Text consolidated by Valsts valodas centrs (State Language Centre) with amending regulations of:

24 October 2023 [shall come into force on 1 November 2023];

18 June 2024 [shall come into force on 20 June 2024].

If a whole or part of a paragraph has been amended, the date of the amending regulation appears in square brackets at the end of the paragraph. If a whole paragraph or sub-paragraph has been deleted, the date of the deletion appears in square brackets beside the deleted paragraph or sub-paragraph.

Republic of Latvia

Cabinet

Regulation No. 421

Adopted 5 July 2022

**Regulations Regarding the Implementation of Investment 2.2.1.4.i “Financial Instruments for Promoting Digital Transformation of Merchants” of Reform and Investment Direction 2.2 “Digital Transformation and Innovations of Enterprises” of the Plan for the European Recovery and Resilience Facility**

*Issued pursuant to*

*Section 19.3, Paragraph two of the Law on Budget and Financial Management and Section 12, Paragraph four of the Law on Development Finance Institution*

**I. General Provisions**

1. The Regulation prescribes:

1.1. the procedures for the implementation and supervision of Investment 2.2.1.4.i “Financial Instruments for Promoting Digital Transformation of Merchants” (hereinafter – the Investment) of Reform and Investment Direction 2.2 “Digital Transformation and Innovations of Enterprises” of the Plan for the European Recovery and Resilience Facility;

1.2. the funding available for the Investment;

1.3. the aided activities and the conditions for the eligibility of costs, including the funding for covering the expenditures of the development finance institution;

1.4. the procedures for the establishment and use of the necessary information system;

1.5. the rights of the involved authorities to request and receive direct access to data in State information systems.

2. The following terms are used in the Regulation:

2.1. project – an aggregate of works and activities for partial implementation of which the loan application for the receipt of aid has been submitted to *akciju sabiedrība “Attīstības finanšu institūcija Altum”* [joint-stock company Development Finance Institution Altum] (hereinafter – the company Altum);

2.2. European Digital Innovation Hub (hereinafter – the Hub) – a candidate institution selected in the national selection round of Latvia which has submitted an application for a call for proposals of the European Commission regarding the establishment of European Digital Innovation Hubs in accordance with Regulation (EU) 2021/694 of the European Parliament and of the Council of 29 April 2021 establishing the Digital Europe Programme and repealing Decision (EU) 2015/2240 or a legal entity selected in accordance with Article 16 of the abovementioned Regulation;

2.3. initial digital maturity assessment – the evaluation of the current digital and innovation maturity of a merchant which is performed by the merchant independently or in cooperation with the Hub in order to determine the digitisation needs of the merchant and the ability to use digital technologies which are defined in the digital development roadmap;

2.4. second digital maturity assessment – the evaluation of the current digital and innovation maturity of the merchant which after implementation of the project is performed by the merchant independently or in cooperation with the Hub and the expert opinion of the Hub on the conformity of the project fulfilment with the digital development roadmap. The results of the second and initial assessments are mutually compared and there should be a significant improvement in the overall level of digitisation in relation to the previous assessment;

2.5. digital development roadmap – an evaluation managed in an in-depth manner and created by an expert of the Hub within the scope of the digital maturity assessment regarding the investments necessary for the merchant for the promotion of digital transformation, evaluating their conformity with the objectives referred to in Paragraph 41 of this Regulation;

2.6. opinion – the evaluation of the Hub on the current digital and innovations maturity of the merchant and on the conformity of the investments made with the digital development roadmap. The evaluation shall attest that the merchant has complied with the preconditions specified in the digital development roadmap for the application of capital discount (positive opinion) or it has been concluded therein that, as a result of the project, the merchant has not complied with the preconditions specified in the digital development roadmap for the application of capital discount (negative opinion);

2.7. capital discount – full or partial reduction of the principal amount of the loan by the company Altum or the parallel loan by the company Altum;

2.8. another funding provider – a credit institution, its branch or its subsidiary, a leasing company which is entitled to provide financial services in the Republic of Latvia, an investment fund which is entitled to provide financial services in the Republic of Latvia, an international financial institution, for example, the European Bank for Reconstruction and Development, the European Investment Bank, the Nordic Investment Bank, the Council of Europe Development Bank;

2.9. attracted private funding – funding which will be invested in the project, using own funds of merchants, funding which, in case of the parallel loan by the company Altum, has been granted by another funding provider, and funding which has been attracted by the company Altum at the level of financial instrument;

2.10. start of works – in accordance with Article 2(23) of Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty (hereinafter – Commission Regulation No 651/2014), start of construction work related to an investment or first legally binding commitment to order equipment or other commitments which make the investment irreversible – whatever occurs first. Buying land and preparatory works such as receiving permits and conducting feasibility studies are not considered start of works;

2.11. single undertaking – if the *de minimis* aid has been granted in accordance with Commission Regulation (EU) 2023/2831 of 13 December 2023 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to *de minimis* aid (hereinafter – Commission Regulation No 2023/2831), it shall apply to the merchant and include all enterprises linked thereto between which at least one of the relationships referred to in Article 2(2) of Commission Regulation No 2023/2831 exists.

[*18 June 2024*]

3. The objective of the Investment is to promote the digital transformation of merchants, the development of merchants, and the increase in the amount of turnover, aiding investments directed towards output increment in digital transformation tools and automation, and also in the development of new products and digital technologies and solutions.

[*24 October 2023*]

4. The Investment shall be implemented and aid shall be provided in the form of a combined financial instrument. The aid shall consist of:

4.1. the loan by the company Altum with capital discount if another funding provider is not involved in funding of the project and the loan of the company Altum is at least in the amount of capital discount;

4.2. the parallel loan by the company Altum with capital discount if the project is co-funded together with one or several other funding providers in compliance with the following conditions:

4.2.1. the parallel loan is subordinated in the structure in respect of the credit or financial leasing provided by another funding provider and has been reinforced with a lower security layer than the credit or financial leasing provided by another funding provider;

4.2.2. the amount of the credit or financial leasing provided by other funding providers is not less than the amount of the parallel loan issued by the company Altum in accordance with this Regulation;

4.2.3. the parallel loan by the company Altum is at least in the amount of capital discount.

4.1 The Investment shall be considered a project of strategic importance in accordance with Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility.

[*24 October 2023*]

5. The procedures for issuing the parallel loan by the company Altum shall be determined in accordance with the civil contracts entered into by and between the company Altum, the merchant, and another funding provider.

6. Merchants shall be the target group of the Investment.

7. Loans and parallel loans shall be issued and capital discount shall be granted and applied by the company Altum, entering into a civil contract (hereinafter – the loan agreement) with the merchant. If the loan agreement is not implemented according to the conditions included therein, the company Altum has the right to terminate it unilaterally and to recover the funding disbursed inappropriately.

