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**Subject: State Aid SA.62442 (2021/NN) – Czechia  
COVID 19 – Amendment to Targeted Employment Program  
Antivirus Plus (SA.59899)**

**State Aid SA.62441 (2021/NN) – Czechia  
COVID 19 – Amendment to wage subsidy scheme (SA.57102 &  
SA.59334)**

Excellency,

## **1. PROCEDURE**

- (1) By electronic notification of 31 August 2021, Czechia notified amendments (“Measure 1”) to the aid scheme previously approved by Decision of 12 January 2021 in case SA.59899<sup>1</sup> (“Existing Scheme 1”). Measure 1 was notified under the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak (the “Temporary Framework”)<sup>2</sup>. The notification was registered under State aid case SA.62442.

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<sup>1</sup> Commission Decision C (2021) 244 final of 12 January 2021 – SA.59899 (2020/N) and SA.59334 (2020/N) (hereinafter “Decision in SA.59899 and SA.59334”).

<sup>2</sup> 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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- (2) On the same day, Czechia notified by electronic notification a second amendment (“Measure 2”) to the aid scheme previously approved by Decision of 27 July 2020 in case SA.57102<sup>3</sup>, the first amendment of which was approved by the Decision in SA.59899 and SA.59334 (“Existing Scheme 2”). Measure 2 was notified under the Temporary Framework and the notification was registered under State aid case SA.62441.
- (3) In relation to the above two notifications (SA.62442 and SA.62441), 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<sup>4</sup>, and to have this Decision adopted and notified in English.

## **2. DESCRIPTION OF THE MEASURES**

- (4) Czechia considers that the COVID-19 outbreak continues to affect the real economy and put at risk the jobs of workers and employees of undertakings that have reduced or suspended partially or entirely their activities due to the state of emergency and containment measures enforced by the national authorities. As a result, the risk of significant redundancies remains<sup>5</sup>. Both notified measures thus aim to preserve employment of persons who, due to the COVID-19 outbreak, would otherwise have been laid off, and to allow undertakings to resume their activities immediately after the crisis.
- (5) Czechia confirmed that the aid under Measure 1 and Measure 2 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.
- (6) The compatibility assessment of the notified measures is based on Article 107(3)(b) TFEU, in light of sections 2 and 3.1 of the Temporary Framework as regards Measure 1 and sections 2 and 3.10 of the Temporary Framework as regards Measure 2.

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<sup>3</sup> Commission Decision C (2020) 5265 final of 27 July 2020 - SA.57102 (2020/N) (hereinafter “Decision in SA.57102”).

<sup>4</sup> Regulation No 1 determining the languages to be used by the European Economic Community, OJ 17, 6.10.1958, p. 385.

<sup>5</sup> Czechia declared the first state of emergency between 12 March 2020 and 17 May 2020 to curb the impact of the COVID-19 pandemic, closing schools, restricting events and the operation of shops, restaurants and certain other establishments, and significantly limiting gathering of people. Due to a second wave of the COVID-19 pandemic, a second state of emergency was declared on 5 October 2020, bringing along new restrictions on gathering of people, events, operation of schools, shops, catering facilities, accommodation and other businesses. Although the state of emergency expired on 14 February 2021, many restrictions continued to apply at least until May 2021. Based on the macroeconomic forecast submitted by the Member State, the crisis has significantly affected the whole economy. The real GDP dropped by 6.1% in 2020 and the consumption of households by 5.1%. The unemployment rate grew from 2% in 2019 to 2.6% in 2020 and is expected to further grow to 3.3% in 2021 (although employment support measures approved under SA.57102, SA.59899 and SA.59334 have been in place since 6 April 2020). To help households and undertakings through the crisis, the government adopted a stimulus package involving direct support measures and public guarantees.

