



CALL FOR SUBMISSION OF PROJECTS WITHIN THE OPERATIONAL PROGRAMME ENTERPRISE AND INNOVATION

ICT AND BUSINESS SUPPORT SERVICE PROGRAMME

| | |
|---|-----------------------------------|
| Call identification | ICT and Business Support Services |
| Priority axis | 2 – Company development |
| Number of the Call | II |
| Announcement of the Call | 15 January.2009 |
| Receipt of Registration Applications | 2 March 2009 – 2 October 2009 |
| Receipt of Full Applications | 1 May 2009 – 15 January 2010 |
| System of application collection | Continual |
| Planned allocation for this Call | 2 billions CZK |

Summary

- 1 BASIC PROVISIONS 3**
 - 1.1 DEFINITION OF TERMS 3
- 2 SUPPORTED ACTIVITIES..... 6**
 - 2.1 SUPPORTED ACTIVITIES 6
 - 2.2 UNSUPPORTED ACTIVITIES 6
- 3 AID BENEFICIARIES..... 6**
- 4 CONDITION OF PROJECT ELIGIBILITY 9**
 - 4.1 FORMAL CONDITIONS OF PROJECT ELIGIBILITY 9
 - 4.2 OTHER CONDITIONS:..... 9
- 5 ELIGIBLE COSTS..... 14**
 - 5.1 ELIGIBLE COSTS - CONDITIONS 14
 - 5.2 ELIGIBLE COSTS 14
 - 5.3 NON-ELIGIBLE COSTS 16
- 6 SECTORAL CLASSIFICATION 17**
- 7 FORM AND AMOUNT OF AID 17**
- 8 PROJECT SELECTION 18**
 - 8.1 SELECTION CRITERIA 18
 - 8.2 METHOD OF PROJECT SELECTION..... 18
- 9 PARTICIPATION IN OTHER PROGRAMMES OF SUPPORT 19**
- 10 PERIOD OF PROJECT IMPLEMENTATION 19**
- 11 THE AID APPLICATION AND METHOD OF ITS SUBMISSION..... 19**
- 12 SANCTIONS FOR NON-COMPLIANCE WITH THE CONDITIONS OF THE PROGRAMME..... 19**
- 13 OTHER PROVISIONS 20**

Introduction

This Call of the ICT AND BUSINESS SUPPORT SERVICES PROGRAMME fulfils the objective of supporting the supply of new ICT products and services and supporting investment and creation of new jobs in the ICT sector, thereby contributing to increasing the competitiveness and growth of the ICT sector in the Czech Republic.

A further objective is to support selected business support services that are closely related to information and communication technologies and that have a substantial international focus, which should lead to a reduction of the costs associated with processes and the increased efficiency of activities in companies, thereby contributing to an increase of their competitiveness.

1 *Basic provisions*

- a) The provider of subsidies is the Managing Authority of the Operational Programme Enterprise and Innovation (OPPI) – the Ministry of Industry and Trade of the Czech Republic (hereinafter referred to as the „MIT“), (www.mpo.cz).
- b) The Intermediate Body is the Investment and Business Development Agency – Czechinvest, a contributory organisation of the MIT, with its seat at Štěpánská 15, 120 00 Prague 2 (hereinafter referred to as „CI“), (www.czechinvest.org).

State aid provided within this Call fulfils all conditions of Commission Regulation (EC) No. 800/2008 of 6 August 2008, declaring certain categories of aid compatible with the common market, or, as the case may be, Commission Regulation (EC) No. 1998/2006 of 15 December 2006 on the application of Articles 87 and 88 of the EC Treaty to de minimis aid, and is therefore compatible with the common market in the meaning of Article 87(3) of the EC Treaty and is exempt from the notification duty pursuant to Article 88(3) of the EC Treaty.

1.1 Definition of terms

Terms used within the supported activities:

IS – Information system; an information system is a system consisting of information and communication technologies, data and people. The purpose of an information

system is to effectively support information and decision-making processes at all levels of management in a given enterprise.

ICT – Information and communication technology; this term is understood as hardware and software used in the collection, transfer, storage, processing and distribution of data. Hardware (technical) elements include servers, stationary and portable personal computers, printers, communication and network equipment (particularly transmitters, routers and switches) and specialised peripherals (mouse, tablet, scanner, camera, PDA, mobile telephone, etc.). Software (program) elements include basic software (operating system, database system and communication system), application software and software for IT-system modelling and development.

Creation of new IS/ICT solutions is understood as both the creation of completely new SW systems and expansion of the range of functionalities in existing solutions and applications, or the conversion of a system to a higher system platform enabling enhanced operating parameters, including related implementation.