8. The funding of the Recovery and Resilience Facility of the European Union available for the Investment shall be EUR 45 143 000.

8.1 The reimbursed public funding (payments of customers and repayments of the principal amount) of the individual project “Micro-crediting Programme” of the Swiss-Latvian Cooperation Programme up to EUR 2 000 000 shall be available in addition to the Investment.

[*18 June 2024*]

9. Within the scope of the Investment:

9.1. the supervision indicators shall be as follows:

9.1.1. an investment approved by the Cabinet until 30 June 2022 for the promotion of digital transformation of merchants;

9.1.2. the number of loans granted until 31 December 2023 – at least 34 loans;

9.1.3. the private funding attracted until 31 December 2024 – at least EUR 13 800 000;

9.1.4. the number of additional loans granted until 30 June 2025 – at least 74 loans;

9.2. the objectives shall be as follows:

9.2.1. the number of loans granted until 30 June 2024 – at least 51 loans;

9.2.2. the number of loans granted until 30 June 2026 – at least 133 loans;

9.2.3. the private funding attracted until 30 June 2026 – EUR 37 000 000;

9.3. the common indicators in accordance with the common indicators specified in Annex “List of common indicators” to Commission Delegated Regulation (EU) 2021/2106 of 28 September 2021 on supplementing Regulation (EU) 2021/241 of the European Parliament and of the Council establishing the Recovery and Resilience Facility by setting out the common indicators and the detailed elements of the recovery and resilience scoreboard:

9.3.1. the enterprises which receive aid for the development or introduction of digital products, services, and applications:

9.3.1.1. the enterprises which are aided in order to develop digital technologies and solutions;

9.3.1.2. the enterprises which are aided to accept in order to adopt digital solutions to transform their services, products, or processes;

9.3.2. the aided enterprises (including micro enterprises, small enterprises, medium-sized enterprises, and large enterprises).

10. The supervision indicator, objective, and common indicator of the Investment, except for the supervision indicator specified in Sub-paragraph 9.1.1 of this Regulation, shall be considered as fulfilled after entering into the loan agreement.

11. The company Altum shall ensure the recording, entry of the supervision indicators and objectives specified in Paragraph 9 of this Regulation, and the submission of the documents justifying the achieved supervision indicators and objectives in the Cohesion Policy Funds Management Information System within the time limits specified in Paragraph 9 of this Regulation but not less than twice a year. The documents justifying achievement of the supervision indicators and objectives shall be submitted not later than on 30 June 2026.

12. The Ministry of Economics shall be responsible for the introduction of the Investment.

13. The company Altum shall implement the Investment and grant aid in accordance with the conditions of this Regulation.

14. The company Altum and the Ministry of Economics shall enter into a contract for the management of the funding referred to in Paragraph 8 of this Regulation, the procedures for the granting, use, supervision thereof, and the recording and entering of the specified indicators in the Cohesion Policy Funds Management Information System. The Ministry of Economics has the right to unilaterally withdraw from the contract entered into in any of the following cases:

14.1. the company Altum does not fulfil the conditions of the contract, including the time limits specified in this Regulation are not complied with or other circumstances which have a negative effect or may have an effect on achievement of the Investment or the specified indicators have set in;

14.2. the company Altum has intentionally provided false information during implementation of the project;

14.3. in other cases provided for in the contract.

15. The contract referred to in Paragraph 14 of this Regulation shall include the liabilities of both parties both for the activities at the level of the Ministry of Economics and the company Altum and at the level of the company Altum and merchants in order to prevent the following during introduction of the Investment:

15.1. corruption, fraud, and a conflict of interest in accordance with Article 61 of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012 (hereinafter – Commission Regulation No 2018/1046);

15.2. the risk of double funding.

16. The Ministry of Economics shall include the liabilities of the parties regarding checks of the documentation justifying the reference points and objectives achieved in the contract referred to in Paragraph 14 of this Regulation, including data reliability checks both in relation to the company Altum and the merchants which have been granted aid.

17. The company Altum may receive advance payments for the implementation of the Investment. The company Altum may receive the first advance payment in 2022 in the amount of 30 % of the funding referred to in Paragraph 8 of this Regulation. The company Altum may request the second advance payment in the amount of 30 % of the funding referred to in Paragraph 8 of this Regulation if the company Altum has taken the decision to grant aid in the amount of 70 % of the first advance payment. The company Altum may request the payment of the final balance if the company Altum has taken the decision to grant aid in the amount of 100 % of the first advance payment and in the amount of 70 % of the second advance payment. More detailed procedures for the disbursement of the advance payment and the payment of the final balance shall be determined in the contract referred to in Paragraph 14 of this Regulation.

18. When using the public funding reimbursed within the scope of the Investment (payments of customers and repayments of the principal amount), the company Altum may:

18.1. after use of the available funding referred to in Paragraph 8 of this Regulation, continue the provision of aid, including for the coverage of risk, in accordance with this Regulation;

18.2. throughout the implementation of the Investment and after use of the available funding referred to in Paragraph 8 of this Regulation, cover the management fee of the programme according to the evaluation of the programme indicators which has been performed in accordance with Section 12, Paragraph three of the Law on Development Finance Institution.

19. The company Altum shall use the funding referred to in Paragraph 8 of this Regulation:

19.1. for the provision of aid;

19.2. for covering the expected credit risk losses of the company Altum (is used for covering the first losses from unrecovered loans) and for covering the capital discount. Subsequent losses that exceed the amount of the first losses which is determined in percentage from the total amount of the parallel loans issued, on the basis of the evaluation of the programme indicators in accordance with Section 12, Paragraph three of the Law on Development Finance Institution, shall be covered from own funding of the company Altum. The company Altum has the right to refuse subsequent granting of loans if the actual and projected losses exceed the public funding available for loss-absorbency.

[*18 June 2024*]

19.1 The company Altum shall use the funding referred to in Paragraph 8.1 of this Regulation:

19.1 1. for the provision of aid;

19.1 2. for covering the expected credit risk losses of the company Altum (is used for covering the the first losses from unrecovered loans).

[*18 June 2024*]

20. In order to ensure funding for granting a loan or a parallel loan by the company Altum in its part which exceeds the available amount of capital discount, the company Altum may attract a State loan in the form of a credit facility or attract funding on the market, including by borrowing funding from international financial institutions, without exceeding the amount of up to EUR 69 000 000. The repayment term of the State loan shall be by 31 December 2049. The risk rate shall not be applied to the State loan and it shall be ensured by a commercial pledge, upon the company Altum pledging the right to claim and their next components as the aggregation of property which will arise from the loans issued by the company Altum.