## **2.1. Description of Measure 1 (Amendments to the Targeted Employment Program Antivirus Plus approved under SA.59899)**

### *2.1.1. Main elements of Measure 1*

- (7) The amendments notified under Measure 1 extend the reference period in respect of which the aid is granted, the duration and the budget of Existing Scheme 1. They also partially change the conditions for granting the aid under Existing Scheme 1.
- (8) The overall objective of Existing Scheme 1 is to preserve employment of persons who, due to the COVID-19 outbreak, would otherwise have been laid off and to allow undertakings to resume their activities immediately after the crisis. The notified amendments pursue the same objective.

### *2.1.2. Legal basis for Measure 1*

- (9) The legal basis of Existing Scheme 1 is the Government Resolution No. 353 of 31 March 2020, as amended<sup>6</sup>, adopted on the basis of § 120 of Act No. 435/2004 Coll., Employment Act. The amendments notified under Measure 1 are based on Government Resolution No. 186 of 22 February 2021, Resolution of the Committee on Budget of Chamber of Deputies, Parliament of the Czech Republic No. 505 of 17 February 2021, Government Resolution No. 276 of 8 March 2021, Government Resolution No. 392 of 19 April 2021, Government Resolution No. 505 of 31 May 2021 and Government Resolution No. 599 of 28 June 2021, which further amended the legal basis of Existing scheme 1.

### *2.1.3. Description of Measure 1*

#### *2.1.3.1. Budget, duration and reference period*

- (10) The estimated budget of Existing Scheme 1, as amended by Measure 1, is CZK 22 billion (ca. EUR 856 million<sup>7</sup>).
- (11) The amendments notified under Measure 1 extend the reference period in respect of which the aid can be granted (i.e. the period during which the wage costs can be incurred) under Existing Scheme 1 until 31 May 2021.
- (12) Aid under Existing Scheme 1, as amended by Measure 1, may be granted until no later than 31 December 2021.

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<sup>6</sup> Government Resolution No. 353 has been amended by Government Resolution No. 481 of 27 April 2020, Government Resolution No. 581 of 25 May 2020, Government Resolution No. 604 of 1 June 2020 and Government Resolution No. 635 of 8 June 2020, Government Resolution No. 811 of 27 July 2020, Government Resolution No. 876 of 24 August 2020, Government Resolution No. 1039 of 14 October 2020, Government Resolution No. 1098 of 26 October 2020 and Government Resolution No. 1365 of 21 December 2020.

<sup>7</sup> Based on the exchange rate 25.690 CZK/EUR.

### 2.1.3.2. Beneficiaries

- (13) The beneficiaries of Existing Scheme 1 are undertakings who employ personnel, (with the exception of employers whose wage costs are covered from public budgets<sup>8</sup>) and who were negatively affected by the COVID-19 outbreak.
- (14) The amendments notified under Measure 1 introduce an additional condition for the undertakings to benefit from the aid. With effect from 1 April (with regard to wage costs incurred from 1 March 2021), the aid can only be granted in respect of employees whose employment relationship has lasted continuously at least three months<sup>9</sup>.
- (15) Furthermore, the maximum overall nominal value of State aid which an undertaking can be granted under Section 3.1 of the Temporary Framework, has been increased, in line with the Fifth Amendment of the Temporary Framework<sup>10</sup>, as follows:
- Undertakings for which the overall nominal value of State aid granted under Section 3.1 of the Temporary Framework (including State aid granted under Existing Scheme 1) would exceed EUR 1 800 000 are excluded from Existing Scheme 1, as amended by Measure 1;
  - Undertakings active in the fishery and aquaculture sector are excluded from Existing Scheme 1, as amended by Measure 1, if the overall nominal value of State aid granted to these undertakings under Section 3.1 of the Temporary Framework (including State aid granted under Existing Scheme 1) exceeds EUR 270 000;
  - Undertakings active in the primary production of agricultural products are excluded from Existing Scheme 1, as amended by Measure 1, if the overall nominal value of State aid granted to these undertakings under Section 3.1 of the Temporary Framework (including State aid granted under Existing Scheme 1) exceeds EUR 225 000.

