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**Subject: State Aid SA.64148 (2021/N) – Slovakia
COVID-19: Support for professional sport clubs II**

Excellency,

1. PROCEDURE

- (1) By electronic notification of 15 July 2021, 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 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 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

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).

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

Ivan KORČOK
Minister zahraničných vecí a európskych záležitostí Slovenskej republiky
Hlboká cesta 2
SK-833 36 Bratislava
SLOVENSKÁ REPUBLIKA

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) 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 2020³. 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).⁴ GDP in the fourth quarter of 2020 declined by 2.7 %, which represents the second lowest decline in 2020, showing that in the fourth quarter economic activity did not reach the level before the outbreak of COVID-19 pandemic.⁵ No exact figures for 2021 are available. However, the Slovak authorities confirmed that the economic situation of professional sport clubs has deteriorated during 2021 and a number of these clubs are considering their participation in professional leagues' next season.
- (5) Slovakia 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.
- (6) 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

- (7) The measure is a scheme that provides aid in the form of direct grants.

2.2. Legal basis

- (8) The legal bases for the measure are Act No. 358/2015 Coll. on the regulation of certain relations in the field of State aid and minimum aid and on change and amendments to some acts; Act No. 310/2019 Coll. on Fund for support of sport and on change and amendments to some acts as amended by Act No. 323/2020 Coll.; Act No. 440/2015 Coll. on sport and on change and amendments to some acts as amended; Act No. 523/2004 Coll. on Budget Rules of the Public Service and on change and amendments of some acts as amended; and Act No. 357/2015 Coll. on financial control and audit and on change and amendments of some acts as amended.

³ Survey of the Ministry of Education, Science, Research and Sport of the Slovak Republic.

⁴ The study is published at the following website: <https://op.europa.eu/sk/publication-detail/-/publication/865ef44c-5ca1-11e8-ab41-01aa75ed71a1/language-en>.

⁵ Statistical Office of the Slovak Republic, 2021, Information reports Catalogue.

2.3. Administration of the measure

- (9) 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

- (10) The estimated budget of the measure is EUR 10 million. The measure will be financed from the budget of the Fund for support of the sport in accordance with section 20a of Act No. 310/2019.
- (11) Aid may be granted under the measure as from the notification of the Commission's approval⁶ until no later than 31 December 2021.

2.5. Beneficiaries

- (12) The beneficiaries of the measure are professional sports clubs⁷ with their registered seat in Slovakia 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)

- (13) It is estimated that the number of beneficiaries of the measure will not exceed 100.

⁶ 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.

⁷ 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, and it competes in one or more of the leagues specified in recital (12).

- (14) The beneficiaries of the measure were prevented or restricted from their participation in professional sport leagues referenced in recital (12) during the period from 1 January 2021 to 30 June 2021 (the “supported period”) due to the measures adopted by the Slovak government against the COVID-19 outbreak.
- (15) As indicated by Slovakia, in the context of the second wave of the COVID-19 pandemic, the government declared again the state of emergency in Slovakia⁸. To prevent the spread of the virus, the Slovak authorities have been continuously adopting containment measures⁹. From 15 October 2020 to 9 May 2021, the organisation of mass event of sport nature was prohibited with an exemption for professional sport events in five collective sports (football, ice hockey, handball, basketball and volleyball), for which events could be organised behind closed doors, without audience. As of 10 May 2021, Slovakia adopted a risk assessment mechanism, according to which measures have been implemented only at regional level. The territory of Slovakia was divided into 72 districts and the epidemic risk was assessed within each district. In the districts where the epidemic risk was not serious, the presence of audience on mass sport events was allowed only in a very reduced capacity. Depending on the level of epidemic risk within each district, the presence of audience outdoors was limited to up to 200, 500 or 1 000 persons. In case of indoor events the audience was limited to up to 150, 250 or 500 spectators. There are also other restrictions in place such as a limitation to 50 or 75 per cent of the capacity in case the number of allowed spectators exceeds this ratio of capacity. In addition, the presence of a limited amount of public in sport events was allowed at a time when the majority of all professional leagues were finished. The potential positive effect of this measure on the beneficiaries’ income was therefore limited.
- (16) The final beneficiaries of the measure are micro, SMEs and large undertakings¹⁰ active in Slovakia. Financial institutions as well as undertakings active in the processing and marketing of agricultural products are excluded as eligible final beneficiaries.
- (17) Aid may not be granted under the measure to medium¹¹ and large enterprises that were already in difficulty within the meaning of the GBER¹² on 31 December

⁸ Resolution of the Government of the Slovak Republic No. 587/2020 dated 30.9.2020, No. 718/2020 dated 11.11.2020, No. 807/2020 dated 29.12.2020, No. 77/2021 dated 5.2.2021, No. 160/2021 dated 17.3.2021, No. 215/2021 dated 26.4.2021 and No. 260/2021 dated 14.5.2021.

⁹ Measures of Public Health Authority No. OLP/2731/2020 dated 23.3.2020, No. OLP/4085/2020 dated 19.5.2020, No. OLP/5274/2020 dated 25.06.2020, No. OLP/5454/2020 dated 3.7.2020, No. OLP/6849/2020 dated 28.8.2020, No. OLP/7092/2020 dated 9.9.2020, No. OLP/7311/2020 dated 17.9.2020, No. OLP/8326/2020 dated 14.10.2020, Decrees of Public Health Authority No. 12/2020 dated 29.10.2020, No. 24/2020 dated 13.11.2020, No. 45/2020 dated 17.12.2020, No. 70/2020 dated 30.12.2020, No. 3/2021 dated 7.1.2021, No. 13/2021 dated 21.1.2021, No. 45/2021 dated 5.2.2021, No. 98/2021 dated 2.3.2021, No. 131/2021 dated 19.3.2021, No. 186/2021 dated 16.4.2021, No. 194/2021 dated 23.4.2021, No. 196/2021 dated 26.4.2021, No. 199/2021 dated 29.4.2021, No. 203/2021 dated 7.5.2021 and No. 208/2021 dated 14.5.2021.

