



EUROPEAN COMMISSION

Brussels, 25.11.2020
C(2020) 8443 final

PUBLIC VERSION

This document is made available for
information purposes only.

**Subject: State Aid SA.59280 (2020/N) – Slovakia
COVID-19: Temporary Framework aid for preserving employment
and self-employment – amendment**

Excellency,

1. PROCEDURE

- (1) By electronic notification of 12 November 2020, following pre-notification contacts, the Slovak Republic notified aid in the form of direct grants (“Measure of the Slovak Republic under the Temporary Framework for State aid to preserve employment and support self-employed individuals in the current COVID-19 outbreak – amendment”, title under national law: “*Schéma štátnej pomoci pre dočasnú pomoc na podporu udržania zamestnanosti a podporu samostatne zárobkovo činných osôb v období situácie spôsobenej nákazou COVID-19,*” “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

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

Ivan KORČOK
minister zahraničných vecí
Ministerstvo zahraničných vecí
Hlboká cesta 2
SK-833 36 Bratislava
SLOVENSKÁ REPUBLIKA

- (2) The Slovak Republic 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) The measure consists of two sub-measures, namely: (i) *Aid in form of direct grants* and (ii) *Aid in form of wage subsidies for employers to avoid lay-offs during the COVID-19 outbreak*. It is an amendment to the measure adopted on 21 April 2020 under the State aid case SA.56986 (2020/N) – Slovakia - COVID-19: Temporary Framework aid for preserving employment and self-employment (hereinafter called “the original measure”)³. The Slovak authorities had already explained in the context of SA.56986 (2020/N) that the original measure aims to compensate employers and self-employed individuals during the state of emergency declared following the COVID-19 outbreak.
- (4) The Slovak Republic still considers that the COVID-19 outbreak affects the real economy. The measure, as amended, 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.
- (5) The Slovak Republic considers that the COVID-19 outbreak puts at risk the jobs of workers and employees of undertakings and the business activity of self-employed persons that have reduced or suspended partially or entirely their activities due to the Public Health Authority containment measures enforced by the national authorities, for the protection of the health of their employees, or due to reduced sales or loss of subcontractors. As a result, there is a risk of significant redundancies⁴ and reduction or suspension of business activity of self-employed persons. The measure, as amended, thus aims to preserve employment which, due to the COVID-19 outbreak, would otherwise have been laid off and to allow undertakings to resume their activities immediately after the lockdown period.
- (6) The measure, as amended, also aims to ensure the continuation of business activities of self-employed individuals by compensating self-employed individuals for a loss of income resulting from measures adopted at national level

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.

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

³ C(2020) 2608 final.

⁴ According to data from 2019 provided by the Slovak authorities, 189,000 employees work in entities that have interrupted or restricted their operations under a measure of the Public Health Authority. There are approximately 38,600 closed entities. At the same time, another 197,000 employees work for 34,000 entities with reduced sales by at least 20%. The number of affected self-employed is estimated at 271,000.

to respond to the COVID-19 outbreak and, in particular, at support to low earning self-employed individuals whose income has been negatively affected, if not lost, as a result of that outbreak.

- (7) The measure, as amended, provides wage equivalent income support to self-employed persons (while the original measure provided this support under section 3.1 of the Temporary Framework) who are trading or would have been trading absent the COVID-19 outbreak and who intend to continue trading after that outbreak. That income support is equivalent to wage subsidies and is granted subject to the condition that the relevant business activity of the self-employed individual is maintained for the entire period for which the aid is granted.
- (8) The Slovak Republic 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.
- (9) The compatibility assessment of the measure is based on Article 107(3)(b) TFEU, in light of sections 2, 3.1, and 3.10 of the Temporary Framework.

2.1. The nature and form of aid

- (10) The measure provides aid in the form of direct grants, including wage subsidies, i.e. non-repayable financial contributions.

