definitions of aid, aid scheme and ad hoc aid are identical to the definitions provided for these concepts in Council Regulation (EC) No 659/1999 of 22 March 1999 laying down detailed rules for the application of Article 93 of the EC Treaty<sup>13</sup>. Such simplification is essential in order to ensure that the Lisbon Strategy for Growth and Jobs yields results, especially for SMEs.
- (5) This Regulation should exempt any aid that fulfils all the relevant conditions of this Regulation, and any aid scheme, provided that any individual aid that could be granted under such scheme fulfils all the relevant conditions of this Regulation. In order to ensure transparency, as well as more efficient monitoring of aid, any individual aid measure granted under this Regulation should contain an express reference to the applicable provision of Chapter II and to the national legal basis on which the individual aid is based.
- (6) In order to monitor the implementation of this Regulation, the Commission should also be in a position to obtain all necessary information from Member States concerning the measures implemented under this Regulation. A failure of the Member State to provide information within a reasonable deadline on these aid measures may

---

<sup>6</sup> OJ C 194, 18.8.2006, p. 2.

<sup>7</sup> OJ C 323, 30.12.2006, p. 1.

<sup>8</sup> OJ L 10, 13.01.2001, p. 20.

<sup>9</sup> OJ L 337, 13.12.2002, p. 3.

<sup>10</sup> OJ C 45, 17.02.1996, p. 5.

<sup>11</sup> OJ C82, 1.4.2008, p. 1.

<sup>12</sup> OJ C 54, 04.03.2006, p. 13.

<sup>13</sup> OJ L 83, 27.3.1999, p. 1. Regulation as last amended by Council Regulation No 1791/2006 (OJ L 363, 20.12.2006, p 1).

therefore be considered as an indication that the conditions of this Regulation are not being respected. Such failure may therefore lead the Commission to decide that this Regulation, or the relevant part of this Regulation, should be withdrawn, for the future, as regards the Member State concerned and that all subsequent aid measures, including new individual aid measures granted on the basis of aid schemes previously covered by this Regulation, need to be notified to the Commission in accordance with Article 88 Treaty. As soon as the Member State has provided correct and complete information, the Commission should allow the Regulation to be fully applicable again.

- (7) State aid within the meaning of Article 87(1) of the Treaty not covered by this Regulation should remain subject to the notification requirement of Article 88(3) of the Treaty. This Regulation should be without prejudice to the possibility for Member States to notify aid the objectives of which correspond to objectives covered by this Regulation. Such aid will be assessed by the Commission in particular on the basis of the conditions set out in this Regulation and in accordance with the criteria laid down in specific guidelines or frameworks adopted by the Commission wherever the aid measure at stake falls within the scope of application of such specific instrument.
- (8) This Regulation should not apply to export aid or aid favouring domestic over imported products. In particular, it should not apply to aid financing the establishment and operation of a distribution network in other countries. Aid towards the cost of participating in trade fairs, or of studies or consultancy services needed for the launch of a new or existing product on a new market should not normally constitute export aid.
- (9) This Regulation should apply across virtually all sectors. In the sector of fisheries and aquaculture, this Regulation should only exempt aid in the fields of research and development and innovation, aid in the form of risk capital, training aid and aid for disadvantaged and disabled workers.
- (10) In the agricultural sector, in view of the special rules which apply in the primary production of agricultural products, this Regulation should only exempt aid in the fields of research and development, aid in the form of risk capital, training aid, environmental aid and aid for disadvantaged and disabled workers to the extent that these categories of aid are not covered by Commission Regulation (EC) No 1857/2006 of 15 December 2006 on the application of Articles 87 and 88 of the Treaty to State aid to small and medium-sized enterprises active in the production of agricultural products and amending Regulation (EC) No 70/2001<sup>14</sup>.
- (11) In view of the similarities between the processing and marketing of agricultural products and of non-agricultural products this Regulation should apply to the processing and marketing of agricultural products, provided that certain conditions are met.
- (12) Neither on-farm activities necessary for preparing a product for the first sale, nor the first sale to resellers or processors should be considered as processing or marketing for the purposes of this Regulation. The Court of Justice of the European Communities has established that, once the Community has legislated for the establishment of a common organisation of the market in a given sector of agriculture, Member States are

---

<sup>14</sup> OJ L 358, 16.12.2006, p. 3.

under an obligation to refrain from taking any measure which might undermine or create exceptions to it. This Regulation should therefore not apply to aid, the amount of which is fixed on the basis of price or quantity of products purchased or put on the market, nor should it apply to aid which is linked to an obligation to share it with primary producers.

- (13) In view of Council Regulation (EC) No 1407/2002 of 23 July 2002 on State aid to the coal industry<sup>15</sup>, this Regulation should not apply to aid favouring activities in the coal sector with the exception of training aid, research, development and innovation aid and environmental aid.
- (14) Where a regional aid scheme purports to realise regional objectives, but is targeted at particular sectors of the economy, the objective and likely effects of the scheme may be sectorial rather than horizontal. Therefore, regional aid schemes targeted at specific sectors of economic activity, as well as regional aid granted for activities in the steel sector, in the shipbuilding sector, as foreseen in the Commission communication concerning the prolongation of the Framework on State aid to shipbuilding<sup>16</sup>, and in the synthetic fibres sector, should not be covered by the exemption from notification. However, the tourism sector plays an important role in national economies and in general has a particularly positive effect on regional development. Regional aid schemes aimed at tourism activities should therefore be exempt from the notification requirement.
- (15) Aid granted to undertakings in difficulty within the meaning of the Community guidelines on State aid for rescuing and restructuring firms in difficulty<sup>17</sup> should be assessed under those Guidelines in order to avoid their circumvention. Aid to such undertakings should therefore be excluded from the scope of this Regulation. In order to reduce the administrative burden for Member States, when granting aid covered by this Regulation to SMEs, the definition of what is to be considered as an undertaking in difficulty should be simplified as compared to the definition used in those Guidelines. Moreover, SMEs which are incorporated since less than three years should not be considered as being in difficulty for this period for the purposes of this Regulation, unless it fulfils the criteria under its domestic law for being the subject of collective insolvency proceedings. These simplifications should be without prejudice to the qualification of these SMEs under those Guidelines as regards aid not covered by this Regulation and without prejudice to the qualification as undertakings in difficulty of large enterprises, under this Regulation, which remain subject to the full definition provided in those Guidelines.
- (16) The Commission has to ensure that authorised aid does not alter trading conditions in a way contrary to the general interest. Therefore, aid in favour of a beneficiary which is subject to an outstanding recovery order following a previous Commission decision declaring an aid illegal and incompatible with the common market, should be excluded from the scope of this Regulation. As a consequence, any ad hoc aid paid out to such a beneficiary and any aid scheme not containing a provision explicitly excluding such

---

<sup>15</sup> OJ L 205, 2.8.2002, p. 1. Regulation as last amended by Regulation (EC) No 1791/2006 (OJ L 363, 20.12.2006, p. 1).

<sup>16</sup> OJ C 260, 28.10.2006, p. 7.

<sup>17</sup> OJ C 244, 01.10.2004, p. 2.

beneficiaries remains subject to the notification requirements of Article 88(3) of the Treaty. This provision should not affect the legitimate expectations of beneficiaries of aid schemes which are not subject to outstanding recovery orders.

- (17) In order to ensure the consistent application of Community State aid rules, as well as for reasons of administrative simplification, the definitions of terms which are relevant in context of different categories of aid covered by this Regulation should be harmonised.
- (18) For the purposes of calculating aid intensity, all figures used should be taken before any deduction of tax or other charge. For the purpose of calculating aid intensities, aid payable in several instalments should be discounted to its value at the moment of granting. The interest rate to be used for discounting purposes and for calculating the aid amount in aid not taking the form of a grant, should be the reference rate applicable at the time of grant, as laid down in the Communication from the Commission on the revision of the method for setting the reference and discount rates<sup>18</sup>.
- (19) In cases where aid is awarded by means of tax exemptions or reductions on future taxes due, subject to the respect of a certain aid intensity defined in gross grant equivalent, discounting of aid tranches should take place on the basis of the reference rates applicable at the various times the tax advantages become effective. In the case of tax exemptions or reductions on future taxes, the applicable reference rate and the exact amount of the aid tranches may not be known in advance. In such context, Member States should set in advance a cap on the discounted value of the aid respecting the applicable aid intensity. Subsequently, when the aid amount of the aid tranche in a given year becomes known, discounting can take place on the basis of the reference rate applicable at that time. The discounted value of each aid tranche should be deducted from the overall amount of the cap.
- (20) For the purposes of transparency, equal treatment and effective monitoring, this Regulation should apply only to aid which is transparent. Transparent aid is aid for which it is possible to calculate precisely the gross grant equivalent ex ante without a need to undertake a risk assessment. Aid comprised in loans, in particular, should be considered as transparent where the gross grant equivalent has been calculated on the basis of the reference rate as laid down in the Communication from the Commission on the revision of the method for setting the reference and discount rates<sup>19</sup>. Aid comprised in fiscal measures should be considered as transparent where the measure provides for a cap ensuring that the applicable threshold is not exceeded. In the case of environmental tax reductions, which are not subject to an individual notification threshold under this Regulation, no cap needs to be included for the measure to be considered as transparent.
- (21) Aid comprised in guarantee schemes should be considered as transparent when the methodology to calculate the gross grant equivalent has been approved following notification of this methodology to the Commission, and, in the case of regional investment aid, also when the Commission has approved such methodology after

---

<sup>18</sup> OJ C 14, 19.1.2008, p. 6.

<sup>19</sup> OJ C 14, 19.1.2008, p. 6.

adoption of Commission Regulation (EC) No 1628/2006 on the application of Articles 87 and 88 of the Treaty to national regional aid<sup>20</sup>. The Commission will examine such notifications on the basis of the Commission Notice on the application of Articles 87 and 88 of the EC Treaty to State aid in the form of guarantees<sup>21</sup>. Aid comprised in guarantee schemes should also be considered as transparent where the beneficiary is an SME and the gross grant equivalent has been calculated on the basis of the safe-harbour premiums laid down in Sections 3.3 and 3.5 of that Notice.

- (22) In view of the difficulty in calculating the grant equivalent of aid in the form of repayable advances, such aid should be covered by this Regulation only if the total amount of the repayable advance is inferior to the applicable individual notification threshold and the maximum aid intensities provided under this Regulation.
- (23) Due to the higher risk of distortion of competition, large amounts of aid should continue to be assessed by the Commission on an individual basis. Thresholds should therefore be set for each category of aid within the scope of this Regulation, at a level which takes into account the category of aid concerned and its likely effects on competition. Any aid granted above those thresholds remains subject to the notification requirement of Article 88(3) of the Treaty.
- (24) With a view to ensuring that aid is proportionate and limited to the amount necessary, thresholds should, whenever possible, be expressed in terms of aid intensities in relation to a set of eligible costs. Because it is based on a form of aid for which eligible costs are difficult to identify, the threshold with regard to aid in the form of risk capital should be formulated in terms of maximum aid amounts.
- (25) The thresholds in terms of aid intensity or aid amount should be fixed, in the light of the Commission's experience, at a level that strikes the appropriate balance between minimising distortions of competition in the aided sector and tackling the market failure or cohesion issue concerned. With respect to regional investment aid, this threshold should be set at a level taking into account the allowable aid intensities under the regional aid maps.
- (26) In order to determine whether the individual notification thresholds and the maximal aid intensities laid down in this Regulation are respected, the total amount of public support for the aided activity or project should be taken into account, regardless of whether that support is financed from local, regional, national or Community sources.
- (27) Moreover, this Regulation should specify the circumstances under which different categories of aid covered by this Regulation may be cumulated. As regards cumulation of aid covered by this Regulation with State aid not covered by this Regulation, regard should be had to the decision of the Commission approving the aid not covered by this Regulation, as well as the State aid rules on which this decision is based. Special provisions should apply in respect to cumulation of aid for disabled workers with other categories of aid, notably with investment aid, which can be calculated on the basis of the wage costs concerned. This Regulation should also make provision for cumulation

---

<sup>20</sup> OJ L 302, 1.11.2006, p. 29.

<sup>21</sup> OJ C 155, 20.6.2008, , p. 10..



of aid measures with identifiable eligible costs and aid measures without identifiable eligible costs.

- (28) In order to ensure that the aid is necessary and acts as an incentive to develop further activities or projects, this Regulation should not apply to aid for activities in which the beneficiary would already engage under market conditions alone. As regards any aid covered by this Regulation granted to an SME, such incentive should be considered present when, before the activities relating to the implementation of the aided project or activities are initiated, the SME has submitted an application to the Member State. As regards aid in the form of risk capital in favour of SMEs, the conditions laid down in this Regulation notably with respect to the size of the investment tranches per target enterprise, the degree of involvement of private investors and consideration of the size of the company and the business stage financed ensure that the risk capital measure will have an incentive effect.
- (29) As regards any aid covered by this Regulation granted to a beneficiary which is a large enterprise, the Member State should, in addition to the conditions applying to SMEs, also ensure that the beneficiary has analysed, in an internal document, the viability of the aided project or activity with aid and without aid. The Member State should verify that this internal document confirms a material increase in size or scope of the project/activity, a material increase in the total amount spent by the beneficiary on the subsidised project or activity or a material increase in the speed of completion of the project/activity concerned. As regards regional aid, incentive effect may also be established on the basis of the fact that the investment project would not have been carried out as such in the assisted region concerned in the absence of the aid.
- (30) As regards aid for disadvantaged or disabled workers, an incentive effect should be considered to be present by the fact that the aid measure concerned leads to a net increase in the number of disadvantaged or disabled workers hired by the undertaking concerned or leads to additional expenses in favour of facilities or equipment devoted to disabled workers. In case the beneficiary of an aid for the employment of disabled workers in the form of wage subsidies was already benefiting from aid for employing disabled workers, which was either fulfilling the conditions of Regulation (EC) No 2204/2002 or had been individually approved by the Commission, it will be presumed that the condition of a net increase in the number of disabled workers, which was fulfilled for the pre-existing aid measures, continues to be fulfilled for the purpose of this Regulation.
- (31) Fiscal aid measures should be subject to specific conditions of incentive effect, in view of the fact that they are provided on the basis of different procedures than other categories of aid. Environmental tax reductions fulfilling the conditions of Directive 2003/96/EC and covered by this Regulation should be presumed to have an incentive effect in view of fact that these reduced rates contribute at least indirectly to an improvement of environmental protection by allowing the adoption or the continuation of the overall tax scheme concerned, thereby incentivising the undertakings subject to the environmental tax to reduce their level of pollution.
- (32) Moreover, as the incentive effect of ad hoc aid granted to large enterprises is considered to be difficult to establish, this form of aid should be excluded from the scope of application of this Regulation. The Commission will examine the existence of such incentive effect in the context of the notification of the aid concerned on the basis

of the criteria established in the applicable guidelines, frameworks or other Community instruments.

