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**Subject: State Aid SA.62301 (2021/N) – Ireland
COVID-19: Small Business Assistance Scheme for COVID (SBASC)**

Excellency,

1. PROCEDURE

- (1) By electronic notification of 11 March 2021, Ireland notified aid in the form of limited amounts of aid (*Small Business Assistance Scheme for COVID (SBASC)*, the “measure”) under the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak (the “Temporary Framework”).¹ Ireland provided additional information on 25 and 29 March 2021.

2. DESCRIPTION OF THE MEASURE

- (2) Ireland considers that the COVID-19 outbreak affects the real economy. The measure forms part of an overall package of measures and aims to ensure that sufficient liquidity remains available in the market, to counter the liquidity shortage faced by undertakings because of the outbreak, to ensure that the disruptions caused by the outbreak do not undermine the viability of the undertakings and thereby to preserve the continuity of economic activity during and after the outbreak.

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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- (3) Ireland confirms that the aid under the measure is not conditioned on the relocation of a production activity or of another activity of the beneficiary from another country within the EEA to the territory of the Member State granting the aid. This is irrespective of the number of job losses actually occurred in the initial establishment of the beneficiary in the EEA.
- (4) The compatibility assessment of the measure is based on Article 107(3)(b) TFEU, in light of sections 2 and 3.1 of the Temporary Framework.

2.1. The nature and form of aid

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

2.2. Legal basis

- (6) The national legal basis for the measure is Section 7(1)(i) of the Industrial Development (Enterprise Ireland) Act 1998², as well as the Government decision of 8 February 2021 to establish the scheme.

2.3. Administration of the measure

- (7) Local authorities will be responsible for administering the measure, using funds made available for that purpose by the Department of Enterprise, Trade and Employment, with the consent of both the Minister for Enterprise, Trade and Employment and the Minister for Public Expenditure and Reform.

2.4. Budget and duration of the measure

- (8) The estimated budget of the measure is EUR 60 million.
- (9) Aid may be granted under the measure as of the day following the notification of this Decision until no later than 31 December 2021.

2.5. Beneficiaries

- (10) The final beneficiaries of the measure are SMEs³ who are not receiving financial support from the Government's COVID Restrictions Support Scheme (CRSS)⁴, the Fáilte Ireland Business Continuity grant⁵ or other direct sectoral grant schemes. Financial institutions are excluded as eligible final beneficiaries.

² <http://revisedacts.lawreform.ie/eli/1998/act/34/revised/en/html>

³ As defined in Annex I to Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty, OJ L 187, 26.6.2014, p. 1.

⁴ This scheme, which Ireland regards as a general measure, has not been notified under the State aid rules.

⁵ This measure was approved by the Commission by Decision C(2021) 1622 final of 8 March 2021 in case SA.61236.

- (11) Aid may not be granted under the measure to medium⁶ enterprises that were already in difficulty within the meaning of the General Block Exemption Regulation (“GBER”) or the Agricultural Block Exemption Regulation (“ABER”)⁷ on 31 December 2019. Aid may be granted to micro and small enterprises that were in difficulty within the meaning of the GBER on 31 December 2019, if those enterprises, at the moment of granting the aid, are not subject to collective insolvency procedure under national law and they have not received rescue aid⁸ or restructuring aid.⁹

2.6. Sectoral and regional scope of the measure

- (12) The measure is open to all sectors, except the financial sector. Furthermore, it does not apply to undertakings operating in the primary production of agricultural products, fisheries or aquaculture sectors. It applies to the whole territory of Ireland.
- (13) The Irish authorities confirm that where the beneficiaries are undertakings active in the processing and marketing of agricultural products, the aid is conditional on not being partly or entirely passed on to primary producers and is not fixed on the basis of the price or quantity of products put on the market by the undertakings concerned or purchased from primary producers, unless, in the latter case, the products were either not put on the market or were used for non-food purposes such as distillation, methanization or composting by the undertakings concerned.

