



EUROPEAN COMMISSION
DIRECTORATE-GENERAL FOR COMPETITION

Annual report on State aid expenditure Guidelines for Member States

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WHAT IS NEW?

This year it is possible to complete the reporting also using the new **bulk upload functionality**.

HOW TO COMPLETE THE REPORT

Under Commission Regulation (EC) 794/2004, the Member States must provide, annually, State aid expenditure reports. In order to facilitate Member States' reporting obligation, SARI2 provides a list of State aid measures known to the Commission¹. These measures contain pre-filled information² known at the time of the approval of the aid or, for GBER measures, indicated on the summary information sheet. Please verify carefully this information.

Change request

If an error is detected, the case should be sent back to the Commission by using the functionality "change request"³. The "Change request" functionality is available for the profile "user" and for cases in "received" status. This request must be approved afterwards by the "signatory". To ensure a quick treatment of the request, please also send an email to comp-SARI2@ec.europa.eu. After verification, the Commission services will make the appropriate changes to the pre-filled information and send the case back to you in the SARI2 application.

Cases approved and GBER info sheets registered before the last expenditure year

All cases arrive on the Member State's side in "received status". Before starting to report expenditure, you may generate or modify expenditure rows and then turn them into "draft" mode. To display the content of a case, simply select and open the individual case from the list in the overview. If no change to the reporting rows is needed, then simply click on "draft" and the rows created and the expenditure previously encoded will reappear, in the state they were in the previous reporting exercise. If some rows have to be added or deleted (for instance in case no expenditure was ever reported for this row), the user can make necessary changes and then change the status to "draft". Once the measure is in status "draft", the user can start fill in the expenditure amounts in the respective expenditure rows.

SARI2 allows users to encode expenditure information, co-financing information, permanent remarks and comments on both the entire case and on individual expenditure rows.

¹ It is recalled that the service offered by the Commission does not exempt the Member States from the responsibility to report on any aid expenditure, whether or not reported in the list.

² See Annex III A of Commission Regulation (EC) No 794/2004 of 21 April 2004 implementing Council Regulation (EC) No 659/1999 laying down detailed rules for the application of Article 93 of the EC Treaty, Official Journal L 140, 30.04.2004.

³ The "change request" function was previously limited to new cases, it is now available for all cases.

Where applicable⁴, Member States can also set a measure to the “expired” status. “Expired measures” will not be resent for reporting in the following reporting exercise.

Cases approved and GBER info sheets registered during the last expenditure year

Cases approved by the Commission or block-exempted last year have been added automatically to SARI2 for this reporting exercise. For these cases, the reporting rows have to be generated for the first time by a user with the profile “User”.

The user creates for each new case the relevant rows for the reporting year. The user selects from drop down lists the objective(s), instrument(s), sector(s), region(s) and other relevant variables for which State aid expenditure will be reported. The expenditure rows are created on this basis, and are now ready for reporting.

SARI2 allows selecting only one instrument and one objective per expenditure row. Where the aid was channeled through multiple instruments/for multiple objectives, multiple rows should be created with the relevant instruments/objectives.

For cases notified or submitted before the last expenditure year, it is not possible to delete an existing expenditure row if expenditure has been already reported in it. However, new rows can be added or rows for which expenditure has never been reported can be deleted.

When all relevant expenditure rows have been created/adjusted, the case can be turned into “draft” by clicking on the “draft” button and expenditure amounts can be reported.

This workflow is explained in details in ANNEX II and in the user's manual. Member States users can find in the SARI2 user manual and a link to a YouTube playlist, a detailed description of relevant screens and workflows as implemented in the SARI2 application⁵.

DEADLINE

Member States should ensure that the complete annual report is returned to the Commission by validation in SARI2 by 30 June of this year at the latest, as laid down in Article 6 of Commission Regulation (EC) 794/2004.

WHOM TO CONTACT

Member States can contact the Commission using the functional mailbox on COMP-SARI2@ec.europa.eu

⁴ When no more expenditure under this measure is expected in the future

⁵ SARI2 at the top menu on the right (? Icon).

ANNEX A: DESCRIPTION OF SOME DATA FIELDS

State aid case section

- **Field "Aid no.":** State Aid registration number attributed by the Commission services. If there is no number, please put a reference to the Commission decision in the Member State Permanent Remark (if not yet done). This should happen only for old cases.
- **Field "Aid Link":** Reference to a previous State aid number, e.g. following a renewal/prolongation or an amendment.
 - If an old State aid measure is prolonged via a new Commission decision with a new aid number, please report the expenditure which was disbursed until the expiration date of the old measure under the old aid number and afterwards please mark this measure as expired. From the moment the new measure becomes operational, please report the expenditure which was disbursed from the date the measure with the new aid number was valid, under the new number.