Business Support Services are understood within this Programme to be a company's selected back-office activities which are provided on the principle of outsourcing and are characterised by close links to information and communication technology while having a substantial international focus; this specifically concerns shared services centres, customer support centres and high-tech repair centres.

A **shared services centre** is understood to be a functionally independent unit which assumes responsibility for the management, operation and administration of certain internal functions. Such a centre takes over – and combines – the performance of these functions from the parent company and/or subsidiaries within a group or from external customers (outsourcing) for which such functions are not core business activities. Activities related to the performance of the relevant process then become the unit's core activity. This particularly involves internal functions such as accounting, finance, HR administration, information systems, customer- and supplier-relations management, and sophisticated creative activities such as those performed by graphic artists, animators, design engineers, etc. Activities such as catering, cleaning services, security, etc. are not considered internal functions.

A **high-tech repair centre for products and technologies** is understood to be a functionally independent unit that performs repairs of selected products from companies within a group or for external customers (outsourcing) which are

enterprises pursuant to Section 2(2) of Act No. 513/1991 Coll., the Commercial Code. High-tech repair centres perform repairs of, in particular, office machines, komputer technology, electrical machines and instruments, aircraft, radios, televisions and related devices and instruments, optical and measuring instruments, electrical and kontrol systems of rail vehicles, rail vehicles in the high-speed train category, electronic japon systems, medical instruments (electronic diagnostic instruments, drills, etc.), equipment for managing industrial processes, telecommunications instruments and systems, navigation instruments, CNC machines, nuclear power-plant components, etc. For the purposes of this Programme, repair of vehicles, cars and other means of ground transport is not considered a high-tech activity.

Terms used within the context of unsupported activities:

An **IS/ICT design and implementation centre** is understood to be a functionally independent unit (in the sense of an independent legal entity), which provides these services to subsidiary/parent companies within a group or to external customers on an outsourcing basis.

A **customer support centre** is understood to be a functionally independent unit that is responsible for managing relations with customers via information and communication technologies.

The services of a **data (co-location) centre** primarily include service housing and leasing, telehousing, web-hosting, leasing of electronic commerce facilities, etc.

Server housing enables the placement of a customer's server on the provider's premises and its connection to the provider's backbone network. The provider then ensures the server's operation, technical maintenance, security, air-conditioning, etc.

Telehousing (a service used particularly by telecommunications operators) enables the customer to place its telecommunications equipment on the premises of a data centre or to lease a certain capacity of the provider's telecommunications equipment.

Web-hosting service enables the physical location and creation of customer websites on the provider's server.

Telecommunications services are understood to consist in the provision of basic licensed and regulated services without added value.

Distribution services are understood to be services involving conventional product distribution, including warehousing.

2 Supported Activities

2.1 Supported activities

Within this Call, supported activities are:

- a) creation of new IS/ICT solutions and applications,
- b) establishment and development of shared services centre,
- c) establishment and development of centres for repairing high-tech products and technologies.

2.2 Unsupported activities

Within this Call, supported activities do not include activity:

- a) IS/ICT design and implementation centre,
- b) Customer support centre.

Within the framework of support for business support services, particularly the following are not eligible for aid from the Programme: travel-industry services; recreation, cultural and sports services; health and other social services; transportation and carrier services; distribution and logistics services; postal, courier, consulting and advisory services; banking, real estate and leasing services; telecommunications services (voice, data and image transmission), co-location centre services; audio-visual services; direct marketing; services related to environmental protection; and employment agency services.

Furthermore, the Programme cannot support development and innovation of products and technologies that are subsequently implemented in production, including specific software that comprises an inseparable part thereof (such projects are the subject of support within the POTENTIAL PROGRAMME).

3 Aid beneficiaries

An aid beneficiary can be a business entity which is a legal entity (only a joint-stock company, limited liability company, limited partnership company, unlimited company or cooperative) conducting business pursuant to Act No. 513/1991 Coll., the Commercial Code, or a natural person with his/her place of business in the Czech Republic entered in the Commercial Register pursuant to Act No. 513/1991 Coll., the Commercial Code.

For the purposes of this Programme, small and medium-sized enterprises (SMEs) are understood to be enterprises fulfilling the conditions set forth in Annex I of Commission Regulation (EC) No. 800/2008 of 6 August 2006, declaring certain categories of aid compatible with the common market in the application of Articles 87 and 88 of the EC Treaty.

