Subject: State Aid SA. SA.57165 (2020/N) – Greece
Wage subsidies to self-employed under the Temporary Framework to support the economy in the current COVID-19 outbreak

Excellency,

1. Procedure

(1) By electronic notification of 6 May 2020, Greece notified aid in the form of wage subsidies to support self-employed individuals including self-employed managers of small undertakings in sectors affected by the COVID-19 outbreak (“Special purpose compensation to support undertakings due to the onset and spread of COVID-19”, hereafter “the measure”) under the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak, as amended (“the Temporary Framework”).

(2) The Greek authorities confirm that the notification does not contain confidential information.

(3) Greece 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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Article 3 of Regulation 1/1958, and to have this Decision adopted and notified in English.

2. DESCRIPTION OF THE MEASURE

(4) Greece considers that the COVID-19 outbreak has started to affect the real economy and threatens the continuation of business activities by self-employed individuals that have partially or entirely suspended their activities due to the compulsory closure of enterprises and the significant effect, both on demand and supply, of the restrictions and containment measures enforced by the national authorities in response to that outbreak. The measure thus aims to preserve employment which, due to the COVID-19 outbreak, would otherwise have been affected and to allow undertakings to resume their activities immediately after the confinement period.

(5) By the measure, the Greek authorities aim to ensure the continuation of business activities of self-employed individuals in sectors that have suffered significant loss of business due to the COVID-19 outbreak. The measure forms part of an overall package of measures and aims to counter the serious disturbance inflicted upon the economy by the outbreak and to preserve the continuity of economic activity during and after the outbreak.

(6) To the extent the scheme is co-financed by European Structural and Investment Funds (ESIF), the measure will be implemented in full compliance with the rules applicable under these Funds.

(7) The compatibility assessment of the measure is based on Article 107(3)(b) TFEU, as interpreted by Section 2 and Section 3.10 of the Temporary Framework.

2.1. The nature and form of aid

(8) The measure provides aid in the form of direct grants as compensation to self-employed, including self-employed managers of small undertakings, for the loss of income suffered for the period 17 March 2020 to 30 April 2020 in sectors that have suffered significant loss of business due to the COVID-19 outbreak.

2.2. Legal basis

(9) The legal basis for the measure is:

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

3 The compulsory closure of undertakings and the significant effect of the restrictions, both on demand and supply, have taken a severe toll on economic activity. The Greek Government has imposed the closure of all business operations that are considered of high risk for the spread of the virus, namely the ones involving high concentration of people i.e. restaurants, catering, cafes, bars, cinemas, theatres, museums, athletic centres, gyms, entertainment venues, hotels, hostels, all retail shops, etc. As restrictions and compulsory closure measures are still in effect and may also continue, the impact on economic activity is gradually increasing. The Ministry of Finance estimates that more than 790,000 businesses with monthly turnover of approximately EUR 8.3 billion, are forced to closure or ceasing of their activities or are significantly negatively affected by the imposed restrictions and the downturn of the economy.
• Article 8 of the Legislative Act of 20.03.2020, as amended by Article 1 of the Legislative Act of 13.04.2020, and Article 3 of Law 4684/2020,

• Article 6 of the Act of a Legislative Content of 20.03.2020, authorised by Article 1 of Greek Law 4683/2020, and Article 8(1) of the same Act, as amended by Article 1 of the Act of a Legislative Content of 13.04.2020,

• the Joint Ministerial Decision No 39162/16.04.2020, the Joint Ministerial Decision No 88/24.04.2020 and the Joint Ministerial Decision No 89/25.04.2020 of the Ministers of Finance, Development and Investment, Labour and Social Insurance,

• the Joint Ministerial Decision No 19024/17.03.2020, the Joint Ministerial Decision No 21268/28.03.2020 and the Joint Ministerial Decision No 24406/10.04.2020.

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4 Act of a Legislative Content ‘Urgent measures to address the consequences of the risk of coronavirus COVID-19 spread, to support society and business initiative and to ensure the proper functioning of the market and the public administration’ (Government Gazette A’ 68/20.03.2020).

5 Act of a Legislative Content ‘Measures to address the consecutive consequences of the coronavirus COVID-19 pandemic and other urgent provisions’ (Government Gazette A’ 84/13.04.2020).


