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**Subject: State Aid SA.60212 (2020/N) – Slovakia
COVID-19: Aid for professional sport clubs**

Excellency,

1. PROCEDURE

- (1) By electronic notification of 14 December 2020, Slovakia notified aid in the form of limited amounts of aid (state aid scheme to support professional sport clubs in the context of the COVID-19 outbreak, “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”).¹
- (2) Slovakia exceptionally agrees to waive its rights deriving from Article 342 of the Treaty on the Functioning of the European Union (“TFEU”), in conjunction with

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 Communication from the Commission C(2020) 2215 final of 3 April 2020 on the Amendment of the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak, OJ C 112I, 4.4.2020, p. 1, by Communication from the Commission C(2020) 3156 final of 8 May 2020 on the Amendment of the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak, OJ C 164, 13.5.2020, p. 3, by Communication from the Commission C(2020) 4509 final of 29 June 2020 on the Third Amendment of the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak, OJ C 218, 2.7.2020, p. 3 and by Communication from the Commission C(2020) 7127 final of 13 October 2020 on the Fourth Amendment of the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak and amendment to the Annex to the Communication from the Commission to the Member States on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to short-term export-credit insurance, OJ C 340 I, 13.10.2020, p. 1.

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Article 3 of Regulation 1/1958² and to have this Decision adopted and notified in English.

2. DESCRIPTION OF THE MEASURE

- (3) Slovakia considers that the COVID-19 outbreak has started to affect 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.
- (4) Slovakia confirmed 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.
- (5) 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

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

2.2. Legal basis

- (7) The legal bases for the measure are the Act No 358/2015 regulating certain relations in the field of State aid and de minimis aid and amending certain acts, the Act No 310/2019 on the Fund for the Promotion of Sport and amending certain acts, as amended by Act No 323/2020, the Act No 440/2015 on sport and amending certain acts, as amended, the Act No 523/2004 on budgetary rules of public administration and amending certain acts, as amended, and the Act No 357/2015 on financial control and audit and amending certain acts, as amended.

2.3. Administration of the measure

- (8) The Fund for support of the sport is responsible for granting the measure. The Slovak Innovation and Energy Agency is responsible for implementing the measure.

2.4. Budget and duration of the measure

- (9) The estimated budget of the measure is EUR 8 million.
- (10) Aid may be granted under the measure as from its approval by the Commission³ until no later than 30 June 2021.

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

2.5. Beneficiaries

- (11) The beneficiaries of the measure are professional sports clubs⁴ with their registered seat in the Slovak Republic and competing in one or more of the following leagues:

Sport	Name of league
Ice hockey	TIPOS extraliga (men)
	ICE HOCKEY LEAGUE (men)
	Slovenská hokejová liga (men)
Football	FORTUNA Liga (men)
	II. futbalová liga (men)
Handball	SLOVNAFT Handball Extraliga (men)
	MOL Liga (women)
Volleyball	Extraliga muži (men)
	Extraliga ženy (women)
Basketball	Slovenská basketbalová liga (men)
	Extraliga ženy (women)

- (12) The number of beneficiaries of the measure will not exceed 100.
- (13) As indicated by Slovakia, the beneficiaries of the measure were prevented or restricted from their participation in professional sport leagues in Slovakia during the period from 1 March 2020 to 31 December 2020 (the “supported period”) due to the measures adopted by the government against the COVID-19 outbreak.
- (14) The final beneficiaries of the measure are micro, SMEs and large enterprises⁵ active in Slovakia. However, financial institutions are excluded as eligible final beneficiaries.
- (15) Aid may not be granted under the measure to medium⁶ and large enterprises that were already in difficulty within the meaning of the General Block Exemption

³ The standstill obligation is laid down in paragraph 9 (1) of the Act No. 358/2015 Coll. on the regulation of certain relations in the field of State aid and de minimis aid and on change and amendments to some acts.

⁴ The beneficiary is regarded as a professional sports club (irrespective of its size and legal form) if it is a sports club according to paragraph 15 of the Act No. 440/2015 Coll. on sport and on change and amendments to some acts as amended.

⁵ 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.

Regulation (“GBER”)⁷ on 31 December 2019. Aid may be granted to micro and small enterprises that were in difficulty within the meaning of the General Block Exemption Regulation (“GBER”)⁸ 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 aid⁹ or restructuring aid.¹⁰

2.6. Sectoral and regional scope of the measure

- (16) The measure is open to professional sport clubs participating in the leagues listed in recital (11). The measure applies to the whole territory of Slovakia.

2.7. Basic elements of the measure

2.7.1. Nature and objective of the aid instrument

- (17) The measure provides aid in the form of direct grants. The objective of the aid is to provide subsidies to cover losses generated by the eligible beneficiaries during the period in which their usual operation was restricted, limited or severely affected by the measures adopted by Slovak authorities in connection with the COVID-19 outbreak.
- (18) The measure will be carried out via a special call for interest, as provided in Section 20a of the Act No 310/2019 on the Fund for the Promotion of Sport and amending certain acts, as amended by Act No 323/2020.