21. In project implementation, the beneficiaries shall not apply the laws and regulations in the field of selection of suppliers, except for beneficiaries which are contracting authorities within the meaning of the Public Procurement Law or public service providers within the meaning of the Law on the Procurements of Public Service Providers.

**II. Conditions for Granting the Aid**

22. The aid shall be provided as the *de minimis* aid in accordance with Commission Regulation No 2023/2831.

[*18 June 2024*]

22.1 If the *de minimis* limit at least in the amount of the grant equivalent of aid is not available to the merchant, the aid shall be provided as regional aid in accordance with Article 14 of Commission Regulation No 651/2014.

[*18 June 2024*]

23. The aid shall be provided for the implementation of projects in the territory of the Republic of Latvia. Aided projects must be linked with the objective of the Investment which is specified in Paragraph 3 of this Regulation.

24. In order to apply for the receipt of aid, the merchant has carried out the initial digital maturity assessment and has received the digital development roadmap according to which subsequent investments in the development of digital transformation of the merchant may be made within the scope of this Regulation.

25. The merchant shall apply for aid by submitting a loan application to the company Altum.

26. The company Altum shall evaluate the merchant and the project on the basis of the following documents submitted by the merchant:

26.1. a loan application which includes a description of the business project;

26.2. the digital development roadmap of the merchant;

26.3. a certification signed by the merchant regarding the conformity of the activities provided for in the project with the national laws and regulations and European Union legal acts in the field of the environment;

26.4. if applicable, a certification signed by the merchant regarding the conformity of the activities provided for in the project with the European Union Emissions Trading System (hereinafter – the Emissions Trading Scheme) in order to achieve the projected CO2 emissions which are lower than the relevant criteria for granting free-of-charge quotas;

26.5. a certification signed by the merchant that it has not and will not perform the activities specified in Article 14(16) of Commission Regulation No 651/2014 which are defined in Article 2(61a) of Commission Regulation No 651/2014 – if the aid is provided as regional aid in accordance with Article 14 of Commission Regulation No 651/2014;

26.6. a certification signed by the merchant that the situation referred to in Article 2(18)(c) of Commission Regulation No 651/2014 is not applicable to the merchant – it does not comply with the criteria specified in the laws and regulations of the Republic of Latvia for a collective insolvency procedure to be applied thereto upon request of creditors – if the aid is provided as regional aid in accordance with Article 14 of Commission Regulation No 651/2014;

26.7. a certification signed by the merchant that it does not comply with the criteria specified in the laws and regulations of the Republic of Latvia for a collective insolvency procedure to be applied thereto upon request of creditors – if the aid is provided as the *de minimis* aid in accordance with Commission Regulation No 2023/2831;

26.8. information on the aid planned and granted within the scope of the same project, including on the same eligible costs, indicating the date of granting the aid, the provider of aid, the aid measure, the planned and granted amount of aid, and the aid intensity;

26.9. if a parallel loan by the company Altum is intended – the decision of another funding provider on granting the funding for the project implementation;

26.10. other information requested by the company Altum which is necessary to assess the conformity of the merchant and the project with the conditions for the receipt of aid provided for in this Regulation.

[*18 June 2024*]

27. The company Altum shall fund only those activities which it has recognised as economically viable, including by assessing the sustainability of the investment project of the merchant, the co-funding necessary for the implementation of the project, the sufficiency of security, the present and future financial standing of the merchant, the conformity of the knowledge and experience thereof for successful implementation of the activities provided for in the project, and also analyse the identified entrepreneurial risks and other factors to determine the loan quality of the merchant.

28. If the activities provided for in the project of the merchant do not coincide with that specified in the digital development roadmap, the company Altum has the right to take the decision to reject a loan application. The company Altum has the right not to enter into the loan agreement with the merchant and to refuse the disbursement of the loan or the parallel loan by the company Altum, including in cases where the decision to grant aid has already been taken, if the company Altum becomes aware of circumstances that the merchant or the project no longer complies with the conditions of this Regulation or the loan or the parallel loan by the company Altum cannot be issued in accordance with the laws and regulations binding on the company Altum.

29. The aid shall be granted to the merchant at the moment when the company Altum takes the decision to grant the loan or parallel loan in which the maximum amount of the loan, the aid intensity, and the maximum available capital discount are determined. The aid shall be granted if the merchant conforms to the requirements laid down in this Regulation for the receipt of State aid in accordance with the State aid regulation referred to in Paragraph 22 or 22.1 of this Regulation.

[*18 June 2024*]

30. For the implementation of the Investment and the provision of aid to merchants within the scope of this Regulation, the company Altum has the right to request and receive information free of charge from the State information systems, databases, and registers within the amount specified in the laws and regulations. In order to ensure access to data. the company Altum, if necessary, shall enter into an agreement with the manager of the relevant State information system, database, and register.

31. In order to ensure conformity of the aid granted with this Regulation, the company Altum has the right to transfer data on the merchant and the Hub, whereas the Hub has the right to transfer data on the merchant and the project to the company Altum.

32. The company Altum may apply capital discount on the basis of a positive opinion submitted by the merchant if the merchant receives such after the second digital maturity assessment.

33. The interest rate of the parallel loan shall be equal to the interest rate of another funding provider. If EURIBOR is negative at the time of fixing, reviewing or amending the variable rate, EURIBOR shall be set at the value of 0 (zero). The company Altum may apply a higher rate of the fixed part of the annual interest rate than the rate of the fixed part of the annual interest rate added to the loan of another funding provider or financial leasing in order to conform to the maximum permissible aid intensity specified in Paragraphs 35 and 36 of this Regulation if the aid is granted as regional aid in accordance with Article 14 of Commission Regulation No 651/2014 or the amount referred to in Sub-paragraph 47.5 of this Regulation if the aid is granted as the *de minimis* aid in accordance with Commission Regulation No 2023/2831.

[*18 June 2024*]

34. For the aid which is provided as regional aid in accordance with Article 14 of Commission Regulation No 651/2014, the maximum permissible aid intensity shall be determined according to the actual project implementation region.

[*18 June 2024*]

35. For the aid which is provided as regional aid in accordance with Article 14 of Commission Regulation No 651/2014, the maximum permissible aid intensity from eligible costs of the project:

35.1. in level 3 region of the Nomenclature of Territorial Units for Statistics (hereinafter – the NUTS) of Rīga (according to the data of 2021) – 30 % for large merchants, 40 % for medium-sized merchants, or 50 % for micro or small merchants;

35.2. in level 3 region of the NUTS of Kurzeme, Zemgale, Vidzeme, and Latgale (according to the data of 2021) – 50 % for large merchants, 60 % for medium-sized merchants, or 70 % for micro or small merchants;

35.3. for administrative territories in level 3 region of the NUTS- 3 of Pierīga (according to the data of 2021), including in Limbaži municipality, Ogre municipality, Saulkrasti municipality, and Tukums municipality) – 30 % for large merchants, 40 % for medium-sized merchants, or 50 % for micro or small merchants.