7 Act of a Legislative Content ‘Urgent measures to address the consequences of the risk of coronavirus COVID-19 spread, to support society and business initiative and to ensure the proper functioning of the market and the public administration’ (Government Gazette A’ 68/20.03.2020).

8 Greek Law 4683/2020 “Ratification of the Act of a Legislative Content of 20.03.2020 ‘Urgent measures to address the consequences of the risk of coronavirus COVID-19 spread, to support society and business initiative and to ensure the proper functioning of the market and the public administration’ (A’ 68) and other provisions” (Government Gazette A’ 83/10.04.2020).

9 Act of a Legislative Content ‘Measures to address the consecutive consequences of the coronavirus COVID-19 pandemic and other urgent provisions’ (Government Gazette A’ 84/13.04.2020).


2.3. Administration of the measure

(10) The Directorate General for Financial Services of the Ministry of Finance is responsible for administering the measure. It will be supported in its functions by the Independent Authority for Public Revenues.

2.4. Budget and duration of the measure

(11) The estimated budget of the measure is EUR 500 million.

(12) The measure will be co-financed by European Structural and Investment Funds (ESIF).

(13) Aid may be granted under the measure no later than 31 December 2020.

2.5. Beneficiaries

(14) The beneficiaries of the measure are self-employed individuals and self-employed managers of small undertakings of up to 20 employees active in Greece which are negatively affected by the COVID-19 outbreak. Financial institutions are excluded from the measure.

(15) Pursuant to Article 2 of the Joint Ministerial Decision No 39162/16.04.2020, a self-employed individual is a person who practices a freelance profession. Self-employed managers of small undertakings are eligible to benefit from the measure provided that their undertaking employs up to 20 employees and has one of the following legal forms: 1) Civil company, 2) Private capital company, 3) Private partnership, 4) Limited Liability Company and 5) Limited partnership.

undertakings’ operation and other meeting places in the whole territory of Greece for the period 28.03.2020 – 11.04.2020 to limit the spread of the coronavirus COVID-19’ (Government Gazette B’ 1081/28.03.2020), as amended by the Joint Ministerial Decision Δ1α/ΓΠ.οικ.22821/03.04.2020 (Government Gazette B’ 1167/03.04.2020).


16 The notion of self-employed individual is defined in Article 2 of Greek Law 4387/2016 (Government Gazette A’ 85/12.5.2012), as replaced by Article 22 of Greek Law 4670/2020 (Government Gazette A’ 43/28.2.2020).

17 Article 748 of the Greek Civil Code.

18 Articles 56 and 64 of Law 4072/2012 (Government Gazette A’ 86), as in force.

19 Articles 254(1) and 257(1) of Law 4072/2012 (Government Gazette A’ 86), as in force.

20 Article 16 of Law 3190/1955 (Government Gazette A’ 91), as in force.

21 Articles 274 and 278 of Law 4072/2012 (Government Gazette A’ 86), as in force.
Under the provisions of Greek company law, the owners of undertakings falling into categories 1 to 4 above are in principle self-employed managers and representatives of the company. With regard to the owners of a limited partnership (category 5), the applicable legal provisions also allow them to take part in the management of the company (i.e. participation in tasks relevant to the company’s daily work), which according to the Greek authorities is the case in most companies with this legal form.

The vast majority of companies covered by the measure are in fact family-run companies and thus all of their partners are *de facto* engaged in the daily work of these companies, regardless of their formal title.

### 2.6. Sectoral and regional scope of the measure

The measure is open to the sectors mentioned in the Annex of the Joint Ministerial Decision No 39162/15.04.2020. It does not apply to the financial sector. It applies to the whole territory of Greece.

In the aforementioned Annex, the Greek authorities have identified the sectors that have suffered significantly due to the COVID-19 outbreak. They are divided in two categories:

1) The sectors of the economy that were obliged to suspend their operations following a State decree and the recommendations of the competent health authorities, as part of the overall effort to address the COVID-19 outbreak. After taking into consideration a number of factors, these sectors were determined as of high risk for the spread of the virus and the suspension of their operations was considered critical for the protection of public health; and

2) The sectors of the economy that are seriously hampered by the COVID-19 outbreak. These sectors were identified based on objective macro-economic data relating to the sectors’ activity (for example turnover or number of transactions).