- (33) In order to ensure transparency and effective monitoring in accordance with Article 3 of Regulation (EC) No 994/98, it is appropriate to establish a standard form to be used by Member States to provide the Commission with summary information whenever, in pursuance of this Regulation, an aid scheme or ad hoc aid is implemented. The summary information form should be used for the publication of the measure in the *Official Journal of the European Union* and on the internet. The summary information should be sent to the Commission in electronic format making use of the established IT application. The Member State concerned should publish on the internet the full text of such aid measure. In the case of ad hoc aid measures, business secrets may be deleted. The name of the beneficiary and the amount of aid should however not be considered as a business secret. Member States should ensure that such text remains accessible on the internet as long as the aid measure is in force. With the exception of aid taking the form of fiscal measures, the aid granting act should also contain a reference to the specific provision(s) of Chapter II of this Regulation relevant to such an act.
- (34) In order to ensure transparency and effective monitoring, the Commission should establish specific requirements as regards the form and the content of the annual reports to be submitted to the Commission by Member States. Moreover, it is appropriate to establish rules concerning the records that Member States should keep regarding the aid schemes and individual aid exempted by this Regulation, in line with the requirements laid down in Article 15 of Regulation (EC) No 659/1999.
- (35) It is necessary to establish further conditions that should be fulfilled by any aid measure exempted by this Regulation. Indeed, having regard to Articles 87(3)(a) and 87(3)(c) of the Treaty, such aid should be proportionate to the market failures or handicaps that have to be overcome in order to be in the Community interest. It is therefore appropriate to limit the scope of this Regulation, as far as it concerns investment aid to aid granted in relation to certain tangible and intangible investments. In the light of Community overcapacity and the specific problems of distortion of competition in the road freight and air transport sectors, eligible investment costs for undertakings having their main economic activity in these transport sectors should not include transport means and equipment. Special provisions apply as regards the definition of tangible assets for the purpose of environmental aid.
- (36) Consistent with the principles governing the aid falling within Article 87(1) of the Treaty, aid should be considered to be granted at the moment the legal right to receive the aid is conferred on the beneficiary under the applicable national legal regime.
- (37) In order not to favour the capital factor of an investment over the labour factor, provision should be made for the possibility of measuring aid to investment in favour of SMEs and regional aid on the basis of either the costs of the investment or the costs of employment directly created by an investment project.
- (38) Environmental aid schemes in the form of tax reductions, aid for disadvantaged workers, regional investment aid, aid for newly created small enterprises, aid for newly created enterprises by female entrepreneurs or aid in the form of risk capital granted to a beneficiary on an ad hoc basis may have a major impact on competition in

the relevant market because it favours the beneficiary over other undertakings which have not received such aid. Because it is granted only to a single undertaking, ad hoc aid is likely to have only a limited positive structural effect on the environment, the employment of disabled and disadvantaged workers regional cohesion or the risk capital market failure. For this reason, aid schemes concerning these categories of aid should be exempted under this Regulation, whilst ad hoc aid should be notified to the Commission. This Regulation should however exempt ad hoc regional aid when this ad hoc aid is used to supplement aid granted on the basis of a regional investment aid scheme, with a maximum limit for the ad hoc component of 50% of the total aid to be granted for the investment.

- (39) The provisions relating to SME investment and employment aid do not provide, as was the case in Regulation (EC) No 70/2001, any possibility for increasing the maximum aid intensities by means of a regional bonus. However, the maximum aid intensities provided in the section concerning regional aid can be granted also to SMEs in the form of regional investment aid, as long as the conditions for granting regional investment and employment aid are fulfilled. Similarly, the provisions relating to environmental investment aid do not provide any possibility for increasing the maximum aid intensities by means of a regional bonus. The maximum aid intensities provided for under the section concerning regional aid can however also be applied to projects which have a positive impact on the environment, as long as the conditions for granting regional aid are fulfilled.
- (40) By addressing the handicaps of the disadvantaged regions, national regional aid promotes the economic, social and territorial cohesion of Member States and the Community as a whole. National regional aid is designed to assist the development of the most disadvantaged regions by supporting investment and job creation in a sustainable context. It promotes the setting-up of new establishments, the extension of existing establishments, the diversification of the output of an establishment into new additional products or a fundamental change in the overall production process of an existing establishment.
- (41) In order to prevent large regional investment projects from being artificially divided into sub-projects, thereby escaping the notification thresholds provided under this Regulation, a large investment project should be considered to be a single investment project if the investment is undertaken within a period of three years by the same undertaking or undertakings and consists of fixed assets combined in an economically indivisible way. To assess whether an investment is economically indivisible, Member States should take into account the technical, functional and strategic links and the immediate geographical proximity. The economic indivisibility should be assessed independently from ownership. This means that to establish whether a large investment project constitutes a single investment project, the assessment should be the same irrespective of whether the project is carried out by one undertaking, by more than one undertaking sharing the investment costs or by more undertakings bearing the costs of separate investments within the same investment project (for example in the case of a joint venture).
- (42) In contrast to regional aid, which may be granted in assisted areas only, SME investment and employment aid may be granted both in assisted and in non-assisted areas. The Member States may thus provide, in assisted areas, investment aid as long

as they respect either all conditions applying to regional investment and employment aid or all conditions applying to SME investment and employment aid.

- (43) The economic development of the assisted regions is hindered by relatively low levels of entrepreneurial activity and in particular by even lower than average rates of business start-ups. It is therefore necessary to include in this Regulation a category of aid, which can be granted in addition to regional investment aid, in order to provide incentives to support business start-ups and the early stage development of small enterprises in the assisted areas. In order to ensure that this aid for newly created enterprises in assisted regions is effectively targeted, this category of aid should be graduated in accordance with the difficulties faced by each category of region. Furthermore, in order to avoid an unacceptable risk of distortions of competition, including the risk of crowding-out existing enterprises, the aid should be strictly limited to small enterprises, limited in amount and degressive. Granting aid designed exclusively for newly created small enterprises or newly created enterprises by female entrepreneurs may produce perverse incentives for existing small enterprises to close down and re-open in order to receive this category of aid. Member States should be aware of this risk and should design aid schemes in such a way as to avoid this problem, for example by placing limits on applications from owners of recently closed firms.
- (44) The economic development of the Community may be hindered by low levels of entrepreneurial activity by certain categories of the population who suffer certain disadvantages, like for instance, getting access to finance. The Commission has reviewed the possibility of market failure in this regard as regards a variety of categories of persons, and is at this stage in a position to conclude that women, in particular have lower than average rates of business start-ups as compared to men, as is evidenced, amongst others, by statistical data of Eurostat. It is therefore necessary to include in this Regulation a category of aid providing incentives for the creation of enterprises by female entrepreneurs in order to tackle the specific market failures women encounter most notably with respect to access to finance. Women also face particular difficulties linked to bearing caring costs for family members. Such aid should allow achieving substantive rather than formal equality between men and women by reducing de facto inequalities existing in the area of entrepreneurship, in line with the requirements of the case-law of the European Court of Justice. At the expiry of this Regulation the Commission will have to reconsider whether the scope of this exemption and the categories of beneficiaries concerned remain justified.
- (45) Sustainable development is one of the main pillars in the Lisbon Strategy for Growth and Jobs, together with competitiveness and security of energy supplies. Sustainable development is based, amongst others, on a high level of protection and improvement of the quality of the environment. Promoting environmental sustainability and combating climate change leads as well to increasing security of supply and ensuring the competitiveness of European economies and the availability of affordable energy. The area of environmental protection is often confronted with market failures in the form of negative externalities. Under normal market conditions, undertakings may not necessarily have an incentive to reduce their pollution since such reduction may increase their costs. When undertakings are not obliged to internalise the costs of pollution, society as a whole bears these costs. This internalisation of environmental costs can be ensured by imposing environmental regulation or taxes. The lack of full harmonization of environmental standards at Community level creates an uneven

playing field. Furthermore, an even higher level of environmental protection can be achieved by the initiatives to go beyond the mandatory Community standards, which may harm the competitive position of the undertakings concerned.

- (46) In view of the sufficient experience gathered in the application of the Community guidelines on State aid for environmental protection, investment aid enabling undertakings to go beyond Community standards for environmental protection or increase the level of environmental protection in the absence of Community standards, aid for the acquisition of transport vehicles which go beyond Community standards or which increase the level of environmental protection in the absence of Community standards, aid for early adaptation to future Community standards by SMEs, environmental aid for investment in energy saving, environmental aid for investment in high efficiency cogeneration, environmental aid for investments to promote renewable energy sources including investment aid relating to sustainable biofuels, aid for environmental studies and certain environmental aid in the form of tax reductions should be exempt from the notification requirement.
- (47) Aid in the form of tax reductions favouring environmental protection covered by this Regulation, should, in line with the Community guidelines on state aid for environmental protection, be limited to a period of 10 years. After this period, Member States should re-evaluate the appropriateness of the tax reductions concerned. This should be without prejudice to the possibility for Member States of re-adopting these measures or similar measures under this Regulation after having realised such re-evaluation.
- (48) A correct calculation of the extra investment or production costs to achieve environmental protection is essential to determine whether or not aid is compatible with Article 87(3) of the Treaty. As outlined in the Community guidelines on state aid for environmental protection, eligible costs must be limited to the extra investment costs necessary to achieve a higher level of environmental protection.
- (49) In view of the difficulties which may arise, in particular, with respect to the deduction of benefits deriving from extra investment, provision should be made for a simplified method of calculation of the extra investment costs. Therefore these costs should, for the purpose of applying this Regulation, be calculated without taking into account operating benefits, cost savings or additional ancillary production and without taking into account operating costs engendered during the life of the investment. The maximum aid intensities provided under this Regulation for the different categories of environmental investment aid concerned have therefore been reduced systematically as compared to the maximum aid intensities provided by the guidelines.
- (50) As regards environmental aid for investment in energy saving measures it is appropriate to allow Member States to choose either for the simplified method for calculation or for the full cost calculation, identical to the one foreseen in the Community guidelines on state aid for environmental protection. In view of the particular practical difficulties which may arise when applying the full cost calculation method, these cost calculations should be certified by an external auditor.
- (51) As regards environmental aid for investment in cogeneration and environmental aid for investments to promote renewable energy sources, the extra costs should, for the purpose of the application of this Regulation, be calculated without taking into account

other support measures granted for the same eligible costs, with the exception of other environmental investment aid.

- (52) With regard to investments related to hydropower installations it should be noted that their environmental impact can be twofold. In terms of low greenhouse gas emissions they certainly provide potential. On the other hand, such installations might also have a negative impact, for example on water systems and biodiversity.
- (53) In order to eliminate differences that might give rise to distortions of competition and to facilitate coordination between different Community and national initiatives concerning SMEs, as well as for reasons of administrative clarity and legal certainty, the definition of SME used for the purpose of this Regulation should be based on the definition in Commission Recommendation 2003/361/EC of 6 May 2003 concerning the definition of micro, small and medium sized enterprises.<sup>22</sup>
- (54) SMEs play a decisive role in job creation and, more generally, act as a factor of social stability and economic drive. However, their development may be limited by market failures, leading to these SMEs suffering from typical handicaps. SMEs often have difficulties in obtaining capital, risk capital or loans, given the risk-averse nature of certain financial markets and the limited collateral that they may be able to offer. Their limited resources may also restrict their access to information, notably regarding new technology and potential markets. In order to facilitate the development of the economic activities of SMEs, this Regulation should therefore exempt certain categories of aid when they are granted in favour of SMEs. Consequently, it is justified to exempt such aid from prior notification and to consider that, for the purposes of application of this Regulation only, when a beneficiary fulfils the conditions of the SME definition provided in Annex I to this Regulation, that SME can be presumed, when the aid amount does not exceed the applicable notification threshold, to be limited in its development by the typical SME handicaps prompted by market failures.
- (55) Having regard to the differences between small enterprises and medium-sized enterprises, different basic aid intensities and different bonuses should be set for small enterprises and for medium-sized enterprises. Market failures affecting SMEs in general, amongst others as regards access to finance, result in even greater obstacles to the development of small enterprises as compared to medium-sized enterprises.
- (56) On the basis of the experience gained in applying the Community guidelines on State aid to promote risk capital investments in small and medium-sized enterprises there appear to be a number of specific risk capital market failures in the Community in respect of certain types of investments at certain stages of undertakings' development. These market failures result from an imperfect matching of supply and demand of risk capital. As a result, the level of risk capital provided in the market may be too restricted, and undertakings do not obtain funding despite having a valuable business model and growth prospects. The main source of market failure relevant to risk capital markets, which particularly affects access to capital by SMEs and which may justify public intervention, relates to imperfect or asymmetric information. Consequently, risk capital schemes taking the form of commercially managed investment funds in which a sufficient proportion of the funds are provided by private investors in the form of

---

<sup>22</sup> OJ L 124, 20.5.2003, p. 36.

private equity promoting profit-driven risk capital measures in favour of target enterprises should be exempt from the notification requirement under certain conditions. The conditions that the investment funds should be commercially managed and that the ensuing risk capital measures be profit driven should not prevent the investments funds to target their activities and particular market segments, like for instance enterprises created by female entrepreneurs. This Regulation should not affect the status of the European Investment Fund and the European Investment Bank, as defined in the Community guidelines on risk capital.

- (57) Aid for research, development and innovation can contribute to economic growth, strengthening competitiveness and boosting employment. On the basis of its experience with the application of Regulation (EC) No 364/2004, the Community framework for State aid for research and development, the Community Framework for State aid for research and development and innovation, it appears that given the available research and development capabilities of both SMEs and large enterprises, market failures may prevent the market from reaching the optimal output and lead to an inefficient outcome. Such inefficient outcomes generally relate to positive externalities/knowledge spill-overs, public goods/knowledge spill-overs, imperfect and asymmetric information and coordination and network failures.
- (58) Aid for research, development and innovation is of particular importance, especially for SMEs because one of the structural disadvantages of SMEs lies in the difficulty they may experience in gaining access to new technological developments, technology transfers or highly qualified personnel. Therefore, aid for research and development projects, aid for technical feasibility studies and aid to cover industrial property rights costs for SMEs, as well as aid for young innovative small enterprises, aid for innovation advisory services and for innovation support services and aid for the loan of highly qualified personnel should be exempt from the requirement of prior notification, under certain conditions.
- (59) As regards project aid for research and development, the aided part of the research project must completely fall within the categories of fundamental research, industrial research or experimental development. When a project encompasses different tasks, each task must be qualified as falling under the categories of fundamental research, industrial research or experimental development or as not falling under any of those categories at all. This qualification need not necessarily follow a chronological approach, moving sequentially over time from fundamental research to activities closer to the market. Accordingly, a task which is carried out at a late stage of a project may be qualified as industrial research. Similarly, it is not excluded that an activity carried out at an earlier stage of the project may constitute experimental development.
- (60) In the agricultural sector, on the basis of the experience gained in particular when applying the Commission communication amending the Community framework for State aid for research and development<sup>23</sup>, certain aid for research and development should be exempted if conditions similar to those provided in the specific provisions laid down for the agricultural sector in the Community framework for State aid for research and development and innovation are fulfilled. If those specific conditions are

---

<sup>23</sup> OJ C 48, 13.02.1998, p. 2.

not fulfilled, aid may be exempted if it fulfils the conditions set out in the general provisions related to research and development in this Regulation.

