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**Subject: State Aid SA.62040 (2021/N) – Czechia
COVID-19 – Amendments of SA.58213, SA.59536, SA.58167,
SA.57149, SA.57358, SA.57195, SA.58198, SA.61234, SA.59118 and
SA.57094**

Excellency,

1. PROCEDURE

- (1) By electronic notifications of 19 February 2021, Czechia notified amendments to the following existing aid schemes (“the existing aid schemes”) which the Commission had already approved under the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak (“the Temporary Framework”) ¹ by the following initial decisions:
 - (a) State Aid SA.58213 (2020/N) – Czechia COVID-19: Aid to the cultural sector, approved on 19 August 2020 (“SA.58213”);

¹ Communication from the Commission - Temporary framework for State aid measures to support the economy in the current COVID-19 outbreak (OJ C 91I, 20.3.2020, p. 1), as amended by Commission Communications C(2020) 2215 (OJ C 112I, 4.4.2020, p. 1), C(2020) 3156 (OJ C 164, 13.5.2020, p. 3), C(2020) 4509 (OJ C 218, 2.7.2020, p. 3), C(2020) 7127 (OJ C 340I, 13.10.2020, p. 1) and C(2021) 564 (OJ C 34, 1.2.2021, p. 6).

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- (b) State Aid SA.59536 (2020/N) – Czechia COVID-19: Continuation of the support programme for businesses in the cultural sector, approved on 25 November 2020 (“SA.59536”);
 - (c) State Aid SA.58167 (2020/N) – Czechia COVID-19: Operational Programme Employment, approved on 24 August 2020 and modified on 16 December 2020 by State Aid SA.59705 (2020/N) – Czechia COVID-19: Modifications to SA.56961, SA.57071, SA.57149, SA.57195, SA.57358, SA.58018, SA.58167 and SA.58398 (“SA.58167 as amended”);
 - (d) State Aid SA.57149 (2020/N) – Czechia COVID-19: Social contribution payment reliefs for self-employed, approved on 6 July 2020; and modified on 16 December 2020 by State Aid SA.59705 (2020/N) – Czechia COVID-19: Modifications to SA.56961, SA.57071, SA.57149, SA.57195, SA.57358, SA.58018, SA.58167 and SA.58398 (“SA.57149 as amended”);
 - (e) State Aid SA.57358 (2020/N) – Czechia COVID-19: Public health insurance reliefs for self-employed, approved on 8 September 2020 and modified on 16 December 2020 by State Aid SA.59705 (2020/N) – Czechia COVID-19: Modifications to SA.56961, SA.57071, SA.57149, SA.57195, SA.57358, SA.58018, SA.58167 and SA.58398 (“SA.57358 as amended”);
 - (f) State Aid SA.57195 (2020/N) – Czechia COVID-19: Aid in the form of guarantees on loans for enterprises of up to 500 employees, approved on 15 May 2020 and modified on 16 December 2020 by State Aid SA.59705 (2020/N) – Czechia COVID-19: Modifications to SA.56961, SA.57071, SA.57149, SA.57195, SA.57358, SA.58018, SA.58167 and SA.58398 (“SA.57195 as amended”);
 - (g) State Aid SA.58198 (2020/N) – Czechia COVID-19: Aid scheme to support facilities with in-patient spa medical rehabilitative care in the Karlovy Vary Region, approved on 21 October 2020 (“SA.58198”);
 - (h) State Aid SA.61234 (2021/N) – Czechia COVID-19: COVID – Gastronomy and closed establishments, approved on 27 January 2021 (“SA.61234”);
 - (i) State Aid SA.59118 (2020/N) – Czechia COVID-19: Program to support entrepreneurs affected by the spread of the COVID-19 – Call 2, approved on 30 October 2020 (“SA.59118”);
 - (j) State Aid SA.57094 (2020/N) – Czechia – COVID-19 – Loan guarantee scheme to support the economy in response to the COVID-19 crisis, approved on 5 May 2020 and modified on 20 July 2020 and 23 December 2020 by State Aid SA.58015 (2020/N) – Czechia Amendment to SA.57094 (2020/N) – COVID-19 Loan guarantee scheme and State Aid SA.60374 (2020/N) – Czechia Second amendment to SA.57094 (2020/N) – COVID-19 Loan guarantee scheme (“SA.57094 as amended”).
- (2) Czechia exceptionally agrees to waive its rights deriving from Article 342 of the Treaty on the Functioning of the European Union (“TFEU”), in conjunction with

Article 3 of Regulation 1/1958,² and to have this Decision adopted and notified in English.