2.7. Basic elements of the measure

- (14) The objective of the measure is to provide financial support to SMEs mentioned in recital (10), to support them with their fixed costs associated to their business.
- (15) The direct grants can amount up to a maximum of EUR 1.8 million gross per beneficiary.
- (16) Eligible beneficiaries will receive a EUR 4 000 grant for the period from 1 January to 31 March 2021. It is anticipated that a further payment of EUR 4 000 will be made for the second quarter of 2021 to those beneficiaries still eligible.

⁶ As defined in Annex I to Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty, OJ L 187, 26.6.2014, p. 1.

⁷ As defined in Article 2(18) of Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty, OJ L 187, 26.6.2014, p. 1 and Article 2(14) of Commission Regulation (EU) No 702/2014 of 25 June 2014 declaring certain categories of aid in the agricultural and forestry sectors and in rural areas compatible with the internal market in application of Articles 107 and 108 of the Treaty, OJ L 193, 1.7.2014, p. 1.

⁸ Alternatively, if they have received rescue aid, they have reimbursed the loan or terminated the guarantee at the moment of granting of the aid under the notified measure.

⁹ Alternatively, if they have received restructuring aid, they are no longer subject to a restructuring plan at the moment of granting of the aid under the notified measure.

- (17) Beneficiaries have to meet the following criteria to be eligible:
- They are an SME with turnover between EUR 50 000 and EUR 25 million and employ 250 people or less;
 - they are not eligible for support under the COVID Restrictions Support Scheme (CRSS) or Fáilte Ireland Business Continuity Scheme or other sectoral grant schemes;
 - their average weekly turnover over the claim period (either the first or the second quarter of 2021) is estimated to be no more than 25% of
 - their average weekly turnover in 2019 or
 - their projected average weekly turnover for 1 January to 31 March 2021, and to 30 June 2021 where applicable, for businesses that commenced after 1 November 2019.

2.8. Cumulation

- (18) The Irish authorities confirm that aid granted under the measure may be cumulated with aid under de minimis Regulations¹⁰, the GBER or the ABER¹¹, provided the provisions and cumulation rules of those Regulations are respected.
- (19) The Irish authorities confirm that aid under the notified 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.
- (20) The Irish 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 provided the provisions in those specific sections are respected.
- (21) The Irish authorities confirm that if the beneficiary receives aid on several occasions or in several forms under the measure or aid under other measures approved by the Commission under section 3.1 of the Temporary Framework, the overall maximum cap per undertaking, as set out in point 22(a) of that framework, will be respected.

¹⁰ Commission Regulation (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid (OJ L 352, 24.12.2013, p. 1), Commission Regulation (EU) No 1408/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid in the agriculture sector (OJ L 352, 24.12.2013 p. 9) and Commission Regulation (EU) No 360/2012 of 25 April 2012 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid granted to undertakings providing services of general economic interest (OJ L 114, 26.4.2012, p. 8).

¹¹ Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty, OJ L 187 of 26.6.2014, p. 1, Commission Regulation (EC) No 702/2014 of 25 June 2014 declaring certain categories of aid in the agricultural and forestry sectors and in rural areas compatible with the internal market in application of Articles 107 and 108 of the Treaty on the Functioning of the European Union, OJ L 193, 1.7.2014, p. 1.

2.9. Monitoring and reporting

- (22) The Irish authorities confirm that they will respect the monitoring and reporting obligations laid down in section 4 of the Temporary Framework (including the obligation to publish relevant information on each individual aid above EUR 100 000 granted under the measure on the comprehensive national State aid website or Commission's IT tool within 12 months from the moment of granting¹²).

3. ASSESSMENT

3.1. Lawfulness of the measure

- (23) By notifying the measure before putting it into effect, the Irish authorities have respected their obligations under Article 108(3) TFEU.

