New state aid schemes to relaunch the economy
I. INCENTIVES FOR INVESTMENTS (REGIONAL AID)

Cash grants:
- VIP Cash Subsidy
- Local subsidy granted by municipality

Tax benefit:
- Development tax benefit

II. INCENTIVES FOR TRAININGS

Cash grants:
- Training subsidy
- Workshop establishment and development subsidy

III. INCENTIVES FOR R&D&I

Cash grants:
- VIP cash subsidy
- EU co-financed tenders

Tax benefits:
- R&D&I tax benefit

IV. INCENTIVE FOR ECONOMIC RECOVERY

Cash grants:
- Subsidy to improve competitiveness
Introducing a new decree

CORONAVIRUS (COVID-19) PANDEMIC

- WHO has declared coronavirus a pandemic
- The increasing number of cases have made EUROPE the epicenter of the pandemic
- Introduction of security measures

HUNGARIAN MEASURES

- In order to preserve economic growth, existing jobs must be maintained
- Alleviate the liquidity problems of medium-sized and large enterprises
- Strengthen Hungary’s position in the competition for investments

HUNGARIAN INCENTIVE PROGRAM

March 11 2020

March 19 2020

April 2020

COMMISSION COMMUNICATION

- EU Commission designed and implemented a set of temporary measures to support the economy in the context of COVID-19 outbreak
- Swift approval of Member States’ aid measures

WHO has declared coronavirus a pandemic.
Subsidy to improve competitiveness
Subsidy to improve competitiveness

Overview

**TYPE OF SUBSIDY**

- Non-refundable
- The amount of the subsidy shall be granted in advance, denominated in Hungarian forint (HUF)
- Based on the evaluation of the application, an Incentive Deed shall be issued by the Donor

**LEGAL BACKGROUND, APPLICATION**

- Donor: Ministry of Foreign Affairs and Trade
- Managing Body: HIPA Non-Profit Ltd. (HIPA)
- Available for medium-sized and large enterprises
- Allocated budget: HUF 50 billion

*Available throughout Hungary*
Subsidy to improve competitiveness

**Conditions**

**COMPANY SIZE**
- Medium-sized/Large enterprises (at corporate group level)

**SECTOR**
- Manufacturing/ Business Service Centers

**INVESTMENT VOLUME**
- min. EUR 150,000

**EXCLUDED SECTORS**
- steel sector
- shipbuilding sector
- coal sector
- synthetic fibers sector
- transport sector
- primary agriculture production
- fishery sector
- energy production, supply and energy infrastructure projects
- commercial activity
- Investment involving activities which are subject to a concession
- tourism activity investment
- export related activities
The company proves/declares that:

- Prior to December 31, 2019, the company did not fall under the category of „undertaking in difficulty”, but due to the COVID-19 outbreak it became an undertaking in difficulty or it faced severe financial difficulties;
- In connection with the pandemic, the company experienced a decline of at least 25% in sales revenue or orders;
- The company is not responsible for the difficulties and it took reasonable care to avoid the losses;
- There is no insurance to cover the incurred losses or there is no possibility for full compensation for the damages on the basis of the insurance of the company;
The company proves/declares that:

- The company undertakes the maintenance of already existing jobs until the completion of the investment, but at least until December 31, 2020.
Subsidy to improve competitiveness

Conditions

The company proves/declares that:

- The company undertakes to implement an investment at least in the value of EUR 150,000 until June 30, 2021 in Hungary;
- the investment has not commenced preceding the submission of application
**Subsidy to improve competitiveness**

The amount of subsidy

<table>
<thead>
<tr>
<th>COMPANY SIZE</th>
<th>SECTOR*</th>
<th>AMOUNT OF SUBSIDY</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUR 150,000 – EUR 300,000 investment volume</td>
<td>Medium and large enterprises</td>
<td>30% of the investment volume</td>
</tr>
<tr>
<td>EUR 300,001 – EUR 500,000 investment volume</td>
<td>Manufacturing industry/ Business Service Centers</td>
<td>40% of the investment volume</td>
</tr>
<tr>
<td>EUR 500,001 – investment volume</td>
<td></td>
<td>50% of the investment volume, but not more than EUR 800,000 denominated in HUF</td>
</tr>
</tbody>
</table>

* No aid shall be granted for sectors that are excluded from regional aid
Subsidy to improve competitiveness

From consultation to the issuance of the Incentive Deed

- HIPA Non-Profit Ltd. provides information on the conditions and the application procedure of the subsidy

- The company submits the necessary documents on paper and electronically (application form and annexes)
  - Submission to the following e-mail address: stateaid2020@hipa.hu

- The Donor* issues the confirmation letter

- After the Donor’s decision the incentive deed will be issued

*Ministry for Foreign Affairs and Trade
**Subsidy to improve competitiveness**  
From entering into force of the incentive deed until the closure of the procedure

- **Incentive deed enters into force**
  - The collateral shall be submitted by the Beneficiary to HIPA
  - Collateral: **authorization letters for each domestic bank account**

- **Disbursement**
  - After the entry into force HIPA disburses 100% of the subsidy in advance, in HUF

- **Reporting, Monitoring**
  - After the monitoring period the beneficiary submits the monitoring report and its annexes (e.g.: invoice summary, HCSO reports, statement of tangible assets) to HIPA.

- **Closure of the subsidy procedure**
  - Within 30 days after the end of the monitoring period
  - HIPA sends a letter signed by the Donor to the Beneficiary on the acceptance of the submitted report
  - Termination of the contract
Thank you for your attention!