2.2. National Legal basis

- (11) The legal bases for the measure are:
 - (a) Act No. 358/2015 Coll., on the regulation of certain relations in the field of State aid and minimum aid and on amendments to certain acts (hereinafter referred to as the "State Aid Act")⁵;
 - (b) Act No. 5/2004 Coll., on employment services and on amendments to certain acts, as amended (hereinafter referred to as the "Employment Services Act")⁶;
 - (c) Act No. 523/2004 Coll. on budgetary rules of public administration and on amendments to certain acts, as amended⁷;
 - (d) Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No. 1083/2006 (hereinafter

⁵ <https://www.slov-lex.sk/pravne-predpisy/SK/ZZ/2015/358/20160101>

⁶ <https://www.slov-lex.sk/pravne-predpisy/SK/ZZ/2004/5/>

⁷ <https://www.slov-lex.sk/pravne-predpisy/SK/ZZ/2004/523/>

referred to as "Regulation of the EP and of the Council (EU) No. 1303/2013" or "CPR")⁸; and

- (e) Regulation (EU) No 1304/2013 of the European Parliament and of the Council of 17 December 2013 on the European Social Fund and repealing Council Regulation (EC) No 1081/2006 (hereinafter referred to as "Regulation of the European Parliament and of the Council 1304/2013" or "ESF Regulation")⁹.

- (f) The scheme, as amended in November 2020¹⁰.

2.3. Administration of the measure

- (12) The granting authority is the Ministry of Labour, Social Affairs and Family (*Ministerstvo práce sociálnych vecí a rodiny*) and the Central Office of Labour, Social Affairs and Family (*Ústredie práce, sociálnych vecí a rodiny*) of the Slovak Republic. The measure will be implemented by the competent authority – the Central Office of Labour, Social Affairs and Family¹¹.

2.4. Budget and duration of the measure

- (13) According to the Slovak authorities, up to EUR 2 billion of aid will be granted under the amended measure. Therefore, the budget remains identical compared to the approved scheme prior to the amendment.
- (14) The measure, as amended, will be financed by the European Structural and Investment Funds and from the State budget.
- (15) Aid may be granted under the measure, as amended, as from its approval by the Commission until 30 June 2021. Payment of the aid is possible until 31 December 2021.
- (16) Aid applications submitted before the notification of this amended aid scheme to the European Commission are considered eligible applications. Aid under the amended measure can be granted for the applications accepted after 1 October 2020, in which case this aid is paid only after the approval of this amended scheme by the Commission.

2.5. Beneficiaries

- (17) The final beneficiaries of the measure, as amended, are small, medium or large undertakings¹² that have started operations not later than by 2 September 2020. Eligible beneficiaries must have their registered seat or a branch in the Slovak

⁸ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32013R1303>

⁹ <https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1587309578143&uri=CELEX:32013R1304>

¹⁰ Schéma štátnej pomoci pre dočasnú pomoc na podporu udržania zamestnanosti a podporu samostatne zárobkovo činných osôb v období situácie spôsobenej nákazou Covid-19, v znení Dodatku č. 1 (to be published following this Decision)

¹¹ The Central Office is an organisation managed by the Ministry.

¹² 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.

Republic. However, financial institutions are excluded as eligible final beneficiaries.

- (18) As regards the sub-measure (i) *Aid in form of direct grants*, aid may not be granted under the measure to medium¹³ and large enterprises that were already in difficulty within the meaning of the relevant block exemption regulations¹⁴ 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”)¹⁵ 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 aid¹⁶ or restructuring aid.¹⁷
- (19) Aid under sub-measure (ii) *Aid in form of wage subsidies for employers to avoid lay-offs during the COVID-19 outbreak* is granted to employers and self-employed individuals.

2.6. Sectoral and regional scope of the measure

- (20) The measure applies to the whole territory of the Slovak Republic.
- (21) The scope of eligible beneficiaries, for the measure as a whole, as amended, has not changed compared to the original measure. However, self-employed individuals may now benefit also from sub-measure (ii) *Aid in form of wage subsidies for employers to avoid lay-offs during the COVID-19 outbreak*.

2.7. Basic elements of the measure

- (22) Aid in form of direct grants:
- The total amount of aid per undertaking provided in the form of a direct grant may not exceed EUR 120 000 per undertaking active in the fishery and aquaculture sector; EUR 100 000 per undertaking active in the primary agricultural production; and EUR 800 000 per undertaking in other sectors. Where the beneficiaries are undertakings active in the processing and marketing of agricultural products, the aid is not being partly or entirely passed on to primary producers and is not fixed on the basis of the price or

¹³ As defined in Annex I to Commission Regulation (EU) No 651/2014.