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[, 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, and Article 3(5) of Commission Regulation (EU) No 1388/2014 of 16 December 2014 declaring certain categories of aid to undertakings active in the production, processing and marketing of fishery and aquaculture products compatible with the internal market in application of Articles 107 and 108 of the Treaty, OJ L 369, 24.12.2014, p. 37.

⁸ 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[, 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, and Article 3(5) of Commission Regulation (EU) No 1388/2014 of 16 December 2014 declaring certain categories of aid to undertakings active in the production, processing and marketing of fishery and aquaculture products compatible with the internal market in application of Articles 107 and 108 of the Treaty, OJ L 369, 24.12.2014, p. 37.

⁹ 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.

¹⁰ 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.

2.7.2. Calculation and allocation of the aid under the measure

- (19) The measure provides that aid may be granted to eligible beneficiaries to cover losses generated during the period during which their activities were restricted, limited or severely affected by the measures adopted by Slovak authorities in connection with the COVID-19 outbreak. More concretely, the organisation of mass sport events was prohibited from 10 March 2020 to 19 May 2020. As from the latter date, mass sport events could be organised for number of persons not exceeding 100. From 1 July 2020, the organisation of such events was allowed for not more than 1000 persons, and from 7 July 2020 the number of persons could exceed 1000, if anti-epidemic measures were observed. As of 1 September 2020, the organisation of outdoor sport events for more than 1000 persons was prohibited, unless all persons participating at the event had a negative result of a COVID-19 test not older than 12 hours at the start of the mass event. The same rule applied for the organisation of indoor sport events when the number of persons exceeds 500. As of 15 October 2020 the organisation of mass sport events is prohibited, except for professional sport in five collective sports (football, ice hockey, handball, basketball and volleyball), where sport events can be organised without audience.
- (20) For the purposes of the measure, the direct grant will be calculated as the difference between costs¹¹ and revenues¹² occurred in the supported period. If the difference between costs and revenues is not positive, the beneficiary will not be eligible for support under the measure. All costs must be incurred in relation to the operation of the professional sport clubs, the preparation for and/or

¹¹ The costs to be taken into account under this scheme are: wages and salaries of professional athletes performing sport on the basis of agreement on professional sports performance up to 1 100 EUR per athlete per month; costs of services of professional athletes up to 1 100 EUR per athlete per month; costs of services of sports experts up to 1 100 EUR per sports expert per month; facility management (costs of energy, cleaning, security); leasing costs; costs of operation of the sports club (phone and internet charges, web and network management, software management, consumables); economic services (accounting, power of attorney); car fleet management (service, parking, maintenance); fuel costs; costs of testing, disinfection, protection equipment and material needed in regard to COVID-19 measures; insurance (vehicles, property, liability for damage); travel costs, accommodation costs and allowances; marketing costs; starting fees; thwarted costs i.e. cost of goods and services procured by the beneficiary in connection with the sporting event which may no longer be used due to the sporting event being cancelled or postponed (promotional materials, media communication, marketing costs, etc.); and other costs of services or operational costs, if they are not among ineligible costs.

Costs that are excluded under this scheme are: costs that were compensated to the beneficiary or costs that the beneficiary applies for under another aid measures devised in relation to COVID-19 outbreak, except if the compensation was recovered; value-added tax (VAT) if the beneficiary is entitled to its deduction; acquisition of tangible and intangible assets; acquisition of players and all costs related to it; depreciation and amortization costs.

¹² Revenues considered for the purposes of the aid measure during the supported period, as defined in recital (13), are all revenues in relation to the operation of the professional sports clubs and preparation to and/or participation in a sporting event in the league and cup competitions. The revenues also include the amount provided by the Ministry of Education, Science, Research and Sport of the Slovak Republic as a contribution to a recognized sport or a contribution to a national sports project under the Sports Act. If the beneficiary received a contribution to a recognized sport or a contribution to a national sports project under the Sports Act, its amount is considered to be revenue incurred in the supported period regardless of the date of accounting case implementation. The revenues from transfer of a player and the revenues from the sale of long-term intangible and tangible assets are not considered as revenues under this scheme.

participation in a sport event, including European and national competitions, during the supported period.

- (21) The total amount of aid granted under the measure to the beneficiaries as legal entities cannot exceed the following limits:

Name of league	Maximum aid amount for each professional sport club (in EUR)
TIPOS extraliga (ice hockey -men)	500 000
ICE HOCKEY LEAGUE (ice hockey -men)	500 000
Slovenská hokejová liga (ice hockey -men)	150 000
FORTUNA Liga (football - men)	500 000
II. futbalová liga (football - men)	150 000
SLOVNAFT Handball Extraliga (handball - men)	75 000
MOL Liga (handball - women)	75 000
Extraliga muži (volleyball - men)	75 000
Extraliga ženy (volleyball - women)	75 000
Slovenská basketbalová liga (basketball - men)	75 000
Extraliga ženy (basketball - women)	75 000

- (22) If the beneficiary receives several aid grants under section 3.1 of the Temporary framework the overall aid amount cannot exceed EUR 800 000 per undertaking, all figures used being gross, that is, before any deduction of tax or other charges. Slovakia indicated that several separate legal entities may be considered to form one economic unit for the purposes of the application of the State aid rules. That economic unit is then considered the relevant beneficiary for the purposes of the measure.