### 2.1.3.3. Basic elements of Measure 1

- (16) The aid under Existing Scheme 1 amounts to 100% of the employer's wage costs (wage compensation and related social security and public health insurance contributions), with a threshold of maximum CZK 50 000 CZK (ca. EUR 1 946) per employee per month. Based on the amendments under Measure 1, the overall aid granted to an undertaking must not exceed EUR 1 800 000 (or EUR 270 000

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<sup>8</sup> The excluded employers are listed in §109 paragraph 3 of Act No. 262/2006 Coll., the Labour Code, and encompass the State, territorial self-governing units, State funds, contributory organizations, school legal entities established by the Ministry of Education, Youth and Sports, regions, municipality or voluntary unions of municipalities or regional councils of the cohesion region.

<sup>9</sup> As of the day when the employer submits to the Labour Office the wage compensation report.

<sup>10</sup> Communication from the Commission Fifth Amendment to 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 2021/C 34/06 (OJ C 34, 1.2.2021, p. 6).

in case of an undertaking active in the fishery and aquaculture sector and EUR 225 000 in case of an undertaking active in the primary production of agricultural products).

- (17) Based on the amendments under Measure 1, the aid can be granted with respect to wage costs incurred from 1 October 2020 until 31 May 2021.
- (18) In order to receive the wage subsidy, the employer must submit an application with the Labour Office, on the basis of which the Labour Office and the employer conclude a granting agreement. The employer may apply for the subsidy for a maximum period starting two calendar months preceding the submission of the application and ending on 31 May 2021.
- (19) The wage compensation report must be submitted with the Labour Office within 30 days from the date of conclusion of the granting agreement and the Labour Office provides the subsidy within one month from the date of the submission of the wage compensation report. This means that the subsidies will not be paid out later than 30 December 2021.
- (20) The other elements of Existing Scheme 1 remain unchanged.

## **2.2. Description of Measure 2 (Amendments to wage subsidy scheme approved under SA.57102 and SA.59334)**

### *2.2.1. Main elements of Measure 2*

- (21) The amendments notified under Measure 2 extend the reference period in respect of which the aid is granted, the duration and the budget of Existing Scheme 2. They also partially change the conditions for granting the aid under Existing Scheme 2.
- (22) The overall objective of Existing Scheme 2 is to preserve employment of persons who, due to the COVID-19 outbreak, would otherwise have been laid off and to allow undertakings to resume their activities immediately after the crisis. The notified amendments pursue the same objective.

### *2.2.2. Legal basis for Measure 2*

- (23) The legal basis of Existing Scheme 2, is the Government Resolution No. 353 of 31 March 2020, as amended<sup>11</sup>, adopted on the basis of § 120 of Act No. 435/2004 Coll., Employment Act. The amendments notified under Measure 2 are based on Government Resolution No. 186 of 22 February 2021, Resolution of the Committee on Budget of Chamber of Deputies, Parliament of the Czech Republic No. 505 of 17 February 2021, Government Resolution No. 276 of 8 March 2021, Government Resolution No. 392 of 19 April 2021, Government Resolution No.

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<sup>11</sup> Government Resolution No. 353 has been amended by Government Resolution No. 481 of 27 April 2020, Government Resolution No. 581 of 25 May 2020, Government Resolution No. 604 of 1 June 2020 and Government Resolution No. 635 of 8 June 2020, Government Resolution No. 811 of 27 July 2020, Government Resolution No. 876 of 24 August 2020, Government Resolution No. 1039 of 14 October 2020, Government Resolution No. 1098 of 26 October 2020 and Government Resolution No. 1365 of 21 December 2020.

505 of 31 May 2021 and Government Resolution No. 599 of 28 June 2021, which further amended the legal basis of Existing Scheme 2.

