EUROPEAN COMMISSION

Brussels, 06.12.2022
C(2022) 9191 final

PUBLIC VERSION

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Subject: State Aid SA.104962 (2022/N) – Italy
TCF: Amendments to scheme SA.103289 (2022/N) "*Decontribuzione SUD - Agevolazione contributiva per l'occupazione in aree svantaggiate colpite dalla aggressione militare russa in Ucraina*" (partial exemption from the payment of social security contribution in disadvantaged areas affected by the Russian aggression against Ukraine)

Excellency,

1. PROCEDURE

(1) By electronic notification of 22 November 2022, Italy notified amendments (the "notified amendments") to the existing aid scheme (the "existing aid scheme") under the Temporary Crisis Framework for State aid measures to support the economy following the aggression against Ukraine by Russia (the "Temporary Crisis Framework") ([1]). The Commission approved the existing aid scheme in case

([1]) Communication from the Commission on the Temporary Crisis Framework for State aid measures to support the economy following the aggression against Ukraine by Russia (OJ C 426, 9.11.2022, p. 1) This Temporary Crisis Framework ('current Temporary Crisis Framework') replaces the Temporary Crisis Framework adopted on 23 March 2022 (OJ 131 I, 24.3.2022, p. 1) as amended on 20 July 2022 (OJ C 280,

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SA.103289 (2022/N) "*Decontribuzione SUD - Agevolazione contributiva per l'occupazione in aree svantaggiate colpite dalla aggressione militare russa in Ucraina*" (partial exemption from the payment of social security contribution in disadvantaged areas affected by the Russian aggression against Ukraine) ([2]) (the "initial decision"). Italy submitted additional information on 30 November 2022.

(2) Italy 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 1/1958 ([3]) and to have this Decision adopted and notified in English.

2. DESCRIPTION OF THE NOTIFIED AMENDMENTS

(3) The objective of the existing aid scheme is to remedy the liquidity shortage faced by undertakings that are directly or indirectly affected by the serious disturbance of the economy caused by the Russian aggression against Ukraine, the sanctions imposed by the EU or by its international partners, as well as by the economic counter measures taken so far by Russia.

(4) Italy wishes to amend the existing aid scheme as follows:

(a) Prolongation of the existing aid scheme until 31 December 2023([4]);

(b) Increase of the maximum aid amounts per beneficiary to EUR 300 000 for undertakings active in the fishery and aquaculture sectors, and to EUR 2 million for all other undertakings eligible under the existing aid scheme;

(c) Increase of the estimated budget from EUR 2.8 billion to EUR 8.5 billion ([5]).

(5) Apart from the notified amendments, Italy confirms that no further amendments are proposed to the existing aid scheme and that all other conditions of that scheme remain unaltered. Italy confirms that where an undertaking is active in several sectors to which different maximum amounts apply in accordance with points 55(a) and 56(a) of the Temporary Crisis Framework, it will be ensured, by appropriate means such as separation of accounts, that for each of those activities the relevant ceiling is respected and that the overall maximum amount of EUR 2 million is not exceeded per undertaking. Italy also confirms that aid granted under section 2.1 of the previous Temporary Crisis Framework and aid granted under the same respective sections of the current Temporary Crisis Framework will not exceed the aid ceilings provided in the respective sections of the current Temporary Crisis Framework at any point in time.

21.7.2022, p. 1) ('previous Temporary Crisis Framework'). The previous Temporary Crisis Framework was withdrawn with effect from 27 October 2022

([2]) Commission Decision C(2022) 4499 of 24 June 2022 in case SA.103289 (OJ C 316, 19.8.2022, p. 8).

([3]) Regulation No 1 determining the languages to be used by the European Economic Community (OJ 17, 6.10.1958, p. 385).

([4]) The contribution period to which the reduction applies and the administrative deadline for application provided, respectively, in recitals (18) and (19) of the initial decision are prolonged accordingly.

([5]) I.e. with an estimated budget of EUR 5.7 billion for 2023.