[*18 June 2024*]

36. If the aid is provided as regional aid in accordance with Article 14 of Commission Regulation No 651/2014, any initial investment which applies to the same or similar activity in accordance with the definition specified in Article 2(50) of Commission Regulation No 651/2014 and which has been commenced by the same recipient (at the group level) within three years from the date when work on another aided investment in the same level 3 region of the NUTS (according to the data of 2021) has been commenced, shall, in accordance with Article 14(13) of Commission Regulation No 651/2014, be regarded as part of a single investment project. In accordance with Article 2(52) of Commission Regulation No 651/2014 (regardless of whether investments are made by a small, medium-sized, or large merchant), the aid shall be granted to a single investment project which is a large investment project and a large investment project which is not the single investment project in conformity with the following conditions:

36.1. in Rīga:

36.1.1. for a project up to EUR 55 million, 30 % of the amount of eligible costs shall be applied;

36.1.2. for the part of a project from EUR 55 million up to EUR 110 million, 15 % of the amount of eligible costs shall be applied;

36.1.3. for the part of a project exceeding EUR 110 million, 0 % of the amount of eligible costs shall be applied;

36.2. in level 3 region of the NUTS of Kurzeme, Zemgale, Vidzeme, and Latgale (according to the data of 2021):

36.2.1. for a project up to EUR 55 million, 50 % of the amount of eligible costs shall be applied;

36.2.2. for the part of a project from EUR 55 million up to EUR 110 million, 25 % of the amount of eligible costs shall be applied;

36.2.3. for the part of a project exceeding EUR 110 million, 0 % of the amount of eligible costs shall be applied;

36.3. for administrative territories in Pierīga region (including in Limbaži municipality, Ogre municipality, Saulkrasti municipality, and Tukums municipality):

36.3.1. for a project up to EUR 55 million, 30 % of the amount of eligible costs shall be applied;

36.3.2. for the part of a project from EUR 55 million up to EUR 110 million, 15 % of the amount of eligible costs shall be applied;

36.3.3. for the part of a project exceeding EUR 110 million, 0 % of the amount of eligible costs shall be applied.

[*18 June 2024*]

37. If the aid is provided as regional aid in accordance with Article 14 of Commission Regulation No 651/2014 and the initial investments planned in the project are made in Latvia in two or several level 3 regions of the NUTS (according to the data of 2021) of different aid intensity, one of the following aid intensities shall be applied:

37.1. the aid intensity of the relevant level 3 region of the NUTS (according to the data of 2021) shall be applied to the initial investment costs within the jurisdiction of each level 3 region of the NUTS (according to the data of 2021);

37.2. if the merchant benefits in one or several level 3 regions of the NUTS of different aid intensity (according to the data of 2021) from the initial investments regardless of their location, the lowest aid intensity among level 3 regions of the NUTS of aid intensity (according to the data of 2021) in which the merchant benefits from the project implementation shall be applied to the whole project.

[*18 June 2024*]

38. If the aid is provided as regional aid in accordance with Article 14 of Commission Regulation No 651/2014:

38.1. the merchant shall, in accordance with Article 14(14) of Commission Regulation No 651/2014, ensure co-funding in the amount of at least 25 % of eligible costs of the project, using own resources or external financing, including a credit issued by another funding provider or financial leasing. No public aid, including the *de minimis* aid, has been received for such co-funding;

38.2. the merchant shall comply with the conditions in accordance with Article 14(7) of Commission Regulation No 651/2014.

[*18 June 2024*]

39. Within the meaning of this Regulation, the aid may be granted to a merchant which conforms to the following conditions at the time of granting the aid:

39.1. it is registered with the Commercial Register of the Republic of Latvia;

39.2. it is a large merchant which corresponds to the definition specified in Article 2(24) of Commission Regulation No 651/2014 or a medium-sized merchant which complies with the criteria specified in Article 2(1) of Annex I to Commission Regulation No 651/2014 and exceeds the criteria specified in Article 2(2) of Annex I to Commission Regulation No 651/2014, or a small merchant which meets the criteria specified in Article 2(2) of Annex I to Commission Regulation No 651/2014, or a micro merchant which meets the criteria specified in Article 2(3) of Annex I to Commission Regulation No 651/2014;

39.3. according to the information available in the database of debtors of taxes (fees) administered by the State Revenue Service, it has no tax or fee debts which in total exceed EUR 150, except for the tax payments for the covering of which an extension of the payment term has been granted or an arrangement contract has been entered into. The conditions shall be checked until issuing of the loan is commenced;

39.4. the merchant, including when evaluated at the level of a group of a linked group, is not considered as an enterprise in difficulty in accordance with Article 2(18) of Commission Regulation No 651/2014, except for the exception referred to in Article 1(4)(c) of Commission Regulation No 651/2014 – if the aid is provided as regional aid in accordance with Article 14 of Commission Regulation No 651/2014;

39.5. the order on recovery of funds does not apply to the merchant, including when evaluated at the level of a group of a linked group, in accordance with Article 1(4)(a) of Commission Regulation No 651/2014 – if the aid is provided as regional aid in accordance with Article 14 of Commission Regulation No 651/2014;

39.6. none of these cases is applicable to the merchant:

39.6.1. the merchant or a person who is a member of the executive board or supervisory board or a general representative of the merchant, or a person who is authorised to represent the merchant in activities related to the branch, has been found guilty of any of the following criminal offences by such prosecutor’s penal order or court judgment that has entered into effect and has become non-contestable and non-appealable:

39.6.1.1. the establishment, management of a criminal organisation, the involvement therein or an organised group in its composition or in another criminal formation or the participation in criminal offences committed by such organisation;

39.6.1.2. accepting bribes, bribery, misappropriation of bribe, intermediation in bribery, unauthorised accepting of benefits or commercial bribery, unlawful requesting, accepting, or giving of benefits, trading with influence;

39.6.1.3. fraud, misappropriation, or money laundering;

39.6.1.4. evasion of tax payments and payments equivalent thereto;

39.6.1.5. terrorism, financing of terrorism, establishment or organising of a terrorist group, travelling for terrorism purposes, justification of terrorism, incitement to terrorism, threats of terrorism, or recruitment, training of a person, and training for terrorism;

39.6.1.6. trafficking in human beings;

