

LAW OF 24 JULY 2020 AIMED AT STIMULATING BUSINESS INVESTMENTS IN THE COVID-19 PERIOD

September 9th 2020

Ministry of the Economy



LE GOUVERNEMENT
DU GRAND-DUCHÉ DE LUXEMBOURG
Ministère de l'Économie

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OBJECTIVE



Encourage companies, facing a significant drop in their turnover, to **carry out investments that would have been cancelled or postponed** as a result of the economic crisis caused by the COVID-19 pandemic



Encourage companies to **carry out strategic investments** improving their resilience in a new economic environment



Non reimbursable cash grant:

- Capped at **max. €800,000** for each single undertaking (group)
 - Including repayable advances for undertakings in temporary financial difficulty, aids from the “fonds de relance et de solidarité pour les entreprises” and the aid scheme for relaunching the retail businesses
- Based on **eligible costs** of a given investment project



ELIGIBILITY CRITERIA (1/3)

- Eligibility: a **15% drop in turnover** over the months April to June 2020, compared to:
 - the same period in 2019, or
 - the average turnover in the year 2019
- **Business permit** delivered prior to 18 March 2020
- **Any business sector**, except for businesses active in the primary production of agricultural products, fishery and aquaculture sector



ELIGIBILITY CRITERIA (2/3)

- The project **shall not be started before the aid is granted** by the Ministry of the Economy.
 - No legally binding commitment (equipment order, contract, etc.) or any other commitment that makes the investment irreversible shall be made before the aid is granted.

- The **investment (excluding VAT) must amount** to at least:
 - €20,000 for micro and small enterprises
 - €50,000 for medium enterprises
 - €250,000 for large enterprises



ELIGIBILITY CRITERIA (3/3)

- Medium and large enterprises **that were not in difficulty** as of 31 December 2019, as per EU regulation definition (GBER N°651/2014)
- Micro and small businesses that have not been subject to **collective insolvency proceedings** and that have not received rescue aid or restructuring aid



GROUP AND COMPANY SIZE DEFINITION

- The **company size** is determined at the group level
(as per Annex I, GBER N°651/2014)

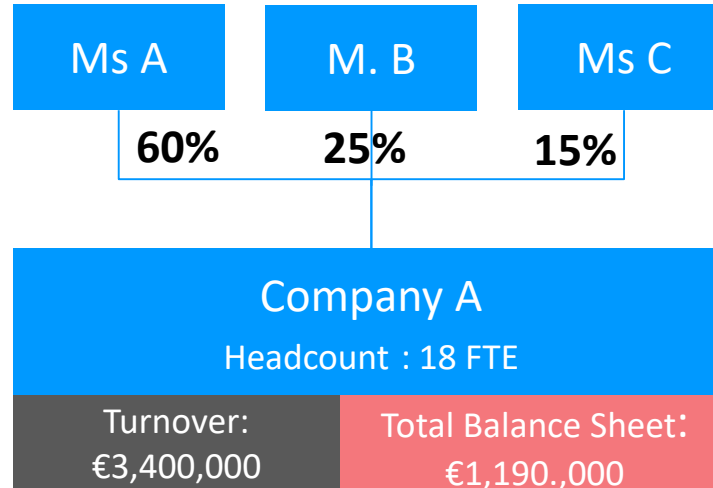
Company size		Micro	Small	Medium	Large
	Headcount (full time equivalent)	< 10	< 50	< 250	≥ 250
and	Turnover (euros)	≤ 2 M	≤ 10 M	≤ 50 M	> 50 M
or	Total balance sheet (euros)	≤ 2 M	≤ 10 M	≤ 43 M	> 43 M

- It is required to agglomerate company data of **all linked and partner enterprises**
- A full **group legal chart**, including detailed shareholding links and participations, must be provided.



