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**Subject: State Aid SA.59655 (2020/N) – Italy
COVID-19: Modifications to SA.57021, SA.56966, SA.59295,
SA.58802, SA.59255, SA.57947, SA.57891, SA.56786 and SA.56690.
State Aid SA.59677 (2020/N) – Italy
COVID-19: Modifications to SA.57612.**

Excellency,

1. PROCEDURE

- (1) By electronic notification of 19 November 2020, with regard to SA.59655 (2020/N)¹, and 20 November 2020, with regard to SA.59677 (2020/N), Italy notified modifications to the following existing aid schemes (“the existing aid schemes”) which the Commission had already approved (“the initial decisions”) in light of the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak (“the Temporary Framework”) ²:

¹ The Italian authorities complemented their notification under SA.59655 by mail of 4 December 2020.

² Communication from the Commission - Temporary framework for State aid measures to support the economy in the current COVID-19 outbreak, OJ C 91I, 20.3.2020, p. 1, as amended by Communication from the Commission C(2020) 2215 final of 3 April 2020 on the Amendment of the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak, OJ C 112I, 4.4.2020, p. 1, by Communication from the Commission C(2020) 3156 final of 8 May 2020 on the Amendment of the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak, OJ C 164, 13.5.2020, p. 3, by Communication from the Commission C(2020) 4509 final of 29 June 2020 on the Third Amendment of the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak, OJ C 218, 2.7.2020, p. 3, and by Communication from the Commission C(2020) 7127 final of 13 October 2020 on the Fourth Amendment of the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak and amendment to the Annex to the Communication from the Commission to the Member States on the application of Articles 107 and 108 of the Treaty

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- (a) SA.57021: “*COVID-19 Regime Quadro*”, which the Commission approved by Decision C(2020) 3482 of 21 May 2020; this scheme was already amended³;
- (b) SA.56966: “*COVID-19: Loan guarantee schemes under the Fondo di garanzia per le PMI*”, which the Commission approved by Decision C(2020) 2370 of 13 April 2020; this scheme was already amended⁴;
- (c) SA.59295: “*COVID-19: Esonero dal versamento dei contributi previdenziali per assunzioni a tempo determinato nel settore turistico e degli stabilimenti termali*” (*exemption from the social security contribution payments for private employers in the tourism and thermal bath sectors engaging with fixed-term contracts*)”, which the Commission approved by Decision C(2020) 8036 of 16 November 2020;
- (d) SA.58802: “*COVID-19: Decontribuzione SUD – Agevolazione contributiva per l’occupazione in aree svantaggiate*” (*partial exemption from the payment of social security contribution in disadvantaged areas*)” which the Commission approved by Decision C(2020) 6959 of 6 October 2020;
- (e) SA.59255: “*COVID-19: Esonero dal versamento dei contributi previdenziali per aziende che non richiedono trattamenti di cassa integrazione*” (*exemption from social security contribution payments for private employers not applying for wage support measures*)”, which the Commission approved by Decision C(2020) 7926 of 10 November 2020;
- (f) SA.57947: “*COVID-19: Support measures for undertakings carrying out activities in the agricultural, forestry, fishery and aquaculture sectors and the activities related thereto, in relation with the COVID-19 outbreak crisis*”, which the Commission approved by Decision C(2020) 4977 of 15 July 2020;
- (g) SA.57891: “*COVID-19: Direct grants to Italian companies engaging in international activities and operations*”, which the Commission approved by Decision C(2020) 5406 of 31 July 2020;
- (h) SA.57612: “*COVID-19: Patrimonio Rilancio*”, which the Commission approved by Decision C(2020) 6459 of 17 September 2020;
- (i) SA.56786: “*Production of medical equipment and masks*”, which the Commission approved by Decision C(2020) 1887 of 22 March 2020;

on the Functioning of the European Union to short-term export-credit insurance, OJ C 340 I, 13.10.2020, p. 1.

³ SA.58547 “*COVID-19: amendment to SA.57021 – Regime Quadro – aid to small and micro enterprises*”, approved by the Commission with Decision C(2020) 6341 of 11 September 2020.

⁴ SA.57625 “*COVID-19 Loan guarantee schemes under the Fondo di garanzia per le PMI - Amendment to the scheme SA.56966*”, approved by the Commission with Decision C(2020) 4125 of 16 June 2020.