39.6.1.7. movement of such goods and substances the circulation of which is prohibited or specially regulated across the State border of the Republic of Latvia;

39.6.1.8. unlawful participation in property transactions;

39.6.2. the merchant or a person who is a member of the executive board or supervisory board or a general representative of the merchant, or a person who is authorised to represent the merchant in activities related to the branch, by such a decision of the competent authority in the relevant field, prosecutor’s penal order, or court judgment which has entered into effect and has become non-contestable and non-appealable has been found guilty of and punished for a violation manifesting as:

39.6.2.1. employment of one or several persons if they do not have the necessary work permit or if they are not entitled to stay in a European Union Member State;

39.6.2.2. employment of a person without a written employment contract;

39.6.3. the merchant or a person who is a member of the executive board or supervisory board or a general representative of the merchant, or a person who is authorised to represent the merchant in activities related to the branch, by such a decision of the competent authority in the relevant field or court judgment which has entered into effect and has become non-contestable and non-appealable has been found guilty of violating the competition law manifested as a vertical agreement aimed at restricting the opportunity of a purchaser to determine the resale price, or horizontal cartel agreement, except for the case when the relevant authority, upon determining violation of competition law, has released the merchant from a fine or has reduced the fine for cooperation within the scope of the leniency programme;

39.6.4. economic activity of the merchant is suspended or discontinued or the merchant is being liquidated;

39.6.5. by such decision of the competent authority in the relevant field or court judgment which has entered into effect and has become non-contestable and non-appealable, the merchant has been found guilty of and punished for a violation manifested as failure to submit an informative declaration on employees which is to be submitted, within the term specified in the laws and regulations, in respect of the persons who commence work.

[*24 October 2023; 18 June 2024*]

39.1 The company Altum shall not reject the loan application of the merchant if from the date when the following has become non-contestable and non-appealable:

39.1 1. a court judgment, a prosecutor’s penal order, or a decision taken by another competent authority in relation to the violations referred to in Sub-paragraph 39.6.1 or 39.6.2.1 of this Regulation, three years have passed until the date of submission of the loan application;

39.1 2. a court judgment or a decision taken by another competent authority in the relevant field in relation to the violations referred to in Sub-paragraph 39.6.2.2 or 39.6.3 of this Regulation, 12 months have passed until the date of submission of the loan application.

[*24 October 2023*]

39.2 The company Altum shall obtain information on the cases specified in Sub-paragraphs 39.6.1, 39.6.2, and 39.6.3 of this Regulation from the State Information System “Punishment Register” under supervision of the Information Centre of the Ministry of the Interior. The company Altum shall obtain information from the Competition Council on the case of exception specified in Sub-paragraph 39.6.3 of this Regulation when the relevant authority, when establishing a violation of the competition law, has released the merchant from the fine or has reduced the fine for cooperation within the scope of the leniency programme.

[*24 October 2023*]

40. If the aid is provided as regional aid in accordance with Article 14 of Commission Regulation No 651/2014, the investments in tangible assets (in accordance with Article 2(29) of Commission Regulation No 651/2014) and intangible assets (in accordance with Article 2(30) of Commission Regulation No 651/2014) shall be aided in conformity with the following conditions:

40.1. the eligible costs of the project shall be the initial investments in accordance with Article 2(49)(a) of Commission Regulation No 651/2014;

40.2. the assets are new;

40.3. the costs related to lease of tangible assets shall be eligible if the conditions referred to in Article 14(6) of Commission Regulation No 651/2014 are complied with;

40.4. intangible assets shall conform to the conditions referred to in Article 14(8) of Commission Regulation No 651/2014. For large merchants, intangible assets may be financed up to 50 % of the total eligible costs of investments; For micro, small, or medium-sized merchants, intangible assets may be funded in the amount of up to 100 %.

[*18 June 2024*]

41. The aid shall be used for the following objectives:

41.1. digitisation of the traditional processes;

41.2. purchase and implementation of industry 4.0 solutions (automated equipment, robot solutions, sensor networks and communication technologies, technologies of artificial intelligence solution technologies, and other solutions corresponding to the objective of the Investment, using information and communication technologies) (foreseeing both the necessary equipment and software components) according to the specifics of the principal activity of the merchant;

41.3. purchase of systems and equipment functioning in 5G network;

41.4. data storage solutions;

41.5. restoration and optimisation of existing production and other equipment necessary for the digitisation of processes and purchase of new equipment;

41.6. purchase of new equipment in the field of information and communication technologies in relation to the use of information and communication technology products in the production process;

41.7. creation and provision of operations of solutions or systems running on a single platform (platform economy).

42. The aid shall not be used for the following costs and they shall not be included in the eligible costs of the project:

42.1. purchase of standard office equipment or computer hardware;

42.2. support for the current software and information systems;

42.3. supplementation of the current programmes with a new functionality for users;

42.4. adjustment of the current software;

42.5. preparation of the user documentation;

42.6. covering of value added tax. Costs of value added tax shall also not be included in the total costs of the investment project;

42.7. purchase of immovable property, including land;

42.8. construction costs unless they are the minimum necessary construction costs for the installation of equipment purchased in the project which do not exceed 10 % of the eligible costs of the project.

[*24 October 2023*]

43. In order to receive regional aid in accordance with Article 14 of Commission Regulation No 651/2014, the merchant must comply with the following conditions:

43.1. the aid provided has an incentive effect in accordance with the features referred to in Article 6(2) of Commission Regulation No 651/2014:

43.1.1. the loan application referred to in Paragraph 25 of this Regulation conforms to the requirements included in Article 6(2) of Commission Regulation No 651/2014 regarding the information to be included in the application and it has been submitted before commencement of works in the project;

43.1.2. if other public funding is attracted to the project, the work on the project may be commenced when the application has been submitted in all the institutions where it has been applied for aid and the decision to grant the aid has been taken or an agreement has been entered into if the aid is not granted by the decision;

43.2. after completion of the project, initial investments remain in Latvia in the relevant level 3 region of the NUTS aid intensity (according to the data of 2021) where the project to be aided is being implemented or remain in Latvia in any region if the aid is granted, taking into account Sub-paragraph 37.2 of this Regulation, for at least five years (for large merchants) or three years (for micro, small, or medium-sized merchants) in accordance with Article 14(5) of Commission Regulation No 651/2014.

[*18 June 2024*]

44. If the conditions of Commission Regulation No 651/2014 are violated, the merchant has the obligation to reimburse to the company Altum the unlawful aid for commercial activity received within the scope of the project, together with interest using funds free of aid for commercial activity, in accordance with the conditions of Chapter IV or V of the Law on Control of Aid for Commercial Activity.