Field "Expired": In SARI2, "expired" means that there won't be expenditure anymore under this measure.

- Expired cases will not appear in the list of cases to report the following year.
- Moreover, when a measure is completed before its formal end date, Member States users can set it to expire even if it has not reached their formal end date
- If a user sets a case to expire by mistake, the case can be reactivated by pushing the button "Set to expire no". If the measure has already been submitted to the Commission, only the Commission can reactivate the case.
- **Field "Type of aid":** Aid measures are distinguished by 3 categories:
 - scheme,
 - individual application within a scheme, and
 - *ad hoc* aid, which is individual aid awarded outside of a scheme.

For individual aid granted within a scheme, please encode the amount of the expenditure twice; once under the individual aid measure and once under the corresponding scheme.

If the qualification "Ad Hoc" or "individual application" is wrong (for example Individual application within a scheme is encoded rather than ad hoc) please request a change by using the "change request" button and send an email to COMP-SARI2@ec.europa.eu. This distinction is important for the aggregation of data in the State aid Scoreboard.

- **Field "Co-financed":** SARI2 indicates for every case whether it is co-financed or not. This is based on information provided in the notification or summary information sheet. For all

cases with a decision year \geq 2016, the co-financed information is automatically pre-filled, when the information is available in the notification form or the summary information sheet. For other cases, the "Co-financed" status must be changed by Member State users if necessary.

- **Field "Member State permanent remarks":** Member States can use this field to enter useful information about the case which is not related to an individual year or particular expenditure. From 2015 on this field is only active for Member State users.
- **Field "European Commission permanent remarks":** DG COMP uses this field to mention useful information about the case which is not specifically related to an individual year or particular expenditure. This field is only active for European Commission users.
- **Fields "Duration start" and "Duration end":** this data refer to information which was available when the aid was authorised. If this information was not provided by the Member States, the DG COMP case team may have made an estimate of the duration of the aid measure. If you want this information to be changed, please enter a request by using the "change request" button and send an email to COMP-SARI2@ec.europa.eu .
- **Fields "Annual budget" and "Overall Budget":** The fields contain information for the annual and/or total measure budget as declared by Member States in SANI. Depending of the case type, information can be available only in the field Annual or in the field Overall budget. A scheme will normally have an annual budget while an ad hoc measure will only contain information on the total budget.
- **Fields "Total aid amount" and "Total annual aid amount":** In order to facilitate the verification by the Member States of the expenditure figures, the sum of all the aid amounts over all the years (including the amount in the reporting year) is computed in the "Total aid amount" field. In the "Total annual aid amount" field the total aid amount for the reporting year is reported.

"Case Expenditure Rows" section

- **Field "Aid instrument":** The name of the aid instrument is taken from the information provided in the notification or the summary information sheet. If the information is not complete and should be changed, please enter a request by using the "change request" button and send an email to COMP-SARI2@ec.europa.eu.
- **Field "Objectives":** Data referring to the objectives:
 - **Field "Primary objective":** Data refer to the objective (only applicable for non-block exempted measures) of the aid at the time the aid was approved and not to the final beneficiaries of the aid. If an aid scheme has several primary objectives, separate rows can be created in SARI2.

- **Field "Secondary objective":** this field appears only for non-block exempted measures and provides the secondary objective for which the aid was exclusively earmarked at the time the aid was approved⁶.
 - **Field "Objective":** this field appears for block exempted measure only and provides the block exempted measure objective, from a list pre-filled with the objectives on the summary information sheet.
- If the information is not complete and should be changed, please enter a request by using the "change request" button and send an email to COMP-SARI2@ec.europa.eu .
 - **Field "Assisted region(s) Art.107(3)":** Aid may at the time of approval be exclusively earmarked for a specific region or a group of regions. A distinction is made between the following categories: "A" refers to Article 107(3)(a) TFEU regions, "C" referring to Article 107(3)(c) TFEU regions, "M" referring to regions of which a part falls under Article 107(3)(a) TFEU and a part under Article 107(3)(c) TFEU and "N" or no value corresponds with non-assisted regions.
 - **Field "Sector":** Values here refer to the single sector for which the aid was earmarked at the time the aid was approved and not to the final beneficiaries of the aid.