In order to determine which sectors are highly affected by the COVID-19 outbreak (second category), an objective monitoring and evaluation mechanism has been put into place by the Ministry of Finance/General Accounting Office and the Independent Authority of Public Revenues. That mechanism includes assessment of turnover volume and transactions data, the restriction decisions by the State and the affected corresponding supply chain, as well as sector-specific

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22 Overall, more than 80% of the companies in Greece are family-owned, according to the Athens Chamber of Commerce and Industry (2019 Family Business Successful Succession conference).


24 The economic sectors with share of enterprises under suspension of operation greater than 80.0% are Accommodation (87.1%), Food and beverage service activities (80.9%), Education (88.8%) and Sports activities and amusement and recreation activities (86.7%). The corresponding share of persons employed in enterprises under suspension of operation are 94.2% for Accommodation, 89.6% for Food and beverage service activities, 89.9% for Education and 90.2% for Sports activities and amusement and recreation activities.
indicators. That mechanism is dynamic, meaning that it incorporates updated developments in the real economy and State-imposed restrictions.

2.7. Basic elements of the measure

(21) The wage subsidies are granted on the basis of an aid scheme that is intended to compensate the loss of income of self-employed individuals and self-employed managers of undertakings with up to 20 employees due to the disturbances in their businesses caused by the measures at national level adopted to respond to the COVID-19 outbreak.

(22) The beneficiaries have been confronted with the suspension or reduction of their business activities and a serious harm in their living standards due to the COVID-19 outbreak. The measure is intended to offset the daily needs and expenses of the beneficiaries, as a result of the loss of income during the period covered by the aid (17 March 2020 to 30 April 2020).

2.7.1. Maximum aid intensity and absolute aid amount

(23) The wage compensation of EUR 800 corresponds to a period of 45 days and, in monthly terms, is equal to a monthly wage of EUR 533. This level of income corresponds to 70 percent of the minimum national monthly wage.

(24) According to the Greek authorities, the proposed approach of calculating the wage equivalent of the concerned self-employed by taking as a reference salary the minimum national monthly wage ensures that the aid scheme is easy to apply and control. Moreover, the level of compensation (70 percent of the minimum wage) ensures the proportionality of the measure.

(25) The number of days covered by the supplement corresponds to 45 days (17 March 2020 to 30 April 2020). The wage supplement will be made in a one-off payment per self-employed or per undertaking with self-employed managers.

2.7.2. Aid application, payment conditions and modalities

(26) Eligible beneficiaries must submit an application for support under the measure through a dedicated application form in the online platform of the Independent Authority of Public Revenues “myBusinessSupport”25. The application includes all the necessary information for the competent authority to verify that the conditions for eligibility of the applicants are fulfilled26.

(27) The decision regarding the granting of aid will be made known to the applicants through the online platform <myBusinessSupport>.


26 The aid will be awarded based on a declaration of compliance by the applicant in which he declares that 1) he does not engage any employees or it engages no more than 20 employees or he is a self-employed individual and 2) the eligibility conditions for the aid measure are fulfilled. These are set in Articles 2 and 3 of the Joint Ministerial Decision No 39162 ΕΞ 2020/15.04.2020 ‘Special purpose compensation to support undertakings due to the onset and spread of COVID-19’ (Government Gazette B’ 1457/16.04.2020).
Self-employed managers of small undertakings are required to declare that they maintain their personnel in continuous employment for the period during which they receive the aid. The compliance with this condition is monitored after the disbursement of the aid (ex post) through the information system ‘ERGANI’.

Beneficiaries of the measure shall be obliged to provide the competent authorities with any document or information upon request. All the necessary documents must be retained by the beneficiaries for 10 years after the disbursement of the aid.

In case of non-compliance with the conditions of the aid measure, the competent authority must order the full recovery of the aid together with the appropriate interest calculated from the date it was disbursed to the beneficiary.

The measure will apply retroactively from the date when the disturbance or containment measure related to the COVID-19 outbreak hit the specific sectors, i.e. from 17 March 2020 to 30 April 2020.