[*24 October 2023*]

45. The amounts of funding from the Recovery and Resilience Facility of the European Union disbursed without justification or used without authorisation as a result of implementation of the Investment, which have been recovered by the company Altum, may be re-used within the scope of this Investment if the recovered funds are used for the same purpose for which they were initially intended.

46. [18 June 2024]

47. If the aid is provided as the *de minimis* aid in accordance with Commission Regulation No 2023/2831, the following conditions must be complied with:

47.1. if the merchant is operating in the sectors not to be aided and referred to in Sub-paragraph 62.1 1 of this Regulation, the *de minimis* aid may only be granted if the aid applicant ensures the operation of sectors or the separation of accounting so that, in accordance with Article 1(2) of Commission Regulation No 2023/2831, activities in the sectors not to be aided do not benefit from the *de minimis* aid granted in accordance with Commission Regulation No 2023/2831. If the merchant simultaneously operates in one or several sectors referred to in Sub-paragraphs 62.1 2, 62.1 3, 62.1 4, 62.1 5, 62.1 6, 62.1 7, 62.1 8, 62.1 9, 62.1 10, 62.1 11, 62.1 12, 62.1 13, 62.1 14, 62.1 15, and 62.116 of this Regulation, the *de minimis* aid may be granted only if it ensures the operation of such sectors or the separation of accounting;

47.2. the *de minimis* aid shall not be granted to the merchant for whom insolvency proceedings have been declared by a court judgment, legal protection proceedings have been initiated or are being implemented, or if the merchant meets the criteria laid down in the laws and regulations on the basis of which the creditor may request insolvency proceedings and to a large merchant if its credit rating is below “B–” which is indicated in Annex to this Regulation;

47.3. if the conditions of Commission Regulation No 2023/2831 are violated, the merchant has the obligation to reimburse to the company Altum the unlawful *de minimis* aid received within the scope of the project, together with interest using funds free of aid for commercial activity, in accordance with the conditions of Chapter IV or V of the Law on Control of Aid for Commercial Activity;

47.4. in order to receive aid, the merchant shall submit information to the company Altum on the *de minimis* aid received previously in accordance with the laws and regulations regarding the procedures for recording and granting the *de minimis* aid and the sample accounting forms of the *de minimis* aid. The merchant shall submit a filled-in print-out of the *de minimis* aid form or inform of the identification number of the form created and approved in the accounting system of the *de minimis* aid;

47.5. when granting the *de minimis* aid, the aid provider shall check whether the planned *de minimis* aid together with the *de minimis* aid granted in the previous three years, counting from the date of granting the aid, does not exceed the maximum amount of the *de minimis* aid specified in Article 3(2) of Commission Regulation No 2023/2831 at the level of a single undertaking, and also complies with the conditions of Article 3(8) of Commission Regulation No 2023/2831 in case of a merger or acquisition of enterprises and the conditions of Article 3(9) of Commission Regulation No 2023/2831 in case of the division of an enterprise;

47.6. capital discount shall not be granted and applied to the loan or parallel loan by the company Altum if it exceeds the limits specified in Sub-paragraph 47.5 of this Regulation;

47.7. investments in acquisition of new assets and the costs related to the lease of intangible assets shall be aided.

[*18 June 2024*]

**III. Procedures and Conditions for the Application for Aid**

48. The company Altum shall grant a loan or parallel loan in accordance with the conditions referred to in this Regulation.

49. The minimum amount of the loan or parallel loan by the company Altum shall be EUR 100 000 and the maximum amount shall be EUR 5 000 000.

[*18 June 2024*]

50. The term of the loan or parallel loan granted by the company Altum shall be determined, taking into account the specific nature of the sector of the merchant, the economic cycle, the purpose of the use of the loan, and the lifetime and amortisation period of the assets to be acquired. The term of the loan or parallel loan by the company Altum, including its extension (if applicable), shall not exceed 10 years.

51. The extension of the term of the loan or parallel loan by the company Altum shall be possible, without exceeding the maximum loan term specified in Paragraph 50 of this Regulation:

51.1. for the loan or parallel loan by the company Altum which is equal to the capital discount granted;

51.2. for the loan or parallel loan by the company Altum which exceeds the capital discount granted:

51.2.1. if the aid is initially provided in accordance with Paragraph 22 or 22.1 of this Regulation and extension of the term does not cause exceedance of the amount and intensity of the intentionally granted State aid, ensuring the aid transparency conditions laid down in Article 4 of Commission Regulation No 2023/2831 or Article 5 of Commission Regulation No 651/2014, i.e. new aid is not granted;

51.2.2. if it is the new aid which is provided as the *de minimis* aid in accordance with Commission Regulation No 2023/2831 and if the aid was also initially provided as the *de minimis* aid in accordance with Commission Regulation No 2023/2831. If the merchant conforms to the requirements of Commission Regulation No 2023/2831, aid shall be granted to the merchant when the company Altum has taken a new decision in which the maximum amount of the aid is specified.

[*24 October 2023; 18 June 2024*]

52. The merchant shall commence repayment of the principal amount of the loan or parallel loan by the company Altum within eight months after completion of the project if no opinion has been received or a negative opinion has been received. The part of the principal amount of the loan or parallel loan which has been repaid by the merchant to the company Altum until the moment when a positive opinion has been received shall not be returned to the merchant and the capital discount available to the project is reduced by this amount.

53. Capital discount shall be up to 35 % of the total amount of the investment project but not more than EUR 200 000, without exceeding the permissible aid intensity specified within the scope of this Regulation or the amount of the *de minimis* limit available to the merchant.

[*18 June 2024*]

54. Capital discount may be applied to the loan or parallel loan by the company Altum if the merchant has submitted a positive opinion not later than within six months after completion of the project.

55. If a negative opinion has been received or an opinion on the project is not submitted to the company Altum within the time limit specified in Paragraph 54 of this Regulation, capital discount is not applied.

56. The merchant shall ensure information and publicity measures in accordance with Article 34 of Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility and Article 10 of the Recovery and Resilience Facility Financing Agreement between the Commission and the Republic of Latvia, and also in accordance with the publicity requirements laid down in the loan agreement with the company Altum.