### 2.2.3. *Description of Measure 2*

#### 2.2.3.1. Budget, duration and reference period

- (24) The estimated budget of the existing aid scheme, as amended by Measure 2, is CZK 27.5 billion (ca. EUR 1.1 billion). Existing Scheme 2, as amended by Measure 2, will be covered from the State budget and from the European Social Fund.
- (25) The amendments notified under Measure 2 extend the reference period in respect of which the aid can be granted (i.e. the period during which the wage costs can be incurred) under Existing Scheme 2 as follows:
- until 31 October 2021, in respect of employees ordered to quarantine or isolation, and
  - until 31 May 2021 in case of all other obstacles to work covered by Existing Scheme 2.
- (26) Aid under Existing Scheme 2, as amended by Measure 2, may be granted until no later than 31 December 2021.

#### 2.2.3.2. Beneficiaries

- (27) The beneficiaries of Existing Scheme 2 are undertakings who employ personnel, with the exception of employers whose wage costs are covered from public budgets<sup>12</sup>, who were negatively affected by the COVID-19 outbreak.
- (28) The amendments notified under Measure 2 introduce an additional condition for the undertakings to benefit from the aid. With effect from 1 April (with regard to wage costs incurred from 1 March 2021), the aid can only be granted in respect of employees whose employment relationship has lasted continuously at least three months<sup>13</sup>.

#### 2.2.3.3. Basic elements of Measure 2

- (29) Pursuant to Existing Scheme 2, as amended by Measure 2, the wage subsidy can be granted with respect to wage costs (wage compensation and related social security and public health insurance contributions) incurred from 12 March 2020 until 31 October 2021 (in respect of employees ordered to quarantine or isolation) and until 31 May 2021 (in case of all other obstacles to work covered by Existing Scheme 2).

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<sup>12</sup> The excluded employers are listed in §109 paragraph 3 of Act No. 262/2006 Coll., the Labour Code, and encompass the State, territorial self-governing units, State funds, contributory organizations, school legal entities established by the Ministry of Education, Youth and Sports, regions, municipality or voluntary unions of municipalities or regional councils of the cohesion region.

<sup>13</sup> As of the day when the employer submits to the Labour Office the wage compensation report.

- (30) In order to receive the wage subsidy, the employer must submit an application with the Labour Office, on the basis of which the Labour Office and the employer conclude a granting agreement. The employer may apply for the subsidy for a maximum period starting two calendar months preceding the submission of the application and ending 31 October 2021 (in respect of employees ordered to quarantine or isolation) and until 31 May 2021 (in case of all other obstacles to work covered by Existing Scheme 2).
- (31) In order to meet the conditions of recital 43(c) of the Temporary Framework, Government Resolution No. 599/2021 introduced the obligation to conclude the granting agreement by 31 October 2021 at the latest. If the agreement is concluded on 31 October 2021, the employer must submit the wage compensation report by 30 November 2021. This means that the aid will not be paid out later than 31 December 2021.
- (32) The other elements of Existing Scheme 2 remain unchanged. In particular, the Czech authorities have confirmed that the aid is still granted subject to the condition that the benefitting personnel is maintained in continuous employment for the entire period for which the aid is granted.

### **2.3. Cumulation**

- (33) The aid ceilings and cumulation maxima fixed under the notified measures will apply regardless of whether the support for the aided project is financed entirely from State resources or partly financed by the European Social Fund.
- (34) The Czech authorities confirm that aid granted under Existing Scheme 1, as amended by Measure 1, and under Existing Scheme 2, as amended by Measure 2, cannot be cumulated with:
- aid under *de minimis* Regulations<sup>14</sup> or Block Exemption Regulations<sup>15</sup>;
  - other forms of Union financing;

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<sup>14</sup> 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).

<sup>15</sup> 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, 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.

- aid granted under other measures approved by the Commission under other sections of the Temporary Framework.

- (35) As regards Existing Scheme 1, as amended by Measure 1, the Czech 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 points 22(a) and 23(a) of that framework, will be respected.
- (36) The Czech authorities further confirm that aid granted under Existing Scheme 1, as amended by Measure 1, and aid granted under Existing Scheme 2, as amended by Measure 2, cannot be combined with each other for the same reference period and with aid granted under other generally available measures or with aid schemes in the form of employment support measures.