- (61) The promotion of training and the recruitment of disadvantaged and disabled workers and compensation of additional costs for the employment of disabled workers constitute a central objective of the economic and social policies of the Community and of its Member States.
- (62) Training usually has positive externalities for society as a whole since it increases the pool of skilled workers from which other firms may draw, improves the competitiveness of Community industry and plays an important role in the Community employment strategy. Training, including e-learning, is also essential for the constitution, the acquisition and the diffusion of knowledge, a public good of primary importance. In view of the fact that undertakings in the Community generally underinvest in the training of their workers, especially when this training is general in nature and does not lead to an immediate and concrete advantage for the undertaking concerned, State aid can help to correct this market failure. Therefore such aid should be exempt, under certain conditions, from prior notification. In view of the particular handicaps with which SMEs are confronted and the higher relative costs that they have to bear when they invest in training, the intensities of aid exempted by this Regulation should be increased for SMEs. The characteristics of training in the maritime transport sector justify a specific approach for that sector.
- (63) A distinction can be drawn between general and specific training. The permissible aid intensities should differ in accordance with the type of training provided and the size of the undertaking. General training provides transferable qualifications and substantially improves the employability of the trained worker. Aid for this purpose has less distortive effects on competition, meaning that higher intensities of aid can be exempted from prior notification. Specific training, which mainly benefits the undertaking, involves a greater risk of distortion of competition and the intensity of aid which can be exempted from prior notification should therefore be much lower. Training should be considered to be general in nature also when it relates to environmental management, eco-innovation or corporate social responsibility and thereby increases the capacity of the beneficiary to contribute to general objectives in the environment field.
- (64) Certain categories of disabled or disadvantaged workers still experience particular difficulty in entering the labour market. For this reason there is a justification for public authorities to apply measures providing incentives to undertakings to increase their levels of employment, in particular of workers from these disadvantaged categories. Employment costs form part of the normal operating costs of any undertaking. It is therefore particularly important that aid for the employment of disabled and disadvantaged workers should have a positive effect on employment levels of these categories of workers and should not merely enable undertakings to reduce costs which they would otherwise have to bear. Consequently, such aid should be exempt from prior notification when it is likely to assist these categories of workers in re-entering the job market or, as regards disabled workers, re-entering and staying in the job market.



- (65) Aid for the employment of disabled workers in the form of wage subsidies may be calculated on the basis of the specific degree of disability of the disabled worker concerned or may be provided as a lump sum on the condition that either of these methods does not lead to the aid exceeding the maximum aid intensity for each individual worker concerned
- (66) It is appropriate to lay down transitional provisions for individual aid which was granted before the entry into force of this Regulation and was not notified in breach of the obligation provided for in Article 88(3) of the Treaty. With the repeal of Regulation (EC) No<sup>o</sup> 1628/2006, the existing regional investment schemes, as exempted, will be allowed to continue being implemented under the conditions foreseen by that Regulation, in line with Article 9(2), last indent, of that Regulation.
- (67) In the light of the Commission's experience in this area, and in particular the frequency with which it is generally necessary to revise State aid policy, it is appropriate to limit the period of application of this Regulation. Should this Regulation expire without being extended, aid schemes already exempted by this Regulation should continue to be exempted for a further period of six months, in order to give Member States time to adapt.
- (68) The following regulations should be repealed: Regulation (EC) No 70/2001, Regulation (EC) No 68/2001, Regulation (EC) No 2204/2002 and Regulation (EC) No 1628/2006,

HAS ADOPTED THIS REGULATION:

## **Chapter I**

### **COMMON PROVISIONS**

#### **Article 1**

##### **Scope**

1. This Regulation shall apply to the following categories of aid:
- (a) regional aid;
  - (b) SME investment and employment aid;
  - (c) aid for the creation of enterprises by female entrepreneurs;
  - (d) aid for environmental protection;
  - (e) aid for consultancy in favour of SMEs and SME participation in fairs;
  - (f) aid in the form of risk capital;
  - (g) aid for research, development and innovation;
  - (h) training aid;
  - (i) aid for disadvantaged or disabled workers.

2. It shall not apply to:

- (a) aid to export-related activities, namely aid directly linked to the quantities exported, to the establishment and operation of a distribution network or to other current costs linked to the export activity;
- (b) aid contingent upon the use of domestic over imported goods.

3. This Regulation shall apply to aid in all sectors of the economy with the exception of the following:

- (a) aid favouring activities in the fishery and aquaculture sectors, as covered by Council Regulation (EC) No 104/2000 of 17 December 1999 on the common organisation of the markets in fishery and aquaculture products<sup>24</sup>, except for training aid, aid in the form of risk capital, aid for research and development and innovation and aid for disadvantaged and disabled workers;
- (b) aid favouring activities in the primary production of agricultural products, except for training aid, aid in the form of risk capital, aid for research and development, environmental aid, and aid for disadvantaged and disabled workers to the extent that these categories of aid are not covered by Commission Regulation (EC) No 1857/2006 of 15 December 2006 on the application of Articles 87 and 88 of the Treaty to State aid to small and medium-sized enterprises active in the production of agricultural products and amending Regulation (EC) No 70/2001;
- (c) aid favouring activities in the processing and marketing of agricultural products, in the following cases:
  - (i) when the amount of the aid is fixed on the basis of the price or quantity of such products purchased from primary producers or put on the market by the undertakings concerned, or
  - (ii) when the aid is conditional on being partly or entirely passed on to primary producers;
- (d) aid favouring activities in the coal sector with the exception of training aid, research and development and innovation aid and environmental aid;
- (e) regional aid favouring activities in the steel sector;
- (f) regional aid favouring activities in the shipbuilding sector;
- (g) regional aid favouring activities in the synthetic fibres sector.

---

<sup>24</sup> OJ L 17, 21.1.2000, p. 22. Regulation as last amended by Regulation (EC) No 1759/2006 (OJ L 335, 1.12.2006, p. 3).

4. This Regulation shall not apply to regional aid schemes which are targeted at specific sectors of economic activity within manufacturing or services. Schemes aimed at tourism activities are not considered as targeted at specific sectors.

5. This Regulation shall not apply to ad hoc aid granted to large enterprises, except as provided for in Article 13(1).

6. This Regulation shall not apply to the following aid:

- (a) aid schemes which do not explicitly exclude the payment of individual aid in favour of an undertaking which is subject to an outstanding recovery order following a previous Commission decision declaring an aid illegal and incompatible with the common market;
- (b) ad hoc aid in favour of an undertaking which is subject to an outstanding recovery order following a previous Commission decision declaring an aid illegal and incompatible with the common market;
- (c) aid to undertakings in difficulty.

## **Article 2**

### **Definitions**

For the purposes of this Regulation the following definitions shall apply:

- (1) "aid" means any measure fulfilling all the criteria laid down in Article 87(1) of the Treaty;
- (2) "aid scheme" means any act on the basis of which, without further implementing measures being required, individual aid awards may be made to undertakings defined within the act in a general and abstract manner and any act on the basis of which aid which is not linked to a specific project may be awarded to one or several undertakings for an indefinite period of time and/or for an indefinite amount;
- (3) "individual aid" means ad hoc aid and notifiable awards of aid on the basis of an aid scheme;
- (4) "ad hoc aid" means individual aid not awarded on the basis of an aid scheme;
- (5) "aid intensity" means the aid amount expressed as a percentage of the eligible costs;
- (6) "transparent aid" means aid in respect of which it is possible to calculate precisely the gross grant equivalent ex ante without need to undertake a risk assessment;

- (7) "small and medium-sized enterprises" or "SMEs" mean undertakings fulfilling the criteria laid down in Annex I;
- (8) "large enterprises" mean undertakings not fulfilling the criteria laid down in Annex I;
- (9) "assisted areas" mean regions eligible for regional aid, as determined in the approved regional aid map for the Member State concerned for the period 2007-2013;
- (10) "tangible assets" mean, without prejudice to Article 17 (j), assets relating to land, buildings and plant, machinery and equipment. In the transport sector transport means and transport equipment shall be considered as eligible assets, except as regards regional aid and except for the road freight and air transport;
- (11) "intangible assets" mean assets entailed by transfer of technology by the acquisition of patent rights, licences, know-how or unpatented technical knowledge;
- (12) "large investment project" means an investment in capital assets with eligible costs above EUR 50 million, calculated at prices and exchange rates on the date when the aid is granted;
- (13) "number of employees" means the number of annual labour units (ALU), namely the number of persons employed full time in one year, part-time and seasonal work being ALU fractions;
- (14) "employment directly created by an investment project" means employment concerning the activity to which the investment relates, including employment created following an increase in the utilisation rate of the capacity created by the investment;
- (15) "wage cost" means the total amount actually payable by the beneficiary of the aid in respect of the employment concerned, comprising:
  - (a) the gross wage, before tax;
  - (b) the compulsory contributions, such as social security charges, and
  - (c) child care and parent care costs;
- (16) "SME investment and employment aid" means aid fulfilling the conditions provided in Article 15;
- (17) "investment aid" includes the categories of aid foreseen in the following articles: Article 13 concerning regional investment and employment aid, Article 15 concerning SME investment and employment aid and Articles 18 to 23 concerning investment aid for environmental protection;
- (18) "disadvantaged worker" means any person who belongs to any of the following categories:

- (a) any person who has not been in regular paid employment for the previous 6 months;
  - (b) any person who has not attained an upper secondary educational or vocational qualification (ISCED 3);
  - (c) any person over the age of 50 years;
  - (d) any person living as a single adult with one or more dependents;
  - (e) any person working in a sector or profession where the gender imbalance in the sector or profession concerned is at least 25 % higher than the average gender imbalance across all economic sectors in the Member State concerned if that person is part of the relevant minority ;
  - (f) any person who is a member of an ethnic minority within a Member State and who requires development of his or her linguistic, vocational training or work experience profile to enhance prospects of gaining access to stable employment;
- (19) "severely disadvantaged worker" means any person who has been unemployed for 24 months or more.
- (20) "disabled worker" means any person:
- (a) recognised as disabled under national law, or
  - (b) having a recognised limitation which results from physical, mental or psychological impairment;
- (21) "sheltered employment" means employment in an undertaking where at least 50 % of workers are disabled;
- (22) "agricultural product" means:
- (a) the products listed in Annex I of the Treaty, except fishery and aquaculture products covered by Regulation (EC) No 104/2000;
  - (b) products falling under CN codes 4502, 4503 and 4504 (cork products);
  - (c) products intended to imitate or substitute milk and milk products, as referred to in Council Regulation No 1234/2007 of 22 October 2007 establishing a common organisation of agricultural markets and on specific provisions for certain agricultural products (Single CMO Regulation)<sup>25</sup>
- (23) "processing of agricultural products" means any operation on an agricultural product resulting in a product which is also an agricultural product, except on farm activities necessary for preparing an animal or plant product for the first sale;

---

<sup>25</sup> OJ L 299, 16.11.2007, p. 1

- (24) “marketing of agricultural products” means holding or display with a view to sale, offering for sale, delivery or any other manner of placing on the market, except the first sale by a primary producer to resellers or processors and any activity preparing a product for such first sale; a sale by a primary producer to final consumers shall be considered as marketing if it takes place in separate premises reserved for that purpose;
- (25) “tourism activities” mean the following activities in terms of NACE Rev. 2:
- (a) NACE 55 and 56: Hotels and restaurants;
  - (b) NACE 79: Travel agency activities, Tour operator activities, other reservation services and related activities;
  - (c) NACE 90: Creative, arts and entertainment activities;
  - (d) NACE 91: Libraries, archives, museums and other cultural activities;
  - (e) NACE 93: Sports activities, and amusement and recreation activities.
- (26) "repayable advance" means a loan for a project which is paid in one or more instalments and the conditions for the reimbursement of which depend on the outcome of the research and development and innovation project;
- (27) “risk capital” means finance provided through equity and quasi-equity financing to undertakings during their early-growth stages (seed, start-up and expansion phases);
- (28) "enterprise newly created by female entrepreneurs" means a small enterprise fulfilling the following conditions:
- (a) one or more women own at least 51 % of the capital of the small enterprise concerned or are the registered owners of the small enterprise concerned, and
  - (b) a woman is in charge of the management of the small enterprise.
- (29) "steel sector" means all activities related to the production of one or more of the following products:
- (a) Pig iron and ferro-alloys:  
  
pig iron for steelmaking, foundry and other pig iron, spiegeleisen and high-carbon ferro-manganese, not including other ferro-alloys;
  - (b) Crude and semi finished products of iron, ordinary steel or special steel:

liquid steel cast or not cast into ingots, including ingots for forging semi finished products : blooms, billets and slabs; sheet bars and tinplate bars; hot-rolled wide coils, with the exception of production of liquid steel for castings from small and medium-sized foundries;

(c) Hot finished products of iron, ordinary steel or special steel:

rails, sleepers, fishplates, soleplates, joists, heavy sections 80 mm and over, sheet piling, bars and sections of less than 80 mm and flats of less than 150 mm, wire rod, tube rounds and squares, hot-rolled hoop and strip (including tube strip), hot-rolled sheet (coated or uncoated), plates and sheets of 3 mm thickness and over, universal plates of 150 mm and over, with the exception of wire and wire products, bright bars and iron castings;

(d) Cold finished products:

tinplate, terneplate, blackplate, galvanized sheets, other coated sheets, cold-rolled sheets, electrical sheets and strip for tinplate, cold-rolled plate, in coil and in strip;

(e) Tubes:

all seamless steel tubes, welded steel tubes with a diameter of over 406.4 mm;

(30) "synthetic fibres sector" means:

(a) extrusion/texturisation of all generic types of fibre and yarn based on polyester, polyamide, acrylic or polypropylene, irrespective of their end-uses, or

(b) polymerisation (including polycondensation) where it is integrated with extrusion in terms of the machinery used, or

(c) any ancillary process linked to the contemporaneous installation of extrusion/texturisation capacity by the prospective beneficiary or by another company in the group to which it belongs and which, in the specific business activity concerned, is normally integrated with such capacity in terms of the machinery used;

(31) "undertaking in difficulty" means, on the condition that the beneficiary is an SME, an undertaking fulfilling the following conditions:

(a) in the case of a limited liability company, where more than half of its registered capital has disappeared and more than one quarter of that capital has been lost over the preceding 12 months, or

(b) in the case of a company where at least some members have unlimited liability for the debt of the company, where more than half of its capital as shown in the company accounts has disappeared and more than one quarter of that capital has been lost over the preceding 12 months, or

c) whatever the type of company concerned, where it fulfils the criteria under its domestic law for being the subject of collective insolvency proceedings.

### **Article 3**

#### **Conditions for exemption**

1. Aid schemes fulfilling all the conditions of Chapter I of this Regulation, as well as the relevant provisions of Chapter II of this Regulation shall be compatible with the common market within the meaning of Article 87(3) of the Treaty and shall be exempt from the notification requirement of Article 88(3) of the Treaty provided that any individual aid awarded under such scheme fulfils all the conditions of this Regulation, and the scheme contains an express reference to this Regulation by citing its title and publication reference in the *Official Journal of the European Union*.

2. Individual aid granted under a scheme referred to in paragraph 1 shall be compatible with the common market within the meaning of Article 87(3) of the Treaty and shall be exempt from the notification requirement of Article 88(3) of the Treaty provided that the aid fulfils all the conditions of Chapter I of this Regulation, as well as the relevant provisions of Chapter II of this Regulation, and that the individual aid measure contains an express reference to the relevant provisions of this Regulation, by citing the relevant provisions, the title of this Regulation and its publication reference in the *Official Journal of the European Union*.

3. Ad hoc aid fulfilling all the conditions of Chapter I of this Regulation, as well as the relevant provisions of Chapter II of this Regulation shall be compatible with the common market within the meaning of Article 87(3) of the Treaty and shall be exempt from the notification requirement of Article 88(3) of the Treaty provided that the aid contains an express reference to the relevant provisions of this Regulation by citing the relevant provisions, the title of this Regulation and its publication reference in the *Official Journal of the European Union*.

### **Article 4**

#### **Aid intensity and eligible costs**

1. For the purposes of calculating aid intensity, all figures used shall be taken before any deduction of tax or other charge. Where aid is awarded in a form other than a grant, the aid amount shall be the grant equivalent of the aid. Aid payable in several instalments shall be discounted to its value at the moment of granting. The interest rate to be used for discounting purposes shall be the reference rate applicable at the time of grant.

