PART III.6.I - Supplementary information sheet for State aid granted under the Guidelines on State aid for climate, environmental protection and energy 2022 (hereafter ‘CEEAG’) - Section 4.7.2 – Aid for environmental protection in the form of reductions in taxes or parafiscal levies

*This supplementary information sheet concerns measures covered in Section 4.7.2 of the CEEAG. If the notification includes measures that are covered by more than one section of the CEEAG, please once available also fill in the respective supplementary information sheet that concerns the respective section of the CEEAG.*

*All documents provided by Member States as annexes to this supplementary information sheet must be numbered and document numbers must be indicated in the relevant sections of this supplementary information sheet.*

Section A: Summary of the main characteristics of the notified measure(s)

1. Background and objective(s) of the notified measure(s).

1.1. If not already discussed under section 5.2 of the General Information Form (Part I), please provide the background and the main objective, including any Union targets for environmental protection that the measure is intended to support.

1.2. Please indicate any other objectives pursued by the measure. For any objectives that are not purely environmental, please explain whether they may result in any distortions of competition in the internal market.

2. Entry into force and duration:

2.1. To the extent not already provided under section 5.4 of the General Information Form (Part I), please indicate the date as of which the aid scheme is planned to enter into force;

2.2. Please indicate the duration of the scheme[[1]](#footnote-1).

3. Beneficiary(ies)

3.1. If not already provided under section 3 of the General Information Form (Part I), please describe the (potential) beneficiary(ies) of the measure(s);

3.2. Please indicate the location of the beneficiary(ies) (i.e. if only economic entities located in the respective Member State or also in other Member States are eligible to participate in the measure).

3.3. In order to assess the compliance with point 15 of the CEEAG, please specify if aid is granted under the measure(s) in favour of an undertaking (individual or part of a scheme) that is subject to an outstanding recovery order following a previous Commission decision declaring an aid illegal and incompatible with the internal market.

In the affirmative, please provide information on the amount of aid still to be recovered so that the Commission takes account of it in the assessment of the aid measure(s).

4. Please confirm that the measure(s) does not involve aid to activities falling outside the scope of application of the CEEAG (see point 13 of the CEEAG). Otherwise, please provide details.

5. Budget and financing of the measure(s).

5.1. If not already mentioned in the table under section 7.1 of the General Information Form (Part I), please provide the yearly and/or total budget for the whole duration of the measure(s); if the total budget is not known (for instance because it depends on the results of tenders), please indicate an estimated budget, including the assumptions used to calculate the respective estimated budget[[2]](#footnote-2).

5.2. if the measure (i.e. the tax/parafiscal reduction) is financed through a levy, please clarify if:

(a) the levy is set by law or any other legislative act; in the affirmative, please provide the legal act, number and date when adopted and entered into force, the internet link to the legal act;

(b) the levy is imposed equally on domestic and imported products;

(c) the notified measure will benefit equally domestic and imported products;

(d) the levy finances fully the measure or only partly. If the levy finances only partly the measure, indicate the other sources of financing of the measure and their respective proportion;

(e) the levy financing the notified measure also finances other aid measures. If so, indicate the other aid measures financed by the concerned levy.

Section B: Compatibility assessment of the aid

1. Positive condition: the aid must facilitate the development of an economic activity

1.1. Contribution to the development of an economic activity

*To provide the information in this section, please refer to section 3.1.1 (points 23-25) and sections 4.7.2.1 (point 310) and 4.7.2.2 (points 311-313) of the CEEAG.*

6. Article 107(3), point (c), of the Treaty on the Functioning of the European Union (’the Treaty’) provides that the Commission may declare compatible ‘*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*’. Therefore, compatible aid under that provision of the Treaty must contribute to the development of certain economic activity.

In order to assess compliance with point 23 of the CEEAG, please identify the economic activities that will be facilitated as a result of the aid and how the development of those activities is supported.

7. In order to assess compliance with point 25 of the CEEAG, please “describe if and how the aid will contribute to the achievement of objectives of Union climate policy, environmental policy and energy policy and more specifically, the expected benefits of the aid in terms of its material contribution to environmental protection, including climate change mitigation, or the efficient functioning of the internal energy market”.