- (j) SA.56690: “*COVID-19: State guarantee to support debt moratorium by banks to SME borrowers under the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak*”, which the Commission approved by Decision C(2020) 1984 of 25 March 2020; this scheme was already amended⁵.

The notified modifications are collectively referred to as “the measures”.

- (2) Italy exceptionally agrees to waive its rights deriving from Article 342 of the Treaty on the Functioning of the European Union (“TFEU”), in conjunction with Article 3 of Regulation 1/1958⁶ and to have this Decision adopted and notified in English.

2. DESCRIPTION OF THE MEASURE

- (3) On 13 October 2020, the Commission adopted a Communication⁷ prolonging until 30 June 2021 the validity of the Temporary Framework, which would otherwise expire at the end of 2020. For recapitalisation measures, the validity was prolonged from 30 June 2021 to 30 September 2021.
- (4) Following the prolongation of the Temporary Framework, the Italian authorities would like to extend the duration of the existing aid schemes until 30 June 2021. With regard to the aid scheme approved under SA.57612 however, only the duration of Measure D is extended until 30 June 2021, while the duration of Measures A, B and C is extended until 30 September 2021.
- (5) In addition, the aid scheme approved under SA.57612 is amended as follows:
- In recital (15), the last sentence is replaced by: “Banks, financial institutions, insurance companies and non-listed State-owned companies (i.e. companies in which the State holds 10% or more of the capital) are excluded as eligible beneficiaries.”
 - In recital (26), the first sentence is replaced by: “The beneficiaries of Measure D are all joint stock companies (including cooperatives) with a registered seat in Italy, except those operating in banking, financial and insurance sectors and non-listed State-owned companies (i.e. companies in which the State holds 10% or more of the capital).”

⁵ SA.57717: “*COVID-19: State guarantee to support debt moratorium by banks to SME borrowers under the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak – Amendment to the scheme SA.56690*”, approved by the Commission with Decision C(2020) 6755 of 28 September 2020.

⁶ Regulation No 1 determining the languages to be used by the European Economic Community, OJ 17, 6.10.1958, p. 385.

⁷ Communication from the Commission C(2020) 7127 final of 13 October 2020 on the Fourth Amendment of the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak and amendment to the Annex to the Communication from the Commission to the Member States on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to short-term export-credit insurance, OJ C 340 I, 13.10.2020, p. 1.

- (6) With regard to the aid scheme approved under SA.56690: *State guarantee to support debt moratorium by banks to SME borrowers* – for which the Commission approved the (first) prolongation in September 2020 (see footnote (4)) – the Italian authorities have informed the Commission of the following modifications:
- (a) The moratorium is extended, with its end date changed to 30 June 2021 (previously 31 January 2021 or 31 March 2021, depending on the sector a beneficiary company is active in and the type of credit facility to which the moratorium would apply);
 - (b) A company can apply for the moratorium until 31 January 2021 (previously 31 December 2020) with regard to a credit facility not yet covered by the initial scheme to activate the moratorium on such a new eligible exposure;
 - (c) A financial intermediary will be able to call on the guarantee – provided that it has initiated recovery proceedings with regard to a moratorium exposure – until 31 December 2022 (previously 31 July 2022 or 30 September 2022, depending on the sector a beneficiary company is active in and the type of credit facility to which the moratorium would apply).
- (7) The Italian authorities confirmed that all other conditions of the existing aid schemes remain unchanged.
- (8) The measures will only be put into effect after the Commission’s approval.

3. ASSESSMENT

3.1. Lawfulness of the measure

- (9) By notifying the measures before putting them into effect, the Italian authorities have respected their obligations under Article 108(3) TFEU.

3.2. Existence of State aid

- (10) For a measure to be categorised as aid within the meaning of Article 107(1) TFEU, all the conditions set out in that provision must be fulfilled. First, the measure must be imputable to the State and financed through State resources. Second, it must confer an advantage on its recipients. Third, that advantage must be selective in nature. Fourth, the measure must distort or threaten to distort competition and affect trade between Member States.
- (11) The existing aid schemes constitute State aid within the meaning of Article 107 (1) TFEU for the reasons set out in the initial decisions⁸. The

