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PUBLIC VERSION

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**Subject: State Aid SA.57234 (2020/N) – Republic of Estonia  
COVID-19: Amendment to SA.57014 (2020/N) – Estonian aid schemes  
in the form of grants and payment advantages under Section 3.1 of  
the Temporary Framework for State aid measures to support the  
economy in the current COVID-19 outbreak**

Excellency,

**1. PROCEDURE**

- (1) By electronic notification of 4 May 2020, Estonia notified a modification of two of the eight aid schemes under SA.57014 (2020/N) in the form of grants and payment advantages under Section 3.1 of the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak (jointly referred to as the “measures”).
- (2) The Estonian authorities confirm that the notification does not contain confidential information.
- (3) Estonia exceptionally agrees to waive its rights deriving from Article 342 of the Treaty on the Functioning of the European Union (“TFEU”), in conjunction with

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Minister of Foreign Affairs of Estonia  
Islandi väljak 1, 15049 Tallinn

Article 3 of Regulation 1/1958,<sup>1</sup> and to have this Decision adopted and notified in English.

## **2. DESCRIPTION OF THE MEASURES**

- (4) Estonia seeks to amend two existing aid schemes, Measures 1 and 4 under SA.57014 (2020/N) (jointly referred to as the “existing aid schemes”), approved by Commission Decision of 21 April 2020<sup>2</sup> (the “initial Decision”).
- (5) The other six aid schemes approved under SA.57014 (2020/N) remain unaltered.

### **2.1. Amendments to Measure 1**

- (6) The legal basis for the amendments to Measure 1 is Regulation No 13 of Estonia’s Minister of Foreign Trade and Information Technology of 29 April 2020.
- (7) The notified amendments seek to modify the following elements of Measure 1:
  - (a) The objective of the aid is now to provide a one-time grant to small enterprises to mitigate the damage caused by the COVID-19 outbreak, rather than supporting only small companies that seek to transform their products, services, processes and business model in order to ensure their viability as provided in recital (9) of the initial Decision. Aid granted under Measure 1 as amended still aims to contribute additional cash flows to mitigate the current shortages of liquidity of these enterprises and to ensure their viability.
  - (b) In line with the amended objective of Measure 1, the eligible activities, costs and project periods described in recitals (19), (20) and (21) of the initial Decision are no longer applicable.
  - (c) The final beneficiaries of Measure 1 must have had a turnover greater than EUR 20 000 and lower than EUR 100 000 in the financial year 2019, instead of between EUR 40 000 and EUR 1 million as mentioned in recital (14)(c) of the initial Decision. Furthermore, they must have not received aid from Measure 4, rather than Measure 3 as described in recital (14)(i) of the initial Decision. The notified amendments also remove the condition described in recital (14)(d) of the initial Decision concerning the amount of labour taxes paid in 2019.
  - (d) The grant amount per undertaking is amended to between EUR 3 000 and EUR 5 000, rather than between EUR 2 000 and EUR 10 000 as provided in recital (18) of the initial Decision.
- (8) No further changes to Measure 1 are envisaged.

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<sup>1</sup> Regulation No 1 determining the languages to be used by the European Economic Community, OJ 17, 6.10.1958, p. 385.

<sup>2</sup> Commission Decision C(2020) 2606 final of 21 April 2020.

## 2.2. Amendments to Measure 4

- (9) The legal basis for the amendments to Measure 4 is Regulation No 12 of Estonia's Minister of Foreign Trade and Information Technology of 29 April 2020.
- (10) Pursuant to the notified amendments and rather than as described in recital (57) of the initial Decision, Measure 4 is open to the following undertakings active in the tourism sector:
- (a) accommodation undertakings, which are companies registered in Estonia's Commercial Register and which provide services taxed at a VAT rate of 9% under NACE codes I 55.1, 55.2, 55.3 or Q 86.905;
  - (b) catering undertakings, which are companies registered in Estonia's Commercial Register under NACE code I 56 (except for NACE code I 56.29);
  - (c) travel undertakings, which are companies registered in Estonia's Commercial Register and whose main activity is the provision or intermediation of travel services under NACE code N 79;
  - (d) tourist attractions, which are undertakings (including local government agencies, foundations and non-profit associations) that operate as a visitor centre or a museum based on admission and which offer services to their visitors; and
  - (e) tourism service providers, which are undertakings that offer visitors experience services in culture or nature tourism or active holiday services and which are listed in Estonia's tourism services database<sup>3</sup>.
- (11) Rather than as stated in recital (55) of the initial decision, the final beneficiaries of Measure 4 are undertakings adversely affected by the COVID-19 outbreak which fulfil the following conditions:
- (a) For accommodation undertakings, (i) to be registered in Estonia's Commercial Register no later than 1 February 2020; (ii) a turnover not greater than EUR 3 million in the financial year 2019; and (iii) a decrease in turnover of at least 40% in March or April 2020 compared to March or April 2019. If an accommodation undertaking has provided its services for less than a year, the decrease in its turnover taxed at a VAT rate of 9% in March or April 2020 must be at least 40% compared to the average turnover per operating month.
  - (b) For catering undertakings, (i) to be registered in Estonia's Commercial Register no later than 1 February 2020; (ii) to have paid at least EUR 10 000 in labour taxes in 2019; and (iii) a decrease in turnover of at least 40% in March or April 2020 compared to March or April 2019. If a catering undertaking has operated for less than a year, the decrease in its turnover in March or April 2020 must be at least 40% compared to the average turnover per operating month.

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<sup>3</sup> Accessible at [www.puhkaeestis.ee](http://www.puhkaeestis.ee).

