

**Commission Regulation (EU) No. 651/2014 published in Official Journal No 57, 26<sup>th</sup>  
June 2014 (“the Regulation”)**

**Irish Industrial Development Agencies - Aid to SMEs and Start-Ups Scheme 2014-2020**

**1. Objective of Scheme**

The objective of this scheme is to provide:

- (a) Investment aid to SMEs;
- (b) Aid for consultancy in favour of SMEs;
- (c) Aid to SMEs for participation in fairs;
- (d) Aid for cooperation costs incurred by SMEs participating in European Territorial Cooperation projects
- (e) Aid for start-ups

**2. Legal Basis and Rules**

The operation of this scheme is subject to the provisions of the Regulation and in particular Chapter III, Section 2 (Articles 17 to 20 inclusive) and Chapter III, Section 3 (Article 22) and the enabling legislation of Enterprise Ireland (Industrial Development Acts 1986 – 2014, as may be amended from time to time), IDA Ireland (Industrial Development Acts 1986 – 2014, as may be amended from time to time) and Údarás na Gaeltachta (Údarás na Gaeltachta Act 1979, as may be amended from time to time) (“the Development Agencies “). Unless otherwise stated, terms defined in the Regulation shall have the same meaning in this Scheme.

**3. Budget**

The average annual budget of this Scheme shall not exceed EUR 150 million.

**4. Who can apply?**

An applicant will be eligible to apply for aid once the project concerned meets the criteria set out in the enabling legislation of the development agencies. The right to apply does not impose any obligation on the State to provide funding to an applicant.

**5. Scope of Scheme**

This Scheme shall not apply to the following:-

- (a) Aid to export related activities towards third countries or other Member States, namely aid directly linked to the quantities exported, to the establishment and

- operation of a distribution network or to the other current expenditure linked to export activity;
- (b) Aid contingent upon the use of domestic over imported goods;
  - (c) aid granted in the fishery and aquaculture sector, as covered by Regulation (EU) 1379/2013 of the European Parliament and of the Council of 11 December 2013 on the common organisation of the markets in fishery and aquaculture products, amending Council regulations (EC) 1184/2006 and (EC) 1224/2009 and repealing council regulation (EC) 104/2000 with the exception of aid in the field of SME's access to finance;
  - (d) aid granted to the primary agricultural production sector, with the exception of aid for consultancy in favour of SMEs;
  - (e) Aid granted in the sector of processing and marketing of agricultural products, in the following cases:
    - (i) where the amount of the aid is fixed on the basis of the price or quantity of such products purchased from primary producers or put on the market by the undertakings concerned; or
    - (ii) where the aid is conditional on being partly or entirely passed on to primary producers;
  - (f) Aid to facilitate the closure of uncompetitive coal mines, as covered by Council Decision No 2010/787;
  - (g) The categories of regional aid excluded in Article 13;
  - (h) Where an undertaking is active in the excluded sectors as referred to in points (c), (d) or (e) above, and in sectors which fall within the scope of this Scheme, this Scheme applies to aid granted in respect of the latter sectors or activities, provided that appropriate means, such as separation of activities or distinction of costs, are taken to ensure that the activities in the excluded sectors do not benefit from the aid granted in accordance with this Scheme;
  - (i) Aid in favour of an undertaking which is subject to an outstanding recovery order following a previous Commission decision declaring an aid illegal and incompatible with the internal market;
  - (j) Aid to undertakings in difficulty;
  - (k) Aid where the grant of aid is subject to the obligation for the beneficiary to have its headquarters in Ireland or to be predominantly established in Ireland, although the requirement to have an establishment or branch in Ireland at the moment of payment of the aid is allowed.

