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**Subject: State Aid SA.57614 (2020/N)  
Compensation scheme for sport organisations, facilities and cancellation  
of sport events related to COVID-19 (the “COVID – Sport Programme”)  
- Czechia**

Excellency,

**1. PROCEDURE**

- (1) Czechia notified the above-mentioned scheme on 1 July 2020, according to Article 108(3) Treaty on the Functioning of the European Union (“TFEU”). Following a Commission request, Czechia provided additional information on 3, 7 and 17 July 2020.
- (2) Czechia exceptionally agreed to waive its rights deriving from Article 342 TFEU, in conjunction with Article 3 of Regulation 1/1958<sup>1</sup>, and to have this Decision adopted and notified in English.

**2. DETAILED DESCRIPTION OF THE MEASURE**

**2.1 Context**

- (3) In Czechia, the sports sector relies, largely, on a structure of small sports clubs as well as physical education and training organizations (so-called “sports organisations”). They play a key role in enabling citizens to take part in affordable sports activities and

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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

Tomáš PETŘÍČEK  
Ministr zahraničních věcí  
Ministerstvo zahraničních věcí České republiky  
Loretánské náměstí 5  
118 00 Praha 1  
Česká Republika

to enjoy sports and physical activities every day. The sports organisations are the backbone of sports in the country. Given, however, their non-profit nature, they often have no significant financial reserves, and thus operate in precarious conditions. They are managed with the support of volunteers and members.

- (4) The outbreak of the COVID-19 pandemic hit the Czech Republic in a sudden manner, with an unprecedented impact on the health and daily lives of all citizens.
- (5) In that context, the Czech government adopted a series of general measures, as well as measures specifically related to sport activities.
- (6) Czechia declared a 30-day state of emergency on 12 March 2020, which it later extended until 17 May 2020. Lockdown measures in support of the state of emergency have been loosened only gradually during May and June, and some of the restrictive measures are still in force. These include the obligation to maintain a distance of two metres between workers in offices, and a limit on the number of persons who can be present in outdoor facilities such as zoos and botanical gardens. Certain restrictions also continue to be in force with respect to sports events and sport infrastructures, such as a maximum number of visitors of 1000 persons for a sports event (which increases to 5000 persons if there is an effective division between sectors). In certain areas of the Czech Republic, where the epidemiological situation is still precarious, the number of visitors per sports events is restricted to 100 persons.
- (7) As a first step relating to sport, on 13 March 2020 the Czech authorities banned all sporting activities involving more than 30 people, both public and private.
- (8) On 14 March 2020, Czechia banned public access to swimming pools, indoor and outdoor sports centres.
- (9) As of 16 March 2020, the Czech authorities restricted the free movement of the public, with the exception of travel to and from work and trips necessary to ensure basic human needs (e.g. buying groceries and medication, helping older family members, etc.). The provision of accommodation services was forbidden. The limitation on free movement, including gatherings of more than two persons, applied until the end of the state of emergency. As a result of those restrictions, sports events had to be cancelled.
- (10) The Czech government took the first steps to relax restrictions relating to sports facilities and activities from late April 2020 onwards. Since 20 April 2020, outdoor training activities for professional athletes have been allowed. As of 27 April 2020, gyms and fitness facilities have been accessible and as of 11 May 2020, outdoor training activities for professional athletes have been allowed. As from 25 May 2020, sports events (with a limit of 300 persons including athletes, staff and audience) were allowed again.
- (11) As explained in recital 6, some restrictive measures affecting sporting activities are still in force in the Czech Republic, and the Czech authorities do not expect that major sports events without any limits relating to the size of the audience will be allowed before September 2020.
- (12) Regarding travel to Czechia, the Czech authorities banned all arrivals of foreigners on 16 March 2020. They re-opened the borders on 26 May 2020 for Union citizens and for non-EU citizen that are long-term residents in the Czech Republic for the purposes of performing economic activities, visiting relatives or university study, conditional on the individuals' testing negative at the border for COVID-19. The Czech Republic has in the meantime further eased conditions of entry and currently only visitors from

medium- and high-risk countries are requested to have a negative COVID-19 test upon entry.

