

Regional Aid (Industry and Services) Scheme

COMMISSION REGULATION (EU) 2023/1315 of 23 June 2023 amending Regulation (EU) No 651/2014 published in Official Journal No 57, 26th June 2014 (“the Regulation”)

**Irish Industrial Development Agencies - Regional Aid (Industries and Services) Scheme 2023-2026 effective 1st July 2023 to 1st December 2026
General Block Exemption Regulation (“the Regulation”)**

1. Objective of Scheme

The objective of this scheme is to provide (a) regional investment aid to SMEs to make an initial investment and (b) regional investment aid to large enterprises to make an initial investment in favour of a new economic activity. This aid will be available to enterprises located in eligible regions as outlined in Ireland’s current Regional Aid Map in force at the moment of granting of aid.

2. Legal Basis and Rules

The operation of this scheme is subject to the provisions applicable to regional investment aid in the COMMISSION REGULATION (EU) 2023/1315 of 23 June 2023 amending Regulation (EU) No 651/2014 published in Official Journal No 57, 26th June 2014 (“the Regulation”) and the enabling legislation of Enterprise Ireland, IDA Ireland, Udaras na Gaeltachta.

3. Budget

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

4. Who can apply?

Applicants will be eligible to apply for regional investment 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. Incentive Effect

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

5.2 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;

5.3 If work begins before the applicant has submitted a written application to the relevant development agency the whole project will be ineligible for aid. Start of work means the earlier of either the start of construction works relating to the investment or the first legally binding commitment to order equipment or any other commitment that makes the investment irreversible. Buying land and preparatory works such as obtaining permits or conducting feasibility studies are not considered start of works.

6. Scope of Scheme

This scheme shall not apply to the following:-

- (a) aid in the steel sector, the lignite sector and the coal sector;
- (b) aid to the transport sector as well as the related infrastructure; aid for energy generation, storage, transmission, distribution and infrastructure, except for regional investment aid in outermost regions and regional operating aid schemes; and aid in the broadband sector except for regional operating aid schemes;
- (c) regional aid in the form of schemes which are targeted at a limited number of specific sectors of economic activity; schemes aimed at tourism activities or processing and marketing of agricultural products are not considered to be targeted at specific sectors of economic activity;
- (d) regional operating aid granted to undertakings whose principal activities fall under Section K ‘Financial and insurance activities’ of the NACE Rev. 2 or to undertakings that perform intra-group activities whose principal activities fall under classes 70.10 ‘Activities of head offices’ or 70.22 ‘Business and other management consultancy activities’ of NACE Rev. 2.
- (e) Aid for processing and marketing of agricultural products in the following cases
 - (f) 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
 - (g) where the aid is conditional on being partly or entirely passed on to primary producers;
- (h) 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
- (i) aid granted to the primary agricultural production sector.

6.1 The following aid is not permitted under the scheme:-

- (a) Aid to export related activities towards third countries or Ireland, 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) Operating aid;
- (c) Aid other than regional investment aid;
- (d) Ad hoc aid;

- (e) Aid exceeding €8.25million for SMEs and aid the adjusted aid amount calculated in accordance with the mechanism defined in Article 2 (20) of the Regulation for Large Enterprises;
- (f) Aid subject to conditions that the beneficiary establish its headquarters in Ireland and or that the beneficiary use nationally produced goods or national services.

6.2 The following beneficiaries are ineligible for aid under the scheme:

- (a) a beneficiary who is subject to an outstanding recovery order following a previous Commission decision declaring the aid illegal and incompatible with the internal market.
- (b) a firm in difficulty as defined by Article 2(18) of the Regulation.
- (c) a beneficiary that has closed down the *same or similar activity* in the European Economic Area in the two years preceding its application for regional investment aid or, at the time of the aid application has concrete plans to close down such an activity within a period of up to two years after the initial investment for which aid is requested is completed in the area concerned.

Same or similar activity means an activity falling under the same class (four-digit numerical code) of the NACE Rev.2 statistical classification of economic activities.

7. Eligible Projects

1. Regional investment aid measures shall be compatible with the internal market within the meaning of Article 107(3) of the Treaty and shall be exempted from the notification requirement of Article 108(3) of the Treaty, provided that the conditions laid down in this Article and in Chapter I are fulfilled.
2. The aid shall be granted in assisted areas.
3. In assisted areas fulfilling the conditions of Article 107(3), point (a), of the Treaty, the aid may be granted for any form of initial investment regardless of the size of the beneficiary. In assisted areas fulfilling the conditions of Article 107(3), point (c), of the Treaty, the aid may be granted to SMEs for any form of initial investment and to large enterprises only for an initial investment that creates a new economic activity in the area concerned.
4. The eligible costs shall be one or several of the following:
 - (a) investment costs in tangible and intangible assets; or
 - (b) the estimated wage costs of employment created as a result of an initial investment, calculated over 2 years; or
 - (c) a combination of part of the costs referred to in points (a) and (b) but not exceeding the amount of point (a) or (b), whichever is higher.
5. The investment shall be maintained in the area concerned for at least 5 years, or 3 years for SMEs, after the completion of the investment. This shall not prevent the replacement of a plant or equipment that has become outdated or broken within this period, provided that the economic activity is retained in the area concerned for the minimum period.
6. The assets acquired shall be new except for SMEs and for the acquisition of an establishment. Costs related to the lease of tangible assets may be taken into account under the following conditions:

- (a) for land and buildings, the lease must continue for at least 5 years after the expected date of completion of the investment for large enterprises, and 3 years for SMEs;
- (b) for plant or machinery, the lease must take the form of financial leasing and must contain an obligation for the aid beneficiary to purchase the asset at the expiry of the term of the lease.