8. In addition, depending on the Section of the CEAAG under which the supported activities fall, please highlight to what extent the aid relates to the objectives and/or policies described under point 135 of the CEEAG (for Section 4.2), points 160-161 of the CEEAG (for Section 4.3.1), points 190-191 of the CEEAG (for Section 4.3.2), points 217-219 of the CEEAG (for Section 4.4), points 253-254 of the CEEAG (for Section 4.5) or points 276-278 of the CEEAG (for Section 4.6).

9. Pursuant to point 311 of the CEEAG, and depending on the Section of the CEEAG under which the supported activities fall, please provide information on the precise scope and precise supported activities of the aid measure(s) by filling in the following question(s) of the relevant supplementary information sheet. For activities falling under Section:

* 4.2 (questions 9-12 of the relevant supplementary information sheet)
* 4.3.1 (question 10 of the relevant supplementary information sheet)
* 4.3.2 (question 10 of the relevant supplementary information sheet)
* 4.4 (questions 11-13 of the relevant supplementary information sheet)
* 4.5 (questions 10-15 of the relevant supplementary information sheet)
* 4.6 (questions 10-12 of the relevant supplementary information sheet)

10. Please indicate whether the supported activities primarily pursue a decarbonisation objective. If the prevention or reduction of greenhouse gas emissions is the predominant objective of the aid measure, please refer to the supplementary information sheet for Section 4.1 of the CEEAG in line with point 312 of the CEEAG, as such aid is assessed on the basis of Section 4.1 of the CEEAG.

11. Please provide a detailed description of the taxes and/or parafiscal levies that will be reduced (including their purpose, how they are charged across the base, the rate and the entities involved in setting and reviewing the rate as well as in collecting and managing the revenues raised). On this basis, in order to ensure compliance with point 313 of the CEEAG, please demonstrate that the proposed measure does not involve reductions in taxes or levies reflecting the essential costs of providing energy or related services, such as network charges or charges financing capacity mechanisms. In addition, please confirm that the measure does not cover reductions from levies on electricity consumption that finance an energy policy objective.

12. Please describe the eligibility requirements applicable to the beneficiary(ies) (for instance by including any technical, environmental (i.e. permits), financial (i.e. collaterals) or other requirements that the beneficiary(ies) need to comply with).

1.2. Incentive effect

*To provide the information in this section, please refer to section 3.1.2 (points 26-32) and section 4.7.2.3 (points 315-316) of the CEEAG.*

13. Aid can be considered as facilitating an economic activity only if it has an incentive effect. In order to assess compliance with point 26 of the CEEAG, please explain how the measure(s) “*induces the beneficiary to change its behaviour, to engage in additional economic activity or in more environmentally-friendly economic activity, which it would not carry out without the aid or would carry out in a restricted or different manner”.*

14. Pursuant to point 28 and 315 of the CEEAG:

14.1. Please provide a comprehensive description of the factual scenario expected to result from the aid measure and the likely counterfactual scenario(s) absent the aid measure.[[3]](#footnote-3) Where you expect that different categories of beneficiaries may be supported, please ensure that the counterfactual is credible for each of these categories.

Please take into account the requirements regarding the counterfactual included in points 165-169 of the CEEAG (for projects and activities that fall within the scope of Section 4.3.1) and 226-230 of the CEEAG (for projects and activities that fall within the scope of Sections 4.4 and 4.5) and fill in the questions from the respective supplementary information sheet for Sections 4.3.1, 4.4 or 4.5.

14.2. Please briefly explain the rationale for the choice of the likely counterfactual scenario(s), in view of the proposed different categories of beneficiaries, if applicable;

14.3. Please quantify the costs and revenues of factual and counterfactual scenarios and justify the change of behaviour, where relevant for each category of beneficiary, by comparing the profitability of the reference project[[4]](#footnote-4) or activity with and without the tax or parafiscal levy reduction[[5]](#footnote-5), based on:

(a) the respective reference project, the corresponding counterfactuals and resulting funding gap[[6]](#footnote-6);

*OR*

(b) equivalent data.