2. In cases where aid is awarded by means of tax exemptions or reductions on future taxes due, subject to the respect of a certain aid intensity defined in gross grant equivalent,



discounting of aid tranches takes place on the basis of the reference rates applicable at the various times the tax advantages become effective.

3. The eligible costs shall be supported by documentary evidence which shall be clear and itemised.

## **Article 5**

### **Transparency of aid**

1. This Regulation shall apply only to transparent aid.

In particular, the following categories of aid shall be considered to be transparent:

(a) aid comprised in grants and interest rate subsidies;

(b) aid comprised in loans, where the gross grant equivalent has been calculated on the basis of the reference rate prevailing at the time of the grant;

(c) aid comprised in guarantee schemes:

(i) where the methodology to calculate the gross grant equivalent has been accepted following notification of this methodology to the Commission in the context of the application of this Regulation or Regulation (EC) No 1628/2006 and the approved methodology explicitly addresses the type of guarantees and the type of underlying transactions at stake, or

(ii) where the beneficiary is a small or medium-sized enterprise and the gross grant equivalent has been calculated on the basis of the safe-harbour premiums laid down in the Commission Notice on the application of Articles 87 and 88 of the EC Treaty to State aid in the form of guarantees;

(d) aid comprised in fiscal measures, where the measure provides for a cap ensuring that the applicable threshold is not exceeded.

2. The following categories of aid shall not be considered to be transparent:

(a) aid comprised in capital injections, without prejudice to the specific provisions concerning risk capital;

(b) aid comprised in risk capital measures, with the exception of aid fulfilling the conditions of Article 29.

3. Aid in the form of repayable advances shall only be considered to be transparent aid if the total amount of the repayable advance does not exceed the applicable thresholds under this Regulation. If the threshold is expressed in terms of aid intensity, the total amount of the repayable advance, expressed as a percentage of the eligible costs, shall not exceed the applicable aid intensity.

## **Article 6**

## Individual notification thresholds

1. This Regulation shall not apply to any individual aid, whether granted ad hoc or on the basis of a scheme, the grant equivalent of which exceeds the following thresholds:

- (a) SME investment and employment aid: EUR 7,5 million per undertaking per investment project;
- (b) investment aid for environmental protection: EUR 7,5 million per undertaking per investment project;
- (c) aid for consultancy in favour of SMEs: EUR 2 million per undertaking per project;
- (d) aid for SME participation in fairs: EUR 2 million per undertaking per project;
- (e) research and development project aid and feasibility studies:
  - (i) if the project is predominantly fundamental research, EUR 20 million per undertaking, per project/feasibility study;
  - (ii) if the project is predominantly industrial research, EUR 10 million per undertaking, per project/feasibility study;
  - (iii) for all other projects, EUR 7,5 million per undertaking, per project/feasibility study;
  - (iv) if the project is a EUREKA project, twice the amounts laid down in points (i), (ii) and (iii) respectively.
- (f) aid for industrial property rights costs for SMEs: EUR 5 million per undertaking per project;
- (g) training aid: EUR 2 million per training project;
- (h) aid for the recruitment of disadvantaged workers: EUR 5 million per undertaking per year;
- (i) aid for the employment of disabled workers in the form of wage costs: EUR 10 million per undertaking per year;
- (j) aid compensating for additional expenses of employing disabled workers: EUR 10 million per undertaking per year.

For the purposes of determining the appropriate threshold applicable to research and development project aid and feasibility studies pursuant to point (e), a project shall be considered to consist "predominantly" of fundamental research or "predominantly" of industrial research, if more than 50% of the eligible project costs are incurred through activities which fall within the category of fundamental research, respectively industrial

research. In cases where the predominant character of the project cannot be established, the lower threshold shall apply.

2. Regional investment aid awarded in favour of large investment projects shall be notified to the Commission if the total amount of aid from all sources exceeds 75% of the maximum amount of aid an investment with eligible costs of EUR 100 million could receive, applying the standard aid threshold in force for large enterprises in the approved regional aid map on the date the aid is to be granted.

## Article 7

### Cumulation

1. In determining whether the individual notification thresholds laid down in Article 6 and the maximum aid intensities laid down in Chapter II are respected, the total amount of public support measures for the aided activity or project shall be taken into account, regardless of whether that support is financed from local, regional, national or Community sources.

2. Aid exempted by this Regulation may be cumulated with any other aid exempted under this Regulation as long as those aid measures concern different identifiable eligible costs.

3. Aid exempted by this Regulation shall not be cumulated with any other aid exempted under this Regulation or *de minimis* aid fulfilling the conditions laid down in Commission Regulation (EC) No 1998/2006 of 15 December 2006 on the application of Article 87 and 88 of the Treaty to the *minimis aid*<sup>26</sup> or with other Community funding in relation to the same - partly or fully overlapping - eligible costs if such cumulation would result in exceeding the highest aid intensity or aid amount applicable to this aid under this Regulation.

4. By way of derogation from paragraph 3, aid in favour of disabled workers, as foreseen in Articles 41 and 42, may be cumulated with aid exempted under this Regulation in relation to the same eligible costs above the highest applicable threshold under this Regulation, provided that such cumulation does not result in an aid intensity exceeding 100 % of the relevant costs over any period for which the workers concerned are employed.

5. As regards the cumulation of aid measures exempted under this Regulation with identifiable eligible costs and aid measures exempted under this Regulation without identifiable eligible costs, the following conditions shall apply:

- (a) where a target undertaking has received capital under a risk capital measure within the scope of Article 29 and subsequently applies, during the first three years after the first risk capital investment, for aid within the scope of

---

<sup>26</sup> OJ L 379, 28.12.2006, p. 5. Regulation as last amended by Decision of the EEA Joint Committee No 27/2007 (OJ L 209, 9.8.2007, p. 48).

this Regulation, the relevant aid thresholds or maximum eligible amounts under this Regulation shall be reduced by 50% in general and by 20% for target undertakings located in assisted areas. The reduction shall not exceed the total amount of risk capital received. This reduction shall not apply to aid for research, development and innovation exempted under Articles 31 to 37;

- (b) aid for young innovative enterprises may, during the first 3 years after being granted, not be cumulated with other aid exempted under this Regulation, with the only exception of aid exempted under Articles 31 to 37 and with aid exempted under Article 29.

## **Article 8**

### **Incentive effect**

1. This Regulation shall only exempt aid which has an incentive effect.
2. Aid granted to SMEs, covered by this Regulation, shall be considered to have an incentive effect if, before work on the project or activity has started, the beneficiary has submitted an application for the aid to the Member State concerned.
3. Aid granted to large enterprises, covered by this Regulation, shall be considered to have an incentive effect if in addition to fulfilling the condition laid down in paragraph 2, the Member State has verified, before granting the individual aid concerned, that documentation prepared by the beneficiary establishes one or more of the following criteria:
  - (a) a material increase in the size of the project/activity due to the aid;
  - (b) a material increase in the scope of the project/activity due to the aid;
  - (c) a material increase in the total amount spent by the beneficiary on the project/activity due to the aid;
  - (d) a material increase in the speed of completion of the project/activity concerned;
  - (e) or alternatively, as regards regional investment aid as laid down in Article 13, that the project would not have been carried out as such in the assisted region concerned in the absence of the aid.
4. The conditions laid down in paragraphs 2 and 3 shall not apply as regards fiscal measures if the following criteria are fulfilled:

- (a) the fiscal measure establishes a legal right to aid in accordance with objective criteria and without further exercise of discretion by the Member State, and
- (b) the fiscal measure has been adopted before work on the aided project or activity has started. This condition shall not apply in the case of fiscal successor schemes.

5. As regards aid for compensating the additional costs of employing disabled workers, as laid down in Article 42, the conditions laid down in paragraphs 2 and 3 shall be considered to be met if the conditions laid down in article 42 (3) are fulfilled.

As regards aid for the recruitment of disadvantaged workers in the form of wage subsidies and aid for the employment of disabled workers in the form of wage subsidies, as laid down in Articles 40 and 41, the conditions laid down in paragraphs 2 and 3 shall be considered to be met if the aid leads to a net increase in the number of disadvantaged/disabled workers employed.

As regards aid in the form of environmental tax reductions, as laid down in Article 25, the conditions laid down in paragraphs 2, 3 and 4 shall be considered to be met.

As regards aid in the form of risk capital, as laid down in Article 29, the conditions laid down in paragraph 2 shall be considered to be met.

6. If the conditions of paragraphs 2 and 3 are not fulfilled, the entire aid measure shall not be exempted under this Regulation.

## **Article 9**

### **Transparency**

1. On the entry into force of an aid scheme or the awarding of an ad hoc aid, which has been exempted pursuant to this Regulation, the Member State concerned shall, within 20 working days, forward to the Commission a summary of the information regarding such aid measure. This information shall be provided in electronic form, via the established Commission IT application and in the form laid down in Annex III.

The Commission shall acknowledge receipt of the above summary without delay.

The summaries provided by Member States pursuant to paragraph 1 shall be published by the Commission in the *Official Journal of the European Union* and on the Commission's website.

2. Upon the entry into force of an aid scheme or the awarding of an ad hoc aid, which has been exempted pursuant to this Regulation, the Member State concerned shall publish on the internet the full text of such aid measure. In the case of an aid scheme, this text shall set out the conditions laid down in national law which ensures respect of the relevant provisions of this Regulation. The Member State concerned shall ensure that the full text of the aid measure

is accessible on the internet as long as the aid measure concerned is in force. The summary information provided by the Member State concerned pursuant to paragraph 1 shall specify an internet address leading directly to the full text of the aid measure.

3. When granting individual aid exempted pursuant to this Regulation, with the exception of aid taking the form of fiscal measures, the aid granting act shall contain an explicit reference to the specific provisions of Chapter II of this Regulation concerned by this act, to the national law which ensures respect of the relevant provisions of this Regulation and to the internet address referred to in paragraph 2.

4. Without prejudice to the obligations contained in paragraphs 1 to 3, whenever individual aid is granted under an existing aid scheme for research and development projects covered by Article 31 and the individual aid exceeds EUR 3 million and whenever individual regional investment aid is granted, on the basis of an existing aid scheme for large investment projects, which is not individually notifiable pursuant to Article 6, the Member States shall, within 20 working days from the day on which the aid is granted by the competent authority, provide the Commission with the information requested in the standard form laid down in Annex II, via the established IT application.

## **Article 10**

### **Monitoring**

1. The Commission shall regularly monitor aid measures of which it has been informed pursuant to Article 9.

2. Member States shall maintain detailed records regarding any individual aid or aid scheme exempted under this Regulation. Such records shall contain all information necessary to establish that the conditions laid down in this Regulation are fulfilled, including information on the status of any undertaking whose entitlement to aid or a bonus depends on its status as an SME, information on the incentive effect of the aid and information making it possible to establish the precise amount of eligible costs for the purpose of applying this Regulation.

Records regarding individual aid shall be maintained for 10 years from the date on which the aid was granted. Records regarding an aid scheme shall be maintained for 10 years from the date on which the last aid was granted under such scheme.

3. On written request, the Member State concerned shall provide the Commission within a period of 20 working days or such longer period as may be fixed in the request, with all the information which the Commission considers necessary to monitor the application of this Regulation.

Where the Member State concerned does not provide the information requested within the period prescribed by the Commission or within a commonly agreed period, or where the Member State provides incomplete information, the Commission shall send a reminder setting a new deadline for the submission of the information. If, despite such reminder, the Member

State concerned does not provide the information requested, the Commission may, after having provided the Member State concerned with the possibility to make its views known, adopt a decision stating that all or part of the future aid measures to which this Regulation applies are to be notified to the Commission in accordance with Article 88 (3) of the Treaty.

## **Article 11**

### **Annual reporting**

In accordance with Chapter III of Commission Regulation (EC) No 794/2004 of 21 April 2004 implementing Council Regulation (EC) No 659/1999 laying down detailed rules for the application of Article 93 of the EC Treaty<sup>27</sup>, Member States shall compile a report in electronic form on the application of this Regulation in respect of each whole year or each part of the year during which this Regulation applies. The internet address of the aid measures referred to in Article 9(2) shall also be included in such annual report.

## **Article 12**

### **Specific conditions applicable to investment aid**

1. In order to be considered an eligible cost for the purposes of this Regulation, investments shall consist of the following:

- (a) an investment in tangible and/or intangible assets relating to the setting-up of a new establishment, the extension of an existing establishment, diversification of the output of an establishment into new additional products or a fundamental change in the overall production process of an existing establishment, or
- (b) the acquisition of the capital assets directly linked to an establishment, where the establishment has closed or would have closed had it not been purchased, and the assets are bought by an independent investor. In the case of business succession of a small enterprise in favour of family of the original owner(s) or in favour of former employees, the condition that the assets shall be bought by an independent investor shall be waived.

The sole acquisition of the shares of an undertaking shall not constitute investment.

---

<sup>27</sup> OJ L 140, 30.4.2004, p. 1. Regulation as last amended by Commission Regulation (EC) No 271/2008 (OJ L 82, 25.3.2008, p. 1).

2. In order to be considered eligible costs for the purposes of this Regulation, intangible assets shall fulfil the following conditions:

- (a) they must be used exclusively in the undertaking receiving the aid. As regards regional investment aid, they must be used exclusively in the establishment receiving the aid;
- (b) they must be regarded as amortizable assets;
- (c) they must be purchased from third parties under market conditions, without the acquirer being in a position to exercise control, within the meaning of Article 3 of Council Regulation (EC) No 139/2004 of 20 January 2004 on the control of concentrations between undertakings (the EC Merger Regulation)<sup>28</sup>, on the seller, or vice versa;
- (d) in the case of SME investment aid, they must be included in the assets of the undertaking for at least three years. In the case of regional investment aid, they must be included in the assets of the undertaking and remain in the establishment receiving the aid for at least five years or three years in the case of SMEs.

3. In order to be considered an eligible cost for the purposes of this Regulation, employment directly created by an investment project shall fulfil the following conditions:

- (a) employment shall be created within three years of completion of the investment, and
- (b) the investment project shall lead to a net increase in the number of employees in the establishment concerned, compared with the average over the previous twelve months, and
- (c) the employment created shall be maintained during a minimum period of five years in case of large enterprise and a minimum period of three years in case of SMEs.

## **Chapter II**

### **SPECIFIC PROVISIONS FOR THE DIFFERENT CATEGORIES OF AID**

#### **Section 1**

#### **REGIONAL AID**

---

<sup>28</sup> OJ L 24, 29.01.2004, p. 1.



## Article 13

### Regional investment and employment aid

1. Regional investment and employment aid schemes shall be compatible with the common market within the meaning of Article 87 (3) of the Treaty and shall be exempt from the notification requirement of Article 88 (3) of the Treaty, provided that the conditions laid down in this Article are fulfilled.

Ad hoc aid which is only used to supplement aid granted on the basis of regional investment and employment aid schemes and which does not exceed 50 % of the total aid to be granted for the investment, shall be compatible with the common market within the meaning of Article 87(3) of the Treaty and shall be exempt from the notification requirement of Article 88(3) of the Treaty provided that the ad hoc aid awarded directly fulfils all the conditions of this Regulation.

2. The aid shall be granted in regions eligible for regional aid, as determined in the approved regional aid map for the Member State concerned for the period 2007-2013. The investment must be maintained in the recipient region for at least five years, or three years in the case of SMEs, after the whole investment has been completed. This shall not prevent the replacement of plant or equipment which has become out-dated due to rapid technological change, provided that the economic activity is retained in the region concerned for the minimum period.

3. The aid intensity in present gross grant equivalent shall not exceed the regional aid threshold which is in force at the time the aid is granted in the assisted region concerned.