¹⁴ As defined in Article 2(18) of Commission Regulation (EU) No 651/2014, 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.

¹⁵ As defined in Article 2(18) of Commission Regulation (EU) No 651/2014 of 17 June 2014, Article 2(14) of Commission Regulation (EU) No 702/2014, and Article 3(5) of Commission Regulation (EU) No 1388/2014.

¹⁶ 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.

¹⁷ 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.

quantity of products put on the market. Aid granted to undertakings active in the fishery and aquaculture sector does not concern any of the categories of aid referred to in Article 1, paragraph (1)(a) to (k) of Commission Regulation (EU) No 717/2014.

- Where an undertaking is active in several sectors to which different maximum aid amounts apply in accordance with points 22(a) and 23(a) of the Temporary Framework, the competent authority and the beneficiary shall ensure, by appropriate means such as separation of accounts that the relevant ceiling is respected for each of those activities and that the overall maximum amount of EUR 800 000 is not exceeded per undertaking. Where an undertaking is active in the sectors covered by point 23(a) of the Temporary Framework, the overall maximum amount of EUR 120 000 is not exceeded per undertaking.
- The direct grants depend on the magnitude of loss of revenue of the undertaking, per month. Details are provided in governmental resolutions.
- All amounts are gross, i.e. before deduction of tax or other costs.

(23) Aid in form of wage subsidies for employers to avoid lay-offs during the COVID-19 outbreak:

- The aid is granted for a wage subsidy for undertakings¹⁸ in order to prevent redundancies during the COVID-19 outbreak or for the wage equivalent income of self-employed people individuals in the suspension or reduction of their business activity.
- The monthly wage subsidy shall not exceed 80% of the monthly gross salary (i.e. before tax but including the employer's social security contributions) of the benefitting personnel. There is also an alternative to grant flat-rate payments, in case of loss of revenue of the undertaking. If the magnitude of loss of revenue is less than a certain level (20%), compared to the same month in the year 2019 or to the average revenue in the year 2019, no compensation is provided. The level of flat-rate payments is defined by categories according to the magnitude of loss of revenue. In any event, the compensation will never exceed 80% of the monthly gross salary of an employee. Moreover, as an additional safeguard, the wage subsidy per employee can in any event not exceed EUR 1 100 per month.
- The wage subsidy is provided for a maximum of twelve months after the application for aid for their employees who would otherwise have been made redundant because of the suspension or limitation of their business as a consequence of the COVID-19 outbreak. Therefore, a beneficiary who has already benefitted from the initial scheme cannot get aid during more than 12 months in total.
- The workers covered by the aid must remain in continuous employment for the entire period for which the aid is granted. This condition will be part of an agreement between the employer and the Central Labour, Social Affairs and Family Office (via their offices).
- As regards self-employed, they are granted the aid also in the granting agreement under the condition that their licence for self-employment will not

¹⁸ Employers and self-employed individuals.

be terminated or suspended throughout the entire duration when the aid is provided.

- Aid to self-employed, which is equivalent to their wage, is provided when they have suspended or limited their business activity following inter-state restrictions due to the COVID-19 pandemic. The aim of the aid is to sustain the business activity of the self-employed.
- Aid provided to the self-employed is covering for a time period of maximum twelve months, after the submission of aid application for the self-employed who business activity has been negatively affected by the COVID-19 pandemic under the condition that the self-employed status is active through the entire duration of aid provided.
- Aid shall be provided to the self-employed as a flat-rate financial contribution. The maximum aid provided shall not exceed EUR 873,60, this sum being equal to the 80 per cent of the average nominal monthly wage of an employee in the Slovak economy in the year 2019.
- The wage subsidy will be paid retroactively for the period before the application for aid, with the eligibility period starting on 1 October 2020.

2.8. Cumulation

- (24) The aid ceilings and cumulation maxima fixed under the measure will apply regardless of whether the support for the aided project is financed entirely from State budget or partly financed by the European Structural and Investment Funds (ESIF).
- (25) The Slovak authorities confirm that aid granted under the measure may be cumulated with aid under de minimis Regulations¹⁹ or the relevant block exemption regulations²⁰ provided the provisions and cumulation rules of those Regulations are respected.

¹⁹ 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).

²⁰ 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.