15. In order to assess compliance with point 27 of the CEEAG, please provide information to confirm that the aid does not support the costs of an activity that the aid beneficiary would anyhow carry out and does not compensate for the normal business risk of an economic activity*.*

16. In order to demonstrate compliance with points 29, 31 and 316 of the CEEAG, please indicate if the project or activity already started prior to a written aid application by the beneficiary to the national authorities.

17. For projects or activities that started before the aid application is submitted, please:

(a) confirm that the measure establishes a right to aid in accordance with objective and non-discriminatory criteria and without further exercise of discretion by the Member States and that the measure has been adopted and is in force before work on the aided project or activity has started;

*OR*

(b) In case the project or activity already started prior to a written aid application and prior to the adoption and/or entry into force of the measure, please confirm that the project or activity was already covered by a previous similar scheme in the form of tax or parafiscal advantages

*OR*

(c) demonstrate that the project or activity falls within one of the exceptional cases provided in point 31 of the CEEAG (b) or (c).

18. In order to demonstrate compliance with point 30 of the CEEAG, please confirm that the aid application includes at least the applicant’s name, a description of the project or activity, including its location, and the amount of aid needed to carry it out.

19. In order to demonstrate compliance with point 32 of the CEEAG:

(a) Please indicate if there are Union standards[[7]](#footnote-7) applicable to the notified measure(s), mandatory national standards that are more stringent or ambitious than the corresponding Union standards, or mandatory national standards adopted in the absence of Union standards.

In that context, please provide information to demonstrate the incentive effect.

(b) In cases where the relevant Union standard has already been adopted but is not yet in force, please demonstrate that the aid has an incentive effect because it incentivises the investment to be implemented and finalised at least 18 months before the standard enters into force.

(c) For projects and activities that fall within the scope of Section 4.2, please explain whether projects with a payback period[[8]](#footnote-8) of less than five years are eligible for aid under the measure(s). In the affirmative, please provide evidence to demonstrate that aid is needed to trigger a change in behaviour, as required by point 142 of the CEEAG.

1.3. No breach of any relevant provision of Union law

*To provide the information in this section, please refer to section 3.1.3 (point 33) of the CEEAG.*

20. Please provide information to confirm the compliance with the relevant provisions of EU law, in line with point 33 of the CEEAG.

21. If a levy is used to finance the measure(s), please clarify if the assessment of compliance with Articles 30 and 110 of the Treaty needs to be carried out. In the affirmative, please demonstrate how the measure complies with the provisions of Articles 30 and 110 of the Treaty.In this context, the information submitted under question 5.2 above, where the notified measure(s) is financed through a levy can be referred to.

2. Negative condition: the aid cannot unduly affect trading conditions to an extent contrary to the common interest

2.1. Minimisation of distortions of competition and trade

2.1.1. Necessity of the aid

*To provide the information in this section, please refer to section 3.2.1.1 (points 34-38) of the CEEAG.*

22. Please explain which market failure(s) your authorities have identified that prevent the achievement of a sufficient level of environmental protection. Please specify in which category the market failures identified fall, by making reference to letters (a), (b), (c) or (d) of point 34 of the CEEAG.

23. In accordance with point 35 of the CEEAG, please provide information on any existing policies and measures that your authorities identified, which already target the identified regulatory or market failures.

24. In order to demonstrate compliance with point 36 of the CEEAG, please provide information that demonstrates that the aid effectively targets residual market failures, also taking into account any other policies and measures already in place to address some of the market failures identified.

25. In order to demonstrate compliance with point 37 of the CEEAG, please explain if, to your authorities’ knowledge, projects or activities similar to those covered by the notified measure(s) with respect to their technological content, level of risk and size, are already delivered within the Union at market conditions. In the affirmative, please provide further evidence to demonstrate the need for State aid.

26. In order to demonstrate compliance with point 38 of the CEEAG, please refer to the quantitative evidence already provided under question 14(c) above.

2.1.2. Appropriateness

*To provide the information in this section, please refer to section 3.2.1.2 (points 39-46) of the CEEAG.*

27. In order to verify compliance with point 40 of the CEEAG, please demonstrate that there are no less distortive instruments available that are more appropriate.

