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# Investment Aid Act

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# 1. INVESTMENT AID ACT – general background

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Treaty establishing the European Community

Article 87

1. Save as otherwise provided in this Treaty, any aid granted by a Member State or through State resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods shall, in so far as it affects trade between Member States, be incompatible with the common market.

# 1. INVESTMENT AID ACT – general background

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Treaty establishing the European Community

Article 87

3. The following may be considered to be compatible with the common market:
  - (a) Aid to promote the economic development of areas where the standard of living is abnormally low or where there is serious underemployment;
  - (c) Aid to facilitate the development of certain economic activities or of certain economic areas, where such aid does not adversely affect trading conditions to an extent contrary to the common interest;

# 1. INVESTMENT AID ACT – general background

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Commission Regulation (EC) No 1628/2006 on the application of Articles 87 and 88 of the Treaty to national regional investment Aid.

## Article 3

1. Transparent regional investment aid schemes fulfilling all the conditions of this Regulation shall be compatible with the common market within the meaning of Article 87(3) of the Treaty and shall be exempt from the notification requirement ...

## Act 561/2007 Coll. on State Aid

This act is considered as a investment aid scheme according to the Commission Regulation (EC) No 1628/2006.

## 2. AMOUNT, CRITERIA, FORMS

### Regional map

Ceilings (of the eligible costs):

- Central and Eastern Slovakia 50%
- Western Slovakia 40%
- Parts of Region Bratislava 10%

SMEs: + up to 10pp (medium) / 20pp (small)

100 mil EUR > investment > 50 mil EUR: - 50%

investment > 100 mil EUR: European Commission approval

*(upon proposal of Government decree)*

## 2. AMOUNT, CRITERIA, FORMS

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No statutory entitlement to investment aid.

Eligible types of projects:

- ❖ Industrial investments
- ❖ Technology centres
- ❖ Strategic services centres (e. g. centres for computer program development)
- ❖ Investments in the tourism sector

## 2. AMOUNT, CRITERIA, FORMS

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### Criteria for Granting (industrial investments):

- ❖ New establishment, extension of existing one, acquisition of enterprise in difficulties, essential change in production process.
- ❖ New production and technological equipment used for purposes of production in the amount of at least 60% of the total amount of tangible and intangible assets.
- ❖ Procurement of tangible or intangible fixed assets – min. SKK 800m, of which min. SKK 400m financed from the equity (1/2 or 1/4 in regions with high unemployment).
- ❖ Compliance with the environmental rules as to the environmental impact of the production.
- ❖ At least 80% of the aggregate revenues must be generated from the business specified in the investment aid application.

## 2. AMOUNT, CRITERIA, FORMS

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### Forms:

- ❖ Grants to acquire tangible or intangible fixed assets
- ❖ Corporate income tax relieves
- ❖ Contributions for creating new jobs
- ❖ Transfer or exchange of real estate for a price lower than its market value

### 3. PROCEDURAL ASPECTS

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1. Investment plan
2. Proposal for investment aid
3. Confirmation and offer of investment aid
4. Application for investment aid
5. Decision on investment aid

If works on the investment start before the offer is confirmed, no investment aid can be granted.

### 3. PROCEDURAL ASPECTS

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#### 1. Investment plan

##### Content:

- identification
- planned amount of investment
- planned amount and qualification of new personnel, their proposed salaries
- location of investment
- new technology

Assessment by Ministry of Economy (with cooperation of other related bodies)

# 3. PROCEDURAL ASPECTS

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## 2. Proposal for investment aid

Prepared by Ministry of Economy and sent for approval to related bodies who provide different forms of state aid

## 3. Confirmation and offer of investment aid

Upon approval from all related bodies the Ministry confirms to the applicant the fulfilment of all conditions for granting of aid and prepares and sends an offer of aid.

To be eligible for the aid, works on the project can start only upon receiving of confirmation on eligibility.

### 3. PROCEDURAL ASPECTS

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#### 4. Application for investment aid

- Official application has to be filed upon offer from Ministry
- Forms and amount of aid required

#### 5. Decision

- Government decides on the proposal of the Ministry
- Ministry delivers decision to investor

The whole procedure of approving the state aid, starting from the moment of submitting the investment plan may take approx. 4 months (SARIO).

### 3. PROCEDURAL ASPECTS

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#### Obligations of recipient of Aid

- ❖ Preserving of tangible intangible fixed assets for min. 5 years after the end of project (launch of last plant or technology)
- ❖ Fulfilment of criteria for granting within 3 years from the decision on granting
- ❖ Hiring for new working post within 3 years after the end of project
- ❖ Preserving of newly created jobs for min. 5 years
- ❖ 25% of eligible costs financed equity or external sources (other than state aid)
- ❖ Start procurement of assets within 2 years from the decision

## 4. FUTURE

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Draft general block exemption of the Commission in the State aid area

Invitation to submit comments published on 8 September 2007

Would replace the respective regulations applicable on:

- ❖ State aid to small and medium-sized enterprises
- ❖ Training aid
- ❖ State aid for employment
- ❖ National regional investment aid



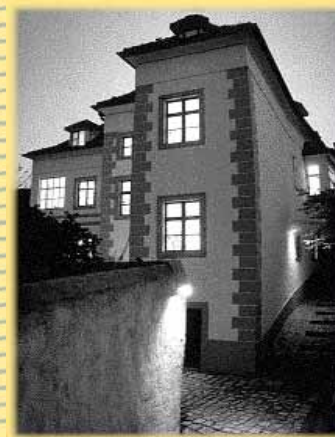
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