2. DESCRIPTION OF THE NOTIFIED AMENDMENTS

- (3) The Czech authorities consider that the COVID-19 outbreak continues to affect the real economy.
- (4) Following the latest amendment of the Temporary Framework³, the Czech authorities wish to extend the duration of the existing aid schemes listed in recital (1), including their amendments approved earlier, until 31 December 2021. Six out of those existing aid schemes concern limited amounts of aid approved under Section 3.1 of the Temporary Framework. Two out of those existing aid schemes concern limited amounts of aid and aid in form of deferrals of tax and/or of social security contributions under Section 3.1 and 3.9 of the Temporary Framework. Two out of those existing aid schemes concern aid in the form of guarantees on loans under Section 3.2 of the Temporary Framework. The amendment of the two existing aid schemes under Section 3.2 of the Temporary Framework consists in that the guarantee will be granted by 31 December 2021. The amendment of the two existing aid schemes under Section 3.9 of the Temporary Framework is that the aid will be granted before 31 December 2021 and the end date for the deferral will not be later than 31 December 2022.
- (5) Additionally, the Czech authorities wish to make the following amendments to the existing aid schemes:
 - (a) With regard to the existing aid schemes SA.58213, SA.59536, SA.58167 as amended, SA.57358 as amended, SA.58198, SA.61234 and SA.59118 the Czech authorities wish to increase the maximum amount of aid that can be granted under Section 3.1 of the Temporary Framework to EUR 1.8 million per undertaking (instead of the previous maximum aid amount of EUR 800 000 per undertaking).⁴
 - (b) With regard to existing aid scheme SA.58167, SA.57358 as amended and SA.61234 the Czech authorities wish to increase the maximum amount of aid that can be granted under Section 3.1 of the Temporary Framework to EUR 270 000 per undertaking active in the fishery and aquaculture sector and EUR 225 000 per undertaking active in the primary production of agricultural products (instead of the previous maximum aid amounts of EUR 120 000 and EUR 100 000, respectively);
- (6) The Czech authorities confirm that where an undertaking is active in several sectors to which different maximum amounts apply (i.e. the different ceilings applicable to the fishery and aquaculture sector, primary production of agricultural products and other sectors, see recital (5)(a) and (5)(b)) they shall ensure, by appropriate means, such as separation of accounts, that the relevant

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

³ C(2021) 564 (OJ C 34, 1.2.2021, p. 6).

⁴ All figures used must be gross, that is, before any deduction of tax or other charge.

ceiling is respected for each of those activities and that the overall maximum amount of EUR 1.8 million will not be exceeded per undertaking. Where an undertaking is active in the fishery and aquaculture sector and the primary production of agricultural products, the overall maximum amount of EUR 270 000 will not be exceeded per undertaking.

- (7) The Czech authorities confirmed that all other conditions of the existing aid schemes remain unchanged.
- (8) The legal basis for the amendments is Act No. 218/2000 Coll., On the Budgetary Rules and the Amendments to Certain Related Acts (Budgetary Rules). For SA.57094 also Government resolution 215/2020 amended by Government resolution 41/2021 is part of the legal basis.
- (9) The budget for each of the existing aid schemes remains the same.
- (10) The modifications will only be put into effect after the notification of the Commission's decision.

3. ASSESSMENT

3.1. Lawfulness of the measure

- (11) By notifying the amendments to the existing aid schemes before putting them into effect, the Czech authorities have respected their obligations under Article 108(3) TFEU.