[Fields Expenditure: Expenditure information presented here concerns non-crisis aid.](#)

The aid instrument for a measure defines whether the Member States should report expenditure only in the field "aid element" or both in this column and in the column "nominal amount".

An extra field "nominal amount" will be created automatically in SARI2⁷ whenever the aid instrument is:

- Equity instruments
- Fiscal Measure
- Guarantee
- Guarantee (where appropriate with a reference to the Commission decision (10))
- Guarantee (where appropriate with a reference to the Commission decision (9))
- Hybrid capital instruments (convertible bonds)
- Loan/ Repayable advances
- Other
- Other forms of equity intervention
- Other forms of tax advantage
- Other hybrid capital instruments
- Provision of risk capital
- Provision of risk finance
- Reimbursable grant

⁶ For example, a scheme for which the primary objective is R&D may have as a secondary objective SME if the aid was earmarked exclusively for SMEs.

⁷ For example: A loan of EUR 100 million is granted under a particular aid measure. Hence, the nominal amount of the loan is EUR 100 million while the aid element is much smaller, e.g. EUR 1 million.

- Repayable advances
- Soft loan
- Subordinated debt
- Subsidised services
- Tax deferment

Note that the aid element cannot be higher than the nominal amount. Also, it should be lower than the nominal value for repayable instruments. If you cannot provide the exact amount of the aid element, please provide an estimate. Based on historical data, a reasonable estimate can be reached using the following proportions:

- For guarantees, if you only know the capital value guaranteed, the aid element can be estimated at 10% of the nominal amount.
- For loans, subordinated debt or tax deferment, the aid element can be estimated at 15% of the nominal amount.
- For reimbursable grants and repayable advances, the aid element can be estimated at 90% of the nominal amount.

Please fill out the actual expenditure (or actual revenue foregone in the case of tax expenditure). If final data on payments is not yet available, please provide the amounts corresponding to commitments or budget appropriations and choose the appropriate value in the "Type of data" column (see also the explanation on Field "Type of data"). Figures shall be expressed in the national currency which is in force at the time of the reporting period.

In line with the principle of own responsibility for the correctness and quality of the data reported, as of this year, Member States do not have to justify any longer why no expenditure has been made on an active aid measure. Therefore they can report zero as expenditure or disable the expenditure without having to give additional explanation.⁸

When Member States report expenditure for cases for which a recovery procedure has been launched (final decision = "Negative decision with recovery"), the full amount of the aid disbursed has to be reported, irrespective of the fact that the aid was partially or fully recovered. No correction for the past shall be made. In SARI2 the aid is reported at the time it was disbursed. The fact that it is recovered later on has no impact on the reporting.

Member States shall provide in the field "Aid element" (and if applicable also in the field "Nominal amount") the **full amount of aid granted under a measure, including the part co-financed by Structural Funds**. Member States shall also provide the figure corresponding to the percentage of national financing in the field "National Co-financing" (previously called "Co-financed (%)").⁹

⁸ The Commission nevertheless reserves the right to request additional explanation when zero is reported

⁹ Example: In 2014 an aid amount of EUR 200 million is provided to beneficiaries under the co-financed aid measure X and this expenditure is co-financed for 85% via European Union funds and for 15% through national funding. Member States should encode "200" in the field "Aid element" and "15" in the new field "National Co-financing".

Expenditure reported in the previous years is visible and can be updated up to 6 years in the past. Please provide a comment if a significant¹⁰ difference exists between the old and the new amount. If Member States want to correct expenditure for expired measures they need to ask COM to reactivate them.

Field "National Co-financing percentage": The co-financing percentage has to be provided for every year with an expenditure reported for co-financed cases.

Field "Type of data": One of the following values shall be filled out in this field:

- Expenditure
- Commitment budget (estimate)

As also specified above, as a rule, figures shall be expressed as actual expenditure (or actual revenue foregone in the case of tax expenditure). Where final data on payments are not available, commitments or budget appropriations can be provided instead. When using Commitments budget (estimate) appropriation, this must be understood as estimates of the actual expenditure, it should be therefore reported instead of expenditure in the year the expenditure was actually made¹¹ and should be replaced by the actual expenditure when it is available. Amounts granted should not be recorded twice i.e. once as "commitment" in year "t" and once as "actual expenditure" in year "t+1".

If Commitment budget (estimate) were chosen in previous years and the actual expenditure is now available for these years, please update the amount(s) and replace "Commitment budget (estimate)" in the field "Type of expenditure".

