

STATE AID BRIEFING: Special Edition – Vol. 2

Recent Developments in State Aid: Urgent Measures Relating to the Covid-19 Pandemic

This Briefing aims to provide an overall update of the latest developments in State aid further to the [EU State aid Temporary Framework](#) which was adopted on 19 March 2020 by the European Commission (Commission) for the support of the economy of EU Member States in the Covid-19 outbreak

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A. Commission Approves €2bn Greek Aid Scheme in the Form of Granting of Guarantees to Support Companies Affected by the Coronavirus Outbreak

1. By its decision of 3 April 2020, the Commission approved, under EU State aid rules, a €2bn Greek aid scheme to support the Greek economy by enabling the granting of guarantees on working capital loans to help Greek businesses cover immediate working capital needs and continue their activities amidst Covid-19 period.

2. Greece notified to the Commission a support measure in the form of guarantees on loans, which will be implemented through the issuance of guarantees by the Hellenic Development Bank (HDB) to financial intermediaries. The measure will partially guarantee eligible working capital loans originated by financial intermediaries.
3. The Greek scheme will be open to all Greek undertakings, except for financial intermediaries (such as banks) and undertakings active in aquaculture, agriculture, as well as in sectors non-eligible by the European Regional Development Fund.
4. The Commission found that the proposed Greek measure is in line with the conditions set out in the Temporary State aid Framework due to the fact that it:
 - a. covers guarantees on operating loans with a limited maturity and size;
 - b. limits the risk taken by the State to a maximum of 80%;
 - c. further provides for a restriction limiting the State's exposure to 40% of the volume of loans issued by a financial intermediary to ensure

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that support is swiftly available on favourable conditions; and

- d. involves minimum remuneration and safeguards to ensure that the aid is channeled effectively by the banks to the beneficiaries in need.
5. Ultimately, the Commission concluded that the measure is necessary, appropriate and proportionate to remedy a serious disturbance in the economy of a Member State, in line with Article 107(3)(b) TFEU and the conditions set out in the Temporary State aid Framework.
 6. The text of the decision has not yet been published.

B. Background: Extension to State aid Temporary Framework

1. On 3 April 2020, the Commission adopted an amendment to the State aid Temporary Framework with the aim of enabling EU Member States to accelerate research, testing and production of coronavirus related products, such as vaccines, medicines, medical devices, disinfectants and protective equipment, to protect jobs and to further support the economy in the coronavirus outbreak.
2. In particular, the Commission's amendment extends the Temporary State aid Framework by:
 - a. providing for an additional 5 types of aid measures; and
 - b. also expanding the existing types of support that Member States can give to companies in need.
3. The following additional 5 types of State aid measures are now available for EU Member States:
 - a. support for coronavirus related research and development (R&D): to address the current health crisis in the form of direct grants, repayable advances or tax advantages; a bonus may be granted for cross-border cooperation projects between Member States;

- b. support for the construction and upscaling of testing facilities: to develop and test products (including vaccines, ventilators and protective clothing) useful to tackle the coronavirus outbreak, up to first industrial deployment in the form of direct grants, tax advantages, repayable advances and no-loss guarantees; companies may benefit from a bonus when their investment is supported by more than one Member State and when the investment is concluded within two months after the granting of the aid;
 - c. support for the production of products relevant to tackle the coronavirus outbreak: in the form of direct grants, tax advantages, repayable advances and no-loss guarantees; companies may benefit from a bonus when their investment is supported by more than one Member State and when the investment is concluded within two months after the granting of the aid;
 - d. targeted support in the form of deferral of tax payments and/or suspensions of social security contributions: for those sectors, regions or for types of companies that are hit the hardest by the outbreak;
 - e. targeted support in the form of wage subsidies for employees: for those companies in sectors or regions that have suffered most from the coronavirus outbreak and would otherwise have had to lay off personnel.
4. With regard to the expansion on the existing types of support under the Temporary State aid Framework, the amendment enables Member States to give, up to the nominal value of €800,000 per company, zero-interest loans and guarantees on loans covering 100% of the risk, or to provide equity; this can also be combined with the so-called de minimis aid (to bring the aid per company to up to €1m) and with other types of aid; the aim is to address urgent liquidity needs of small and medium-sized enterprises in a very speedy manner.

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5. Finally, the Commission is in the process of a continuous assessment of whether further measures are necessary to complement the toolbox for Member States to support their economy, including by further amending the Temporary State aid Framework.
6. The Commissions' Communication on the amendment to the Temporary State aid Framework were published on 4 April 2020 in the Official Journal [see C(2020) 2215 final of 3 April 2020].