2.8. Cumulation

- (23) The Slovak authorities confirm that aid granted under the measure may be cumulated with aid under de minimis Regulations¹³ or the General Block

¹³ 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), Commission Regulation (EU) No 717/2014 of 27 June 2014 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid in the fishery and aquaculture sector (OJ L 190, 28.6.2014, p. 45) 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).

Exemption Regulation¹⁴ provided the provisions and cumulation rules of those Regulations are respected.

- (24) The Slovak 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.
- (25) The Slovak 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.

2.9. Monitoring and reporting

- (26) The Slovak 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 granting¹⁵).

3. ASSESSMENT

3.1. Lawfulness of the measure

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

3.2. Existence of State aid

- (28) 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.
- (29) The measure is imputable to the State, since it is administered by the Fund for support of the sport and the Slovak Innovation and Energy Agency and it is based

¹⁴ 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 and Commission Regulation (EU) No 1388/2014 of 16 December 2014 declaring certain categories of aid to undertakings active in the production, processing and marketing of fishery and aquaculture products compatible with the internal market in application of Articles 107 and 108 of the Treaty on the Functioning of the European Union OJ L 369, 24.12.2014, p. 37.

¹⁵ 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.

on the Act No 358/2015 regulating certain relations in the field of State aid and de minimis aid and amending certain acts, the Act No 310/2019 on the Fund for the Promotion of Sport and amending certain acts, as amended by Act No 323/2020, the Act No 440/2015 on sport and amending certain acts, as amended, Act No 523/2004 on budgetary rules of public administration and amending certain acts, as amended, and the Act No 357/2015 on financial control and audit and amending certain acts, as amended. It is financed through State resources, since it is financed by public funds.

- (30) The measure confers an advantage on its beneficiaries in the form of direct grants. The measure thus confers on those beneficiaries an advantage, which they would not have had under normal market conditions.
- (31) The advantage granted by the measure is selective, since it is awarded only to certain undertakings, in particular to professional sports clubs having their registered seat in the Slovak Republic and competing in certain leagues, excluding the financial sector.
- (32) 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.
- (33) In view of the above, the Commission concludes that the measure constitutes aid within the meaning of Article 107(1) TFEU. The Slovak authorities do not contest that conclusion.

3.3. Compatibility

- (34) 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.
- (35) 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*”.
- (36) 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*”.
- (37) The measure aims at mitigating the economic negative impact of the COVID-19 outbreak on professional sports clubs, 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.
- (38) The measure is one of a series of measures conceived at national level by the Slovak 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 Slovak economy. The Slovak authorities indicated that the sport sector has been significantly impacted by the COVID-19 outbreak. Due to the loss of income from admission fees and marketing and advertising rights, the revenues of sports clubs participating in competitions of collective sports decreased by more than 50% during 2020¹⁶. The study of the economic impact of sport through sport satellite accounts from 2018 stated that goods and services related to sport contribute to the Slovak GDP by 1.31% and employ 47 000 persons (2.03% of employment in Slovakia)¹⁷. Furthermore, the measure has been designed to meet the requirements of a specific category of aid (“*Limited amounts of aid*”) described in section 3.1 of the Temporary Framework.

(39) 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 (6)).

The overall nominal value of the direct grants shall not exceed EUR 800 000 per undertaking; all figures used must be gross, that is, before any deduction of tax or other charges. 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 (9). The measure therefore complies with point 22(b) of the Temporary Framework;
- Aid may not be granted under the measure to medium¹⁸ and large enterprises that were already in difficulty on 31 December 2019 (see recital (15)). The 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 aid¹⁹ or restructuring aid²⁰ (see recital (15)). The measure therefore complies with point 22(c)bis of the Temporary Framework;

¹⁶ Survey of the Ministry of Education, Science, Research and Sport of the Slovak Republic.

¹⁷ The study is published at the following website: <https://op.europa.eu/sk/publication-detail/-/publication/865ef44c-5ca1-11e8-ab41-01aa75ed71a1/language-en>.

¹⁸ 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.

¹⁹ 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.

²⁰ 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.

- Aid will be granted under the measure no later than 30 June 2021. The measure therefore complies with point 22(d) of the Temporary Framework;
- (40) The Slovak authorities confirm that the monitoring and reporting rules laid down in section 4 of the Temporary Framework will be respected (recital (26)). The Slovak 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 (recital (24)).
- (41) 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.

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