## **2.2. Objective of the scheme**

- (13) The COVID-19 outbreak and the associated declaration of a state of emergency in the Czech Republic as well as the resulting lockdown measures significantly affected three groups of sports organisations beyond the scope of their normal activities.
- (14) The goal of the Covid-Sport Programme (the "programme" or the "scheme") is to mitigate the negative impact of the COVID-19 outbreak on the activities of sports organisations that were affected by the consequences of the declaration of state of emergency and the resulting lockdown measures on the Czech territory.
- (15) The most affected group of sports organisations is that of operators of sports facilities. Because the operation of sports infrastructure involves fixed costs, those operators must bear them regardless of the facility's use, while facing an almost complete loss of revenues<sup>2</sup> such as membership, licence, participation or subscription or entrance fees. The objective of the programme is to maintain sports infrastructure in a functional state so that their use can be resumed once the emergency measures cease. This part of the programme is called "Support area A".
- (16) Another group of significantly affected sports organisations is that of organisers of sports events. The support is intended for sports organisations organising or co-organising a sports event that had to be cancelled, postponed or restricted while the organisation incurred necessary costs related to the event (costs incurred "in vain"), which cannot be utilised for a postponed, restricted or another event to be held in the future. A sports event within the meaning of this scheme may have a domestic or an international audience. This part of the programme is called "Support area B".
- (17) A third group of entities affected by the negative effects of the state of emergency and the resulting lockdown measures are sports organisations that had to pay rent for the use of sports facilities while those sports facilities could not be used. This part of the programme is called "Support area C".

## **2.3. Detailed description of the measure**

### **Nature and form of the aid**

- (18) The measure provides aid in the form of direct grants.

### **Legal Basis**

- (19) The legal basis of the scheme includes the following items:
  - (a) Act no. 115/2001 Col., on support of sport, as amended; Act No. 218/2000 Col., on budgetary rules, as amended, Act No. 500/2004 Col., Administrative procedure Code, as amended.
  - (b) "Programme to Support Sports Organisations Affected by the COVID-19 Global Pandemic – "SPORT-COVID"".

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<sup>2</sup> Potential beneficiaries for the measures in "Support area A" may have obtained some revenue given that some membership fees may have been paid already at the beginning of March to cover the entire month of March.

## **Duration**

- (20) The applications under the scheme may be submitted from 15 June 2020<sup>3</sup> to 31 August 2020.

## **Budget and Administering Agency**

- (21) The estimated budget is CZK 1 000 000 000 (around EUR 37.6 million<sup>4</sup>) and the administering agency is the National Sport Agency of Czechia.

## **Beneficiaries**

- (22) Prospective beneficiaries of the notified scheme are non-profit sport organisations that 1) own or operate sports infrastructures that are economically exploited, or 2) were planning but, subsequently, had to cancel, reduce or postpone major sports events (including events with international participants); or 3) were unable to use sport infrastructure despite paying for the use of such infrastructure.
- (23) Professional sports clubs are excluded from the scheme. Sports events for the purposes of this measure do not include league or cup matches of two opponents, friendly matches, trainings and training camps of professional sports clubs.

## **Detailed arrangements for compensation**

- (24) For measures in Support area A, the basis of the damage compensation will extend to the following items that were incurred between 14 March and 24 May 2020.
- (a) unavoidable costs for utilities, rental, fuel, consumables (including hygiene products), insurance costs, and flat operating expenses to ensure the operation of the sport facility that could not be suspended or that were incurred during the periods of suspended or limited operation;
  - (b) personnel costs for employees intended to ensure the operation of the sport facility and to perform activities necessary for the maintenance of the sport facility during the periods of suspended or limited operation.
- (25) Revenue loss is not covered by the measure.
- (26) The aid intensity for measures in Support area A is 50% of the damage to be compensated.
- (27) The Czech authorities confirm that compensation to beneficiaries that may have obtained very limited amount of revenues will never lead to overcompensation; i.e. the compensation will never exceed 100% of the incurred damage, even if revenues are taken into account. The mechanism for the avoidance of overcompensation will include an examination of revenues, however marginal (see footnote 2), as the revenues will be among the information that beneficiaries will have to submit as part of their application.
- (28) For measures in Support area B, the basis of the damage compensation will extend to the following items with respect to sports events planned for March, April, May, June and July if the event is cancelled, reduced or postponed as a result of the lock-down

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<sup>3</sup> The scheme only enters into force upon approval of the scheme by this Commission decision.