C. Greek Provisional State Aid Measure in the Form of Repayable Advances: Eligibility Conditions, Terms and Application Process (myBusinessSupport Platform)

1. In the aftermath of the issuance of the Temporary State aid Framework, the Act of Legislative Content 75/2020 of 30 March 2020 (Act of Legislative Content) provides for the granting of a temporary Greek State aid measure in the form of repayable advances to those undertakings that are financially affected by the occurrence and spread of Covid-19, in accordance with the provisions of the State aid Temporary Framework and following approval of the aid scheme by the Commission. Under the Act of Legislative Content, the aid shall be non-refundable, tax free and shall not be offset against any debt.
2. Further, the beneficiaries, the conditions and the manner for the granting of the temporary aid have been determined in the recently issued Joint Decision of the Ministers of Finance and Development and Investments of 2 April 2020 (Official Gazette 1135/B'/2.4.2020) (Joint Ministerial Decision).
3. More particularly, an electronic platform for the implementation of the temporary State aid scheme in the form of an advance payment is established in the Independent Public Revenue Authority (AADE) under the title 'myBusinessSupport', to which applications for

the granting of the aid are submitted, in accordance with the provisions of the Act of Legislative Content. This platform is electronically connected to the Tax Identification Number (ΑΦΜ) of each entity.

4. Private entities of any legal form and regardless of sector, including sole proprietors, which employ one to 500 employees and have their registered seat or a permanent establishment in Greece and which have been financially affected by the occurrence and spread of Covid-19, shall express their interest in receiving the aid in the form of repayable advances in the 'myBusinessSupport' platform.
5. An expression of interest may be submitted by:
 - a. undertakings in difficulty, within the meaning of Regulation (EU) 651/2014 (EU L 187/26.6.2014) or which were not in difficulty on 31 December 2019 but faced problems or were put into difficulty thereafter as a result of the occurrence and spread of Covid-19, and do not have prior aid at their disposal which has been declared incompatible by virtue of a decision by the European Commission;
 - b. undertakings meeting the conditions of the de minimis aid Regulation [Regulation (EU) 1407/2013 (EU L 351/1 of 24.12.2013)] and which have not already reached the maximum ceiling set in the above Regulation for the period of 2018-2020 (ceiling of State aid);¹
 - c. undertakings which are not inactive from April 2019 onwards, as evidenced by the data kept in the tax registry of AADE or by the submission of zero VAT returns throughout this period.
6. The expression of interest does not presuppose the undertaking's submission to one of the codes of activity numbers (ΚΑΔ) included in the issued ministerial decisions for the suspension of tax obligations and the granting of any type of aid to

¹ Under Article 3 of the above Regulation, the total amount of de minimis aid granted per Member State to a single

undertaking shall not exceed EUR 200,000 over any period of three fiscal years.

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- companies that have been affected because of Covid-19.
7. The application process, including the information to be inserted, is set out in detail in the Joint Ministerial Decision.
 8. The expression of interest and the required accompanying information may be submitted to the 'myBusinessSupport' platform until 10 April 2020. Under the Joint Ministerial Decision, the submission of an application for expression of interest as above does not create any right or claim to the applicant companies.
 9. By means of its press release of 3 April 2020, the Ministry of Finance further specified that the initial total amount of the above financial scheme will be €1bn and that the granted aid will be payable to the Greek state at a very low rate. The entire duration of the scheme shall be 5 years, of which first year constitutes a grace period without an obligation to pay any installments. Repayment is made over the next 4 years, in equal monthly installments.
 10. The aid through the repayable advances scheme may not exceed the amount of €500,000 per beneficiary. The repayable advances scheme will be funded both by European Community resources, in the context of the special financial instrument to counterbalance the coronavirus crisis, as well as by State budget resources.
 11. As pointed out in the press release, the repayable advances scheme aims to support businesses so that they can maintain their jobs. Therefore, undertakings applying for inclusion in the above scheme are bound by the non-redundancy clause, which is valid from 30 March 2020.
 12. Finally, a new joint ministerial decision is expected to be issued following the expiry of the above deadline for the submission of expressions of interest, in order to set out in detail the parameters and characteristics that will determine the prompt implementation of the repayable advance aid. According to publicly available information, there are also thoughts for the expansion of the total awarded aid beyond the amount of €1bn.

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