28. In order to verify compliance with point 41 of the CEEAG, please demonstrate that the aid measure is designed in such a way as to not undermine the efficiency of other measures remedying the same market failure, such as market-based mechanisms (e.g., the EU ETS).

29. In order to verify compliance with point 42 of the CEEAG, please confirm that none of the beneficiaries of the aid measure(s) could be held liable for the pollution under existing Union or national law (*‘polluter pays’ principle*).

30. In order to verify compliance with points 43 to 46 of the CEEAG, to demonstrate the appropriateness of the aid among different aid instruments, please provide the following information:

(a) Please explain why other potentially less distortive forms of aid are less appropriate, as required in point 44 of the CEEAG.

(b) Please demonstrate that the choice of the aid instrument is appropriate to the market failure that the aid measure(s) aims to address, as required in point 45 of the CEEAG.

(c) Please explain how the aid measure and its design are appropriate to achieve its objective (point 46 of the CEEAG).

2.1.3. Proportionality

*To provide the information in this section, please refer to section 4.7.2.4 (points 318-320) of the CEEAG.*

31. In order to verify the compliance with point 318 of the CEEAG, please provide information to demonstrate that the aid does not exceed the normal amount of the tax or levy that would otherwise be applicable.

32. In cases where the tax or parafiscal levy reduction is linked to investment costs, depending on the Section of the CEAAG under which the supported activities fall, please describe in line with point 319 of the CEEAG how it will be ensured that the aid will not exceed the applicable aid intensities and maximum aid amounts:

* For Section 4.2 (points 146-151 of the CEEAG)
* For Section 4.3.1 (points 177-180 of the CEEAG)
* For Section 4.3.2 (points 200-204 of the CEEAG
* For Section 4.4 (points 239-245 of the CEEAG)
* For Section 4.5 (points 265-271 of the CEEAG)
* For Section 4.6 (points 288-291 of the CEEAG)

Please fill in for the maximum aid intensities and maximum aid amounts the questions from the respective supplementary information sheet for the relevant Section.

33. In cases where the tax or parafiscal levy reduction reduces recurrent operating costs, in order to verify compliance with point 320 of the CEEAG, please describe how it will be ensured that the aid amount will not exceed the difference between the costs of the environmentally-friendly project or activity and of the less environmentally-friendly counterfactual scenario. Please also detail how potential cost savings and/or additional revenues of the more environmentally friendly project will be taken into account.

2.1.4. Transparency

*To provide the information in this section, please refer to section 3.2.1.4 (points 58-62) of the CEEAG.*

34. Please confirm that the Member State will comply with the requirements on transparency provided in points 58-61 of the CEEAG.

35. Please provide the internet link where the full text of the approved aid scheme or the individual aid granting decision and its implementing provisions, and information on each individual aid award granted ad hoc or under an aid scheme approved on the basis of the CEEAG and exceeding EUR 100 000 will be published, whereby the individual aid amounts may be published in ranges as set out in point 60 of the CEEAG.

2.2. Avoidance of undue negative effects of the aid on competition and trade and balancing

*To provide the information in this section, please refer to section 3.2.2 (points 63-70) and section 4.7.2.5 (points 322-324) of the CEEAG.*

36. In order to verify compliance with point 67 of the CEEAG, please provide information on the possible short and long-term negative effects of the notified measure(s) on competition and trade.

37. Please explain if the measure falls under any of the following situations:

(a) It will only benefit one or a particularly limited number of beneficiaries;

(b) It targets a market (or markets) where incumbents gained market power prior to market liberalisation.

38. Should the aid measure focus on a specific technological choice/path, please justify the reason for the technological choice and that it will not discourage the deployment of cleaner technologies.

39. If the notified measure(s) will only benefit one or a particularly limited number of beneficiaries, in order to verify compliance with point 68 of the CEEAG, please:

(a) Explain whether the notified measure(s) strengthens or maintains the market power of the beneficiary(ies) or discourages the expansion of existing competitors or induces their exit or discourages the entry of new competitors. Explain in this regard also whether the aid measure will lead to an increase in the production capacity of the beneficiary.