- (1) Aid subject to the obligation for the beneficiary to use nationally produced goods or national services;

## **6. Maximum Amounts payable under the Scheme**

The following are the maximum amounts payable under the Scheme and these limits shall not be circumvented by artificially splitting up an aid project:

- (a) for investment aid to SMEs: €7,5 million per undertaking per investment project;
- (b) for aid for consultancy in favour of SMEs: €2 million per undertaking, per project;
- (c) for aid to SMEs for participation in fairs: € 2 million per undertaking, per year;
- (d) for aid to SMEs for cooperation costs incurred by participating in European Territorial Cooperation projects: € 2 million per undertaking, per project;
- (e) for aid for start-ups: the amounts laid down per undertaking in Article 22 (3), (4) and (5) of the Regulation;

## **7. Transparency of Aid**

Only transparent forms of aid (i.e. in which it is possible to calculate precisely the gross grant equivalent as a percentage of eligible expenditure ex ante without need to undertake a risk assessment) may be paid by the development agencies under this Scheme.

## **8. Incentive Effect**

This Scheme shall apply only to aid which has an incentive effect.

Aid shall be considered to have an incentive effect if the beneficiary has submitted a written application for the aid to the relevant development agency before work on the project or activity starts. The application for the aid shall contain at least the following information:

- (a) undertaking's name and size;
- (b) description of the project, including its start and end dates;
- (c) location of the project;
- (d) list of project costs;

(e) type of aid (e.g. grant) and amount of public funding needed for the project;

If work begins before the applicant has submitted a written application to the relevant development agency the whole project will be ineligible for aid.

### **9. Aid intensity and eligible costs**

For the purposes of calculating aid intensity and eligible costs under this Scheme, all figures used shall be taken before any deduction of tax or other charge. The eligible costs shall be supported by documentary evidence which shall be clear, specific and contemporary.

Aid payable in several instalments shall be discounted to its value at the moment it is granted. The eligible costs shall be discounted to their value at the moment the aid is granted. The interest rate to be used for discounting purposes shall be the discount rate applicable at the moment the aid is granted.

### **10. Cumulation**

Aid under this Scheme shall not be cumulated with any de minimis aid in respect of the same eligible costs if such cumulation would result in an aid intensity exceeding those laid down in the Regulation.

### **11. Investment Aid to SMEs**

Each of the Development Agencies may give investment aid to SMEs subject to the provisions of this Scheme and of its enabling legislation

The eligible costs shall be either or both of the following:

- (a) the costs of investment in tangible and intangible assets.
- (b) the estimated wage costs of employment directly created by the investment project, calculated over a period of two years.

In order to be considered an eligible cost, an investment shall consist of the following:

- (a) an investment in tangible and/or intangible assets relating to the setting-up of a new establishment, the extension of an existing establishment, diversification of the output of an establishment into new additional products or a fundamental change in the overall production process of an existing establishment; or
- (b) the acquisition of the assets belonging to an establishment, where the following conditions are fulfilled:
  - the establishment has closed or would have closed had it not been purchased;
  - the assets are purchased from third parties unrelated to the buyer;

- the transaction takes place under market conditions.

Where a member of the family of the original owner, or an employee, takes over a small enterprise, the condition that the assets shall be bought from third parties unrelated to the buyer shall be waived. The sole acquisition of the shares of an undertaking shall not constitute investment.

Intangible assets shall fulfil all of the following conditions:

- (a) they shall be used exclusively in the establishment receiving the aid;
- (b) they shall be regarded as amortizable assets;
- (c) they shall be purchased under market conditions from third parties unrelated to the buyer;
- (d) they shall be included in the assets of the undertaking for at least three years;

Employment directly created by an investment project shall fulfil the following conditions:

- (a) it shall be created within three years of completion of the investment;
- (b) there shall be a net increase in the number of employees in the establishment concerned, compared with the average over the previous 12 months;
- (c) it shall be maintained during a minimum period of three years from the date the post was first filled.

The aid intensity shall not exceed:

- (a) 20 % of the eligible costs in the case of small enterprises;
- (b) 10 % of the eligible costs in the case of medium-sized enterprises.

## **12. Aid for consultancy in favour of SMEs**

Each of the Development Agencies may give aid for consultancy in favour of SMEs subject to the provisions of this Scheme and of its enabling legislation

The aid intensity shall not exceed 50 % of the eligible costs.

The eligible costs shall be the costs of consultancy services provided by external consultants.