An extra field "category" will be created automatically in SARI2 depending on the sector or objective of the expenditure row:

- Current production: For sector "B.05.10 - Mining of hard coal" or objective "Aid for knowledge transfer and information actions in favour of SMEs in rural areas (Article 47)".
- Non-current production: For sector "B.05.10 - Mining of hard coal".
- CHP: For objective "Animal health measures in the fisheries and aquaculture sector (Art. 14 of Reg. (EC) No 736/2008)".

Comments: Users can add comments related to the entire case and/or for each specific expenditure row.

¹⁰ A difference of more than 20 % is considered to be significant.

¹¹ For example if EUR 1 million was committed in year t-1 for an expenditure made in year t but the the actual expenditure in year t is not yet known at the time of reporting, the commitment must be used as an estimate for the expenditure in year t; If the actual expenditure is known later, then in the next reporting exercise, the estimate must be replaced by the actual figure.

ANNEX B: GENERATION OF EXPENDITURE ROWS AND NEW WORKFLOW

Cases approved and GBER info sheets registered during the last expenditure year

All cases sent to Member States have a "received status" allowing users to generate relevant expenditure rows. By default, for all new cases, the cases are received without any pre generated expenditure rows.

The expenditure rows will be defined by choosing the relevant combinations of the dimensions appearing in drop down lists, based on the information provided in the GBER submissions or notifications:

- Aid instrument : only one aid instrument must be chosen for one expenditure row
- Primary objective: for non-GBER cases only, one primary objective can be chosen
- Secondary objectives: One or several objective(s) can be chosen if one primary objective has been selected
- GBER objective: for GBER cases only, one objective can be chosen
- Region(s): Zero or several region(s) can be chosen.
- Assisted region(s): Zero or several assisted region status(es), corresponding to the previously selected regions, can be chosen.
- Sector(s): One or several sector(s) can be chosen.

In the particular cases where several objectives must be assigned to the same single expenditure row, the case must be sent back to the Commission.

As soon as the user has defined the appropriate combination(s) on which expenditure should be reported, the case can be set to draft to start providing expenditure as in previous reporting exercises.

ANNEX C: DETAILED DESCRIPTION OF VALIDATION RULES

Mandatory fields and the corresponding rules

The warning messages appear only when the case is in status “draft” or “finalised”.

The warning message(s) will only disappear if you press the button "Finalise" or "Validate" after you have corrected the information or provided the requested comments. Otherwise the system will maintain the warning message(s) until the case is finalized or validated.

Name	Solution	Blocking	Standard comments
Co-financiation	National Co-financing percentage field is empty or 0. Please, provide a figure or explain the reason in a comment	Yes	Co-financing percentage not yet known Other, please explain
Missing figure in the field Aid element	Aid element field is empty in expenditure row. Please provide a figure or explain a comment reporting the reason why this field is empty.	Yes	It is not possible to calculate the aid element for this instrument Aid element reported only in one or few expenditure rows as no further distribution over all expenditure rows is possible Other, please explain
Missing Nominal amount	Nominal amount figure is missing in expenditure row. Please provide a figure or explain in a comment the reason why this field is empty.	Yes	Other, please explain
Missing Type of data	Type of data is missing in expenditure row. Please select a value from the drop-down menu.	Yes	
Missing co-financed expenditures	The case is co-financed. Therefore, at least one expenditure row should contain a valid co-financing percentage	Yes	Initial foreseen co-financing contribution no longer available Co-financing not used during the reporting year Other, please explain
The aid element should not be higher than the nominal amount	The aid element cannot be higher than the nominal value. If you cannot provide the exact amount of the aid element, please provide an estimate. These are some rules of thumb you can use to provide an estimate: - For guarantees, if you only know the capital value guaranteed, you can estimate the aid element at 10% of the nominal amount. - For loans, subordinated debt or tax deferment, you can estimate the aid element at 15% of the nominal amount. - For reimbursable grants and repayable advances, you can estimate the aid element at 90% of the nominal amount.	Yes	
Aid amount exceeds the 'Block-exempted' budget	COMP and AGRI cases: Annual aid amount exceeds the annual budget with more than 20%. Please correct the figures or provide a comment.		Other, please explain

Aid amount exceeds the 'non-Block-exempted' budget	Total aid amount exceeds the overall budget. Please correct the figures or provide a comment.		Other, please explain
The aid element should not be equal than the nominal amount	<p>The aid element should be lower than the nominal value for repayable instruments. If you cannot provide the exact amount of the aid element, please provide an estimate. These are some rules of thumb you can use to provide an estimate:</p> <ul style="list-style-type: none"> - For guarantees, if you only know the capital value guaranteed, you can estimate the aid element at 10% of the nominal amount. - For loans, subordinated debt or tax deferment, you can estimate the aid element at 15% of the nominal amount. - For reimbursable grants and repayable advances, you can estimate the aid element at 90% of the nominal amount. 		Other, please explain
Substantial increase of amount spent	Aid element is substantially higher/lower when compared to previous year. Please verify and/or explain in a comment.		