(6) The legal basis for the notified amendments is Article 1, paragraphs 161 to 167 of Law No 178 of 30 December 2020 on the "*Budget of the State for the financial year 2021 and multi-year budget for the three-year period 2021-2023*"([6]) ("Law 178/2020").

(7) Aid may be granted under the existing aid scheme, as amended, as from the notification of the Commission's decision approving the notified amendments. A *standstill clause* is provided in paragraph Article 1, paragraph 165 of Law 178/2020.

3. ASSESSMENT

3.1. Lawfulness of the measure

(8) By notifying the amendments before putting them into effect, the Italian authorities have respected their obligations under Article 108(3) TFEU.

3.2. Existence of State aid

(9) 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 be liable to affect trade between Member States.

(10) The existing aid scheme constitutes State aid within the meaning of Article 107(1) TFEU for the reasons set out in recitals (31) to (36) of the initial decision. The notified amendments do not affect that conclusion. The Commission therefore refers to the respective assessment of the initial decision and concludes that the existing aid scheme, as amended, constitutes State aid within the meaning of Article 107(1) TFEU.

3.3. Compatibility

(11) The existing aid scheme is compatible with the internal market pursuant to Article 107(3)(b) TFEU, since it meets the conditions of section 1 and section 2.1 of the Temporary Crisis Framework for the reasons set out in recitals (37) to (46) of the initial decision. The Commission therefore refers to the respective assessment of the initial decision. The Commission notes that that assessment remains valid although the Temporary Crisis Framework has in the meantime been replaced by the version referred to in recital (1) of this Decision, inasmuch as the conditions of sections 1 and 2.1 of the previous Temporary Crisis Framework that are relevant for the initial decision have not been modified substantively in the current Temporary Crisis Framework ([7]).

([6]) OJ General Series No 322 of 30 December 2020 - Ordinary Supplement No 46.

([7]) See in this regard Annex II (Correlation Table) to the Temporary Crisis Framework.

(12) The notified amendments do not affect the conclusion that the existing aid scheme is compatible with the internal market pursuant to Article 107(3)(b) TFEU. In particular: the Commission considers that a limited prolongation of the existing aid scheme is appropriate to ensure that national support measures effectively help undertakings affected by the serious disturbance of the economy caused by the Russian aggression against Ukraine, the sanctions imposed by the EU or by its international partners, as well as by the economic counter measures taken so far by Russia and preserve employment levels. The Commission notes that aid under the existing aid scheme, as amended, can only be granted within the ceilings described in recital (4)(b), and until 31 December 2023, as provided in recital (4)(a). The existing aid scheme, as amended, thus complies with points 55(a), 55(c) and 56(a) of the Temporary Crisis Framework. In addition, the existing aid scheme, as amended, remains subject to an increased estimated budget (recital (7)), and therefore complies with point 55(b) of the Temporary Crisis Framework.

(13) Apart from the notified amendments, Italy confirms that no further amendments are proposed to the existing aid scheme and that all other conditions of that scheme remain unaltered.

(14) Italy confirms that, in accordance with point 57 of the Temporary Crisis Framework, where an undertaking is active in several sectors to which different maximum amounts apply in accordance with points 55(a) and 56(a) of the Temporary Crisis Framework, it will be ensured, by appropriate means such as separation of accounts, that for each of those activities the relevant ceiling is respected and that the overall maximum amount of EUR 2 million is not exceeded per undertaking. Italy also confirms that, in accordance with point 84 of the Temporary Crisis Framework, overall, aid granted under section 2.1 of the previous Temporary Crisis Framework and aid granted under the same respective section of the current Temporary Crisis Framework will not exceed the aid ceilings provided in the respective section of the current Temporary Crisis Framework at any point in time (recital (5)).

(15) The Commission therefore considers that the notified amendments are necessary, appropriate and proportionate to remedy a serious disturbance in the economy of a Member State pursuant to Article 107(3)(b) TFEU, since they meet all the relevant conditions of the Temporary Crisis Framework. The Commission therefore considers that the notified amendments do not alter the Commission's conclusion on the compatibility of the existing aid scheme in the initial decision.

4. CONCLUSION

The Commission has accordingly decided not to raise objections to the scheme, as amended, 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