3.2. Existence of State aid

- (12) 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. 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.
- (13) The existing aid schemes constitute State aid within the meaning of Article 107 (1) TFEU for the reasons set out in the initial decisions.⁵ The notified amendments do not affect that conclusion. The Commission therefore refers to the respective assessment of the aforementioned decisions and concludes that the existing aid schemes as modified constitute State aid in the meaning of Article 107(1) of the TFEU. The Czech authorities do not contest that conclusion.

⁵ See recitals (28)-(33) of SA.58213; (33)-(38) of SA.59536; (26)-(31) of SA.58167; (23)-(28) of SA.57149; (41)-(46) of SA.57358; (41)-(47) of SA.57195; (34)-(39) of SA.58198; (28)-(33) of SA.61234; (32)-(37) of SA.59118; (34)-(39) of SA.57094. In the amended decisions (SA.58167, SA.57149, SA.57358, SA.57195 and SA.57094), the assessment of the existence of aid remains unaffected (see recital (9) of SA.59705, recital (12) of SA.60374 and recital (11) of SA.58015).

3.3. Compatibility

- (14) The Commission assessed the existing aid schemes on the basis of Article 107 (3)(b) TFEU in light of the Temporary Framework and concluded that they were compliant with the compatibility conditions set out in that framework.
- (15) The Commission refers to its analysis of compatibility as set out in the initial decisions.⁶ The notified amendments presented in recitals (4) and (5) do not alter the Commission's conclusions on compatibility as set out in those initial decisions.
- (16) First, the prolongation of the duration of the existing aid schemes (recital (4)), is in conformity with points 22(d), 25(c) and 41 of the Temporary Framework.
- (17) Second, the Commission considers that the increase of the overall aid to be granted per undertaking to EUR 1.8 million referred to in recital (5)(a) for the schemes SA.58213, SA.59536, SA.58167 as amended, SA.57358 as amended, SA.58198, SA.61234 and SA.59118 is in conformity with point 22(a) of the Temporary Framework.
- (18) Third, the Commission considers that the increase of the overall aid to be granted to EUR 270 000 per undertaking active in the fishery and aquaculture sector and EUR 225 000 per undertaking active in the primary production of agricultural products for the existing aid schemes SA.58167, SA.57358 as amended and SA.61234 is in conformity with point 23(a) of the Temporary Framework.
- (19) If an undertaking is active in several sectors to which different maximum amounts apply, point 23bis of the Temporary Framework will be complied with (see recital (6)).
- (20) The Commission has examined the notified amendments referred to in recitals (4) and (5), and notes that there are no other alterations to the existing aid schemes.
- (21) In view of the above and of points 22(a), 22(d), 23(a), 23bis, 25(c) and 41 of the Temporary Framework, the Commission considers that the modifications to the existing aid schemes meet the conditions of the Temporary Framework and do not alter the Commission's conclusions on the compatibility of the respective aid schemes in the initial decisions.
- (22) The Commission therefore considers that the measures, as modified, are necessary, appropriate, and proportionate to remedy a serious disturbance in the economy of a Member State pursuant to Article 107 (3)(b) TFEU.

⁶ See recitals (34)-(40) of SA.58213; (39)-(46) of SA.59536; (32)-(39) of SA.58167; (29)-(39) of SA.57149; (47)-(56) of SA.57358; (48)-(55) of SA.57195; (40)-(48) of SA.58198; (34)-(41) of SA.61234; (38)-(45) of SA.59118; (40)-(46) of SA.57094. In the amended decisions (SA.58167, SA.57149, SA.57358, SA.57195 and SA.57094), the assessment of compatibility remains valid (see recitals (10)-(14) of SA.59705, recitals (13)-(22) of SA.60374 and recitals (12)-(17) of SA.58015).

4. CONCLUSION

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

The decision is based on non-confidential information and is therefore published in full on the Internet site: <http://ec.europa.eu/competition/eojade/isef/index.cfm>.

Yours faithfully,

For the Commission

Margrethe VESTAGER
Executive Vice-President