In the case of an initial investment as referred to in Article 2, point 49(b) or point 51(b), in principle only the costs of buying the assets from third parties unrelated to the buyer shall be taken into consideration. However, if a member of the family of the original owner, or one or more employees, takes over a small enterprise, the condition that the assets shall be bought from third parties unrelated to the buyer does not apply. The transaction shall take place under market conditions. If the acquisition of the assets of an establishment is accompanied by an additional investment eligible for regional aid, the eligible costs of that additional investment should be added to the cost of acquisition of the assets of the establishment. If aid has already been granted for the acquisition of assets prior to their purchase, the costs of those assets shall be deducted from the eligible costs related to the acquisition of an establishment.

- 7. For aid awarded to large enterprises for a fundamental change in the production process, the eligible costs shall exceed the depreciation of the assets linked to the activity to be modernised over the preceding 3 fiscal years. For aid awarded to large enterprises or SMEs for a diversification of an existing establishment, the eligible costs shall exceed by at least 200 % the book value of the reused assets, as registered in the fiscal year preceding the start of works.

8. Intangible assets are eligible for the calculation of investment costs if they fulfil the following conditions:

- (a) they must be used exclusively in the establishment receiving the aid;
- (b) they must be amortisable;
- (c) they must be purchased under market conditions from third parties unrelated to the buyer; and
- (d) they must be included in the assets of the undertaking that receives the aid and must remain associated with the project for which the aid is awarded for at least 5 years (3 years for SMEs).

For large enterprises, costs of intangible assets shall be eligible only up to 50 % of the total eligible investment costs for the initial investment. For SMEs, 100 % of the costs of intangible assets shall be eligible.

9.

- (a) the investment project shall lead to a net increase in the number of employees in the establishment concerned compared to the average over the previous 12 months, after deducting from the number of jobs created any job losses that occurred during that period, expressed in annual labour units;

- (b) each post shall be filled within 3 years of completion of the investment;

- (c) each job created through the investment shall be maintained in the area concerned for a period of at least five years from the date the post was first filled, or three years in the case of SMEs, except if the job is lost between 1 January 2020 and 30 June 2021.

- 10. The aid intensity shall not exceed the maximum aid intensity established in the regional aid map which is in force at the time the aid is awarded in the area concerned. Where the aid intensity is calculated on the basis of paragraph 4(c), the maximum aid intensity shall not exceed the most favourable amount resulting from the application of that intensity on the basis of investment costs or wage costs. For large investment projects the aid amount shall not exceed the adjusted aid amount calculated in accordance with the mechanism defined in Article 2, point 20;

11. Any initial investment related to the same or a similar activity started by the same beneficiary (at group level) within a period of 3 years from the date of start of works on another aided investment in the same level 3 region of the Nomenclature of Territorial Units for Statistics shall be considered to be part of a single investment project. Where such single investment project is a large investment project, the total aid amount for the single investment project shall not exceed the adjusted aid amount for large investment projects.
12. The aid beneficiary shall provide a financial contribution of at least 25 % of the eligible costs through its own resources or by external financing, in a form that is free of any public support. The 25 % own contribution requirement shall not apply to investment aid granted for investment in the outermost regions insofar as a lower contribution is necessary to fully accommodate the maximum aid intensity.
13. For an initial investment linked to European territorial cooperation projects covered by Regulation (EU) No 1299/2013 or Regulation (EU) 2021/1059, the aid intensity of the area in which the initial investment is located shall apply to all beneficiaries participating in the project. If the initial investment is located in two or more assisted areas, the maximum aid intensity shall be the one applicable in the assisted area where the highest amount of eligible costs are incurred. In assisted areas eligible for aid under Article 107(3), point (c), of the Treaty, this provision shall apply to large enterprises only if the initial investment creates a new economic activity.
14. The beneficiary shall confirm that it has not carried out a relocation to the establishment in which the initial investment for which aid is requested is to take place, in the two years preceding the application for aid and give a commitment that it will not do so up to a period of two years after the initial investment for which aid is requested is completed. With regard to commitments given prior to 31 December 2019, any loss of jobs, in the same or similar activity in one of the initial establishments of the beneficiary in the EEA, occurring between 1 January 2020 and 30 June 2021, shall not be considered a transfer within the meaning of Article 2(61a) of this Regulation.
15. In the fisheries and aquaculture sector, aid shall not be granted to undertakings that have committed one or more of the infringements set out in Article 10(1)(a) to (d) and Article 10(3) of Regulation (EU) No 508/2014 of the European Parliament and of the Council (55) and for operations of Article 11 of that Regulation.
16. *A new economic activity* means an activity falling under the same class (four-digit numerical code) of the NACE Rev. 2 statistical classification of economic activities.