2.8. Cumulation

The aid ceilings and cumulation maxima fixed under the measure shall apply regardless of whether the support for the aided project is financed entirely from State resources or partly financed by the European Structural and Investment Funds (ESIF).

The Greek authorities confirm that aid granted under the measure may be cumulated with aid under de minimis Regulations, the General Block Exemption Regulation, Regulation 702/2014 for agriculture and forestry related activities.

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27 As amended by Article 3(2) of the draft Joint Ministerial Decision (not yet published in the Government Gazette) “Amendment of the Joint Ministerial Decision No 39162 ΕΞ 2020/15.04.2020 ‘Special purpose compensation to support undertakings due to the onset and spread of COVID-19’ (Government Gazette B’ 1457/16.04.2020”).


(“ABER”) and Regulation 1388/2014 for fishery and aquaculture related activities (for “MARE” activities), provided the provisions and cumulation rules of those Regulations are respected.

(34) The Greek authorities also confirm that aid under the measure may be cumulated with other forms of Union financing, provided that the maximum aid intensities indicated in the relevant Guidelines or Regulations are respected.

(35) In addition, the Greek authorities confirm that aid granted under the measure may be cumulated with aid granted under other measures approved by the Commission under other sections of the Temporary Framework, for instance, under its Section 3.9, provided the provisions in those specific sections are respected.

(36) Furthermore, the Greek authorities confirm that aid granted under the measure may be combined with aid granted under other generally available measures or with aid schemes in the form of employment support measures, provided the total amount of combined aid does not lead to overcompensation of the wage costs of the personnel concerned.

(37) Finally, the Greek authorities confirm that, in case the wage subsidy is combined with other generally available or selective employment support measures, the combined support will not lead to overcompensation of the loss of income of the self-employed concerned.

2.9. Monitoring and reporting

(38) The Greek authorities confirm that they will respect the monitoring and reporting obligations laid down in Section 4 of the Temporary Framework.

3. Assessment

3.1. Lawfulness of the measure

(39) By notifying the measure after having put it into effect, Greece did not comply with its obligations under Article 108(3) TFEU.

3.2. Existence of State aid

(40) For a measure to be categorised as aid within the meaning of Article 107(1) TFEU, all the conditions set out in that provision must be fulfilled. First, the measure must be imputable to the State and financed through State resources.

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Second, it must confer an advantage on its recipients. Third, that advantage must be selective in nature. Fourth, the measure must distort or threaten to distort competition and affect trade between Member States.

(41) The measure is imputable to the State, since it is laid down in the Act of Legislative Content ‘Measures to address the consecutive consequences of the coronavirus COVID-19 pandemic and other urgent provisions’ and its implementing Joint Ministerial Decisions and it is administered by a public body, namely the Directorate General for Financial Services of the Ministry of Finance. It is financed through State resources, since it is financed by public funds and specifically through the Public Investments Programme of the General Directorate of Financial Services of the Greek Ministry of Finance.

(42) The measure confers an advantage on its beneficiaries in the form of direct grants. The measure thus relieves those beneficiaries of costs which they would have had to bear under normal market conditions.

(43) The advantage granted by the measure is selective, since it is awarded only to certain undertakings that operate in the specific sectors listed in the Annex of the Joint Ministerial Decision No 39162/15.04.2020, excluding the financial sector, and under certain conditions. In particular, only self-employed employing up to 20 employees are eligible under the scheme.

(44) The measure is liable to distort competition, since it strengthens the competitive position of its beneficiaries. It also affects trade between Member States, since those beneficiaries are active in sectors in which intra-Union trade exists.

(45) In view of the above, the Commission concludes that the measure constitutes aid within the meaning of Article 107(1) TFEU. The Greek authorities do not contest that conclusion.

3.3. Compatibility

(46) Since the measure involves aid within the meaning of Article 107(1) TFEU, it is necessary to consider whether that measure is compatible with the internal market.

(47) Pursuant to Article 107(3) (b) TFEU the Commission may declare compatible with the internal market aid “to remedy a serious disturbance in the economy of a Member State”.