4. With the exception of aid granted in favour of large investment projects and regional aid for the transport sector, the thresholds fixed in paragraph 3 may be increased by 20 percentage points for aid awarded to small enterprises and by 10 percentage points for aid awarded to medium-sized enterprises.

5. The thresholds fixed in paragraph 3 shall apply to the intensity of the aid calculated either as a percentage of the investment's eligible tangible and intangible costs or as a percentage of the estimated wage costs of the person hired, calculated over a period of two years, for employment directly created by the investment project or a combination thereof, provided that the aid does not exceed the most favourable amount resulting from the application of either calculation.

6. Where the aid is calculated on the basis of tangible or intangible investment costs, or of acquisition costs in case of takeovers, the beneficiary must provide a financial contribution of at least 25% of the eligible costs, either through its own resources or by external financing, in a form which is free of any public support. However, where the maximum aid intensity approved under the national regional aid map for the Member State concerned, increased in accordance with paragraph 4, exceeds 75%, the financial contribution of the beneficiary is reduced accordingly. If the aid is calculated on the basis of tangible or intangible investment costs, the conditions set out in paragraph 7 shall also apply.

7. In the case of acquisition of an establishment, only the costs of buying assets from third parties shall be taken into consideration, provided that the transaction has taken place

under market conditions. Where the acquisition is accompanied by other investment, the costs relating to the latter shall be added to the cost of the purchase.

Costs related to the acquisition of assets under lease, other than land and buildings, shall only be taken into consideration if the lease takes the form of financial leasing and contains an obligation to purchase the asset at the expiry of the term of the lease. For the lease of land and buildings, the lease must continue for at least five years after the anticipated date of the completion of the investment project or three years in the case of SMEs.

Except in the case of SMEs and takeovers, the assets acquired shall be new. In the case of takeovers, assets for the acquisition of which aid has already been granted prior to the purchase shall be deducted. For SMEs, the full costs of investments in intangible assets may also be taken into consideration. For large enterprises, such costs are eligible only up to a limit of 50% of the total eligible investment costs for the project.

8. Where the aid is calculated on the basis of wage costs, the employment shall be directly created by the investment project.

9. By way of derogation from paragraphs 3 and 4, the maximum aid intensities for investments in the processing and marketing of agricultural products may be set at:

- (a) 50% of eligible investments in regions eligible under Article 87(3)(a) of the Treaty and 40% of eligible investments in other regions eligible for regional aid, as determined in the regional aid map approved for the Member States concerned for the period 2007-2013, if the beneficiary is a small or medium-sized enterprise;
- (b) 25% of eligible investments in regions eligible under Article 87(3)(a) of the Treaty and 20% of eligible investments in other regions eligible for regional aid, as determined in the regional aid map approved for the Member States concerned for the period 2007-2013, if the beneficiary has less than 750 employees and/or less than EUR 200 million turnover, calculated in accordance with Annex I.

10. In order to prevent a large investment being artificially divided into sub-projects, a large investment project shall be considered to be a single investment project when investments are undertaken during a period of three years by the same undertaking or undertakings and consists of fixed assets combined in an economically indivisible way.

## **Article 14**

### **Aid for newly created small enterprises**

1. Aid schemes in favour of newly created small enterprises shall be compatible with the common market within the meaning of Article 87 (3) of the Treaty and shall be exempt from the notification requirement of Article 88 (3) of the Treaty, provided that the conditions laid down in paragraphs 2, 3 and 4 are fulfilled.

2. The beneficiary shall be a small enterprise.

The aid shall not exceed:

- (a) EUR 2 million for small enterprises with their economic activity in regions eligible for the derogation provided for in Article 87(3)(a) of the Treaty, and
- (b) EUR 1 million for small enterprises with their economic activity in regions eligible for the derogation provided for in Article 87(3)(c) of the Treaty.

Annual amounts of aid per undertaking shall not exceed 33 % of the amounts of aid laid down in points (a) and (b) of the second subparagraph.

3. The aid intensity shall not exceed:

- (a) in regions covered by Article 87(3)(a) of the Treaty, 35 % of eligible expenses incurred in the first three years after the creation of the undertaking, and 25 % in the two years thereafter;
- (b) in regions covered by Article 87(3)(c) of the Treaty, 25 % of eligible expenses incurred in the first three years after the creation of the undertaking, and 15 % in the two years thereafter.

These intensities may be increased by 5 % in regions covered by Article 87(3)(a) of the Treaty with a GDP per capita of less than 60 % of the EU-25 average, in regions with a population density of less than 12.5 inhabitants/km<sup>2</sup> and in small islands with a population of less than 5000 inhabitants, and other communities of the same size suffering from similar isolation.

4. The eligible costs shall be legal, advisory, consultancy and administrative costs directly related to the creation of the small enterprise, as well as the following costs, insofar as they are actually incurred within the first five years of the creation of the undertaking:

- (a) interests on external finance and a dividend on own capital employed not exceeding the reference rate;
- (b) fees for renting production facilities/equipment;
- (c) energy, water, heating, taxes (other than VAT and corporate taxes on business income) and administrative charges;
- (d) depreciation, fees for leasing production facilities/equipment as well as wage costs, provided that the underlying investments or job creation and recruitment measures have not benefited from other aid.

5. Small enterprises controlled by shareholders of undertakings that have closed down in the previous 12 months cannot benefit from aid under this provision if the enterprises concerned are active in the same relevant market or in adjacent markets.

## Section 2

### SME INVESTMENT AND EMPLOYMENT AID

#### Article 15

##### SME Investment and employment Aid

1. Investment and employment aid in favour of SMEs shall be compatible with the common market within the meaning of Article 87(3) of the Treaty and shall be exempt from the notification requirement of Article 88 (3) of the Treaty, provided that the conditions laid down in paragraphs 2, 3 and 4 are fulfilled.

2. The aid intensity shall not exceed:

- (a) 20 % in the case of small enterprises;
- (b) 10 % in the case of medium-sized enterprises.

3. The eligible costs shall be the following:

- (a) the investment's eligible tangible and intangible costs, or
- (b) the estimated wage costs of employment directly created by the investment project, calculated over a period of two years.

4. Where the investment concerns the processing and marketing of agricultural products, the aid intensity shall not exceed:

- (a) 75 % of eligible investments in the outermost regions;
- (b) 65 % of eligible investments in the smaller Aegean Islands within the meaning of Council Regulation (EC) No 1405/2006 of 18 September 2006 laying down specific measures for agriculture in favour of the smaller Aegean islands and amending Regulation (EC) No 1782/2003<sup>29</sup>
- (c) 50 % of eligible investments in regions eligible under Article 87(3)(a) of the Treaty;
- (d) 40 % of eligible investments in all other regions.

---

<sup>29</sup> OJ L 265, 26.09.2006, p. 1.

### **Section 3**

#### **AID FOR FEMALE ENTREPRENEURSHIP**

##### **Article 16**

###### **Aid for small enterprises newly created by female entrepreneurs**

1. Aid schemes in favour of small enterprises newly created by female entrepreneurs shall be compatible with the common market within the meaning of Article 87 (3) of the Treaty and shall be exempt from the notification requirement of Article 88 (3) of the Treaty, provided that the conditions laid down in paragraphs 2 to 5 are fulfilled.

2. The beneficiary shall be a small enterprise newly created by female entrepreneurs.

3. The aid shall not exceed EUR 1 million per undertaking.

Annual amounts of aid per undertaking shall not exceed 33 % of the amounts of aid laid down in the first subparagraph.

4. The aid intensity shall not exceed 15 % of eligible expenses incurred in the first five years after the creation of the undertaking.

5. The eligible costs shall be legal, advisory, consultancy and administrative costs directly related to the creation of the small enterprise, as well as the following costs, insofar as they are actually incurred within the first five years of the creation of the undertaking:

- (a) interests on external finance and a dividend on own capital employed not exceeding the reference rate;
- (b) fees for renting production facilities/equipment;
- (c) energy, water, heating, taxes (other than VAT and corporate taxes on business income) and administrative charges;
- (d) depreciation, fees for leasing production facilities/equipment as well as wage costs, provided that the underlying investments or job creation and recruitment measures have not benefited from other aid.
- (e) child care and parent care costs including, where applicable, costs relating to parental leave.

6. Small enterprises controlled by shareholders of undertakings that have closed down in the previous 12 months cannot benefit from aid under this provision if the enterprises concerned are active in the same relevant market or in adjacent markets.

### **Section 4**

#### **AID FOR ENVIRONMENTAL PROTECTION**

## Article 17

### Definitions

For the purposes of this Section, the following definitions shall apply:

- (a) "environmental protection" means any action designed to remedy or prevent damage to physical surroundings or natural resources by the beneficiary's own activities, to reduce risk of such damage or to lead to a more efficient use of natural resources, including energy-saving measures and the use of renewable sources of energy;
- (b) "energy-saving measures" mean action which enables undertakings to reduce the amount of energy used notably in their production cycle;
- (c) "Community standard" means:
  - (i) a mandatory Community standard setting the levels to be attained in environmental terms by individual undertakings, or
  - (ii) the obligation under Directive 2008/1/EC of the European Parliament and of the Council of 15 January 2008 concerning integrated pollution prevention and control<sup>30</sup> to use the best available techniques as set out in the most recent relevant information published by the Commission pursuant to Article 17(2) of that Directive;
- (d) "renewable energy sources" mean the following renewable non-fossil energy sources: wind, solar, geothermal, wave, tidal, hydropower installations, biomass, landfill gas, sewage treatment plant gas and biogases;
- (e) "biofuels" means liquid or gaseous fuel for transport produced from biomass;
- (f) "sustainable biofuels" means biofuels fulfilling the sustainability criteria set out in Article 15 of the proposal for a Directive of the European Parliament and the Council on the promotion of the use of energy from renewable sources (COM(2008) 19 final). Once the Directive has been adopted by the European Parliament and the Council and published in the Official Journal, the sustainability criteria laid down in the Directive shall apply.
- (g) "energy from renewable energy sources" means energy produced by plants using only renewable energy sources, as well as the share in terms of calorific value of energy produced from renewable energy sources in hybrid plants – which also use conventional energy sources; it includes renewable electricity used for filling storage systems, but excludes electricity produced as a result of storage systems;

---

<sup>30</sup> OJ L 24,29.01.2008, p. 8..

- (h) "cogeneration" means the simultaneous generation in one process of thermal energy and electrical and/or mechanical energy;
- (i) "high efficiency cogeneration" means cogeneration meeting the criteria of Annex III to Directive 2004/8/EC of the European Parliament and of the Council of 11 February 2004 on the promotion of cogeneration based on a useful heat demand in the internal energy market and amending Directive 92/42/EEC<sup>31</sup> and satisfying the harmonised efficiency reference values established by Commission Decision 2007/74/EC of 21 December 2006 establishing harmonised efficiency reference values for separate production of electricity and heat in application of Directive 2004/8/EC of the European Parliament and of the Council<sup>32</sup>;
- (j) "environmental tax" means a tax whose specific tax base has a clear negative effect on the environment or which seeks to tax certain activities, goods or services so that the environmental costs may be included in their price and/or so that producers and consumers are oriented towards activities which better respect the environment;
- (k) "Community minimum tax level" means the minimum level of taxation provided for in Community legislation. For energy products and electricity, the Community minimum tax level means the minimum level of taxation laid down in Annex I to Council Directive 2003/96/EC restructuring the Community framework for the taxation of energy products and electricity<sup>33</sup>;
- (l) "tangible assets" mean, investments in land which are strictly necessary in order to meet environmental objectives, investments in buildings, plant and equipment intended to reduce or eliminate pollution and nuisances, and investments to adapt production methods with a view to protecting the environment.

## **Article 18**

### **Investment aid enabling undertakings to go beyond Community standards for environmental protection or increase the level of environmental protection in the absence of Community standards**

1. Investment aid enabling undertakings to go beyond Community standards for environmental protection or increase the level of environmental protection in the absence of Community standards shall be compatible with the common market within the meaning of Article 87 (3) of the Treaty and shall be exempt from the notification requirement of Article 88 (3) of the Treaty, provided that the conditions laid down in paragraphs 2 to 5 are fulfilled.

---

<sup>31</sup> OJ L 52, 21.2.2004, p. 50.

<sup>32</sup> OJ L 32, 6.2.2007, p. 183.

<sup>33</sup> OJ L 283, 31.10.2003, p. 51. Directive as last amended by Directive 2004/75/EC (OJ L 157, 30.4.2004, p. 100).

2. The aided investment shall fulfil one of the following conditions:

- (a) the investment shall enable the beneficiary to increase the level of environmental protection resulting from its activities by going beyond the applicable Community standards, irrespective of the presence of mandatory national standards that are more stringent than the Community standard;
- (b) the investment shall enable the beneficiary to increase the level of environmental protection resulting from its activities in the absence of Community standards.

3. Aid may not be granted where improvements bring companies into line with Community standards already adopted and not yet in force.

4. The aid intensity shall not exceed 35 %.

However, the aid intensity may be increased by 20 percentage points for aid awarded to small enterprises and by 10 percentage points for aid awarded to medium-sized enterprises.

5. a) The eligible costs shall be the extra investment costs necessary to achieve a level of environmental protection higher than the level required by the Community standards, without taking account of operating benefits and operating costs.

b) The cost of the investment directly related to environmental protection shall be established by reference to the counterfactual situation:

(i) where the cost of investing in environmental protection can be easily identified in the total investment cost, this precise environmental protection-related cost shall constitute the eligible costs;

(ii) in all other cases, the extra investment costs shall be established by comparing the investment with the counterfactual situation in the absence of State aid. The correct counterfactual shall be the cost of a technically comparable investment that provides a lower degree of environmental protection (corresponding to mandatory Community standards, if they exist) and that would credibly be realised without aid ("reference investment"). Technically comparable investment means an investment with the same production capacity and all other technical characteristics (except those directly related to the extra investment for environmental protection). In addition, such a reference investment must, from a business point of view, be a credible alternative to the investment under assessment.

c) The eligible investment may take the form of investment in tangible assets and/or in intangible assets.

d) In the case of investments aiming at obtaining a level of environmental protection higher than Community standards, the counterfactual shall be chosen as follows:

(i) where the undertaking is adapting to national standards adopted in the absence of Community standards, the eligible costs shall consist of the additional investment costs necessary to achieve the level of environmental protection required by the national standards;



(ii) where the undertaking is adapting to or goes beyond national standards which are more stringent than the Community standards or goes beyond Community standards, the eligible costs shall consist of the additional investment costs necessary to achieve a level of environmental protection higher than the level required by the Community standards. The cost of investments needed to reach the level of protection required by the Community standards shall not be eligible;

(iii) where no standards exist, the eligible costs shall consist of the investment costs necessary to achieve a higher level of environmental protection than that which the undertaking or undertakings in question would achieve in the absence of any environmental aid.

6. Aid for investments relating to the management of waste of other undertakings shall not be exempted under this Article.

## **Article 19**

### **Aid for the acquisition of transport vehicles which go beyond Community standards or which increase the level of environmental protection in the absence of Community standards**

1. Investment aid for the acquisition of transport vehicles enabling undertakings active in the transport sector to go beyond Community standards for environmental protection or increase the level of environmental protection in the absence of Community standards shall be compatible with the common market within the meaning of Article 87 (3) of the Treaty and shall be exempt from the notification requirement of Article 88 (3) of the Treaty, provided that the conditions laid down in paragraphs 2 to 4 are fulfilled.

2. The aided investment shall fulfil the condition laid down in article 18 (2).

3. Aid for the acquisition of new transport vehicles for road, railway, inland waterway and maritime transport complying with adopted Community standards is exempted, when such acquisition occurs before these Community standards enter into force and where, once mandatory, they do not apply retroactively to already purchased vehicles.