The services concerned shall not be a continuous or periodic activity nor relate to the undertaking's usual operating costs, such as routine tax consultancy services, regular legal services or advertising.

### **13. Aid to SMEs for participation in fairs**

Each of the Development Agencies may give aid to SMEs for participation in fairs subject to the provisions of this Scheme and of its enabling legislation

The eligible costs shall be the costs incurred for renting, setting up and running the stand for the participation of an undertaking in any particular fair or exhibition.

The aid intensity shall not exceed 50 % of the eligible costs.

### **14. Aid for cooperation costs incurred by SMEs participating in European Territorial Cooperation projects**

Each of the Development Agencies may give aid for cooperation costs incurred by SMEs participating in European Territorial Cooperation projects subject to the provisions of this Scheme and of its enabling legislation

The eligible costs shall be the following:

- (a) costs for organisational cooperation including the cost of staff and offices to the extent that it is linked to the cooperation project;
- (b) costs of advisory and support services linked to cooperation and delivered by external consultants and service providers;
- (c) travel expenses, costs of equipment and investment expenditure directly related to the project and depreciation of tools and equipment used directly for the project.

The advisory and support services referred to above shall not be a continuous or periodic activity nor relate to the undertaking's usual operating costs, such as routine tax consultancy services, regular legal services or routine advertising.

The aid intensity shall not exceed 50 % of the eligible costs.

### **15. Aid for start-ups**

Each of the Development Agencies may give aid for start-ups subject to the provisions of this Scheme and of its enabling legislation

Eligible undertakings shall be unlisted small enterprises up to five years following their registration, which have not yet distributed profits and have not been formed through a merger. For eligible undertakings that are not subject to registration the five years eligibility period may be considered to start from the moment when the enterprise either starts its economic activity or is liable to tax for its economic activity.

Start-up aid shall take the form of:

(a) loans with interest rates which are not conform with market conditions, with a duration of 10 years and up to a maximum nominal amount of €1 million, or € 1,5 million for undertakings established in assisted areas fulfilling the conditions of Article 107(3)(c) of the Treaty, or €2 million for undertakings established in assisted areas fulfilling the conditions of Article 107(3)(a) of the Treaty. For loans with a duration comprised between 5 and 10 years the maximum amounts may be adjusted by multiplying the amounts above by the ratio between 10 years and the actual duration of the loan. For loans with a duration of less than 5 years, the maximum amount shall be the same as for loans with a duration of 5 years;

(b) guarantees with premiums which are not conform with market conditions, with a duration of 10 years and up to maximum €1,5 million of amount guaranteed, or €2,25 million for undertakings established in assisted areas fulfilling the conditions of Article 107(3)(c) of the Treaty, or €3 million for undertakings established in assisted areas fulfilling the conditions of Article 107(3)(a) of the Treaty. For guarantees with a duration comprised between 5 and 10 years the maximum amount guaranteed amounts may be adjusted by multiplying the amounts above by the ratio between 10 years and the actual duration of the guarantee. For guarantees with a duration of less than 5 years, the maximum amount guaranteed shall be the same as for guarantees with a duration of 5 years. The guarantee shall not exceed 80 % of the underlying loan.

(c) grants, including equity or quasi equity investment, interests rate and guarantee premium reductions up to EUR 0,4 million gross grant equivalent or EUR 0,6 million for undertakings established in assisted areas fulfilling the conditions of Article 107(3)(c) of the Treaty, or EUR 0,8 million for undertakings established in assisted areas fulfilling the conditions of Article 107(3)(a) of the Treaty.

A beneficiary can receive support through a mix of the aid instruments referred to in paragraph 3 of this Article, provided that the proportion of the amount granted through one aid instrument, calculated on the basis of the maximum aid amount allowed for that instrument, is taken into account in order to determine the residual proportion of the maximum aid amount allowed for the other instruments forming part of such a mixed instrument.

For small and innovative enterprises, the maximum amounts set out in paragraph 3 may be doubled.

## **17. Period of Validity**

This scheme shall operate from 1 July 2014 until 31 December 2020.