(48) By adopting the Temporary Framework on 19 March 2020, the Commission acknowledged (in Section 2) that “the COVID-19 outbreak affects all Member States and that the containment measures taken by Member States impact undertakings”. The Commission concluded that “State aid is justified and can be declared compatible with the internal market on the basis of Article 107(3)(b) TFEU, for a limited period, to remedy the liquidity shortage faced by undertakings and ensure that the disruptions caused by the COVID-19 outbreak do not undermine their viability, especially of SMEs”.

(49) The measure aims at preserving employment by compensating self-employed individuals and self-employed managers of undertakings with no more than 20 employees for a loss of income resulting from measures adopted at national level
to respond to the COVID-19 outbreak, which affects the wider economy and has led to severe disturbances of the real economy of the Member States. In particular, it aims at supporting self-employed individuals and self-employed managers of small undertakings whose business activities are suspended, significantly reduced or even ceased, in compliance with a State order, and whose income is reduced, if not lost.

(50) The measure is one of a series of measures conceived at national level by the Greek authorities to remedy a serious disturbance in their economy. The importance of wage support measures to preserve employment and economic continuity is widely accepted by economic commentators and the measure is of a scope which can reasonably be anticipated to produce effects in all the sectors particularly affected by the COVID-19 outbreak and to counter the serious disturbance inflicted upon the economy. Furthermore, the measure has been designed to meet the requirements of a specific category of aid (“Aid in the form of wage subsidies”) described in Section 3.10 of the Temporary Framework.

(51) The Commission accordingly considers that the measure is necessary, appropriate and proportionate to remedy a serious disturbance in the economy of a Member State and meets all the conditions of the Temporary Framework. In particular:

- Aid granted under the measure is aimed at preserving employment during the COVID-19 outbreak (see recitals (4), (5), (21) and (22)). The measure therefore complies with point 43(a) of the Temporary Framework;

- Aid is granted under a scheme to self-employed and self-employed managers of small undertakings active in specific sectors that are particularly affected by the COVID-19 outbreak (see recitals (14), (18) - (20)). The measure therefore complies with point 43(b) of the Temporary Framework;

- Wage subsidies are granted to self-employed individuals, including self-employed managers of undertakings with up to 20 employees, under the measure (i) over a period of not more than twelve months after the application for aid is submitted (see recitals (13), (22), (25) and (30)); (ii) in situations in which the business activity of the self-employed individual or manager has been subject to suspension or reduction due to the COVID-19 outbreak (see recitals (21), (22) and (26)); and (iii) subject to the condition that the beneficiaries’ personnel and relevant business activity is maintained for the entire period for which the aid is granted (see recitals (26) – (27)). The measure therefore complies with point 43(c) of the Temporary Framework;

- The monthly wage subsidy is fixed at EUR 533. The 45-day wage subsidy per self-employed equals EUR 800, which corresponds to 70% of the minimum monthly wage in Greece (see recitals (23) and (24)). This ensures that the aid is simple to administer and remains proportionate to the objective pursued by the measure, namely to provide to the self-employed a minimum support to address their basic needs over the relevant period. The measure therefore complies with point 43(d) of the Temporary Framework;
The Greek authorities confirm that the specific provisions in the sections of the Temporary Framework and the cumulation rules of the relevant Regulations are respected so that if wage subsidies granted under the measure are combined with other generally available or selective employment support measures, overcompensation of the wage costs of the beneficiaries concerned will be excluded (see recital (36)). The measure therefore complies with point 43(e) of the Temporary Framework.

Moreover, the Greek authorities confirm that the monitoring and reporting rules laid down in Section 4 of the Temporary Framework will be respected (see recital (38)). The Greek authorities further confirm that the aid under the measure may only be cumulated with other aid, provided the specific provisions in the sections of the Temporary Framework are respected and the cumulation rules of the relevant Regulations are respected (recitals (33) to (35) and (50)).

The Commission takes note that the ESIF rules will be respected.

The Commission therefore considers that the measure is necessary, appropriate and proportionate to remedy a serious disturbance in the economy of a Member State pursuant to Article 107(3)(b) TFEU since it meets all the relevant conditions of the Temporary Framework.

4. CONCLUSION

The Commission has accordingly decided not to raise objections to the aid on the grounds that it is compatible with the internal market pursuant to Article 107(3)(b) of the Treaty on the Functioning of the European Union.

Yours faithfully,

For the Commission

Margrethe VESTAGER
Executive Vice-President