<sup>4</sup> Exchange rate CZK 1= EUR 0.038, 17/06/2020

measures<sup>5</sup> (and that cancellation, reduction or postponement was announced by 31 May 2020): unavoidable costs and expenses that are considered to have been incurred “in vain” (see recital 16): i.e. if they cannot be used for another or a postponed sports event. If the given cost/expense can be used in the future, it is not eligible for compensation. A cost/expense is not considered incurred “in vain” if it is refunded or pardoned (e.g. compensation by insurance, compensation by voucher, etc.) More specifically, the damage to be compensated in Support area B include:

- (a) costs/expenses related to a sports event, such as the organiser’s mandatory fees, costs of accommodation, meals, health, security (not covered by insurance), technical services and other services related to the event;
  - (b) rental costs of premises and; insurance premiums relation to standard accidents, travel insurance, third party liability insurance;
  - (c) marketing and promotional costs;
  - (d) consumables and purchase of small tangible and non-tangible items related to the event;
  - (e) personnel costs of members of the implementation team and other support staff demonstrably participating in activities related to the organisation of the sports event who performed activities necessary for the organisation of the sports event, up to a maximum of CZK 50,000 per person per month.
- (29) Revenue loss is not covered by the measure.
- (30) The aid intensity for measures in Support area B is 50% of the damage to be compensated, except for 25% in the case of marketing costs.
- (31) For measures in Support area C, the basis of the damage compensation will extend to the following items: the leasing costs of a sports facility for the time period between 14 March and 24 May 2020, while the lease agreement must have been in force at least from 1 January 2020 and the lease was not intended for a one-time event, but for regular sports activities of a sports organisation.
- (32) The aid intensity for measures in Support area C is 50% of the damage to be compensated.
- (33) Beneficiaries can benefit for support in each of the Support areas in a combined manner, but total amount of aid per beneficiary cannot exceed CZK 10 000 000 (approx. EUR 376 000) per Support area, thus a total of CZK 30 000 000 (approx. EUR 1 128 000).
- (34) The Czech authorities confirm the following:
- (a) The scheme only compensates for unavoidable costs incurred (as operational cost for Support area A, cost for events pursuant to Support area B and rent due for measures in Support area C).

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<sup>5</sup> “The support is intended for Sport Organisations organizing or co-organizing a Sports Event (...) *affected* [emphasis added] by the negative effects of the state of emergency and *emergency measures* [emphasis added]...” Program to Support Sports Organizations Affected by the COVID-19 Global Pandemic “COVID-SPORT”, section 5.2.

- (b) Beneficiaries are required to show a detailed budget showing the different categories of costs.
- (c) Beneficiaries are required to prove plans of holding the sports event and the cancellation; in the case of aid for operation of sport facilities beneficiaries must prove the eligible operating costs incurred.
- (d) Items on the basis of which damage will be compensated will be verified against contracts and invoices, submitted by beneficiaries.
- (e) The nature of compensation is inherently associated only with the COVID-19 outbreak and is limited to the period of lockdown, thus ensuring that the scheme does not compensate for difficulties individual beneficiaries may have encountered that are unrelated to the Covid-19 outbreak.
- (f) Loss of income/revenues will not be eligible for compensation, but revenues, however small, will constitute information that beneficiaries will have to submit along with other information necessary for the assessment of the damage, such as the beneficiary's budget attached to the application form.
- (g) Payment will be net of any amount recovered by insurance, litigation, arbitration or other source for the same damage. If the aid is paid out before the insurance, the authorities will recover the insurance amount from the beneficiary.
- (h) Applicants responsible for the damage suffered or that did not conduct activities with due diligence or in compliance with applicable legislation or that did not take any measure to mitigate the damage they suffered will not be eligible under the scheme.
- (i) Aid under the scheme cannot be cumulated with other national State aid under schemes, such as the programme "My Club" and "Organize Sport" for the same eligible costs / damage to be compensated. Cumulation with any other support cannot be result in compensation exceeding 100% of eligible costs / damage to be compensated; thus overcompensation will always be avoided.

### **3. ASSESSMENT OF THE AID MEASURE**

#### **3.1 Lawfulness of the aid measure**

- (35) The Czech authorities have fulfilled their obligation according to Article 108(3) TFEU by notifying the aid measure before putting it into effect. The Commission takes note of the fact that the scheme will enter into force only after approval by the Commission.

#### **3.2 Existence of aid within the meaning of Article 107(1) TFEU**

- (36) 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'.
- (37) The qualification of a measure as aid within the meaning of this provision therefore requires that the following cumulative conditions be met: (i) the measure must be imputable to the State and financed through State resources; (ii) it must confer an advantage on an undertaking; (iii) that advantage must be selective; and (iv) the

measure must distort or threaten to distort competition and affect trade between Member States.