The Aid Beneficiary must fulfil the following criteria:

- As of the date of submission of the Registration Application, the Beneficiary must have closed at least two consecutive accounting periods. If the applicant has conducted business for a period shorter than two accounting periods, the requested history can also be demonstrated via the entity/entities exercising a controlling interest in the applicant. The condition of two consecutive closed accounting periods can be considered fulfilled in the case that, in the monitored period, a change occurs in the entity (transformation) which fulfils the conditions set forth in Annex 7.
- The Beneficiary must be authorised to conduct on the territory of the Czech Republic business corresponding to the economic activities for whose realisation the project is to be implemented.
- According to the Beneficiary's affidavit, the Beneficiary must be registered as an income-tax payer with the Tax Office pursuant to Section 33(1) of Act No. 337/1992 Coll., on Administration of Taxes and Fees, as amended.
- According to the Beneficiary's affidavit, the Beneficiary should not have any outstanding liabilities towards selected institutions¹ or towards providers of aid from projects cofinanced from the European Union budget. Deferment of payment of outstanding liabilities or an agreement on the payment of outstanding liabilities shall be considered as settled liabilities.
- According to the Beneficiary's affidavit, the Beneficiary should not have any outstanding liabilities towards its employees regarding wage claims.

¹ Tax Office, Czech Social Security Administration, health insurance companies, Land Fund, State Property Fund, State Environmental Fund, State Residential Development Fund, Customs Administration of the Czech Republic, State Cultural Fund, State Fund of the Czech Republic for Support and Development of Czech Cinematography, State Agricultural Intervention Fund, regions, municipalities and associations of municipalities.

An enterprise cannot be an Aid Beneficiary if as the date of submission of the application:

- pursuant to the Act on Bankruptcy and Settlement, a court has declared bankruptcy against its assets, granted a settlement or rejected a proposal for declaration of bankruptcy due to lack of assets,
- pursuant to the Act on Insolvency and its Resolution, a court has commenced insolvency proceedings,
- a court has issued a ruling on the order of execution of a decision on its assets or ordered the execution of its assets,
- it is in liquidation,
- it is a company in difficulties (pursuant to Commission Communication 2004/C 244/02 and Commission Regulation No. 800/2008),²
- it is a recipient of aid for rescuing and restructuring firms in difficulties pursuant to the Community Guidelines on state aid for rescuing and restructuring firms in difficulties, Commission Communication No. 2004/C 244/02.
- it has unpaid liabilities arising from an order to return financial resources issued following a previous ruling of the Commission declaring that aid is illegal and incompatible with the common market,
- it is a recipient of aid for newly established small enterprises pursuant to Articles 7 and 14 of Commission Regulation No. 800/2008, provided less than three years prior to the date of submission of the aid application.

² An enterprise is considered to be a company in difficulties if it fulfils the following conditions:

- a) in the case of a limited liability company, where a loss of more than one-half of the basic capital has occurred and where a loss of more than one-fourth of such capital has occurred in the past 12 months, or
- b) in the case of a company in which at least some of the partners are fully answerable for the company's liabilities, where a loss of more than one-half of the capital recorded in such company's accounting records has occurred and where a loss of more than one-fourth of such capital has occurred in the past 12 months, or
- c) where, regardless of the type of company, the enterprise fulfils the conditions of Act No. 182/2006 Coll., on Insolvency and its Resolution, for the commencement of collective insolvency proceedings.

A small or medium-sized enterprise that has existed for less than three years is considered a company in difficulties during the aforementioned period only if it fulfils the conditions set forth in subsection c).

4 Condition of Project Eligibility

4.1 Formal conditions of project eligibility

The project must fulfil following conditions:

- a) The project must be implemented in the Czech Republic outside the territory of the Capital City of Prague.
- b) The project must not be in violation of the EU horizontal policies and their basic properties, particularly:
 - equal opportunities for men and women,
 - sustainable development.
- c) Goals of the project must be conformable with the goals of the Programme.

4.2 Other conditions:

- a) The financial health of the Applicant expressed by a rating evaluation (determined by the mediating entity on the basis of a completed financial statement at the time of submitting the Registration Application) may not be lower than C+. If, on the date of submission of the Registration Application, the applicant has been engaged in business for a period of less than two closed accounting periods, the rating will be processed based on two years' financial data of the entity/entities exercising a combined controlling interest in the Applicant. In the case of foreign entities, the Applicant shall submit a rating for the foreign entity/entities exercising a combined controlling interest in the Applicant; such rating is to be performed by an external rating agency, whereas this rating must be performed on the evaluation scale according to Moody's or Standard & Poor's. In the case that the rating is performed for several enterprises which have a combined controlling interest in the applicant, each of these enterprises must obtain at least the minimum required rating evaluation.
- b) Within this Call, each applicant may submit only one project (i.e. one approved Registration Application) for one region (NUTS III). In the case of projects submitted by entities that are related either economically or through personnel, a controlling or controlled entity in the meaning of Section 66a of Act No. 513/1991, the Commercial Code, as amended, the limitation of one project per one region will also be applied.

