

COVID-19 – The Commission’s State Aid Toolbox

MEASURES THAT DO NOT QUALIFY AS AID

- Measures to the benefit of all undertakings, including:
 - Wage subsidies
 - Suspension of payments of corporate and value added taxes
 - Social welfare contributions
 - Financial support directly to individuals / consumers, e.g., for cancelled services or tickets not reimbursed by the concerned operators

AID MEASURES THAT ARE EXEMPTED FROM PRIOR NOTIFICATION

- I. General Block Exemption Regulation: exempts several types of aid measures from prior Commission approval
 - Cannot cover companies in financial difficulties (with certain exception, e.g., start-up aid schemes)
- II. De minimis support:
 - Direct grants €200,000 / 3 years for most sectors
 - Subsidized loans up to €1 million / 5 years
 - Subsidized guarantees for loans €1,5 million / 5 years
- Can cover companies in financial difficulties pre-COVID 19

ARTICLE 107 (2)(B) TFEU

- Measures aimed at compensating damage directly caused by the COVID-19 outbreak
- Cannot cover more than the direct damage resulting from COVID-19
- Primarily aimed at compensating companies in sectors particularly hit by the outbreak, such as:
 - Transport
 - Tourism
 - Culture
 - Hospitality
 - Retail
 - Organizers of cancelled events
- Could, in principle, cover companies in financial difficulties pre-COVID 19, but only for difficulties related to or encountered due to the Covid-19 outbreak
- **Example:** Danish scheme for events organizers

ARTICLE 107 (3)(B) TFEU

- New Temporary Framework in force until December 31, 2020, enabling:
 - Direct grants, repayable advances or tax advantages of up to €800,000
 - Loan guarantees (minimum premiums: 25-200 bps; underlying loans: up to twice the 2019 wage bill or ¼ of 2019 turnover or 12/18 months of liquidity needs)
 - Subsidized loans (minimum interest rate: 1-year IBOR + credit margin 25-200 bps; loans: up to twice the 2019 wage bill or ¼ of 2019 turnover or 12/18 months of liquidity)
 - Short term export credit insurance
- Cannot cover companies in financial difficulties pre-COVID 19
- **Examples:** French, German, Italian & Portuguese schemes

ARTICLE 107(3)(C) TFEU

- Rescue or restructuring aid to companies in financial difficulties, including pre-COVID 19 (in line with the 2014 Rescue & Restructuring Guidelines)
- Rescue aid to be granted first in principle:
 - Loans / guarantees of up to 6 months
- **Example:** Irish scheme for Brexit