- (c) For travel undertakings, (i) to be registered in Estonia's Commercial Register no later than 1 February 2020; and (ii) to have paid at least EUR 10 000 in labour taxes in 2019.
  - (d) For tourist attractions, (i) where applicable, to be registered in Estonia's Commercial Register no later than 1 February 2020; and (ii) a decrease in turnover of at least 40% in March or April 2020 compared to March or April 2019. If a tourist attraction has offered its services for less than a year, the decrease in its turnover in March or April 2020 must be at least 40% compared to the average turnover per operating month.
  - (e) For tourism service providers, (i) where applicable, to be registered in Estonia's Commercial Register no later than 1 February 2020; and (ii) a turnover between EUR 20 000 and EUR 40 000 in the financial year 2019.
- (12) All beneficiaries of aid under Measure 4 listed above in recital (11) must also fulfil the following conditions pursuant to the notified amendments:
- (a) have no unpaid debts for state taxes due by 12 March 2020;
  - (b) are not subject to compulsory winding-up, liquidation or bankruptcy proceedings;
  - (c) the shareholders having a controlling influence over the companies are not subject to compulsory winding-up, liquidation or bankruptcy proceedings;
  - (d) have paid back any aid that is due pursuant to a recovery order; and
  - (e) have not received aid under Measure 1.
- (13) Rather than as mentioned in recital (59) of the initial Decision, the grant amount per undertaking and the basis for calculating these amounts are as follows:
- (a) For accommodation undertakings, between EUR 2 000 and EUR 60 000 per undertaking. The amount of the grant is equal to 100% of the labour taxes in 2019. If the accommodation undertaking has operated for less than a year, the amount of the grant is equal to 100% of the labour taxes paid during the period of operation.
  - (b) For catering undertakings, between EUR 2 000 and EUR 30 000 per undertaking. The amount of the grant is equal to 20% of the labour taxes in 2019. If the catering undertaking has operated for less than a year, the amount of the grant is equal to 20% of the labour taxes paid during the period of operation.
  - (c) For travel undertakings, between EUR 2 000 and EUR 60 000 per undertaking. The amount of the grant is equal to 95% of the labour taxes in 2019. If the travel undertaking has operated for less than a year, the amount of the grant is equal to 95% of the labour taxes paid during the period of operation.
  - (d) For tourist attractions, between EUR 2 000 and EUR 50 000 per undertaking. The amount of the grant is equal to 50% of their turnover in March, April, May and June 2019. If the tourist attraction has provided

services for less than a year, the amount of the grant is equal to 50% of their estimated average turnover for four months.

(e) For tourism service providers, the aid amount is EUR 3 000.

(14) No further changes to Measure 4 are envisaged.

### **3. ASSESSMENT**

#### **3.1. Lawfulness of the measures**

(15) By notifying the measures before putting them into effect, the Estonian authorities have respected their obligations under Article 108(3) TFEU.

#### **3.2. Existence of State aid**

(16) Article 107(1) TFEU defines State aid as ‘any aid granted by a Member State or through State resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods shall, in so far as it affects trade between Member States, be incompatible with the common market’.

(17) The qualification of the measures as State aid was established in the initial Decision. The notified amendments do not alter this finding. The Commission therefore refers, for this analysis, to recitals (110) to (115) of the initial Decision.

#### **3.3. Compatibility**

(18) The Commission has examined the measures pursuant to Article 107(3)(b) TFEU.

(19) By adopting the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak (the “Temporary Framework”)<sup>4</sup>, the Commission acknowledged the need to take specific temporary measures that enable Member States to remedy the liquidity shortages faced by undertakings and to ensure that the disruptions caused by the COVID-19 outbreak do not undermine their viability.

(20) In its initial Decision, the Commission concluded that the existing aid schemes were compliant with the compatibility conditions set out by the Temporary Framework.

(21) The Commission refers to its analysis of compatibility as set out in recitals (116) to (123) of the initial Decision.

(22) The objective of Measure 1 as amended (recital (7)(a)) complies with Sections 2 and 3.1 of the Temporary Framework given that the amended scheme seeks to provide liquidity to small Estonian undertakings affected by the COVID-19 outbreak in order to ensure their viability. For their part, the modifications

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<sup>4</sup> Communication from the Commission – Temporary framework for State aid measures to support the economy in the current COVID-19 outbreak, 19 March 2020, OJ C 91I, 20.3.2020, p. 1-9; as amended by the Communication from the Commission – Amendment to the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak, 3 April 2020, OJ C 112I, 4.4.2020, p. 1-9.

mentioned in recitals (7)(b) to (d) and recitals (10) to (13) do not alter the finding of compliance of the two schemes, as amended, with the Temporary Framework. In particular, these amendments do not have an effect on the form of aid, the maximum aid amount per undertaking in cash equivalent of EUR 800 000, the budget of the measures, the exclusion of undertakings which were already in difficulty on 31 December 2019 and other conditions assessed in recitals (121) and (122) of the initial Decision.

- (23) Apart from the modifications referred to in recitals (7) and (10) to (13) above, the Commission notes that there are no other alterations to the existing aid schemes (recitals (8) and (14)).
- (24) The Commission therefore considers that the measures do not affect the compatibility analysis of the existing aid schemes as set out in the initial Decision.
- (25) The Commission also notes that the other six aid schemes approved under SA.57014 (2020/N) remain unaltered by the notified amendments (recital (5)) and that their compatibility analysis under the initial Decision has not changed.

#### **4. CONCLUSION**

The Commission has accordingly decided not to raise objections to the measures on the grounds that they are compatible with the internal market pursuant to Article 107(3)(b) TFEU.

Yours faithfully,

For the Commission

Margrethe VESTAGER  
Executive Vice-President