History of data input

In order to facilitate data recording and verification, this feature allows to see how expenditure figures have been modified since they were first encoded and by whom. This history can be displayed by clicking on the clock icon next to the "Aid element" column in the "Case Expenditure Rows" section in SARI2.

ANNEX D: METHODS OF ASSESSING THE AID ELEMENT

Member States have to calculate the aid element in such way that it reflects closely the market conditions. The Communication from the Commission on the revision of the method for setting the reference and discount rates offers more guidance on this: http://ec.europa.eu/competition/state_aid/legislation/reference_rates.html.

It is reminded that for the purpose of transparency, equal treatment and effective monitoring, the GBER applies only to aid in respect of which it is possible to calculate precisely the gross grant equivalent ex ante without the need to undertake a risk assessment ('transparent aid'). For certain specific aid instruments, such as loans, guarantees, tax measures, risk finance measures and, in particular, repayable advances, this Regulation defines the conditions under which they can be considered transparent. Aid comprised in guarantees should be considered as transparent if the gross grant equivalent has been calculated on the basis of safe-harbour premiums laid down for the respective type of undertaking. In the case of small and medium-sized enterprises (SMEs), the Commission Notice on the application of Articles 87 and 88 of the EC Treaty to State aid in the form of guarantees indicates levels of annual premium above which a State guarantee would be deemed not to constitute aid. See Article 5 of Commission Regulation (EU) No 651/2014 of 17 June 2014 for further guidance.

ANNEX E: ADDITIONAL GUIDANCE FOR REPORTING ON AID GRANTED IN THE AGRICULTURAL AND FORESTRY SECTORS

DESCRIPTION OF SOME SPECIFIC DATA FIELDS

Fields for aid related to natural disasters, adverse climatic event which can be assimilated to natural disaster, animal diseases and plant pests:

- Field **Case Diseases concerned**: briefly specify the animal diseases/plant pests concerned using scientific expression.
- Fields **Case Type, Case Timing** and **Case Location**: briefly specify the kind of the event, the period when it happened and the location.

Field **Case Magnitude**: % of the lost caused by the event.

Fields for expenditures:

- Field **Primary objective**: Data refer to the primary objective of the aid at the time the aid was authorised/published. The objectives of authorised aid (N, NN and C cases) follow the structure of the Guidelines¹² whereas the objectives for block exempted aid (XA cases) follow the articles of Regulation (EU) No 702/2014¹³. The objective cannot be altered in SARI2 because it results from the notification form/decision for authorised aid and from the summary information sheet/summary information for block exempted aid. If an aid scheme has several primary objectives, separate expenditure rows will be created for each primary objective.
- Field **Aid Intensity** – In this field, please encode the real aid intensity of the aid actually paid to the beneficiaries in the reporting year.
- Field **Number of beneficiaries** – In this field, please encode the actual number of beneficiaries. In case of subsidised services, these are the final beneficiaries and **not the service provider**, who is merely the recipient of the payment. If it is impossible to calculate the exact number of beneficiaries, please leave the field empty or insert an estimate and add a **permanent remark** indicating the reason for doing so.
- Field **Aid per beneficiary** – This field comprises of an automatic formula for calculation of the average aid per beneficiary. If you fill in the fields "aid element" and "number of beneficiaries", the value of the "aid per beneficiary" will be automatically displayed.

¹² Community Guidelines for State Aid in the Agriculture and Forestry Sector 2007 to 2013 (OJ C 319, 27.12.2006, p 1) or European Union Guidelines for State aid in the agricultural and forestry sectors and in rural areas 2014 to 2020 (OJ C 204 of 1.7.2014, p. 1)

¹³ Commission Regulation (EU) No 702/2014 of 25 June 2014 declaring certain categories of aid in the agricultural and forestry sectors and in rural areas compatible with the internal market in application of Articles 107 and 108 of the Treaty on the Functioning of the European Union (OJ L 193 of 1.7.2014, p.1).