

STATE AID SCHEME 807/2014

FOR MAJOR INVESTMENT PROJECTS

Key Facts

GD 807/2014 Romanian Government Decision of September 30th 2014 enacting the new State Aid Scheme

14.11.2014 opening date for the State Aid Scheme

2014 – 2020 timeframe for submitting State Aid applications

2015 – 2023 timeframe for public payments under the State Aid scheme

600,000,000 EUR total budget allocated by the Government for this State Aid Scheme

50% maximum intensity of the grant out of total eligible costs

10,000,000 EUR minimum value of the investment project proposed for funding

400,000,000 EUR overall value of investment projects that obtained State Aid funding with the support of our consultants

IN COOPERATION WITH



AFN
ADVISORS

Eligible Costs

1. Creation and acquisition of **tangible assets**:
 - a. new buildings, up to **1.650 RON (375 EUR) / sqm** developed area;
 - b. installations, machinery and equipment.
2. Creation and acquisition of **intangible assets**, up to a maximum of 50% of total eligible costs:
 - a. purchase of intellectual property rights relating to patents;
 - b. licenses;
 - c. know-how or unpatented technical knowledge.
3. Real estate rental costs related to the initial investment, up to a maximum monthly value of 22 RON (5 EUR) /sqm.

IMPORTANT

Tangible and intangible assets must be used exclusively by the firm receiving state aid.

The real estate lease agreement must be valid for at least 5 years after the investment project is completed.

Maximum Grant Amount

Region	Maximum amount of grant / investment project (M euro)
Bucharest	11,25 (2014-2017) - 7,5 (2018-2020)
West and Ilfov	26,25
All other Regions ¹	37,5

¹ North-West, Center, North-East, South-East, South-Muntenia, South-West-Oltenia

IMPORTANT

A major investment project may not be divided into several sub-projects.

State Aid Intensity

Calculated as a fraction of total eligible costs of the investment project:

Region	Maximum state aid intensity
Bucharest	15% (2014-2017) / 10% (2018-2020)
West and Ilfov	35%
All other Regions	50%

Eligible Companies

All companies that intend to complete a new investment project in Romania in any sector of activity² may be eligible for this state aid scheme, provided they comply with the following **criteria**:

1. Are registered under Companies Act no. 31/1990, republished, with subsequent amendments, owe no debts to general government budgets, do not fall into the category of "firms in difficulty" and are not subject to enforcement proceedings, insolvency,

² **The following fields of activity are exempt from this Scheme, as per relevant EU laws:**

- a) fishing and aquaculture
- b) primary production of agricultural products;
- c) processing and commerce of agricultural products, if
 - (i) aid amount is determined based on price or quantity of such products that are purchased from primary producers or sold by said companies
 - (ii) aid disbursement is conditioned by its transfer, partial or whole, toward primary producers;
- d) activities related to the closure of uncompetitive coal mines
- e) steel processing, coal sector, shipbuilding, synthetic fibers, transport and energy sectors.

bankruptcy, reorganization, dissolution, operational closure, liquidation or temporary suspension of work;

2. Are not subject to unexecuted decisions concerning the recovery of previously received state aid.
3. Have not benefited from other regional state aid eligible costs of the nature of labor costs within the same single investment project (single investment project = any initial investment initiated by the same beneficiary or associated companies within three years of initiating work on another investment aided in the same region of level 3 of the Nomenclature of territorial units for statistics (NUTS 3) and county);
4. Did not close, within the 24 months prior to submitting the application, an identical or similar investment project located within the borders of the EU, and have no concrete plans of closing such activity within 24 months after the completion of the proposed investment.
5. Turnover profitability during the last completed financial exercise is greater than 0%.
6. Have positive own capital during the last completed financial exercise.
7. Subscribed social capital is greater than RON 100,000 (for start-ups only)
8. Do not belong to shareholders who own, or have owned during the 24 months prior to submitting the application for financing, a different company involved in the same activity that makes the object of the application.

Companies may not use this State Aid Scheme for the following activities:

- a. aid to export-related activities towards third countries or to other Member States, namely aid directly linked to the quantities exported, to the establishment and operation of a distribution network or to other current costs linked to the export activity;
- b. aid contingent upon the use of domestic over imported goods;
- c. operational support.

Eligible Projects

To be considered for financing, investment project are required to fulfill the following conditions:

1. Be considered **initial investments**³ (large companies in Bucharest region are required to pursue initial investments in a new field of business).
2. Initial investments created by companies under the scheme must have a minimum **total value of 44 million RON, equivalent to about 10 million EUR** and to demonstrate efficiency and sustainability while implementing investment five years after its completion.
3. The initial investment must generate contributions to regional development by paying taxes in the consolidated state budget and local budgets for the implementation of the investment period and 5 years after completion.