¹⁰ 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 (“GBER”).

¹¹ Ibid.

¹² As defined in Article 2(18) of GBER.

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 aid¹³ or restructuring aid.¹⁴

2.6. Sectoral and regional scope of the measure

- (18) The measure is open to professional sport clubs participating in the leagues listed in recital (12). The measure applies to the whole territory of Slovakia.

2.7. Basic elements of the measure

- (19) The measure will be carried out via a special call for proposals.
- (20) The measure provides that aid may be granted to cover certain costs incurred by the eligible beneficiaries during the supported period. The eligible costs for the purposes of the measure are:
- Wages and salaries of professional athletes performing sport on the basis of an employment relationship or other similar relationship up to EUR 1 650 per athlete per month;
 - costs of services of professional athletes up to EUR 1 650 per athlete per month;
 - wages and salaries of sports experts performing their activity on the basis of an employment relationship or other similar relationship up to EUR 1 650 per sports expert per month;
 - costs of services of sports experts performing their activity as self-employed person and costs of services of sports experts provided by supplier up to EUR 1 650 per sports expert per month.
- (21) All costs¹⁵ must be incurred in relation to operation of the professional sport clubs and preparation for and/or participation in a sport event attended by any team of the beneficiary, including European and national championships.
- (22) For the purposes of the measure, the amount of the aid will be calculated as 100 % of the eligible costs incurred during the supported period up to the amount of EUR 1 650 per athlete and/or sport expert.

¹³ 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.

¹⁴ 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.

¹⁵ The following costs will not be considered as eligible: a) costs that were compensated to the beneficiary or costs that the beneficiary applies for under another aid measure devised in relation to COVID-19 outbreak, as well as costs for which the beneficiary received a compensation under another aid measure devised in relation to COVID-19 outbreak, but that were claimed and paid back because they were considered non-eligible costs; and b) value-added tax (VAT) if the beneficiary is entitled to its deduction.

- (23) Furthermore, the total amount of aid granted under the measure to the professional sport clubs cannot exceed the following limits:

Name of league	Maximum aid amount for the 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)	60 000
Extraliga muži (volleyball - men)	75 000
Extraliga ženy (volleyball - women)	60 000
Slovenská basketbalová liga (basketball - men)	75 000
Extraliga ženy (basketball - women)	60 000

- (24) In addition, the total amount of the aid granted under the measure shall not exceed EUR 1 800 000 per undertaking, all figures used being gross, that is, before any deduction of tax or other charges.

2.8. Cumulation

- (25) The Slovak authorities confirm that aid granted under the measure may be cumulated with aid under de minimis Regulations¹⁶ or the GBER provided the provisions and cumulation rules of those Regulations are respected.
- (26) 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.
- (27) 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

- (28) The Slovak authorities confirm that they will respect the monitoring and reporting obligations laid down in section 4 of the Temporary Framework (including the

¹⁶ 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).

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 granting¹⁷).

3. ASSESSMENT

3.1. Lawfulness of the measure

- (29) By notifying the measure before putting it into effect, the Slovak authorities have respected their obligations under Article 108(3) TFEU (footnote 6).

3.2. Existence of State aid

- (30) 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.
- (31) 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 (recital (9)) and it is based on Act No. 358/2015 Coll. on the regulation of certain relations in the field of State aid and minimum aid and on change and amendments to some acts; Act No. 310/2019 Coll. on Fund for support of sport and on change and amendments to some acts as amended by Act No. 323/2020 Coll.; Act No. 440/2015 Coll. on sport and on change and amendments to some acts as amended; Act No. 523/2004 Coll. on Budget Rules of the Public Service and on change and amendments of some acts as amended; and Act No. 357/2015 Coll. on financial control and audit and on change and amendments of some acts as amended (recital (8)). It is financed through State resources, since it is financed by public funds (recital (10)).
- (32) The measure confers an advantage on its beneficiaries in the form of direct grants (recital (7)). The measure thus confers on those beneficiaries an advantage, which they would not have had under normal market conditions.
- (33) 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 and the processing and marketing of agricultural products sectors.
- (34) 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.
- (35) 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.

¹⁷ Referring to information required in Annex III to GBER.

3.3. Compatibility

- (36) 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.
- (37) 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*”.
- (38) 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*”.
- (39) 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.
- (40) 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, in terms of loss of income, which has negatively affected the economic situation of the beneficiaries (recital (4)). 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.
- (41) 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 (7)).

The overall nominal value of the direct grants shall not exceed EUR 1 800 000 per undertaking; all figures used must be gross, that is, before any deduction of tax or other charges (recital (24)). 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 (10). 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 (17)). 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 (17)). 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 (recital (11)). The measure therefore complies with point 22(d) of the Temporary Framework.
- (42) The Slovak 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 (5)).
- (43) The Slovak authorities confirm that the monitoring and reporting rules laid down in section 4 of the Temporary Framework will be respected (recital (28)). 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 (recitals (25) to (27)).
- (44) 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.

¹⁸ As defined in Annex I to GBER.

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.

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