4. Aid for retrofitting operations of existing transport vehicles with an environmental protection objective is exempted if the existing means of transport are upgraded to environmental standards that were not yet in force at the date of entry into operation of those means of transport or if the means of transport are not subject to any environmental standards.

5. The aid intensity shall not exceed 35 %.

However, the aid intensity may be increased by 20 percentage points for aid awarded to small enterprises and by 10 percentage points for aid awarded to medium-sized enterprises.

6. The eligible costs shall be the extra investment costs necessary to achieve a level of environmental protection higher than the level required by the Community standards. The eligible costs shall be calculated as set out in Article 18(5), points (b) and (c) and without taking account of operating benefits and operating costs.

## **Article 20**

### **Aid for early adaptation to future Community standards for SMEs**

1. Aid allowing SMEs to comply with new Community standards which increase the level of environmental protection and are not yet in force shall be compatible with the common market within the meaning of Article 87 (3) of the Treaty and shall be exempt from the notification requirement of Article 88 (3) of the Treaty, provided that the conditions laid down in paragraphs 2, 3 and 4 are fulfilled.

2. The Community standards shall have been adopted, and the investment shall be implemented and finalised at least one year before the mandatory date of transposition.

3. The aid intensity shall not exceed 15 % for small enterprises and 10 % for medium-sized enterprises if the implementation and finalisation take place more than three years before the mandatory date of transposition or date of entry into force and 10 % for small enterprises if the implementation and finalisation take place between one and three years before the mandatory date of transposition or date of the entry into force.

4. The eligible costs shall be the extra investment costs necessary to achieve the level of environmental protection required by the Community standard compared to the existing level of environmental protection required prior to the entry into force of this standard. The eligible costs shall be calculated as set out in Article 18(5), points (b) and (c) and without taking account of operating benefits and operating costs.

## **Article 21**

### **Environmental aid for investment in energy saving measures**

1. Environmental investment aid enabling undertakings to achieve energy savings shall be compatible with the common market within the meaning of Article 87 (3) of the Treaty and shall be exempt from the notification requirement of Article 88 (3) of the Treaty, provided that either the conditions laid down in the paragraphs 2 and 3, or the conditions laid down in paragraphs 4 and 5 are fulfilled.

2. The aid intensity shall not exceed 60 %.

However, the aid intensity may be increased by 20 percentage points for aid awarded to small enterprises and by 10 percentage points for aid awarded to medium-sized enterprises.

3. The eligible costs shall be the extra investment costs necessary to achieve energy savings beyond the level required by the Community standards.

The eligible costs shall be calculated as set out in Article 18(5), points (b) and (c).

The eligible costs must be calculated net of any operating benefits and costs related to the extra investment for energy saving and arising during the first three years of the life of this investment in the case of SMEs, the first four years in the case of large undertakings that are not part of the EU CO<sub>2</sub> Emission Trading System and the first five years in the case of large undertakings that are part of the EU CO<sub>2</sub> Emission Trading System. For large undertakings this period can be reduced to the first three years of the life of this investment where the depreciation time of this investment can be demonstrated not to exceed three years.

The eligible cost calculations shall be certified by an external auditor.

4. The aid intensity shall not exceed 20 %.

However, the aid intensity may be increased by 20 percentage points for aid awarded to small enterprises and by 10 percentage points for aid awarded to medium-sized enterprises.

5. The eligible costs shall be calculated as set out in Article 18(5), points b) and c) and without taking account of operating benefits and operating costs.

## **Article 22**

### **Environmental investment aid for high-efficiency cogeneration**

1. Environmental investment aid for high-efficiency cogeneration shall be compatible with the common market within the meaning of Article 87 (3) of the Treaty and shall be exempt from the notification requirement of Article 88 (3) of the Treaty, provided that the conditions laid down in paragraphs 2 to 4 are fulfilled.

2. The aid intensity shall not exceed 45%.

However, the aid intensity may be increased by 20 percentage points for aid awarded to small enterprises and by 10 percentage points for aid awarded to medium-sized enterprises.

3. The eligible costs shall be the extra investment costs necessary to realise a high efficiency cogeneration plant as compared to the reference investment. The eligible costs shall be calculated as set out in Article 18(5), points (b) and (c) and without taking account of operating benefits and operating costs.

4. A new cogeneration unit shall overall make primary energy savings compared to separate production as defined by Directive 2004/8/EC and Decision 2007/74/EC. The improvement of an existing cogeneration unit or conversion of an existing power generation unit into a

cogeneration unit shall result in primary energy savings compared to the original situation.

## **Article 23**

### **Environmental investment aid for the promotion of energy from renewable energy sources**

1. Environmental investment aid for the promotion of energy from renewable energy sources shall be compatible with the common market within the meaning of Article 87 (3) of the Treaty and shall be exempt from the notification requirement of Article 88 (3) of the Treaty, provided that the conditions laid down in paragraphs 2 and 3 are fulfilled.

2. The aid intensity shall not exceed 45%.

However, the aid intensity may be increased by 20 percentage points for aid awarded to small enterprises and by 10 percentage points for aid awarded to medium-sized enterprises.

3. The eligible costs shall be the extra costs borne by the beneficiary compared with a conventional power plant or with a conventional heating system with the same capacity in terms of the effective production of energy. The eligible costs shall be calculated as set out in Article 18(5), points b) and c) and without taking account of operating benefits and operating costs.

4. Environmental investment aid for the production of biofuels shall be exempted only to the extent the aided investments are used exclusively for the production of sustainable biofuels.

## **Article 24**

### **Aid for environmental studies**

1. Aid to undertakings for studies directly linked to investments for the purposes of achieving standards under the conditions set out in Article 18, of achieving energy saving under the conditions set out in Article 21 and of producing renewable energy under the conditions set out in Article 23 shall be compatible with the common market within the meaning of Article 87(3) of the Treaty and shall be exempt from the notification requirement of Article 88 (3) of the Treaty provided that the conditions laid down in paragraphs 2 and 3 are fulfilled.

2. The aid intensity shall not exceed 50 %.

However, the aid intensity may be increased by 20 percentage points for studies undertaken on behalf of small enterprises and by 10 percentage points for studies undertaken on behalf of medium-sized enterprises.

3. The eligible costs shall be the costs of the study.

## **Article 25**

### **Environmental aid in the form of tax reductions**

1. Environmental aid schemes in the form of reductions from environmental taxes fulfilling the conditions of Directive 2003/96/EC shall be compatible with the common market within the meaning of Article 87 (3) of the Treaty and shall be exempt from the notification requirement of Article 88 (3) of the Treaty, provided the conditions laid down in paragraphs 2 and 3 shall be fulfilled.
2. The beneficiaries of the reduction shall at least pay the Community minimum tax level set by the relevant Directive.
3. Tax reductions shall be granted for periods no longer than ten years. After this 10 year period, Member States shall re-evaluate the appropriateness of the aid measures concerned.

## **Section 5**

### **AID FOR CONSULTANCY IN FAVOUR OF SMEs AND SME PARTICIPATION IN FAIRS**

## **Article 26**

### **Aid for consultancy in favour of SMEs**

1. Aid to SMEs for consultancy shall be compatible with the common market within the meaning of Article 87(3) of the Treaty and shall be exempt from the notification requirement of Article 88(3) of the Treaty, provided that the conditions laid down in paragraphs 2 and 3 are fulfilled.
2. The aid intensity shall not exceed 50 %.
3. The eligible costs shall be the consultancy costs of services provided by outside consultants.

The services concerned shall not be a continuous or periodic activity nor relate to the undertaking's usual operating costs, such as routine tax consultancy services, regular legal services or advertising.

## **Article 27**

### **Aid for SME participation in fairs**

1. Aid to SMEs for participation in fairs shall be compatible with the common market within the meaning of Article 87(3) of the Treaty and shall be exempt from the notification requirement of Article 88(3) of the Treaty provided the conditions laid down in paragraphs 2 and 3 are fulfilled.

2. The aid intensity shall not exceed 50 %.

3. The eligible costs shall be the costs incurred for renting, setting up and running the stand for the first participation of an undertaking in any particular fair or exhibition.

## **Section 6**

### **AID IN THE FORM OF RISK CAPITAL**

#### **Article 28**

##### **Definitions**

For the purposes of this Section, the following definitions shall apply:

- (a) "equity" means ownership interest in an undertaking, represented by the shares issued to investors;
- (b) "quasi-equity" means financial instruments whose return for the holder is predominantly based on the profits or losses of the underlying target undertaking and are unsecured in the event of default;
- (c) "private equity" means private - as opposed to public – equity or quasi-equity investment in undertakings not listed on a stock-market, including venture capital;
- (d) "seed capital" means financing provided to study, assess and develop an initial concept, preceding the start-up phase;
- (e) "start-up capital" means financing provided to undertakings, which have not sold their product or service commercially and are not yet generating a profit for product development and initial marketing;
- (f) "expansion capital" means financing provided for the growth and expansion of an undertaking, which may or may not break even or trade profitably, for the purposes of increasing production capacity, market or product development or the provision of additional working capital;
- (g) "exit strategy" means a strategy for the liquidation of holdings by a venture capital or private equity fund in accordance with a plan to achieve maximum return, including trade sale, write-offs, repayment of preference shares/loans,

sale to another venture capitalist, sale to a financial institution and sale by public offering, including Initial Public Offerings;

- (h) “target undertaking” means an undertaking in which an investor or investment fund is considering investing.

## **Article 29**

### **Aid in the form of risk capital**

1. Aid in the form of risk capital aid schemes in favour of SMEs shall be compatible with the common market within the meaning of Article 87(3) of the Treaty and shall be exempt from the notification requirement of Article 88 (3) of the Treaty, provided the conditions laid down in paragraphs 2 to 8 are fulfilled.

2. The risk capital measure shall take the form of participation into a profit driven private equity investment fund, managed on a commercial basis.

3. The tranches of investment to be made by the investment fund shall not exceed EUR 1.5 million per target undertaking over any period of twelve months.

4. For SMEs located in assisted areas, as well as for small enterprises located in non-assisted areas, the risk capital measure shall be restricted to providing seed capital, start-up capital and/or expansion capital. For medium-sized enterprises located in non-assisted areas, the risk capital measure shall be restricted to providing seed capital and/or start-up capital, to the exclusion of expansion capital.

5. The investment fund shall provide at least 70% of its total budget invested into target SMEs in the form of equity or quasi-equity.

6. At least 50% of the funding of the investment funds shall be provided by private investors, or at least 30% in the case of investment funds targeting exclusively SMEs located in assisted areas.

7. To ensure that the risk capital measure is profit-driven, the following conditions shall be fulfilled:

- (a) a business plan shall exist for each investment, containing details of product, sales and profitability development and establishing the *ex ante* viability of the project; and
- (b) a clear and realistic exit strategy shall exist for each investment.

8. To ensure that the management of the investment fund is effected on a commercial basis, the following conditions shall be fulfilled:

- (a) there shall be an agreement between a professional fund manager and participants in the fund, providing that the manager’s remuneration is linked to performance and setting out the objectives of the fund and proposed timing of investments; and

- (b) private investors shall be represented in decision-making, such as through an investors' or advisory committee; and
- (c) best practices and regulatory supervision shall apply to the management of funds.

## **Section 7**

### **AID FOR RESEARCH , DEVELOPMENT AND INNOVATION**

#### **Article 30**

##### **Definitions**

For the purposes of this Section, the following definitions shall apply:

- (a) “research organisation” means an entity, such as a university or research institute, irrespective of its legal status (organised under public or private law) or way of financing whose primary goal is to conduct fundamental research, industrial research or experimental development and to disseminate their results by way of teaching, publication or technology transfer. All profits must be reinvested in these activities, the dissemination of their results or teaching. Undertakings that can exert influence upon such an organisation, for instance in their capacity of shareholders or members of the organisation, shall enjoy no preferential access to the research capacities of such an organisation or to the research results generated by it;
- (b) “fundamental research” means experimental or theoretical work undertaken primarily to acquire new knowledge of the underlying foundations of phenomena and observable facts, without any direct practical application or use in view;
- (c) “industrial research” means the planned research or critical investigation aimed at the acquisition of new knowledge and skills for developing new products, processes or services or for bringing about a significant improvement in existing products, processes or services. It comprises the creation of components parts to complex systems, which is necessary for the industrial research, notably for generic technology validation, to the exclusion of prototypes;
- (d) “experimental development” means the acquiring, combining, shaping and using existing scientific, technological, business and other relevant knowledge and skills for the purpose of producing plans and arrangements or designs for new, altered or improved products, processes or services. These may also include, for instance, other activities aiming at the conceptual definition, planning and documentation of new products, processes or services. The



activities may comprise producing drafts, drawings, plans and other documentation, provided that they are not intended for commercial use.

The development of commercially usable prototypes and pilot projects is also included where the prototype is necessarily the final commercial product and where it is too expensive to produce for it to be used only for demonstration and validation purposes. In case of a subsequent commercial use of demonstration or pilot projects, any revenue generated from such use must be deducted from the eligible costs.

The experimental production and testing of products, processes and services shall also be eligible, provided that these cannot be used or transformed to be used in industrial applications or commercially.

Experimental development shall not include routine or periodic changes made to products, production lines, manufacturing processes, existing services and other operations in progress, even if such changes may represent improvements;

- (e) "highly qualified personnel" means researchers, engineers, designers and marketing managers with tertiary education degree and at least 5 years of relevant professional experience. Doctoral training may count as relevant professional experience;
- (f) "secondment" means temporary employment of personnel by a beneficiary during a period of time, after which the personnel has the right to return to its previous employer;

## **Article 31**

### **Aid for research and development projects**

1. Aid for research and development projects shall be compatible with the common market within the meaning of Article 87(3) of the Treaty and shall be exempt from the notification requirement of Article 88 (3) of the Treaty provided that the conditions laid down in paragraphs 2 to 5 are fulfilled:

2. The aided part of the research project shall completely fall within one or more of the following research categories:

- (a) fundamental research;
- (b) industrial research;
- (c) experimental development.

When a project encompasses different tasks, each task shall be qualified as falling under one of the categories listed in the first subparagraph, or as not falling under any of those categories.

3. The basic aid intensity shall not exceed:

- (a) 100% for fundamental research;
- (b) 50% for industrial research;
- (c) 25% for experimental development.

The aid intensity shall be established for each beneficiary of aid, including in a collaboration project, as provided in paragraph 4(b) (i).

In the case of State aid for a research and development project being carried out in collaboration between research organisations and undertakings, the combined aid deriving from direct government support for a specific research project and, where they constitute aid, contributions from research organisations to that project may not exceed the applicable aid intensities for each benefiting undertaking.

4. The basic aid intensities set for industrial research and experimental development in paragraph 3 may be increased as follows:

- (a) where the aid is given to SMEs, the aid intensity may be increased by 10 percentage points for medium-sized enterprises and by 20 percentage points for small enterprises; and
- (b) a bonus of 15 percentage points may be added, up to a maximum aid intensity of 80 %, if:
  - (i) the project involves effective collaboration between at least two undertakings which are independent of each other and the following conditions are fulfilled:
    - no single undertaking bears more than 70 % of the eligible costs of the collaboration project,
    - the project involves collaboration with at least one SME or is carried out in at least two different Member States, or
  - (ii) the project involves effective collaboration between an undertaking and a research organisation and the following conditions are fulfilled:
    - the research organisation bears at least 10 % of the eligible project costs; and
    - the research organisation has the right to publish the results of the research projects insofar as they stem from research implemented by that organisation; or
  - (iii) in the case of industrial research, the results of the project are widely disseminated through technical and scientific conferences or through publication in scientific or technical journals or in open access repositories (databases where raw research data can be accessed by anyone), or through free or open source software.