- (38) The measure is imputable to the State, since it is based on the legislative acts referred to in recital (19). The compensation envisaged by Czechia will be paid from the State budget and is therefore provided through State resources within the meaning of Article 107(1) TFEU.
- (39) The measure confers an advantage on its beneficiaries in the form of a direct grant for damage compensation (recital 14). The notified scheme addresses undertakings as far as the beneficiaries are engaged in an economic activity, irrespective of their status as non-profit organisation. As regards the status as undertakings of large segments of the pool of beneficiaries (in particular for Support measure C), the Commission is of the view that many of them are unlikely to qualify as undertakings within the meaning of Article 107(1) TFEU.
- (40) The measures relieve undertaking beneficiaries of costs that they would have to bear under normal market conditions. The advantage corresponds to the amount of compensation paid under the scheme (as described in recitals 24-34).
- (41) Since the compensation will be granted only to those entities within the (non-profit) sport sector, the measure is selective.
- (42) The measure is liable to distort competition, since it strengthens the competitive position of its beneficiaries. It is also liable to affect trade between Member States, to the extent its beneficiaries are active in sectors in which intra-Union trade exists.
- (43) The proposed aid measure therefore constitutes State aid within the meaning of Article 107(1) TFEU. The Czech authorities do not contest that conclusion.

### **3.3. Compatibility assessment**

#### **The notion of exceptional occurrences with the meaning of Article 107(2)(b) TFEU**

- (44) Article 107(2)(b) TFEU provides that aid to make good damage caused by natural disasters or exceptional occurrences shall be compatible with the internal market. Neither the TFEU, nor other Union legislation contains a precise definition of the notion of exceptional occurrence. As they constitute exceptions to the general prohibition of State aid within the internal market laid down in Article 107(1) TFEU, the Commission, in line with the consolidated Union case-law<sup>6</sup> has consistently held that the notions of ‘natural disaster’ and ‘exceptional occurrence’ referred to in Article 107(2)(b) TFEU must be interpreted restrictively.
- (45) The characterisation of an event as being an exceptional occurrence is made by the Commission on a case-by-case basis, having regard to its previous practice in the field<sup>7</sup>. In this regard, the following indicators relating to the event concerned must be

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<sup>6</sup> Judgment of the Court of Justice of 11 November 2004, Spain v. Commission, C-73/03, EU:C:2004:711, paragraph 37 and judgment of the Court of Justice of 23 February 2006, Atzeni and others, in Joined Cases C-346/03 and C-529/03, EU:C:2006:130 paragraph 79.

<sup>7</sup> Exceptional occurrences which have been accepted in the past by the Commission include war, internal disturbances and strikes, and, with certain reservations and depending on their extent, major industrial accidents which result in widespread economic loss, see Guidelines for State aid in the agricultural and forestry sectors and in rural areas 2014 to 2020, paragraph 330 (OJ C 204, 1.07.2014, p. 53)

cumulatively met: (i) unforeseeable or difficult to foresee<sup>8</sup>; (ii) significant scale/economic impact<sup>9</sup>, and (iii) extraordinary<sup>10</sup>.

### **The COVID-19 outbreak as an exceptional occurrence**

- (46) Following the first reports of cases of COVID-19 in the Chinese Wuhan municipality at the end of December 2019, the epidemic has rapidly evolved and spread to the majority of countries worldwide, including all Member States. Specific sectors and areas are particularly affected by the outbreak, be it because of national outbreak control measures, travel restrictions or supply chain disruptions.
- (47) The World Health Organization ('WHO') has declared the COVID-19 outbreak a pandemic. In order to avoid an exponential increase in the number of cases, accompanied by social alarm and severe economic consequences, containment measures needed to be adopted which resulted in far-reaching disruption of various economic sectors. That disruption is thus clearly outside the normal functioning of the market. The outbreak<sup>11</sup>, associated with the public health risk deriving from the absence of therapeutics or vaccines for the novel COVID-19 coronavirus, determines the exceptionality of the circumstances.
- (48) In view of the above, that event qualifies as an exceptional occurrence as it was not foreseeable, as it clearly distinguishes itself from ordinary events by its character and by its effects on the affected undertakings and the economy in general and therefore lies outside of the normal functioning of the market. In that context, the COVID-19 outbreak can be considered as an exceptional occurrence within the meaning of Article 107(2) (b) TFEU.