#### **2.4. Monitoring and reporting**

- (37) The Czech 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 and EUR 10 000 in the agricultural and fisheries sector on the comprehensive national State aid website or Commission's IT tool within 12 months from the moment of granting<sup>16</sup>).

### **3. ASSESSMENT**

#### **3.1. Unlawfulness of the measure**

- (38) The Commission observes that Czechia has started to grant the aid under the measures before the Commission has adopted its decision on such measures. The Commission regrets that Czechia put the measures into effect in breach of Article 108(3) of the TFEU.

#### **3.2. Existence of State aid**

- (39) For a measure to be categorised as State 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.

##### *3.2.1. Existence of State aid in Measure 1*

- (40) The qualification of Existing Scheme 1 as State aid was established in the Decision in SA.59899 and SA.59334. The modifications introduced by the amendments notified under Measure 1 do not introduce changes in relation to the

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<sup>16</sup> 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.



assessment of the existence of State aid and therefore they do not affect the conclusions reached in the initial decision. In particular, the extension of the duration of Existing Scheme 1, the modification of the reference period in respect of which the aid is granted, the increase of the budget of Existing Scheme 1 and the amended conditions for granting the aid have no impact in relation to the assessment of the existence of State aid. The Commission therefore refers, for this analysis, to recitals (49) to (53) of the Decision in SA.59899 and SA.59334, and concludes that Existing Scheme 1, as amended by Measure 1, constitutes State aid within the meaning of Article 107(1) TFEU. The Czech authorities do not contest that the amendments notified under Measure 1 involve aid.

### 3.2.2. *Existence of State aid in Measure 2*

- (41) The qualification of Existing Scheme 2 as State aid was established in the Decision in SA.57102 and the Decision in SA.59899 and SA.59334. The modifications introduced by the amendments notified under Measure 2 do not introduce changes in relation to the assessment of the existence of State aid and therefore they do not affect the conclusions reached in the initial Decision. In particular, the extension of the duration of Existing Scheme 2, the modification of the reference period in respect of which the aid is granted, the increase of the budget of Existing Scheme 2 and the amended conditions for granting the aid have no impact in relation to the assessment of the existence of State aid. The Commission therefore refers, for this analysis, to recitals (27) to (31) of the Decision in SA.57102 and to recital (54) of the Decision in SA.59899 and SA.59334, and concludes that Existing Scheme 2, as amended by Measure 2, constitutes State aid within the meaning of Article 107(1) TFEU. The Czech authorities do not contest that the amendments notified under Measure 2 involve aid.

### 3.3. **Compatibility**

- (42) Since Measure 1 and Measure 2 involve State aid within the meaning of Article 107(1) TFEU, it is necessary to consider whether those measures are compatible with the internal market.
- (43) 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*”.
- (44) 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*”.
- (45) Both, Measure 1 and Measure 2, aim at preserving employment and/or avoiding redundancies during the COVID-19 outbreak, which is affecting the wider economy and leading to severe disturbances of the real economy of the Member States.

- (46) Measure 1 and Measure 2 are two of a series of measures conceived at national level by the Czech authorities to remedy a serious disturbance in their economy. The importance of the measures to preserve employment and economic continuity is widely accepted by economic commentators and they are of a scale which can be reasonably anticipated to produce effects across the entire Czech economy. Furthermore, Measure 1 has been designed to meet the requirements of a specific category of aid (“*Aid in the form of limited amounts of aid*”) described in section 3.1 of the Temporary Framework. Measure 2 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.