For the purposes of points (b) (i) and (ii) of the first subparagraph, subcontracting shall not be considered to be effective collaboration.

5. The eligible costs shall be the following:

- (a) personnel costs (researchers, technicians and other supporting staff to the extent employed on the research project);
- (b) costs of instruments and equipment to the extent and for the period used for the research project. If such instruments and equipment are not used for their full life for the research project, only the depreciation costs corresponding to the life of the research project, as calculated on the basis of good accounting practice, shall be considered as eligible;
- (c) costs for buildings and land, to the extent and for the duration used for the research project. With regard to buildings, only the depreciation costs corresponding to the life of the research project, as calculated on the basis of good accounting practice shall be considered as eligible. For land, costs of commercial transfer or actually incurred capital costs shall be eligible;
- (d) cost of contractual research, technical knowledge and patents bought or licensed from outside sources at market prices, where the transaction has been carried out at arm's length and there is no element of collusion involved, as well as costs of consultancy and equivalent services used exclusively for the research activity;
- (e) additional overheads incurred directly as a result of the research project;
- (f) other operating expenses, including costs of materials, supplies and similar products incurred directly as a result of the research activity.

6. All eligible costs shall be allocated to a specific category of research and development.

## **Article 32**

### **Aid for technical feasibility studies**

1. Aid for technical feasibility studies preparatory to industrial research or experimental development activities shall be compatible with the common market within the meaning of Article 87 (3) of the Treaty and shall be exempt from the notification requirement of Article 88 (3) of the Treaty, provided that the conditions laid down in paragraphs 2 and 3 are fulfilled.

2. The aid intensity shall not exceed:

- (a) for SMEs, 75% for studies preparatory to industrial research activities and 50% for studies preparatory to experimental development activities;
- (b) for large enterprises, 65% for studies preparatory to industrial research activities and 40% for studies preparatory to experimental development activities.

3. The eligible costs shall be the costs of the study.

## **Article 33**

### **Aid for industrial property rights costs for SMEs**

1. Aid to SMEs for the costs associated with obtaining and validating patents and other industrial property rights shall be compatible with the common market within the meaning of Article 87 (3) of the Treaty and shall be exempt from the notification requirement of Article 88 (3) of the Treaty, provided the conditions laid down in paragraphs 2 and 3 are fulfilled.
2. The aid intensity shall not exceed the intensity which would have qualified as project aid covered by Article 31(3) and (4), in respect of the research activities which first led to the industrial property rights concerned.
3. The eligible costs shall be the following:
  - (a) all costs preceding the grant of the right in the first jurisdiction, including costs relating to the preparation, filing and prosecution of the application as well as costs incurred in renewing the application before the right has been granted;
  - (b) translation and other costs incurred in order to obtain the granting or validation of the right in other legal jurisdictions;
  - (c) costs incurred in defending the validity of the right during the official prosecution of the application and possible opposition proceedings, even if such costs occur after the right is granted.

## **Article 34**

### **Aid for research and development in the agricultural and fisheries sectors**

1. Aid for research and development concerning products listed in Annex I to the Treaty shall be compatible with the common market within the meaning of Article 87 (3) of the Treaty and shall be exempt from the notification requirement of Article 88 (3) of the Treaty, provided that the conditions laid down in paragraphs 2 to 5 are fulfilled.
2. The aid shall be of interest to all operators in the particular sector or sub-sector concerned.
3. Information that research will be carried out, and with which goal, shall be published on the internet, prior to the commencement of the research. An approximate date of expected results and their place of publication on the internet, as well as a mention that the result will be available at no cost, must be included.

The results of the research shall be made available on internet, for a period of at least 5 years. This information on the internet shall be published no later than any information which may be given to members of any particular organisation;

4. Aid shall be granted directly to the researching institution or body and must not involve the direct granting of non-research related aid to a company producing, processing or marketing agricultural products, nor provide price support to producers of such products.

5. The aid intensity shall not exceed 100 %.
6. The eligible costs shall be those provided in article 31 (5).
7. Aid for research and development concerning products listed in Annex I to the Treaty and not fulfilling the conditions laid down in paragraph 1 shall be compatible with the common market within the meaning of Article 87 (3) (c) of the Treaty and shall be exempt from the notification requirement of Article 88 (3) of the Treaty, provided the conditions laid down in Articles 30 to 32 are fulfilled.

## **Article 35**

### **Aid to young innovative enterprises**

1. Aid to young innovative enterprises shall be compatible with the common market within the meaning of Article 87(3) of the Treaty and shall be exempt from the notification requirement of Article 88 (3) of the Treaty, provided that the conditions laid down in paragraphs 2 to 5 are fulfilled.
2. The beneficiary shall be a small enterprise that has been of existence for less than 6 years at the time when the aid is granted.
3. The R&D expenses of the beneficiary shall represent at least 15 % of its total operating expenses in at least one of the three years preceding the granting of the aid or in the case of a start-up enterprise without any financial history, in the audit of its current fiscal period, as certified by an external auditor.
4. The aid shall not exceed EUR 1 million.

However, the aid shall not exceed EUR 1,5 million in regions eligible for the derogation provided for in Article 87(3)(a) of the Treaty, and EUR 1,25 million in regions eligible for the derogation provided for in Article 87(3)(c) of the Treaty.

5. The beneficiary may receive the aid only once during the period in which it qualifies as a young innovative enterprise.

## **Article 36**

### **Aid for innovation advisory services and for innovation support services**

1. Aid for innovation advisory services and for innovation support services shall be compatible with the common market within the meaning of Article 87(3) of the EC Treaty and shall be exempt from the notification requirement of Article 88 (3) of the EC Treaty, provided that the following conditions are fulfilled:

- (a) the beneficiary is an SME;
- (b) the aid does not exceed a maximum of EUR 200 000 per beneficiary within any three year period;
- (c) the service provider benefits from a national or European certification. If the service provider does not benefit from a national or European certification, the aid may not cover more than 75 % of the eligible costs;
- (d) the beneficiary must use the State aid to buy the services at market price, or if the service provider is a non-for-profit entity, at a price which reflects its full costs plus a reasonable margin.

2. The following costs shall be eligible:

- (a) as regards innovation advisory services the following costs: management consulting; technological assistance; technology transfer services; training; consultancy for acquisition, protection and trade in Intellectual Property Rights and for licensing agreements; consultancy on the use of standards.
- (b) as regards innovation support services the following costs: office space; data banks; technical libraries; market research; use of laboratory; quality labelling, testing and certification.

## **Article 37**

### **Aid for the loan of highly qualified personnel**

1. Aid for the loan of highly qualified personnel seconded from a research organisation or a large enterprise to an SME shall be compatible with the common market within the meaning of Article 87(3) of the EC Treaty and shall be exempt from the notification requirement of Article 88 (3) of the EC Treaty, provided that the following conditions are fulfilled:
  - (a) The seconded personnel must not be replacing other personnel, but must be employed in a newly created function within the beneficiary undertaking and must have been employed for at least two years in the research organisation or the large enterprise, which is sending the personnel on secondment.
  - (b) The seconded personnel must work on R&D&I activities within the SME receiving the aid.
2. Eligible costs are all personnel costs for borrowing and employing highly qualified personnel, including the costs of using a recruitment agency, as well as a mobility allowance for the seconded personnel.
3. The maximum aid intensity shall be 50 % of the eligible costs, for a maximum of 3 years per undertaking and per person borrowed.

4. This provision does not allow covering consultancy costs as the ones covered by article 26 of the present regulation.

## **Section 8**

### **TRAINING AID**

#### **Article 38**

##### **Definitions**

For the purposes of this Section, the following definitions shall apply:

- (a) "specific training" means training involving tuition directly and principally applicable to the employee's present or future position in the undertaking and providing qualifications which are not or only to a limited extent transferable to other undertakings or fields of work;
- (b) "general training" means training involving tuition which is not applicable only or principally to the employee's present or future position in the undertaking, but which provides qualifications that are largely transferable to other undertakings or fields of work.

Training shall be considered "general" if, for example:

- (i) it is jointly organised by different independent undertakings, or if employees of different undertakings may avail themselves of the training, or
- (ii) it is recognised, certified or validated by public authorities or bodies or by other bodies or institutions on which a Member State or the Community has conferred the necessary powers.

#### **Article 39**

##### **Training aid**

1. Training aid shall be compatible with the common market within the meaning of Article 87(3) of the Treaty and shall be exempt from the notification requirement of Article 88 (3) of the Treaty, provided that the conditions laid down in paragraphs 2, 3 and 4 are fulfilled.

2. The aid intensity shall not exceed:

- (a) 25 % for specific training, and
- (b) 60 % for general training.

However, the aid intensity may be increased, up to a maximum aid intensity of 80 %, as follows:

- (a) by 10 percentage points if the training is given to disabled or disadvantaged workers;
- (b) by 10 percentage points if the aid is awarded to medium-sized enterprises and by 20 percentage points if the aid is awarded to small enterprises.

Where the aid is granted in the maritime transport sector, it may reach an intensity of 100 %, whether the training project concerns specific or general training, provided that the following conditions are met:

- (a) the trainee shall not be an active member of the crew but shall be supernumerary on board, and
- (b) the training shall be carried out on board ships entered on Community registers.

3. In cases where the aid project involves both specific and general training components which cannot be separated for the calculation of the aid intensity, and in cases where the specific or general character of the training aid project cannot be established, the intensities applicable to specific training shall apply.

4. The eligible costs of a training aid project shall be:

- (a) trainers' personnel costs;
- (b) trainers' and trainees' travel expenses, including accommodation;
- (c) other current expenses such as materials and supplies directly related to the project;
- (d) depreciation of tools and equipment, to the extent that they are used exclusively for the training project;
- (e) cost of guidance and counselling services with regard to the training project;
- (f) trainees' personnel costs and general indirect costs (administrative costs, rent, overheads) up to the amount of the total of the other eligible costs referred to in points (a) to (e). As regards the former type of costs, only the hours during which the trainees actually participate in the training, after deduction of any productive hours, may be taken into account.



## **Section 9**

### **AID FOR DISADVANTAGED AND DISABLED WORKERS**

#### **Article 40**

##### **Aid for the recruitment of disadvantaged workers in the form of wage subsidies**

1. Aid schemes for the recruitment of disadvantaged workers shall be compatible with the common market within the meaning of Article 87(3) of the Treaty and shall be exempt from the notification requirement of Article 88 (3) of the Treaty, provided the conditions laid down in paragraphs 2 to 5 are fulfilled.
2. The aid intensity shall not exceed 50 % of the eligible costs.
3. Eligible costs shall be the wage costs over a maximum period of 12 months following recruitment. Eligible costs shall be the wage costs over a maximum period of 24 months following recruitment in case the worker concerned is a severely disadvantaged worker.
4. Where the recruitment does not represent a net increase, compared with the average over the previous twelve months, in the number of employees in the undertaking concerned, the post or posts shall have fallen vacant following voluntary departure, disability, retirement on grounds of age, voluntary reduction of working time or lawful dismissal for misconduct and not as a result of redundancy.
5. Except in the case of lawful dismissal for misconduct, the disadvantaged worker shall be entitled to continuous employment for a minimum period consistent with their national legislation or collective agreements governing employment contracts. In case the period of employment is shorter than 12 months, the aid shall be reduced pro rata accordingly.

#### **Article 41**

##### **Aid for the employment of disabled workers in the form of wage subsidies**

1. Aid for the employment of disabled workers in the form of wage subsidies shall be compatible with the common market within the meaning of Article 87(3) of the Treaty and shall be exempt from the notification requirement of Article 88 (3) of the Treaty, provided the conditions laid down in paragraphs 2 to 5 are fulfilled.
2. The aid intensity shall not exceed 75 % of the eligible costs.
3. Eligible costs shall be the wage costs over any given duration during which the disabled worker is being employed.

4. Where the recruitment does not represent a net increase, compared with the average over the previous twelve months, in the number of employees in the undertaking concerned, the post or posts shall have fallen vacant following voluntary departure, disability, retirement on grounds of age, voluntary reduction of working time or lawful dismissal for misconduct and not as a result of redundancy.

5. Except in the case of lawful dismissal for misconduct the workers shall be entitled to continuous employment for a minimum period consistent with their national legislation or collective agreements governing employment contracts. In case the period of employment is shorter than 12 months, the aid shall be reduced pro rata accordingly.

## **Article 42**

### **Aid for compensating the additional costs of employing disabled workers**

1. Aid for compensating the additional costs of employing disabled workers shall be compatible with the common market within the meaning of Article 87(3) of the Treaty and shall be exempt from the notification requirement of Article 88 (3) of the Treaty, provided the conditions laid down in paragraphs 2 and 3 are fulfilled.

2. The aid intensity shall not exceed 100 % of the eligible costs.

3. Eligible costs shall be costs other than wage costs covered by Article 39, which the employer has to bear and which are additional to those which the undertaking would have incurred if employing workers who are not disabled, over the duration during which the worker concerned is being employed.

The following costs shall be eligible:

- (a) costs of adapting premises;
- (b) costs of employing staff for time spent solely on the assistance of the disabled workers;
- (c) costs of adapting or acquiring equipment, or acquiring and validating software for their use by disabled workers, including adapted or assistive technology facilities, which are additional to those which the beneficiary would have incurred if employing workers who are not disabled;
- (d) where the beneficiary undertaking provides sheltered employment, the costs of constructing, installing or expanding the establishment concerned, and any costs of administration and transport which result directly from the employment of disabled workers;

## **Chapter III**

### **FINAL PROVISIONS**

## **Article 43**

### **Repeal**

Regulation (EC) No 70/2001, Regulation (EC) No 68/2001, Regulation (EC) No 2204/2002 and Regulation (EC) No 1628/2006 shall be repealed.

Any references to the repealed Regulations shall be construed as references to this Regulation.

## **Article 44**

### **Transitional provisions**

1. This Regulation shall apply to individual aid granted before its entry into force, if the aid fulfils all the conditions laid down in this Regulation, with the exception of Article 9

2. Any aid granted before 31 December 2008, which does not fulfil the conditions laid down in this Regulation but fulfils the conditions laid down in Regulation (EC) No 70/2001, Regulation (EC) No 68/2001, Regulation (EC) No 2204/2002 or Regulation (EC) No 1628/2006 shall be compatible with the common market and exempt from the notification requirement of Article 88(3) of the Treaty.

Any other aid granted before the entry into force of this Regulation, which fulfils neither the conditions laid down in this Regulation nor the conditions laid down in one of the Regulations referred to in the first subparagraph, shall be assessed by the Commission in accordance with the relevant frameworks, guidelines, communications and notices.

3. At the end of the period of validity of this Regulation, any aid schemes exempted under this Regulation shall remain exempted during an adjustment period of six months, with the exception of regional aid schemes. The exemption of regional aid schemes shall expire at the date of expiry of the approved regional aid maps.

## **Article 45**

### **Entry into force and applicability**

1. This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

It shall apply until 31 December 2013.

2. This Regulation shall be binding in its entirety and directly applicable in all Member States.

## **Annex I**

### **Definition of SME**

#### Article 1

##### Enterprise

An enterprise is considered to be any entity engaged in an economic activity, irrespective of its legal form. This includes, in particular, self-employed persons and family businesses engaged in craft or other activities, and partnerships or associations regularly engaged in an economic activity.