### **Causal link between the damage to be compensated by the notified scheme and the exceptional occurrence of the COVID-19 outbreak**

- (49) The Court has held that only damage caused by natural disasters or exceptional occurrences may be compensated for under Article 107(2)(b) TFEU. It follows that there must be a direct link between the damage and the exceptional occurrence, which the State aid measure provides compensation for and that as precise an assessment as possible must be made of the damage suffered by the beneficiary. The COVID-19 outbreak qualifies as exceptional occurrence (see recital (48)).

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<sup>8</sup> Commission Decision of 1 August 2008, case SA.32163, Remediation of damage to airlines and airports caused by seismic activity in Iceland and the volcanic ash in April 2010, Slovenia, paragraph 31.

<sup>9</sup> Elements taken into account by the Commission to consider that the occurrence reached a significant scale: negative consequences cannot be contained (Commission Decision of 4 October 2000 on case NN 62/2000, Régime temporaire d'aides aux entreprises victimes des intempéries et de la marée noire – France), or because of the number of dead or injured people (Commission Decision of 11 April 2012 on case SA.33487, Agricultural and fisheries aid to compensate for damage due to exceptional occurrence (red mud "Aluminium accident"), Hungary, paragraph 35; Commission Decision of 2 May 2002 on case N241/2002, Régime en faveur des entreprises victimes de la catastrophe industrielle de Toulouse, France, paragraph 19), the immense ecological and economic damage (Commission Decision of 11 April 2012 on case SA.33487, paragraph 36), the amount of material damage despite the local character of the industrial accident (Commission Decision of 2 May 2002 on case N 241/2002, paragraph 19).

<sup>10</sup> In its Decision of 19 May 2004 in case C-59/2001 (OJ L 62, 2007, p. 14), the Commission considered that the (alleged) fall in sales of poultry meat in a Member State not directly affected by the dioxin contamination, did not constitute in itself an exceptional occurrence. It was yet an unforeseeable event, but formed part of the normal commercial risks to which an undertaking is exposed.

<sup>11</sup> WHO, Coronavirus disease 2019 (COVID-19) – Situation Report 50, 10 March 2020. On 11 March 2020, the WHO characterised the COVID-19 disease as a pandemic.



- (50) As a direct response to the spread of COVID-19, Czechia implemented the lockdown measures described in recitals 6-9 and 12, significantly and directly affecting in particular three groups of sports organisations for which all activities were completely prohibited from 14 March until 25 May 2020.
- (51) Operators of sports facilities have faced an almost complete loss of revenues while the operation of sports facilities involves fixed costs that the operator must bear regardless of the facility's use. Sports organisations organising or co-organising a sports event that needed to cancel, postpone or restrict the sports event, while the organisation incurred already necessary costs (costs incurred "in vain") that it cannot utilise for a postponed, restricted or another event to be held in the future. Sports organisations that used sport facilities as tenants had to pay the rent due for the use of sports facilities, although they could not use those sports facilities.
- (52) The programme was designed to compensate those sport organisations for the direct financial consequences of the emergency lockdown measures.
- (53) The goal of the programme is to mitigate the negative impact of the global COVID-19 outbreak on the activities of sports organisations that were affected by the consequences of declaring a state of emergency on the Czech territory and the emergency measures (i.e. the lockdown).
- (54) As explained in recitals 14 to 17, the scheme is to compensate beneficiaries for damage in the form of unavoidable costs that these beneficiaries had to incur at a time when these beneficiaries stopped receiving revenues, or had no prospect to receive revenues due to the lockdown measures. The scheme will ensure that costs for which compensation is possible through other means, such as, e.g. insurance, are not eligible. The beneficiaries will have to submit documentary evidence proving that the claimed costs had indeed been incurred, and that they had been incurred in connection with (during) the lockdown period. The scheme will not cover damage that would have arisen otherwise, such as costs linked to difficulties that are not related to the COVID-19 outbreak. Revenues are not eligible for compensation and beneficiaries have to demonstrate damage mitigation efforts. With respect to measures under Support measures B (cancellation, reduction or postponement of events), given that as of 25 May 2020 sports events with a maximum number of participants of 300 were allowed, only sports events that would have been banned under these more relaxed conditions are eligible for compensation which were to be announced by 31 May. (See recital 28 and footnote 5.) In this manner, the Czech authorities will ensure that only costs truly related to the damage arising from the lockdown measures will be compensated. Thus, there will be a direct link between the outbreak related lockdown measures and the damage.
- (55) The direct link between the damage caused by the exceptional occurrence and the aid is therefore ensured.