*3.3.1. Compatibility of Measure 1 and Measure 2 with the Temporary Framework*

- (47) The Commission has examined the amendments notified under Measure 1 and under Measure 2 pursuant to Article 107(3)(b) TFEU.
- (48) In the Decision in SA.57102 and the Decision in SA.59899 and SA.59334, the Commission concluded that: (i) Existing Scheme 1 fulfilled the conditions set out in Section 3.1 of the Temporary Framework, and (ii) Existing Scheme 2 fulfilled the conditions set out in Section 3.10 of the Temporary Framework, and both schemes were therefore compatible with the internal market on the basis of Article 107(3)(b) TFEU. The Commission refers to its compatibility analysis as set out in recitals (32) to (39) of the Decision in SA.57102, and to recitals (60) to (70) of the Decision in SA.59899 and SA.59334.
- (49) The amendments notified under Measure 1 extend the duration of Existing Scheme 1, the budget and the reference period in respect of which the aid can be granted. They further increase the maximum amount of State aid per undertaking and add an additional requirement concerning the length of the employment relationship before the aid under Existing Scheme 1 is granted. Finally, the amendments adjust the application procedure to the extended reference period and duration of Existing Scheme 1. Similarly, the amendments notified under Measure 2 extend the duration of Existing Scheme 2, the budget and the reference period in respect of which the aid can be granted and add an additional requirement concerning the length of the employment relationship before the aid under Existing Scheme 2 is granted. They also adjust the application procedure to the extended reference period and duration of Existing Scheme 2.
- (50) The extension of the duration of the existing aid schemes, the budget and the reference period in respect of which the aid can be granted is a response of Czechia to the lasting COVID-19 pandemic which continues to affect the real economy and put at risk the jobs in sectors particularly affected by the pandemic. Measure 1 and Measure 2 therefore aim at preserving employment of persons who, due to the continuing COVID-19 outbreak, would otherwise have been laid off, and to allow undertakings to resume their activities immediately after the crisis.
- (51) By introducing the additional condition that aid can only be granted in respect of employees whose employment relationship has lasted at least three months, the amendments under Measure 1 and Measures 2 aim to avoid a potential abuse of the existing aid schemes. Furthermore, by increasing the maximum overall nominal value of State aid which an undertaking can be granted under Section 3.1

of the Temporary Framework, the amendments notified under Measure 1 reflect the increased maxima provided for by the Fifth Amendment of the Temporary Framework<sup>17</sup>.

- (52) The modifications introduced by the notified amendments under Measure 1 and Measure 2, which concern the duration (recitals (12) and (26)), the budget (recitals (10) and (24)), the period in respect of which the aid can be granted (recitals (11) and (25)), the application procedure (recitals (18), (19), (30) and (31)) and the additional requirement concerning the length of the employment relationship (recitals (14) and (28)) have no impact on the compatibility of the scheme, as amended. The maximum amounts of aid per undertakings as increased under Measure 1 (recitals (15) and (16)) comply with points 22(a) and 23(a) of the Temporary Framework. As regards Measure 2, the Czech authorities have confirmed that the aid is still granted subject to the condition that the benefitting personnel is maintained in continuous employment for the entire period for which the aid is granted (recital (32)).
- (53) Apart from the amendments referred to in recitals (49) to (52), the Commission notes that there are no further amendments to the existing aid schemes (see recitals (20) and (32)) and that all other conditions of that scheme remain unaltered.
- (54) The Commission therefore considers that the amendments notified under Measure 1 and under Measure 2 do not affect the compatibility analysis of Existing Scheme 1 and Existing Scheme 2 as set out in the Decision in SA.57102 and the Decision in SA.59899 and SA.59334.

### 3.3.2. *Conclusion on compatibility of Measure 1 and Measure 2 with the Temporary Framework*

- (55) The Commission concludes that both, Measure 1 and Measure 2, are necessary, appropriate and proportionate to remedy a serious disturbance in the economy of a Member State pursuant to Article 107(3)(b) TFEU since they meet all the relevant conditions of the Temporary Framework.

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<sup>17</sup> Communication from the Commission Fifth Amendment to 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 2021/C 34/06 (OJ C 34, 1.2.2021, p. 6).

#### 4. CONCLUSION

The Commission has accordingly decided not to raise objections to the aid awarded pursuant to the notified measures 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