

## State aid for industrial investments in Ida-Viru County

**Target audience:** undertakings in the manufacturing industry

**Aim:** the purpose of the aid is to increase the economic activity of Ida-Viru County with the help of new investments. The purpose of the aid is to contribute in the region to the creation of new jobs with a higher-than-average salary in the manufacturing industry.

### Conditions

The following list of conditions is not exhaustive and, therefore, we strongly recommend that you consult the Estonian regulation on conditions for giving support (available in both [Estonian](#) and [Russian](#)) and the [explanatory memorandum](#).

- The applicant may be a company entered in the Estonian commercial register by the deadline for submission of applications.
- The principal or secondary activity of the undertaking and the project for which aid is sought must fall within the manufacturing industry; Code C of the fields of activities of the Estonian Classification of Economic Activities (EMTAK) (except for the sub-sectors for manufacturing tobacco products and for metal production covered by sub-sections C12 and C24).
- The location of the investment must be Ida-Viru County.
- Investments by industrial undertakings in fixed capital will be supported, resulting in additional jobs in Ida-Viru County and an increased added value per employee.
- The jobs created must be maintained for at least five years after the end of the project.
- The maximum duration of the project is 24 months. The eligibility period of the project starts on the date of submission of the application to the implementing entity or up to six months after the date stated in the application and the decision granting the application, and ends on the date stated in the decision granting the application.
- The applicant's shareholders or partners, who are legal persons and whose total holdings exceed five percent of the share capital, except for publicly quoted undertakings, must be registered either in Estonia, in a territory, which is not deemed to be a low tax rate territory within the meaning of the Estonian Income Tax Act, in a Member State of the European Union, or in a country, which has signed an association agreement with the European Union.
- The applicant must own or have a lease contract, right of superficies or usufructs of the property for which aid is sought for the purchase of the equipment to be supplied or for the construction of buildings and facilities, with duration of at least five years after the end of the eligibility period of the project.
- The applicant's tax or payment arrears, including interest, shall not exceed EUR 100 or its payment schedule has been arranged. In case a payment schedule for tax arrears has been arranged, the instalments must be paid according to the schedule.
- If the applicant has previously received aid which had to be returned, the repayments due must have been made by the due date in the amount requested.
- No liquidation, compulsory dissolution, or bankruptcy proceedings have been initiated against the applicant or a person having control over the applicant and the applicant's equity shall comply with the requirements established by the Estonian Commercial Code.
- The granted aid is a regional State aid intended for investments. NB: please consult the conditions for receiving State Aid (<https://www.rahendusministeerium.ee/en/state-aid>).

**The aid amount:**

- The minimum aid amount shall be EUR 150 000 and the maximum amount shall be EUR 990 000.
- A maximum of EUR 30 000 shall be granted for the creation of one job (equivalent to a full-time job) with a higher-than-average salary\* in the manufacturing industry in Ida-Viru County no later than one year after the end of the project.  
So, given the minimum aid amount of EUR 150 000, each project must result in at least five new jobs in Ida-Viru County. To be eligible for the maximum aid amount, at least 33 jobs that meet the salary requirements must be created.
- The maximum aid amount is 25% of the project's eligible costs.
- If the project is co-financed by other State, local government, European Union and its Member States resources, the total contribution may not exceed a threshold of 25%, except for in case the applicant is a medium-sized enterprise or a small enterprise, where the co-financing threshold can be 35% and 45% (respectively) of the project costs.

*\* The salary level of the job created shall be calculated on the basis of the most recent annual data published by Statistics Estonia at the time of submission of the application. Although currently the average salary within the manufacturing industry, for example in the clothing or textile sectors, is below this level, the measure does not differentiate between the sub-sectors of the manufacturing industry when establishing salary claims. The measure seeks to primarily stimulate the creation of jobs in the region with an attractive salary level, especially for skilled labour.*

**Supported activities**

- Initial investment within the meaning of Article 2 (49a) of the General Block Exemption Regulation, which is an investment in tangible and/or intangible assets relating to:
  - a) the setting-up of a new establishment;
  - b) extension of the capacity of an existing establishment;
  - c) diversification of the output of an establishment into products not previously produced in the establishment;
  - d) a fundamental change in the overall production process of an existing establishment.

**Eligible costs are:**

- 1) the applicant's cost of acquisition of tangible assets (including the construction of buildings and facilities) in the production process, excluding the cost of real estate;
  - 2) the cost of setting up and aligning the tangible assets referred to in paragraph 1;
  - 3) the transportation costs of the assets and the insurance costs necessary for the transportation of the assets;
  - 4) the cost of acquisition, development and introduction of a tangible asset related to an analysis of the production process or product information, if the intangible asset is included in the applicant's fixed assets and remains associated with the eligible project, it is used exclusively by the beneficiary undertaking, is regarded as an amortizable asset, and is acquired on market conditions and from a third party unrelated to the buyer.
- Value added tax is not an eligible cost.