**IV. Calculation of Grant Equivalent and Aid Cumulation**

57. The grant equivalent for the loan or parallel loan by the company Altum shall be calculated according to the following procedures:

57.1. the grant equivalent for the loan or parallel loan by the company Altum which is equal to the capital discount granted shall be equal to the amount of the loan or parallel loan by the company Altum granted to the merchant;

57.2. the total grant equivalent for the loan or parallel loan by the company Altum which exceeds the capital discount granted shall be calculated and determined by adding up the parts of the grant equivalent for the part of the loan or parallel loan by the company Altum which is equal to the capital discount granted and the part of the loan or parallel loan of the company Altum which exceeds the amount of the capital discount granted:

57.2.1. the grant equivalent for the part of the loan or parallel loan by the company Altum which is equal to the capital discount granted shall be equal to the amount of the capital discount granted to the merchant;

57.2.2. the grant equivalent for the part of the loan by the company Altum which exceeds the amount of the capital discount granted shall be calculated together for the whole aid period, deducting the actually applicable amount of interest from the amount of interest to be paid according to the reference rate specified for the relevant period by the European Commission (the reference and risk rates are published on the website of the Directorate-General for Competition of the European Commission) and also the risk rate the percentage amount of which is determined according to the rating of the loan recipient issued by the company Altum and the security offered;

57.2.3. the grant equivalent for the part of the parallel loan by the company Altum which exceeds the amount of the capital discount granted shall be calculated together for the whole aid period, deducting the actually applied amount of interest from the amount of interest to be paid according to the reference rate specified for the relevant period by the European Commission (published on the website of the Directorate-General for Competition of the European Commission) and also the risk rate the percentage amount of which is determined according to the rating of the loan recipient issued by the company Altum and the security offered but not less than in the amount of 650 reference points.

[*24 October 2023*]

58. The aid which has been granted as regional aid in accordance with Article 14 of Commission Regulation No 651/2014:

58.1. may be cumulated with other State aid the eligible costs of which cannot be determined, without exceeding the funding intensity and amount provided for in this Regulation and without exceeding the amount of the maximum public funding or maximum threshold thereof which has been determined in another State aid programme, *ad-hoc* aid project, or decision of the European Commission;

58.2. for the same eligible costs may not be cumulated with the aid which is provided according to the decisions of the European Commission taken in conformity with the Communication from the Commission of 19 March 2020, Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak (C(2020)1863);

58.3. may be cumulated with the funding granted within the scope of this or another aid programme or *ad-hoc* aid project, including for the same eligible costs, and with *de minimis* aid, provided that the funding granted within the scope of this Regulation together with the funding granted within the scope of this or another aid programme or *ad-hoc* aid project does not exceed the maximum permissible intensity of regional financing as specified in Paragraph 35 of this Regulation;

58.4. may not be cumulated with the regional aid within the scope of other regional aid projects or programmes in respect of aid for wage costs.

[*18 June 2024*]

59. The *de minimis* aid granted within the scope of this Regulation may be cumulated with other *de minimis* aid, including in relation to the same eligible costs, up to the relevant threshold specified in Article 3(2) of Commission Regulation No 2023/2831, and may also be cumulated with other aid for commercial activity, including in relation to the same eligible costs (also within the scope of this programme), or other State aid for the same risk funding measure if the relevant maximum aid intensity or the amount of aid specified in the programme for aid for commercial activity, *ad-hoc* decision, or decision of the European Commission is not exceeded. The *de minimis* aid may be cumulated with other *de minimis* aid for the same costs if, after cumulation of aids, the relevant maximum aid intensity for a unit of aid or item of costs does not exceed 100 %.

[*18 June 2024*]

**V. Aid Accounting, Sectors and Activities not to be Aided**

60. The company Altum shall:

60.1. ensure recording of information on the provided funding in accordance with Article 12 of Commission Regulation No 651/2014 and store it for 10 years from the date when the last aid was granted in accordance with this Regulation and shall, upon request, submit information to the Ministry of Economics, the Ministry of Finance as the audit authority, the co-ordinator of the Plan for the European Recovery and Resilience Facility, the Central Finance and Contracting Agency, or the European Commission;

60.2. ensure the supervision of the State aid conditions;

60.3. publish the information on the aid issued as regional aid in accordance with Article 14 of Commission Regulation No 651/2014 in accordance with the requirements for publicity measures laid down in Article 9(1) and (4) of Commission Regulation No 651/2014 and in accordance with the laws and regulations regarding the procedures for the publication of the information on the State aid provided and for granting and cancelling the right to use the electronic system;

60.4. publish on its website the list of all those merchants which have received a loan in accordance with this Regulation. The amount of the loan by the company Altum and the capital discount granted to the merchant shall be indicated in the list;

60.5. store all data related to the *de minimis* aid for 10 years from the date when the last *de minimis* aid was granted in accordance with this Regulation;

60.6. ascertain that, when providing the aid, double funding for the same eligible costs is not granted to the merchant;

60.7. ensure increased information and publicity measures in accordance with Article 34 of Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility and Article 10 of the Recovery and Resilience Facility Financing Agreement between the Commission and the Republic of Latvia, ensuring at least one conference for the implementation of the objectives referred to in Paragraph 41 of this Regulation.

[*24 October 2023; 18 June 2024*]

61. The merchant shall:

61.1. ensure recording of information on the provided funding in accordance with Article 12 of Commission Regulation No 651/2014 and store it for 10 years from the date when, in accordance with Paragraph 22.1 of this Regulation, regional aid was granted in accordance with Article 14 of Commission Regulation No 651/2014 and shall, upon request, submit information to the Ministry of Economics, the Ministry of Finance as the audit authority, the co-ordinator of the Plan for the European Recovery and Resilience Facility, the Central Finance and Contracting Agency, or the European Commission;

61.2. justify in the loan application for granting regional aid in accordance with Paragraph 22.1 of this Regulation and ensure during the project implementation distinguishing of activity or costs in accordance with Article 1(3) of Commission Regulation No 651/2014 if it is simultaneously operating in sectors and activities to be aided and not to be aided;

61.3. store the information on the *de minimis* aid granted in accordance with Commission Regulation No 2023/2831 for 10 years from the date of granting the aid.

[*18 June 2024*]

62. The “do no significant harm” principle shall be applied in the implementation of an investment project in accordance with Article 5(2) of Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility. When entering into a contract with the final beneficiary for the implementation of the investment project, the company Altum shall include information therein that it does not aid initiatives which cause significant harm. Conformity with the requirements of this Paragraph shall be ensured throughout the implementation of the investment project of the final beneficiary. The following shall be considered as activities which violate the “do no significant harm” principle:

62.1. activities detrimental to the prevention and control of environmental pollution, except for cases if the final beneficiary has obtained a permit for carrying out such activities;

62.2. activities which are related to the generation of greenhouse gas emissions, except for cases if the final beneficiary has obtained a permit for carrying out such activities;

62.3. activities detrimental to the protection and restoration of biological diversity and ecosystems if the abovementioned activity causes harm to the good condition and resilience of ecosystems or causes harm to the conservation status of habitats and species, including habitats and species of European Union importance, except for cases if the final beneficiary has obtained a permit for carrying out such activities;

62.4. activities detrimental to the good condition of water bodies or the good ecological potential thereof, including surface water and groundwater, or the good environmental condition of maritime waters, except for cases if the final beneficiary has obtained a permit for carrying out such activities;

62.5. activities detrimental to the circular economy, including the waste prevention and recycling, causing a significant lack of effectiveness in the use of materials or in such direct or indirect use of natural resources as non-renewable energy resources, raw materials, water and land in one or more stages of the product cycle, including in terms of product durability, repairability, upgradeability, reusability, or recyclability.