GROUP AND COMPANY SIZE DEFINITION

Example 1: Autonomous enterprise



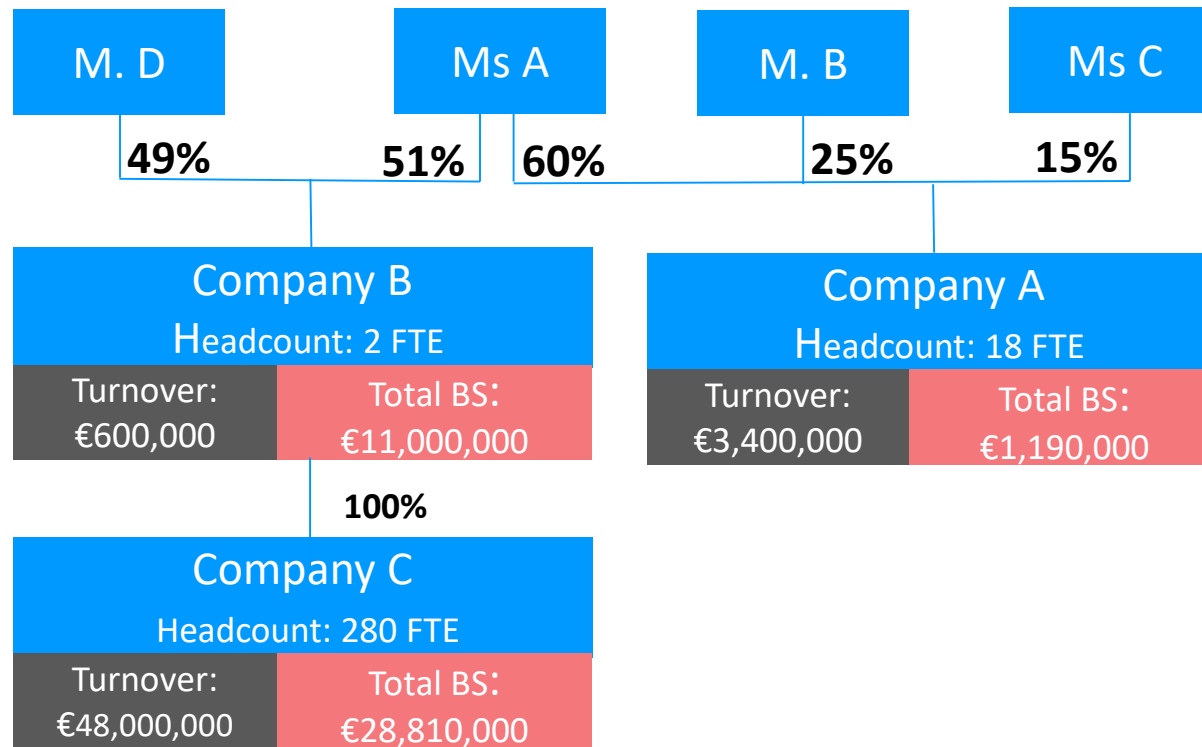
Ms A and M. B hold no other participation in any other business active on an adjacent market.

Company A is a **small enterprise.**



GROUP AND COMPANY SIZE DEFINITION

Example 2: Group



Ms A is also a majority shareholder in company B, which in turn owns an active business (company C) on an adjacent market.

Company A belongs to a group (companies A, B and C) qualifying as a large enterprise.



PROJECT TYPOLOGY (1/5)



Development projects (including circular economy)



Process and organisational innovation projects



Energy efficiency projects or projects allowing to go beyond environmental standards



PROJECT TYPOLOGY (2/5)



Development projects (investments)

- **Extension** of an existing establishment (output increase)
- Business **diversification** (in addition to its existing products)
- **Fundamental transformation** of an existing establishment's entire production process or service provision

- The following are excluded:
 - The costs for setting up a new company
 - Equipment replacement costs
 - Investments to comply with current legislation, regulations and administrative provisions



PROJECT TYPOLOGY (3/5)



Development projects (investments)

Specific incentive for **circular economy development projects** that make a substantial contribution to protecting the environment by fulfilling at least one of the following criteria:

- Resulting in a more efficient use of **natural resources**
- **Extending** the lifetime of products and their **re-use**
- Increasing product **recyclability**
- **Substantially reducing** the quantity of substances of very high concern
- Avoiding the **production of waste**



PROJECT TYPOLOGY (4/5)



Process and organisational innovation projects

Process innovation:

- implementation of a new or significantly improved production or delivery method (including significant changes in techniques, equipment or software)

Organisational innovation:

- implementation of a new organisational method in an undertaking's business practices, workplace organisation or external relations. Such innovation may for instance foster remote working practices.

A significant contribution of the applicant's own staff is required (setting up new processes, changing the business model, new solutions based on existing components, etc.)



PROJECT TYPOLOGY (5/5)



Energy efficiency projects, or projects going beyond environmental standards

Energy efficiency investments:

- amount of saved energy determined by measuring and/or estimating consumption before and after implementation of an energy-efficiency improvement measure

Investments allowing to go beyond national environmental standards, or to increase the level of environmental protection on unregulated matters

- Investments required to comply with existing regulations or norms are not eligible



AID INTENSITY AND ALLOWABLE COSTS

Reminder: aid is capped at €800,000 per single undertaking

Project	Eligible costs	Micro / small	Medium	Large
Development	Acquisition of tangible or intangible assets	30%	25%	20%
For circular economy development projects		50%	45%	40%
Process and organisational innovation	Staff costs; acquisition of tangible or intangible assets; contract research, other project related operating expenses	50%		
Energy efficiency, or beyond environmental standards	Acquisition of tangible or intangible assets	50%		



HOW TO PROCEED ?

■ Main steps of the online application on MyGuichet.lu:

1. Set-up a **business profile** or use the existing one on MyGuichet.lu
2. Select « **ECO-COVID 19 – Projet d’investissement ICO** »
3. Fill-in the **application form**
4. Upload the appendices “**Project description**”, “**Financial Summary**” and any other relevant attachment
5. Send out the application **form and its attachments**.