8. Eligible Costs

The eligible costs shall be one or several of the following:

- (a) investment costs in tangible and intangible assets; or
- (b) the estimated wage costs of employment created as a result of an initial investment, calculated over 2 years; or
- (c) a combination of part of the costs referred to in points (a) and (b) but not exceeding the amount of point (a) or (b), whichever is higher.

Any initial investment related to the same or a similar activity started by the same beneficiary (at group level) within a period of 3 years from the date of start of works on another aided investment in the same level 3 region of the Nomenclature of Territorial Units for Statistics shall be considered to be part of a single investment project. Where such single investment project is a large investment project, the total aid amount for the single investment project shall not exceed the adjusted aid amount for large investment projects.

The aid beneficiary shall provide a financial contribution of at least 25 % of the eligible costs through its own resources or by external financing, in a form that is free of any public support.

8.1 Tangible Assets

Expenditure on land/building (including site development costs), plant/machinery and equipment. The investment in tangible assets should be maintained in the recipient area for at least five years in the case of large undertakings or three years in the case of SMEs, after completion of the investment.

8.2 Intangible Assets

Expenditure on the transfer of technology through the acquisition of patent rights, licences, knowhow or unpatented technical knowledge provided that they are:

- (a) used exclusively in the establishment receiving regional aid.
- (b) are amortizable assets.
- (c) purchased under market conditions from third parties unrelated to the buyer.
- (d) included in the assets of the beneficiary receiving regional aid and remain associated with the project for at least 5 years in the case of large undertakings or 3 years in the case of SMEs.

For SMEs, the full costs of investments in intangible assets will be eligible. For large companies, such costs are eligible only up to a limit of 50% of the total eligible investment expenditure of the project.

8.3 Wage costs of jobs linked to an Initial Investment

- (a) The expected wage costs arising from a job creation project as a result of an initial investment project are an eligible cost. The salary cost is defined as the gross wage before tax plus compulsory social security contributions such as PRSI.
- (b) The amount of aid must not exceed a certain % of the expected wage cost of the person hired, calculated over a two year period. The percentage is equal to the intensity allowed for regional aid in the area in question.
- (c) These jobs must be directly created by an investment project.
- (d) The investment project shall lead to a net increase in the number of employees in the establishment concerned compared with the average over the previous 12 months.
- (e) Each post shall be filled within three years of completion of the works.
- (f) Each job created through the investment shall be maintained in the area concerned for a period of at least five years for large undertaking and in the case of SME's three years.

9. Second Hand Equipment

- (a) SMEs are eligible to seek support for second hand equipment.
- (b) Large undertakings are not eligible to seek support for second hand equipment except where there is an acquisition of an establishment. If aid has already been granted for the acquisition of assets prior to the acquisition of an establishment the costs of those assets, shall be deducted from the eligible costs.

10. Lease of Tangible Assets

Costs related to the lease of tangible assets may be taken into account under the following conditions:

- (a) for land and buildings, the lease must continue for at least five years after the expected date of completion of the investment project for large undertakings or three years in the case of SMEs;
- (b) for plant or machinery, the lease must take the form of financial leasing and must contain an obligation for the beneficiary of the aid to purchase the asset upon expiry of the term of the lease.

11. Acquisitions

In the case of acquisition of the assets of an establishment within the meaning of

Article 2 point 48-49(b) of the Regulation, only the costs of buying the assets from third parties unrelated to the buyer shall be taken into consideration. The transaction shall take place under market conditions. If aid has already been granted for the acquisition of assets prior to their purchase, the costs of those assets shall be deducted from the eligible costs related to the acquisition of an establishment. Where a member of the family of the original owner, or an employee, takes over a small enterprise, the condition that the assets be bought from third parties unrelated to the buyer shall be waived. The acquisition of shares does not constitute initial investment.

12. Aid granted for a fundamental change in the production process (SME)

The eligible costs must exceed the depreciation of the assets linked to grant aided activity in the course of the preceding three years.

13. Aid granted for a diversification of an existing establishment (SME)

The eligible costs must exceed by at least 200 % the book value of the assets that are reused in the grant aided activity as registered in the fiscal year preceding the start of works.

14. Aid for research infrastructures

Regional investment aid can only be granted for research infrastructures if the aid is made conditional on giving non-discriminatory access to third parties to the aided infrastructure.

15. Form of Aid

Only transparent forms of aid may be paid by the development agencies (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) such as capital grants, employment grants and technology acquisition grants.

16. Definitions

For the purposes of this scheme the definitions set out Article 2 in the Regulation including those set out definitions section for regional investment aid in the Regulation, on the application of Articles 107 and 108 of the TFEU to regional investment aid, shall apply.

17. Cumulation

Aid under this Scheme may be cumulated with other State aid only in accordance with Article 8 of the Regulation.

18. Period of Validity

This scheme shall operate from 1 July 2023 until 31 December 2026.