#### Article 2

##### Staff headcount and financial thresholds determining enterprise categories

1. The category of micro, small and medium-sized enterprises ("SMEs") is made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding 50 million euro, and/or an annual balance sheet total not exceeding EUR 43 million.
2. Within the SME category, a small enterprise is defined as an enterprise which employ fewer than 50 persons and whose annual turnover and/or annual balance sheet total does not exceed EUR 10 million.
3. Within the SME category, a micro-enterprise is defined as an enterprise which employs fewer than 10 persons and whose annual turnover and/or annual balance sheet total does not exceed EUR 2 million.

#### Article 3

##### Types of enterprise taken into consideration in calculating staff numbers and financial amounts

1. An "autonomous enterprise" is any enterprise which is not classified as a partner enterprise within the meaning of paragraph 2 or as a linked enterprise within the meaning of paragraph 3.
2. "Partner enterprises" are all enterprises which are not classified as linked enterprises within the meaning of paragraph 3 and between which there is the following relationship: an enterprise (upstream enterprise) holds, either solely or jointly with one or more linked enterprises within the meaning of paragraph 3, 25 % or more of the capital or voting rights of another enterprise (downstream enterprise).

However, an enterprise may be ranked as autonomous, and thus as not having any partner enterprises, even if this 25 % threshold is reached or exceeded by the following investors, provided that those investors are not linked, within the meaning of paragraph 3, either individually or jointly to the enterprise in question:

- (a) public investment corporations, venture capital companies, individuals or groups of individuals with a regular venture capital investment activity who invest equity capital in unquoted businesses (business angels), provided the total investment of those business angels in the same enterprise is less than EUR 1250000;

- (b) universities or non-profit research centres;
- (c) institutional investors, including regional development funds;
- (d) autonomous local authorities with an annual budget of less than EUR 10 million and less than 5000 inhabitants.

3. "Linked enterprises" are enterprises which have any of the following relationships with each other:

- (a) an enterprise has a majority of the shareholders' or members' voting rights in another enterprise;
- (b) an enterprise has the right to appoint or remove a majority of the members of the administrative, management or supervisory body of another enterprise;
- (c) an enterprise has the right to exercise a dominant influence over another enterprise pursuant to a contract entered into with that enterprise or to a provision in its memorandum or articles of association;
- (d) an enterprise, which is a shareholder in or member of another enterprise, controls alone, pursuant to an agreement with other shareholders in or members of that enterprise, a majority of shareholders' or members' voting rights in that enterprise.

There is a presumption that no dominant influence exists if the investors listed in the second subparagraph of paragraph 2 are not involving themselves directly or indirectly in the management of the enterprise in question, without prejudice to their rights as stakeholders.

Enterprises having any of the relationships described in the first subparagraph through one or more other enterprises, or any one of the investors mentioned in paragraph 2, are also considered to be linked.

Enterprises which have one or other of such relationships through a natural person or group of natural persons acting jointly are also considered linked enterprises if they engage in their activity or in part of their activity in the same relevant market or in adjacent markets.

An "adjacent market" is considered to be the market for a product or service situated directly upstream or downstream of the relevant market.

4. Except in the cases set out in paragraph 2, second subparagraph an enterprise cannot be considered an SME if 25 % or more of the capital or voting rights are directly or indirectly controlled, jointly or individually, by one or more public bodies.

5. Enterprises may make a declaration of status as an autonomous enterprise, partner enterprise or linked enterprise, including the data regarding the thresholds set out in Article 2. The declaration may be made even if the capital is spread in such a way that it is not possible to determine exactly by whom it is held, in which case the enterprise may declare in good faith that it can legitimately presume that it is not owned as to 25 % or more by one enterprise or jointly by enterprises linked to one another. Such declarations are made without prejudice to the checks and investigations provided for by national or Community rules.

#### Article 4

Data used for the staff headcount and the financial amounts and reference period

1. The data to apply to the headcount of staff and the financial amounts are those relating to the latest approved accounting period and calculated on an annual basis. They are taken into account from the date of closure of the accounts. The amount selected for the turnover is calculated excluding value added tax (VAT) and other indirect taxes.

2. Where, at the date of closure of the accounts, an enterprise finds that, on an annual basis, it has exceeded or fallen below the headcount or financial thresholds stated in Article 2, this will not result in the loss or acquisition of the status of medium-sized, small or micro-enterprise unless those thresholds are exceeded over two consecutive accounting periods.

3. In the case of newly-established enterprises whose accounts have not yet been approved, the data to apply is to be derived from a bona fide estimate made in the course of the financial year.

## Article 5

### Staff headcount

The headcount corresponds to the number of annual work units (AWU), i.e. the number of persons who worked full-time within the enterprise in question or on its behalf during the entire reference year under consideration. The work of persons who have not worked the full year, the work of those who have worked part-time, regardless of duration, and the work of seasonal workers are counted as fractions of AWU. The staff consists of:

(a) employees;

(b) persons working for the enterprise being subordinated to it and deemed to be employees under national law;

(c) owner-managers;

(d) partners engaging in a regular activity in the enterprise and benefiting from financial advantages from the enterprise.

Apprentices or students engaged in vocational training with an apprenticeship or vocational training contract are not included as staff. The duration of maternity or parental leaves is not counted.

## Article 6

### Establishing the data of an enterprise

1. In the case of an autonomous enterprise, the data, including the number of staff, are determined exclusively on the basis of the accounts of that enterprise.

2. The data, including the headcount, of an enterprise having partner enterprises or linked enterprises are determined on the basis of the accounts and other data of the enterprise or, where they exist, the consolidated accounts of the enterprise, or the consolidated accounts in which the enterprise is included through consolidation.

To the data referred to in the first subparagraph are added the data of any partner enterprise of the enterprise in question situated immediately upstream or downstream from it. Aggregation is proportional to the percentage interest in the capital or voting rights (whichever is greater). In the case of cross-holdings, the greater percentage applies.

To the data referred to in the first and second subparagraph are added 100 % of the data of any enterprise, which is linked directly or indirectly to the enterprise in question, where the data were not already included through consolidation in the accounts.

3. For the application of paragraph 2, the data of the partner enterprises of the enterprise in question are derived from their accounts and their other data, consolidated if they exist. To these are added 100 % of the data of enterprises which are linked to these partner enterprises, unless their accounts data are already included through consolidation.

For the application of the same paragraph 2, the data of the enterprises which are linked to the enterprise in question are to be derived from their accounts and their other data, consolidated if they exist. To these are added, pro rata, the data of any possible partner enterprise of that linked enterprise, situated immediately upstream or downstream from it, unless it has already been included in the consolidated accounts with a percentage at least proportional to the percentage identified under the second subparagraph of paragraph 2.

4. Where in the consolidated accounts no staff data appear for a given enterprise, staff figures are calculated by aggregating proportionally the data from its partner enterprises and by adding the data from the enterprises to which the enterprise in question is linked."

## **Annex II**

### **Form for the provision of summary information for research and development aid under the extended reporting obligation laid down in Article 9.4**

1. Aid in favour of (name of the undertaking(s) receiving the aid, SME or not):
2. Aid scheme reference (Commission reference of the existing scheme or schemes under which the aid is awarded):
3. Public entity/entities providing the assistance (name and co-ordinates of the granting authority or authorities):
4. Member State where the aided project or measure is carried out:
5. Type of project or measure:
6. Short description of project or measure:
7. Where applicable, eligible costs (in EUR):
8. Discounted aid amount (gross) in EUR:
9. Aid intensity (% in gross grant equivalent):
10. Conditions attached to the payment of the proposed aid (if any):

11. Planned start and end date of the project or measure:
12. Date of award of the aid:

**Form for the provision of summary information for aid for large investment projects under the extended reporting obligation laid down in Article 9.4**

1. Aid in favour of (name of the undertaking(s) receiving the aid).
2. Aid scheme reference (Commission reference of the existing scheme or schemes under which the aid is awarded).
3. Public entity/entities providing the assistance (name and co-ordinates of the granting authority or authorities).
4. Member State where the investment takes place.
5. Region (NUTS 3 level) where the investment takes place.
6. Municipality (previously NUTS 5 level, now LAU 2) where the investment takes place.
7. Type of project (setting-up of a new establishment, extension of existing establishment, diversification of the output of an establishment into new additional products or a fundamental change in the overall production process of an existing establishment).
8. Products manufactured or services provided on the basis of the investment project (with PRODCOM/NACE nomenclature or CPA nomenclature for projects in the service sectors).
9. Short description of investment project.
10. Discounted eligible cost of investment project (in EUR).
11. Discounted aid amount (gross) in EUR.
12. Aid intensity (% in GGE).
13. Conditions attached to the payment of the proposed assistance (if any).
14. Planned start and end date of the project.
15. Date of award of the aid.



### Annex III

#### Information communicated by Member States regarding state aid granted under Commission General Block Exemption Regulation (EC) No XXXX

(Text with EEA relevance)

to be provided through the established Commission IT application as laid down in  
Article 9 of Regulation N° XXXX

Please fill in the information required below.

#### PART I

<b>Aid reference</b>	<i>(to be completed by the Commission )</i>
<b>Member State</b>	
<b>Member State reference number</b>	

<b>Region</b>	<b>Name of the Region (NUTS<sup>1</sup>)</b>	<b>Regional aid status<sup>2</sup></b>
<b>Granting authority</b>	<b>Name</b>	
	<b>Address</b>	
	<b>Webpage</b>	
<b>Title of the aid measure</b>		
<b>National legal basis (Reference to the relevant national official publication)</b>		
<b>Web link to the full text of the aid measure</b>		
<b>Type of measure</b>	<b>Scheme</b>	
	<b>Ad hoc aid</b>	<b>Name of the Beneficiary</b>
<b>Amendment of an existing aid measure</b>		<b>Commission aid number</b>
	<b>Prolongation</b>	
	<b>Modification</b>	

<sup>1</sup> NUTS - Nomenclature of Territorial Units for Statistics

<sup>2</sup> Article 87(3)(a) of the EC Treaty, Article 87(3)(c) of the EC Treaty, mixed areas, areas not eligible for regional aid

<b>Duration<sup>3</sup></b>	<b>Scheme</b>	dd/mm/yy to dd/mm/yy	
<b>Date of granting<sup>4</sup></b>	<b>Ad hoc aid</b>	dd/mm/yy	
<b>Economic sector(s) concerned</b>	<b>All economic sectors eligible to receive aid</b>		
	<b>Limited to specific sectors - Please specify in accordance with NACE Rev. 2.<sup>5</sup></b>		
<b>Type of beneficiary</b>	<b>SME</b>		
	<b>Large enterprises</b>		
<b>Budget</b>	<b>Annual overall amount of the budget planned under the scheme<sup>6</sup></b>	<b>National currency... (in millions)</b>	
	<b>Overall amount of the ad hoc aid awarded to the undertaking<sup>7</sup></b>	<b>National currency... (in millions)</b>	
	<b>For guarantees<sup>8</sup></b>	<b>National currency... (in millions)</b>	
<b>Aid instrument (Art. 5)</b>			
	<b>Grant</b>		
	<b>Interest rate subsidy</b>		
	<b>Loan</b>		
	<b>Guarantee/ Reference to the Commission decision<sup>9</sup></b>		
	<b>Fiscal measure</b>		
	<b>Risk capital</b>		
	<b>Repayable advances</b>		
	<b>Other (please specify)</b>		
<b>If co-financed by Community funds</b>	<b>Reference(s):</b>	<b>Amount of Community funding</b>	<b>National currency... (in millions)</b>

<sup>3</sup> Period during which the granting authority can commit itself to grant the aid.

<sup>4</sup> Determined in line with recital 36 of the Regulation.

<sup>5</sup> NACE Rev.2 - Statistical classification of Economic Activities in the European Community.

<sup>6</sup> In case of an aid scheme: Indicate the annual overall amount of the budget planned under the scheme or the estimated tax loss per year for all aid instruments contained in the scheme.

<sup>7</sup> In case of an ad hoc aid award: Indicate the overall aid amount/tax loss.

<sup>8</sup> For guarantees, indicate the (maximum) amount of loans guaranteed.

<sup>9</sup> Where appropriate, reference to the Commission decision approving the methodology to calculate the gross grant equivalent, in line with article 5.1.c) of the Regulation.

**PART II**

Please indicate under which provision of the GBER the aid measure is implemented.

General Objectives (list)	Objectives (list)	Maximum aid intensity in % or Maximum aid amount in national currency	SME - bonuses in %
Regional investment and employment aid <sup>43</sup> (Art. 13)	<i>Scheme</i>	...%	
	<i>Ad hoc aid (Art. 13.1.)</i>	...%	
Aid for newly created small enterprises (Art. 14)	...%		
SME investment and employment aid (Art. 15)	...%		
Aid for small enterprises newly created by female entrepreneurs (Art. 16)	...%		
Aid for Environmental protection (Art. 17 – 25)	Investment aid enabling undertakings to go beyond Community standards for environmental protection or increase the level of environmental protection in the absence of Community standards (Art. 18) Please provide a specific reference to the relevant standard	...%	
	Aid for the acquisition of transport vehicles which go beyond Community standards or which increase the level of environmental protection in the absence of Community standards (Art. 19)	...%	
	Aid for early adaptation to future	...%	

<sup>43</sup> In the case of ad hoc regional aid supplementing aid awarded under aid scheme(s), please indicate both the aid intensity granted under the scheme and the intensity of the ad hoc aid.

	<b>Community standards for SMEs (Art. 20)</b>			
	<b>Environmental aid for investment in energy saving measures (Art. 21)</b>		...%	
	<b>Environmental investment aid for high efficiency cogeneration (Art. 22)</b>		...%	
	<b>Environmental investment aid for the promotion of energy from renewable energy sources (Art. 23)</b>		...%	
	<b>Aid for environmental studies (Art. 24)</b>		...%	
	<b>Environmental aid in the form of tax reductions (Art. 25)</b>		...national currency	
<b>Aid for consultancy in favour of SMEs and SME participation in fairs (Art. 26 – 27)</b>	<b>Aid for consultancy in favour of SMEs (Art. 26)</b>		...%	
	<b>Aid for SME participation in fairs (Art. 27)</b>		...%	
<b>Aid in the form of risk capital (Art. 28 - 29)</b>			...national currency	
<b>Aid for research, development and innovation (Art. 30 – 37)</b>	<b>Aid for research and development projects (Art. 31)</b>	<b>Fundamental research (Art. 31.2.a))</b>	...%	
		<b>Industrial research (Art. 31.2.b))</b>	...%	
		<b>Experimental development (Art. 31.2.c))</b>	...%	
	<b>Aid for technical feasibility studies (Art. 32)</b>		...%	
	<b>Aid for industrial property rights costs for SMEs (Art. 33)</b>		...%	
	<b>Aid for research and development in the agricultural and fisheries sectors (Art. 34)</b>		...%	
	<b>Aid to young innovative enterprises (Art. 35)</b>		...national currency	
	<b>Aid for innovation advisory services and for innovation support services (Art. 36)</b>		...national currency	
	<b>Aid for the loan of highly qualified personnel (Art. 37)</b>		...national currency	
<b>Training aid (Art. 38 – 39)</b>	<b>Specific training (Art. 38.2.a)</b>		...%	
	<b>General training (Art. 38.2.b)</b>		...%	

<b>Aid for disadvantaged and disabled workers (Art. 40 – 42)</b>	<b>Aid for the recruitment of disadvantaged workers in the form of wage subsidies (Art. 40)</b>	...%	
	<b>Aid for the employment of disabled workers in the form of wage subsidies (Art. 41)</b>	...%	
	<b>Aid for compensating the additional costs of employing disabled workers (Art. 42)</b>	...%	