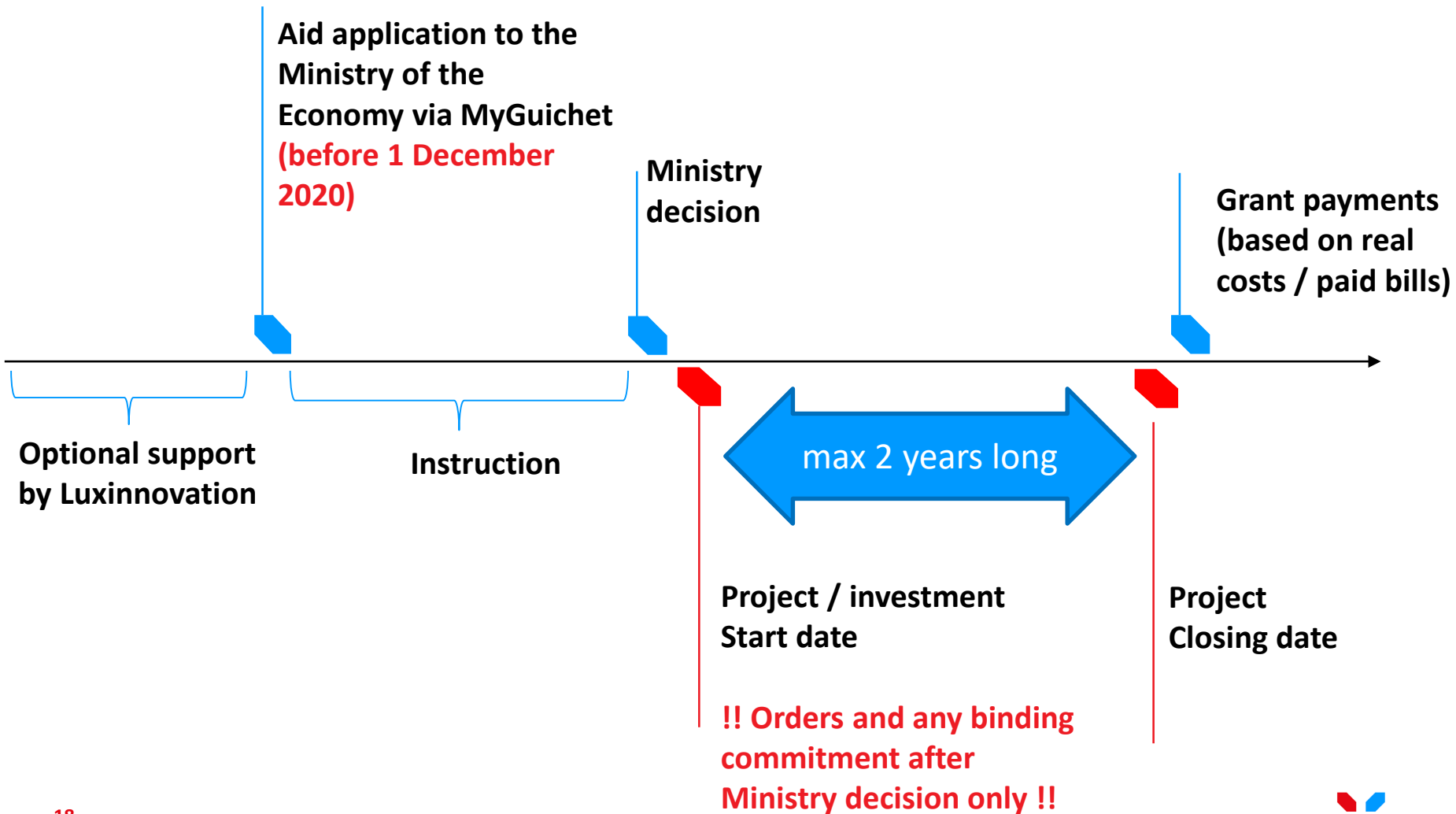
- Applicants should first write up the documents “Project description” and “Financial Summary” adapted to each type of project
(templates available on MyGuichet.lu)

MyGuichet.lu



TIMELINE

Application process



EXAMPLES

Use case 1

A company is to invest in a new shredder to prepare the raw materials used in its production process.

➔ **Development project without circular economy bonus**



EXAMPLES

Use case 2

A company is to invest in a new shredder enabling the use of locally sourced second hand raw material in its production process.

➔ **Development project with circular economy bonus**



EXAMPLES

Use case 3

A company establishes a PaaS (Product as a Service) model for construction elements, cobblestones for example, that will be taken back after use, cleaned and repurposed. The company invests in a machine to inspect and clean the cobblestones upon their return to the factory as well as in a new crusher for the broken elements.

➔ **Development project with circular economy bonus**



EXAMPLES

Use case 4

A company is to set up a digital platform to sell tailor-made products. Instead of sending a technician onsite to take measures, the client will be able to introduce those measures through an online platform.

➔ Process innovation project



EXAMPLES

Use case 5

A company already complies with emission ceiling regulations and wants to invest in a new gas treatment unit enabling it to further lower its polluting emission levels.

➔ Project to go beyond environmental standards



SUPPORT TO APPLY FOR STATE AID

Who to contact?



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**LET'S
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HAPPEN**

Q&A

The content of this presentation is solely intended to facilitate understanding of aid schemes. The text of the law is prevailing.