[*24 October 2023*]

62.1 The aid shall not be provided to the following activities, sectors, equipment, and merchants:

62.1 1. the sectors and activities specified in Article 1(1) of Commission Regulation No 2023/2831 and not to be aided if the final beneficiary is applying for aid in accordance with Commission Regulation No 2023/2831;

62.1 2. trade in weapons and ammunition (Nomenclature of Economic Activities in the European Communities Revision 2 (hereinafter – NACE Rev. 2), Class 47.78 “Other retail sale of new goods in specialised stores”);

62.13. gambling and betting activities (Division 92 “Gambling and betting activities” of NACE Rev. 2);

62.14. manufacture and sale of tobacco products (Division 12 “Manufacture of tobacco products”, Class 46.35 “Wholesale of tobacco products” and Class 47.26 “Retail sale of tobacco products in specialised stores” of NACE Rev. 2);

62.15. sale of alcohol (Class 46.34 “Wholesale of beverages” and Class 47.25 “Retail sale of beverages in specialised stores” of NACE Rev. 2);

62.16. activities with real estate (Section L “Real estate activities”, Group 68.1 “Buying and selling of own real estate” and Class 68.31 “Real estate agencies” of NACE Rev. 2);

62.17. treatment and disposal of waste, processing of materials (Class 38.21 “Treatment and disposal of non-hazardous waste” and Class 38.22 “Treatment and disposal of hazardous waste” of NACE Rev. 2);

62.1 8. the sectors and activities specified in Article 1(2)(c) and (d) of Commission Regulation No 651/2014 and not to be aided if the final beneficiary is applying for aid in accordance with Commission Regulation No 651/2014;

62.1 9. the sectors and activities specified in Article 1(3) of Commission Regulation No 651/2014 and not to be aided in accordance with the definitions specified in Article 2(8), (9), (10), and (11) of Commission Regulation No 651/2014 if the final beneficiary is applying for aid in accordance with Commission Regulation No 651/2014;

62.1 10. the sectors specified in Article 13(a) and (b) of Commission Regulation No 651/2014 if the final beneficiary is applying for aid in accordance with Commission Regulation No 651/2014:

62.110.1. the sectors specified in Article 13(a) of Commission Regulation No 651/2014 in accordance with the definitions specified in Article 2(13), (43), and (43a) of Commission Regulation No 651/2014;

62.110.2. the sectors specified in Article 13(b) of Commission Regulation No 651/2014 in accordance with the definitions specified in Article 2(45) and (130) of Commission Regulation No 651/2014 and the development of a broadband network;

62.110.3. (Deleted);

62.110.4. (Deleted);

62.110.5. (Deleted);

62.110.6. (Deleted);

62.110.7. (Deleted);

62.110.8. (Deleted);

62.1 11. purchase and lease of the equipment and software which is related to the collection, storage, treatment, processing, and disposal of waste;

62.1 12. activities related to fossil fuel, including its derived use, including for electricity or heat production projects and also projects of linked transmission and distribution infrastructures, using natural gas;

62.1 13. activities related to landfills of waste, incineration facilities, and mechanical biological treatment facilities;

62.1 14. activities in relation to the Emissions Trading Scheme in order to achieve the projected CO2 emissions;

62.115. financial and insurance activities (Section K “Financial and insurance activities” of NACE Rev. 2);

62.1 16. implementation of commenced projects if the aid is granted as regional aid in accordance with Article 14 of Commission Regulation No 651/2014.

[*24 October 2023; 18 June 2024*]

**VI. Closing Provisions**

63. The decision to grant regional aid in accordance with Paragraph 22.1 of this Regulation may be taken until expiry of validity of Commission Regulation No 651/2014 but not later than by 31 December 2025.

[*18 June 2024*]

64. The decision to grant the *de minimis* aid in accordance with Paragraph 22 of this Regulation shall be taken in compliance with the time limit referred to in Article 7(3) and Article 8 of Commission Regulation No 2023/2831.

[*18 June 2024*]

65. If the loan application to the company Altum has been submitted by 9 April 2024, the company Altum shall examine it in accordance with the procedures laid down in this Regulation which was in force as on the date of submitting the application.

[*18 June 2024*]

Acting Prime Minister – Deputy Prime Minister, Minister for Defence A. Pabriks

Minister for Economics I. Indriksone

**Annex**

Cabinet Regulation No. 421

5 July 2022

[*18 June 2024*]

**Annual Rates of the Safe-harbour Premium**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| No. | Credit quality class | Standard and Poor’s rating | Fitch rating | Moody’s rating | Annual rate of the safe-harbour premium | | |
| Level of security1 | | |
| high | normal | low |
| 1. | Highest credit quality | AAA | AAA | Aaa | 0.4 % | 0.4 % | 0.4 % |
| 2. | Very strong solvency | AA +  AA  AA – | AA +  AA  AA – | Aa 1  Aa 2  Aa 3 | 0.4 % | 0.4 % | 0.4 % |
| 3. | Adequate solvency | BBB +  BBB  BBB – | BBB +  BBB  BBB – | Baa 1  Baa 2  Baa 3 | 0.8 % | 0.8 % | 0.8 % |
| 4. | Solvency is vulnerable to adverse conditions | BB +  BB | BB +  BB | Ba 1  Ba 2 | 2 % | 2 % | 2 % |
| 5. | Solvency is likely to be impaired by adverse conditions | BB –  B + | BB –  B + | Ba 3  B 1 | 3.8 % | 3.8 % | 3.8 % |
| B  B – | B  B – | B 2  B 3 | 6.3 % | 6.3 % | 6.3 % |
| 6. | Solvency is dependent upon sustained favourable conditions | CCC +  CCC  CCC –  CC | CCC +  CCC  CCC –  CC  C | Caa 1  Caa 2  Caa 3 | – | – | – |
| 7. | In or near default | SD  D | DDD  DD  D | Ca  C | – | – | – |

Note. 1High level of security – losses in case of default are 30 % or less. Normal level of security – losses in case of default are from 31 % to 59 %. Low level of security – losses in case of default are more than 60 %. The annual rate of the safe-harbour premium for newly-established performers of economic activity is 3.8 % but not less than the rate of the safe-harbour premium applied to the parent undertaking.