- (26) The Slovak 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.
- (27) 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.
- (28) 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 points 22(a) and 23(a) of that framework, will be respected. Aid granted under the measure or aid under other measures approved by the Commission under section 3.1 of the Temporary Framework which has been reimbursed before 30 June 2021 shall not be taken into account in determining whether the relevant ceiling is exceeded.
- (29) The Slovak authorities confirm that aid granted under the measure may be combined with aid granted under other generally available measures or with aid schemes in the form of employment support measures, provided the total amount of combined aid does not lead to overcompensation of the wage costs of the personnel concerned.

2.9. Monitoring and reporting

- (30) 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 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 granting²¹).

3. ASSESSMENT

3.1. Lawfulness of the measure

- (31) 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

- (32) 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.

²¹ 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.

- (33) The measure is imputable to the State, since it is administered by the Ministry of Labour, Social Affairs and Family and it is based on national legal basis specified in Section 2.2 (recital (11)). It is financed through State resources, since it is financed by public funds (by the European Structural and Investment Funds and from the State budget) (recital (14)).
- (34) The measure confers an advantage on its beneficiaries in the form of direct grants (recital (10)). The measure thus relieves those beneficiaries of costs which they would have had to bear under normal market conditions.
- (35) As regards the sub-measure (i) *Aid in form of direct grants*, the advantage granted by the measure remains selective even after the amendment, since it is awarded only to certain undertakings, registered in Slovakia, affected by the economic repercussions of the COVID-19. In addition, different conditions apply to certain sectors (fishery and aquaculture as well as agriculture), as set out in recitals (19)-(21) of the original decision.
- (36) As regards the sub-measure (ii) *Aid in form of wage subsidies for employers to avoid lay-offs during the COVID-19 outbreak*, the aid also remains selective, since it is still awarded only to employers affected by the economic repercussions of the COVID-19 and to certain sectors or companies that are affected by the crisis more intensively (especially those sectors whose operations have been suspended) (recital (21)). In addition, in case the aid amounts are provided as flat-rate payments, loss of revenue up to certain level does not lead to any compensation (recital 23), meaning that only undertakings having losses above that threshold qualify for the aid.
- (37) 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.
- (38) In view of the above, the Commission concludes that the measure constitutes aid within the meaning of Article 107(1) TFEU.

3.3. Compatibility

- (39) 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.
- (40) 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*”.
- (41) 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*”.

- (42) The measure aims in particular at preserving employment and/or avoiding redundancies and to ensure the continuation of business activities of self-employed individuals during the COVID-19 outbreak, which is affecting the wider economy and leading to severe disturbances of the real economy of the Member States.
- (43) 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. Under the aid scheme, the wage subsidy may be combined with the deferral of taxes and social security contributions, as well as other generally available or selective employment support measures, as long as the total support does not lead to overcompensation of the wage costs of the employees concerned. The measure is of a scale which can be reasonably anticipated to produce effects across the entire Slovak economy. Furthermore, the measure has been designed to meet the requirements of two categories of aid in the Temporary Framework, namely (i) “*Limited amounts of aid*” (Section 3.1.) and (ii) “*Aid in form of wage subsidies for employees to avoid lay-offs during the COVID-19 outbreak*” (Section 3.10).
- (44) 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:

Sub-measure (i) *Aid in form of direct grants* (Section 3.1 of the Temporary Framework)

- The aid takes the form of direct grants (recital (10)).
- The overall nominal value of 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;
- The overall nominal value of direct grants does not exceed EUR 120 000 per undertaking active in the fishery and aquaculture sector (recital (22)) or EUR 100 000 per undertaking active in the primary production of agricultural products (recital (22)). The measure therefore complies with point 23(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 (13). The measure therefore complies with point 22(b) of the Temporary Framework;
- Aid may not be granted under the measure to medium²² and large enterprises that were already in difficulty on 31 December 2019 (see recital (18)). 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 aid²³ or restructuring aid²⁴ (see recital (18)). The

²² As defined in Annex I to Commission Regulation (EU) No 651/2014.

²³ 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.