3.2. Existence of State aid

- (24) 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.
- (25) The measure is imputable to the State, since it is administered by local authorities (recital (7)) and it is based on Section 7(1)(i) of the Industrial Development (Enterprise Ireland) Act 1998 as well as the Government Decision of 8 February 2021 (recital (6)). It is financed through State resources, since it is financed by public funds.
- (26) The measure confers an advantage on its beneficiaries in the form of direct grants. It thus confers an advantage on those beneficiaries that they would not have had under normal market conditions.
- (27) The advantage granted by the measure is selective, since it is awarded only to certain undertakings, excluding the financial sector.
- (28) 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.
- (29) In view of the above, the Commission concludes that the measure constitutes aid within the meaning of Article 107(1) TFEU. The Irish authorities do not contest that conclusion.

¹² Referring to information required in Annex III to Commission Regulation (EU) No 651/2014 and Annex III to Commission Regulation (EU) No 702/2014 and Annex III to Commission Regulation (EU) No 1388/2014.

3.3. Compatibility

- (30) 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.
- (31) 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*”.
- (32) 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*”.
- (33) The measure aims at assisting SMEs with their fixed costs at a time when the normal functioning of markets is severely disturbed by the COVID-19 outbreak and that outbreak is affecting the wider economy and leading to severe disturbances of the real economy of Member States.
- (34) The measure is one of a series of measures conceived at national level by the Irish authorities to remedy a serious disturbance in their economy. The importance of the measure to preserve employment and economic continuity is widely accepted by economic commentators and the measure is of a scale, which can be reasonably anticipated to produce effects across the entire Irish economy. Furthermore, the measure has been designed to meet the requirements of a specific category of aid (“*Aid in the form of direct grants*”) described in section 3.1 of the Temporary Framework.
- (35) 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:
- The aid takes the form of direct grants (recital (5)).

The overall nominal value of direct grants shall not exceed EUR 1.8 million per undertaking; all figures used must be gross, that is, before any deduction of tax or other charges (recital (15)). The measure therefore complies with point 22(a) of the Temporary Framework.
 - Aid is granted under the measure on the basis of a scheme with an estimated budget as indicated in recital (8). The measure therefore complies with point 22(b) of the Temporary Framework.
 - Aid may not be granted under the measure to medium¹³ enterprises that were already in difficulty on 31 December 2019 (recital (11)). The

¹³ As defined in Annex I to Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty, OJ L 187, 26.6.2014, p. 1.

measure therefore complies with point 22(c) of the Temporary Framework. Aid may be granted to micro and small enterprises that were in difficulty on 31 December 2019, if those enterprises, at the moment of granting the aid, are not subject to collective insolvency procedure under national law and they have not received rescue aid¹⁴ or restructuring aid¹⁵ (recital (11)). The measure therefore complies with point 22(c)bis of the Temporary Framework.

- Aid will be granted under the measure no later than 31 December 2021. The measure therefore complies with point 22(d) of the Temporary Framework.
 - Aid granted to undertakings active in the processing and marketing of agricultural products is excluded when the aid is conditional on being partly or entirely passed on to primary producers, fixed on the basis of the price or quantity of products put on the market by the undertakings concerned or purchased from primary producers, unless, in the latter case, the products were either not put on the market or were used for non-food purposes such as distillation, methanization or composting by the undertakings concerned (recital (13)). The measure therefore complies with point 22(e) of the Temporary Framework.
- (36) The Irish authorities confirm that the aid under the measure is not conditioned on the relocation of a production activity or of another activity of the beneficiary from another country within the EEA to the territory of the Member State granting the aid. This is irrespective of the number of job losses actually occurred in the initial establishment of the beneficiary in the EEA (recital (3)).
- (37) The Irish authorities confirm that the monitoring and reporting rules laid down in section 4 of the Temporary Framework will be respected (recital (22)). The Irish 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 and the cumulation rules of the relevant Regulations are respected (recitals (18) *et sequitur*).
- (38) 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.

¹⁴ Alternatively, if they have received rescue aid, they have reimbursed the loan or terminated the guarantee at the moment of granting of the aid under the notified measure.

¹⁵ Alternatively, if they have received restructuring aid, they are no longer subject to a restructuring plan at the moment of granting of the aid under the notified measure.

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.

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

Yours faithfully,

For the Commission

Margrethe VESTAGER
Executive Vice-President