(b) Describe the measure(s) put in place to limit the potential distortion of competition caused by granting the aid to the beneficiary(ies).

40. In order to verify compliance with point 69 of the CEEAG, please explain:

(a) If the aid granted under the notified measure(s) aims at preserving economic activity in one region or attracting it away from other regions within the internal market.

(b) In the affirmative, please specify which is the net environmental effect of the notified measure(s) and how the notified measure(s) improves the existing level of environmental protection in the Member States.

(c) How the aid granted under the notified measure(s) does not result in any manifestly negative effects on competition and trade.

41. In order to verify compliance with point 70 of the CEEAG:

(a) Please confirm that aid may be granted under the notified scheme for a maximum period of 10 years from the date of the notification of the Commission’s decision declaring the aid compatible.

(b) Please confirm that, should your authorities wish to extend the duration of the scheme beyond that maximum period, they will renotify the measure.

42. Please describe how it is ensured that aid is granted, in line with point 322 of the CEEAG, in the same way for all eligible undertakings operating in the same sector of economic activity that are in the same or similar factual situation in respect of the aims or objectives of the aid measure.

43. For schemes that run for more than 3 years, please describe in line with point 323 of the CEEAG the monitoring that will be undertaken to ensure that aid remains necessary and confirm that the scheme will be subject to a verification exercise at least every 3 years.

44. Pursuant to point 324 of the CEEAG, and depending on the Section of the CEEAG under which the supported activities fall, please fill in the following question(s) of the relevant supplementary information sheet. For projects falling under Section:

* 4.2 (question 52 of the relevant supplementary information sheet).
* 4.3.1 (questions 49-52 of the relevant supplementary information sheet).
* 4.3.2 (questions 46-55 of the relevant supplementary information sheet).

3. Weighing the positive effects of the aid against the negative effects on competition and trade

*To provide the information in this section, please refer to section 3.3 (points 71-76) of the CEEAG.*

45. In order to verify compliance with point 72 of the CEEAG, please explain whether activities supported under the notified measure meet the criteria for environmentally sustainable economic activities provided in Article 3 of the Regulation (EU) 2020/852 of the European Parliament and of the Council[[9]](#footnote-9), including the ‘do no significant harm’ principle, or other comparable methodologies.

Section C: Evaluation

*To provide the information in this section, please refer to Section 5 (points 455-463) of the CEEAG.*

46. If the notified measure(s) exceed the budget/expenditure thresholds in point 456 of the CEEAG, please either explain why in your view the exception in point 457 of the CEEAG should apply, or attach to this supplementary information sheet an Annex that includes a draft evaluation plan covering the scope mentioned in point 458 of the CEEAG[[10]](#footnote-10).

47. If a draft evaluation plan is provided, please:

(a) provide below a summary of that draft evaluation plan included in the Annex.

(b) confirm that point 460 of the CEEAG will be respected.

(c) provide the date and internet link where the evaluation plan will be publicly available.

48. In order to verify compliance with point 459(b) of the CEEAG, in case the aid scheme is not currently subject to an *ex post* evaluation, and its duration exceeds three years, please confirm that you will notify a draft evaluation plan within 30 working days following a significant modification increasing the budget of the scheme to over EUR 150 million in any given year or EUR 750 million over the total duration of the scheme.

49. In order to verify compliance with point 459(c) of the CEEAG, in case the aid scheme is not currently subject to an *ex post* evaluation, please provide below a commitment that the Member State will notify a draft evaluation plan within 30 working days after recording in official accounts expenditures in excess of EUR 150 million in the previous year.

50. In order to verify compliance with point 461 of the CEEAG:

(a) Please clarify if the independent expert has already been selected or it will be selected in the future.

(b) Please provide information on the selection procedure of the expert.

(c) Please justify how the expert is independent from the granting authority.

51. In order to verify compliance with point 461 of the CEEAG:

(a) Please provide your proposed deadlines for the submission of the interim and final evaluation report. Please note that the final evaluation report must be submitted to the Commission in due time to allow for the assessment of the possible prolongation of the aid scheme and at the latest 9 months before its expiry, in line with point 463 of the CEEAG. Please note that that deadline could be reduced for schemes triggering the evaluation requirement in their last 2 years of implementation.