### **Proportionality of the aid measure**

- (56) In order to be compatible with Article 107(2)(b) TFEU, the aid must be proportional to the damage caused by the exceptional occurrence. Aid must not result in overcompensation of damage; it should only make good the damage caused by the exceptional occurrence.
- (57) The Czech authorities have put in place certain safeguards, so that the compensation under the notified measure does not exceed what is necessary to make good the damage caused by the lockdown measures to contain the COVID-19 outbreak.

- (58) The compensation is limited to items directly linked to the damage caused by the lockdown measures. The beneficiaries are non-profit organisation, thus compensation is not foreseen for profit. Compensation in fact is not even foreseen for foregone revenues.
- (59) For measures under Support area A, beneficiaries may have obtained marginal revenues during the lockdown period but the Czech authorities will ensure that compensation for such infrastructure operators will not lead to overcompensation: the compensation would not exceed 100% percent of the damage, even if marginal revenues are taken into account. These marginal revenues are part of the beneficiaries' budget which must be submitted along with the application for aid. In addition, damage to be compensated will be verified against contracts and invoices submitted by aid applicants.
- (60) The Commission normally does not consider fixed costs as a good basis for estimating damage in the context of an exceptional occurrence. However, in this case of non-profit-making operators of infrastructure where revenues do not generate profits, and in view of the Czech authorities' commitment to avoid overcompensation (see recitals 27 and 59), unavoidable fixed costs could be accepted as the basis of the damage calculation. Fixed costs (for beneficiaries under Support area A) and costs incurred "in vain" (for Support area B) as well as rental payment (for Support area C) had to be incurred. In the case of operators of sport facilities, the infrastructure had to be maintained in good working order, so that its use can resume once the lockdown measures are lifted. Costs incurred "in vain" in connection with cancelled, postponed or reduced events are "sunk" costs in that they cannot be recuperated. Given that as of 25 May 2020 sports events with a maximum number of participants of 300 have been allowed, between 25 and 31 May, only events that would have been banned even under these more relaxed conditions are eligible for compensation under Support area B. As regards measures in Support area C, rental payment had to be made even when a sport facility could not be used. Revenues for sport infrastructure (as explained in recital 15 and in footnote 2) were virtually non-existent. Thus, compensation for those heads of damage are strictly linked to the lockdown measure.
- (61) The amount of compensation from the scheme is limited to a maximum 50% of the demonstrated damage, and cannot be cumulated with any other support in a manner that would exceed 100% of the eligible incurred costs / damage to be compensated.
- (62) The aid may only cover damage that is not covered by insurance, litigation, arbitration or any other source of compensation for such damage. Aid may not be granted to entities which are responsible for the damage suffered and/or did not conduct their activities with due diligence or in compliance with applicable legislation, or did not take any measures to mitigate the damage caused by COVID-19 outbreak and the related government measures.
- (63) The direct link between the damage and the lockdown measures, the obligation to submit documentary evidence of the occurrence of the damage, along with the limit of the compensation to 50% of the damage under the scheme, combined with the fact that the compensation is granted after the damage occurred, and therefore can be clearly established on the basis of evidence, will ensure that the compensation will be limited to a level that is absolutely necessary and that any overcompensation for the damage will be avoided. The fact that all costs relate to the past and are backed up by invoices and a budget avoids the risk of inflation or incorrect cost statements. Thus, the measures under the scheme meets the requirement of proportionality.

(64) The Czech authorities have therefore ensured that the compensation under the scheme will not exceed the damage directly suffered by each beneficiary from the consequence of the lockdown measures to stop the spread of the COVID-19 outbreak.

#### **Cumulation**

(65) The Czech authorities confirmed that the aid provided for under this scheme cannot be cumulated with other support granted for the same eligible costs / damage to be compensated, to an extent that would exceed 100% of the eligible costs / damage to be compensated.

(66) In view of the above, the Commission considers that the notified aid scheme is compatible with the internal market in accordance with Article 107(2) (b) TFEU.

#### **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(2) (b) of the Treaty on the Functioning of the European Union.

The Czech authorities confirmed that the notification does not contain any confidential information.

Yours faithfully,

For the Commission

Margrethe VESTAGER  
Executive Vice-President

**CERTIFIED COPY**  
For the Secretary-General,

**Jordi AYET PUIGARNAU**  
Director of the Registry  
**EUROPEAN COMMISSION**