- Aid will not be granted for ongoing investments with a negligible impact, the purpose of which is for example the refurbishment of a production unit building or the modernisation of equipment.
- The activities relating to the project may not commence nor may the obligations be assumed prior to the submission of the application (e.g. confirmation of order, acceptance of offer, conclusion of contract or agreement, prepayment, use of service, conclusion of a legal instrument of delivery/receipt, etc.).

## Application

The call for proposals opened on 12 November 2018.

NB: the form of the project plan, the application form and required additional forms are in Estonian and the application must be submitted in Estonian. The submission of supplementary documents in foreign languages (e.g. quotes from foreign providers, contracts with a foreign party, etc.) is allowed in justified cases.

### Phase I

- Before applying for state aid, the applicant must submit a project plan and have a pre-consultation.
- During the pre-consultation, the implementing entity shall assess the compliance of the proposed project with the purpose of the aid and assist the applicant in the preparation of the application and its supporting documents.
- The project plans may be submitted to the State Shared Service Centre (RTK) on a rolling basis by sending the completed form of the project plan to [siret.soonsein@rtk.ee](mailto:siret.soonsein@rtk.ee).
- Upon receipt of the project plan, the implementing entity shall agree with the applicant on a time for the pre-consultation. The implementing entity shall have the right to involve experts in the pre-consultation.
- An evaluation of the project plan shall be sent in writing to the applicant, who has undergone a pre-consultation.
- The evaluation of the project plan shall be valid for six months from the date of its issue.

NB: a prerequisite for applying for state aid is a project plan that has been given a 'green light' by the implementing entity.

## [The form of the project plan](#)

### Phase II

- The application may be submitted by an undertaking whose project plan has been given a 'green light' by the implementing entity. Applications may be submitted on a rolling basis via the E-Support Environment.
- The implementing entity shall suspend the acceptance of applications, if the budget for the planned measure equals the volume of pending applications.

### Documents required for application

- ✓ [The application form](#) (example, to be completed in the E-Support Environment)
- ✓ [Annex 1](#)
- ✓ [Annex 2](#) (recruitment plan)

- ✓ The curricula vitae of the project team
- ✓ Documents proving the ownership or right of use of the property (the documents must confirm the ownership or right of use of the object being valued during the eligibility period of the project and for at least five years after the final payment to the project)
- ✓ A power of attorney, if the person who is granted right of representation acts on the basis of a power of attorney
- ✓ In the case of construction, at least a draft of the proposed solutions, which meet the established minimum requirements The minimum requirements for the draft project
- ✓ The applicant's balance sheet for the current financial year as well as an income statement as of the quarter preceding the application
- ✓ The project plan with the decision of the implementing entity
- ✓ Quotes, price lists, budgets, including the terms of reference or other documents related to the project activities, which are the basis for the planned expenditure
- ✓ [Structure of the group members](#) (does not need to be submitted, if the applicant is not a member of a group, or the group's membership can be ascertained from the data of the commercial register, i.e. the applicant is being controlled by majority holding)
- ✓ [A declaration on the purchase of second-hand equipment](#) (i.e. proof from the seller that the equipment has not been purchased by using European Union, state budget or foreign aid funds in the last 7 years)

## Evaluation

Applications will be evaluated on the basis of an evaluation methodology, having due regard to the following conditions:

- Impact of the project on the expected results of the measure, i.e. the number of jobs with a higher-than-average salary created by the undertaking in the manufacturing industry no later than one year after the end of the project and the increased added value per employee for the undertaking.
- The applicant's capability to implement the project.
- The justification and cost-effectiveness of the activities relating to the project.

See [HERE](#) for the evaluation methodology of the measure.

## Reporting

The beneficiary shall submit the interim and final reports of the project via the E-Support Environment as per the procedures set out in the decision granting the application, but not less than once a year.

- ✓ [The reporting template](#) (to be completed in the E-Support Environment)
- ✓ [Annex to the report:](#) implementation of the recruitment plan

Follow-up reports shall be submitted at the interval of one year, three years and five years after the end of the project.

Applications for payment, together with the interim and final reports, shall be submitted via the E-Support Environment at a frequency indicated in the decision.

**Notification**

The use of the state aid must be public and transparent, which is why the public and the beneficiaries must be informed in case the aid is granted. See [HERE](#) for instructional materials.

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