²⁴ 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.

measure therefore complies with point 22(c)bis of the Temporary Framework;

- Aid will be granted under the measure no later than 30 June 2021 (recital (15)). 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 are excluded when the aid is conditional on being partly or totally passed on to primary producers, fixed on the basis of the price or quantity of products purchased from primary producers, or put on the market by such producers (recital (22)). The measure therefore complies with point 22(e) of the Temporary Framework.
- Aid granted to undertakings active in the primary production of agricultural products must not be fixed on the basis of the price or quantity of products put on the market (recital (22)). The measure therefore complies with point 23(b) of the Temporary Framework;
- Aid granted to undertakings active in the fishery and aquaculture sector does not concern any of the categories of aid referred to in Article 1, paragraph (1)(a) to (k) of Commission Regulation (EU) No 717/2014 (recital (22)). The measure therefore complies with point 23(c) of the Temporary Framework.
- Where an undertaking is active in several sectors to which different maximum aid amounts apply in accordance with points 22(a) and 23(a) of the Temporary Framework, Slovakia will ensure, by appropriate means such as separation of accounts that the relevant ceiling is respected for each of those activities and that the overall maximum amount of EUR 800 000 is not exceeded per undertaking. Where an undertaking is active in the sectors covered by point 23(a) of the Temporary Framework, the overall maximum amount of EUR 120 000 is not exceeded per undertaking (recital (22)). The measure therefore complies with point 23bis of the Temporary Framework.

Submeasure (ii) Aid in form of wage subsidies for employers to avoid lay-offs during the COVID-19 outbreak (Section 3.10. of the Temporary Framework)

- Aid granted under the measure is aimed at avoiding redundancies during the COVID-19 outbreak (see recital (23)) and to ensure the continuation of business activities of self-employed individuals (see recital (23)). The measure therefore complies with point 43(a) of the Temporary Framework;
- Aid is granted in the form of a scheme to undertakings in specific sectors that are particularly affected by the COVID-19 outbreak (see the original decision). In case of flat-rate payments, the compensation is provided only if the magnitude of loss of revenue is higher than certain level (recital (23)), i.e. to those particularly affected by the crisis.
- Wage subsidies are granted under the measure (i) over a period of not more than twelve months after the application for aid is made (see recital (23)), (ii) for employees that would otherwise have been made redundant as a consequence of the suspension or reduction of business activities due to the COVID-19 outbreak (see recital (23)), and (iii) subject to the condition that the benefitting personnel is maintained in continuous employment for the entire period for which the aid is granted (see recital (23)). The measure therefore complies with point 43(c) of the Temporary Framework;

- Following the amendment, wage subsidies are granted to self-employed individuals under the measure (i) over a period of not more than twelve months after the application for aid is submitted (recital (23)); (ii) in situations in which the business activity of the self-employed individual has been subject to suspension or reduction due to the COVID-19 outbreak (recital (23)); and (iii) subject to the condition that the beneficiaries' business activity is maintained for the entire period for which the aid is granted (recitals (7),(23)). The measure therefore complies with point 43(c) of the Temporary Framework;
- The monthly wage subsidy will not exceed 80% of the monthly gross salary (including the employer's social security contributions) of the benefitting personnel (recital (23)). As regards self-employed persons, the monthly wage subsidy will not exceed 80% of the average nominal monthly wage of an employee in the Slovak economy in the year 2019 (recital (23)). This alternative calculation methods of the aid intensity is in the interest of low wage categories, as it refers to average nominal monthly wage of an employee.

That methodology ensures that the aid remains proportional to the objective pursued by the measure. The measure therefore complies with point 43(d) of the Temporary Framework;

- The Slovak authorities confirm that if wage subsidies granted under the measure are combined with other generally available or selective employment support measures, overcompensation of the wage costs of the personnel concerned will be excluded (see recital (29)). The measure therefore complies with point 43(e) of the Temporary Framework.
- The measure does not exclusively target employees from the financial sector (see recital 17). The measure is therefore in line with points 20bis and 43bis of the Temporary Framework.

- (45) The Slovak authorities confirm that the monitoring and reporting rules laid down in section 4 of the Temporary Framework will be respected (recital (30)). 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 (27)).
- (46) The Slovak authorities also confirm that the rules under the European Regional Development Fund (ERDF), European Social Fund (ESF), Cohesion Fund (CF), European Agricultural Fund for Rural Development (EAFRD), European Maritime and Fisheries Fund (EMFF) , as amended by the Coronavirus Response Investment Initiative regulations, will be respected (when granting assistance co-financed by European Union resources).
- (47) 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