Sustainability Requirements

- ✓ Recipients are required to maintain all tangible and intangible assests during a minimum of 60 months after project completion.
- ✓ Recipients are required to demonstrate efficiency and sustainability of investment implementation period during 60 months after the date of its completion and demonstrate contributions to regional development.

Next Steps

Get in touch with our team of consultants to get started. We will determine your eligibility and guide you throughout the application process and implementation stage.

³ Defined as investments in tangible and intangible assets resulting from the creating of a new unit, expanding the capacity of an existing unit, diversification of production within an existing unit or a fundamental change in the general production process within an existing unit.

ANNEX

The list of sectors that are **not eligible** under this state aid scheme

No.	CAED Code	CAEN Code name
SECTION A - AGRICULTURE, FORESTRY AND FISHING		
1	01	Agriculture, hunting and related services
2	02	Forestry and logging
3	03	Fisheries and aquaculture
SECTION B - MINING INDUSTRY		
4	05	Mining of coal and lignite
5	06	Extraction of crude petroleum and natural gas
6	071	Mining of iron ores
7	0892	Extraction and agglomeration of peat
8	091	Service activities related to extraction of crude petroleum and natural gas
9	099	Service activities incidental to mineral extraction
SECTION C - MANUFACTURING		
10	102	Processing and preserving of fish, crustaceans and molluscs
11	1101	Distilling, rectifying and blending of spirits
12	1102	Manufacture of wine from grape
13	1103	Manufacture of cider and other fruit wines
14	1104	Manufacture of other non-distilled fermented
15	1105	Brewing
16	1106	Manufacture of malt
17	12	Manufacture of tobacco products
18	131	Preparation and spinning of textile fibers

19	19	Manufacture of coke and refined petroleum products
20	2014	Manufacture of other organic basic chemicals
21	2051	Manufacture of explosives
22	206	Manufacture of man-made fibers
23	24	Metallurgical Industry
24	254	Manufacture of weapons and ammunition
25	2591	Manufacture of tanks, containers and similar products of steel
26	301	Building of ships and boats
27	304	Manufacture of military fighting vehicles
28	33	Repair and installation of machinery and equipment

SECTION D - PRODUCTION AND SUPPLY ELECTRICITY, GAS, STEAM AND AIR CONDITIONING

29	35	Production and supply of electricity, gas, steam and air conditioning
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SECTION F - CONSTRUCTION

30	41	Construction of buildings
31	42	Civil engineering
32	4399	Other special trade construction works n.c.a.

SECTION G - WHOLESALE AND RETAIL TRADE; REPAIR OF MOTOR VEHICLES AND MOTORCYCLES

33	45	Wholesale and retail trade and repair of motor vehicles and motorcycles
34	46	Wholesale except of motor vehicles and motorcycles
35	47	Retail trade, except of motor vehicles and motorcycles

SECTION H - TRANSPORTATION AND STORAGE

36	49	Land transport and transport via pipelines
37	50	Water transport
38	51	Air transport
39	522	Activities related to transport

SECȚIUNEA J – INFORMATIONS AND COMMUNICATIONS

40	60	Activities and broadcasting of programs
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41	61	telecommunications
SECTION K – FINANCIAL AND INSURANCE		
42	64	Intermediation financial services, except insurance and pension funding
43	65	Insurance, reinsurance and pension funding (except compulsory social security system)
44	66	Activities auxiliary to financial intermediation, insurance and pension funds
SECTION L - REAL ESTATE		
45	68	Real estate
SECTION N - ACTIVITIES OF ADMINISTRATIVE AND SUPPORT SERVICE ACTIVITIES		
46	77	Renting and leasing
47	78	Service activities on labor
SECTION O - PUBLIC ADMINISTRATION AND DEFENSE; SOCIAL SECURITY INSURANCE		
48	84	Public administration and defense; public social insurance
SECTION R - ARTS, ENTERTAINMENT AND RECREATION		
49	92	Activities Gambling and betting
50	93	Sports activities and amusement and recreation
SECTION S - OTHER SERVICE ACTIVITIES		
51	94	Activities of membership organizations
SECTION T - ACTIVITIES OF HOUSEHOLDS AS EMPLOYERS OF DOMESTIC PERSONNEL; ACTIVITIES OF HOUSEHOLDS PRODUCTION OF GOODS AND SERVICES FOR OWN USE		
52	97	Activities of households as employers of domestic personnel
53	98	Activities of households producing goods and services for own use
SECTION U - ACTIVITIES OF EXTRA-TERRITORIAL ORGANIZATIONS AND BODIES		
54	99	Activities of extraterritorial organizations and bodies