(b) Please confirm that the interim and final evaluation report will be made public. Please provide the date and internet link where those reports will be publicly available.

Section D - Reporting and monitoring

*To provide the information in this section, please refer to Section 6 (points 464 and 465) of the CEEAG.*

52. Please confirm that the Member State will comply with the requirements for reporting and monitoring set out in Section 6, points 464 and 465, of the CEEAG.

1. Please note that for an aid scheme, the duration is the period during which aid may be applied for and decided upon (including thus the time needed for the national authorities to approve the aid applications). The duration referred to under this question does not relate to the duration of the contracts concluded under the aid scheme, which may continue beyond the duration of the measure. [↑](#footnote-ref-1)
2. Please note that a change to the actual or estimated budget may be an alteration of aid, requiring a new notification. [↑](#footnote-ref-2)
3. Please note that points 38 and 52, as well as footnotes 39 and 45 of the CEEAG provide further guidance on how the likely counterfactual scenario should be developed. [↑](#footnote-ref-3)
4. “Reference project” is defined in point 19(63) of the CEEAG. [↑](#footnote-ref-4)
5. For example, if the measure consists in a reduction of the car registration tax on electric cars, the Member State would first need to compare the profitability of the reference project (acquisition of a fleet of electric cars) and the counterfactual project (e.g. acquisition of a fleet of gasoline cars) applying in both scenarios the normal car registration tax. Subsequently, the Member State must then show that the reduction in the car registration tax for electric cars would incentivise the beneficiary to acquire the electric car fleet by making a comparison between the profitability of the reference project with the tax reduction (i.e. acquisition of a fleet of electric cars applying a reduced car registration tax) and the profitability of the counterfactual project (i.e. acquisition of a fleet of gasoline cars applying the normal rate of car registration tax). Another example could be a measure consisting in a 40% additional cost deduction from the taxable income base on top of the standard depreciation for tax purposes for investments in environmental-friendly machinery. In that case, the Member State would need to compare the profitability of the reference project (acquisition of environmental-friendly machinery) and the counterfactual project (e.g. acquisition of standard machinery) applying in both scenarios the standard depreciation rules for tax purposes and the same depreciation period. Subsequently, the Member State must show that the additional reduction of 40 % of the investment cost of the environmental-friendly machinery from the taxable base (so in total depreciation of 140 % of the costs over the lifetime of the machinery) would incentive the beneficiary to acquire this more expensive version. This can be carried out by making a comparison between the profitability of the reference project with the tax reduction (i.e. final amount of tax due after applying the additional deduction to the tax base) and the profitability of the counterfactual project (i.e. final amount of tax due after applying the standard depreciation rules to the taxable base). [↑](#footnote-ref-5)
6. See examples provided in footnote 6. [↑](#footnote-ref-6)
7. According to point 19(89) of the CEEAG, ‘Union standard’ means:

   *a mandatory Union standard setting the levels to be attained in environmental terms by individual undertakings, excluding standards or targets set at Union level which are binding for Member States but not for individual undertakings;*

   *the obligation to use the best available techniques (BAT), as defined in Directive 2010/75/EU, and to ensure that emission levels do not exceed those that would be achieved when applying BAT; where emission levels associated with the BAT have been defined in implementing acts adopted under Directive 2010/75/EU or under other applicable directives, those levels will be applicable for the purpose of these guidelines; where those levels are expressed as a range, the limit for which the BAT is first achieved for the undertaking concerned will be applicable.* [↑](#footnote-ref-7)
8. The payback period is the amount of time needed to recover the cost of an investment (without aid). [↑](#footnote-ref-8)
9. Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (OJ L 198, 22.6.2020, p. 13). [↑](#footnote-ref-9)
10. The template for the supplementary information sheet for the notification of an evaluation plan (Part III.8) is accessible here: <https://competition-policy.ec.europa.eu/state-aid/legislation/forms-notifications-and-reporting_en#evaluation-plan> [↑](#footnote-ref-10)