⁸ See recitals (31) to (36) of Commission Decision C(2020) 3482, SA.57021, of 21.5.2020 and recital (8) of Commission Decision C(2020) 6341, SA.58547, of 11 September 2020; recitals (33) to (38) of Commission Decision C(2020) 2370, SA.56966, of 13.4.2020 and recital 11 of Commission Decision C(2020) 4125 SA.57625, of 16 June 2020; recitals (26) to (31) of Commission Decision C(2020) 8036, SA.59295, of 16.11.2020; recitals (33) to (38) of Commission Decision C(2020) 6959, SA.58802, of 6.10.2020; recitals (31) to (36) of Commission Decision C(2020) 7926, SA.59255, of 10.11.2020; recitals (27) to (32) of Commission Decision C(2020) 4977, SA.57947, of 15.7.2020; recitals (23) to (28) of Commission Decision C(2020) 5406, SA.57891, of 31.07.2020; recitals (85) to (90) of Commission Decision C(2020) 6459, SA.57612, of 17.9.2020; recitals (23) to (26) of Commission Decision C(2020) 1887, SA.56786, of 22 March 2020; recitals (25) to (30) of

proposed modifications do not affect that conclusion. The Commission therefore refers to the respective assessment of the initialned decisions and concludes that the existing aid schemes as modified by the measures constitute State aid in the meaning of Article 107 (1) of the TFEU.

3.3. Compatibility

- (12) The Commission assessed the existing aid schemes on the basis of Article 107 (3)(b) and Article 107 (3)(c) of the TFEU in light of the Temporary Framework and concluded that they were compliant with the compatibility conditions set out in that Framework.
- (13) The Commission refers to its analysis of compatibility as set out in the initial decisions⁹.
- (14) The Commission has examined the notified modifications referred to in recitals (4) to (6) and notes that there are no other alterations to the existing aid schemes. The Commission notes that the modification referred to in recital (5) concerns a mere clarification of the term “State owned company” for the purpose of Commission Decision C(2020) 6459, SA.57612, of 17.9.2020 which does not affect the compatibility assessment laid down in recitals (99) to (150) of that decision.
- (15) The Commission considers that the modifications to the existing aid schemes referred to in recital (1) above do not alter the Commission’s conclusions on the compatibility of those schemes with the Temporary Framework as set out in the initial decisions.

Commission Decision C(2020) 1984, SA.56690, of 25 March 2020, and recital (12) of Commission Decision C(2020) 6755, SA.57717, of 28 September 2020.

⁹ See recitals (37) to (58) of Commission Decision C(2020) 3482, SA.57021, of 21.5.2020 and recitals (10) to (13) of Commission Decision C(2020) 6341, SA.58547, of 11 September 2020; recitals (39) to (49) of Commission Decision C(2020) 2370, SA.56966, of 13.4.2020, and recitals (15) to (18) of Commission Decision C(2020) 4125, SA.57625, of 16 June 2020; recitals (32) to (39) of Commission Decision C(2020) 8036, SA.59295, of 16.11.2020; recitals (39) to (47) of Commission Decision C(2020) 6959, SA.58802, of 6.10.2020; recitals (37) to (44) of Commission Decision C(2020) 7926, SA.59255, of 10.11.2020; recitals (33) to (41) of Commission Decision C(2020) 4977, SA.57947, of 15.7.2020; recitals (29) to (36) of Commission Decision C(2020) 5406, SA.57891, of 31.07.2020 ; recitals (99) to (150) of Commission Decision C(2020) 6459, SA.57612, of 17.9.2020; recitals (27) to (35) of Commission Decision C(2020) 1887, SA.56786, of 22 March 2020; recitals (31) to (38) of Commission Decision C(2020) 1984, SA.56690, of 25 March 2020 and recitals (17) to (19) of Commission Decision C(2020) 6755, SA.57717, of 28 September 2020.

4. CONCLUSION

The Commission has accordingly decided not to raise objections to the modifications to aid schemes SA.57021, SA.56966, SA.59295, SA.58802, SA.59255, SA.57947, SA.57891, SA.57612, SA.56786 and SA.56690 on the grounds that they are compatible with the internal market pursuant to Article 107(3)(b) and Article 107 (3)(c) of the Treaty on the Functioning of the European Union as interpreted by the Temporary Framework.

The decision is based on non-confidential information and is therefore published in full on the Internet site: <http://ec.europa.eu/competition/elojade/isef/index.cfm>.

Yours faithfully,

For the Commission

Margrethe VESTAGER
Executive Vice-President