- c) A subsidy shall be provided to the Beneficiary based on a Decision to Grant a Subsidy issued by the Governing Body (hereinafter referred to as the “Decision”), a part of which is formed by the binding Terms and Conditions of the Decision to Grant a Subsidy (hereinafter referred to as the “Terms and Conditions”).
- d) The minimum amount of investment in long-term tangible and intangible assets³ used for the purposes of ensuring the activities of the project shall amount to CZK 0,5 million for small enterprises, CZK 1 million for medium-sized enterprises, or CZK 3 million in the case of large enterprises. This condition must be fulfilled no later than by the date of completion of the project.⁴ Part of the minimum investment can be comprised of costs that are not eligible costs within this Call, but only under the condition that such costs are demonstrably invested in direct connection with implementation of the project.⁵
- The Beneficiary is obligated to demonstrate fulfilment of this condition no later than when submitting the final Payment Application.
- e) Within the implementation of the project, the Beneficiary must create the minimum number of new jobs according to the following table and fill such position with employees who will perform special activities corresponding to the supported activity or, as the case may be, corresponding to the focus of the centre.⁶ This condition must be fulfilled no later than on the date of completion of the project.

³ For the purposes of the minimum investment, investment in long-term tangible and intangible assets is understood to consist in the acquisition of long-term tangible and intangible assets, paid leasing of long-term tangible assets leased in the form of financial leasing and the purchase price in the case of subsequent purchase of such assets and technical appreciation of long-term tangible and intangible assets under the ownership of the Recipient as well as leased assets, provided that the technical appreciation is paid by the lessee, which is authorised to depreciate such assets on the basis of a written agreement pursuant to Act No. 586/1992 Coll., on Income Tax, as amended.

Specification of the minimum required investment according to this definition is broader than the requirements placed on eligible costs (selected eligible-cost items can thus form a part thereof).

⁴ The date of the project’s completion is understood to be the date of payment of the final liability to suppliers or the date of approbation approval, whereas the later of these two dates shall be the decisive date.

⁵ If the Applicant anticipates that parts of the minimum investment will be comprised of costs that are not eligible costs within this Call, the Applicant must present this fact no later than at the time of submitting the Full Application. The connection of such costs with the project implementation will be subsequently assessed within the evaluation process.

⁶ Creation of new jobs is understood to be a net increase in the number of annual labour units (ALU or RPJ in czech) directly employed in all of the Applicant’s facilities compared with the average number of relevant positions over the previous 12 months preceding the date of commencement of the project. New jobs must be created outside the territory of the Capital City of Prague.

ALU/RPJ is understood to be the number of workers employed in full-time positions for a period of one year, whereas in the case of part-time employees, seasonal workers and workers who are not involved in the

| Supported activity | Size of enterprise | | |
|-------------------------------------|--------------------|--------|-------|
| | Small | Medium | Large |
| Development of new IS/ICT solutions | 3 | 5 | 10 |
| High-tech repair centre | 7 | 15 | 25 |
| Shared services centre | 15 | 25 | 35 |

In the case of a combination of several supported activities within one project, the minimum number of new jobs is stipulated as the highest of the required values among the selected activities.

The Beneficiary is obligated to demonstrate fulfilment of this condition no later than when submitting the final Payment Application.

- f) The Beneficiary is obligated to maintain (i.e. have in its possession) in a supported NUTS II region long-term tangible and intangible assets whose acquisition costs are included in the eligible costs of the project and up to the minimum amount of investment pursuant to Article 4.2(d) hereof for a period of at least five years (three years in the case of SMEs) from the date of completion of the project, i.e. such assets may not be sold or otherwise relinquished during the above-mentioned period. This condition shall also be observed if such assets are replaced due to obsolescence or deterioration. Such replacement of assets must be at least in the same extent and must ensure the continuance of the project (i.e. performance of the supported activity).
- g) The Beneficiary is further obligated to sustain newly created and occupied jobs pursuant to Article 4.2(e) hereof for a period of at least five years (three years in the case of an SME) from the end of the calendar year in which each job was first occupied. Jobs must be sustained in connection with the supported activity and within a supported region (at the NUTS II level).
- h) The Beneficiary of a subsidy must unequivocally demonstrate its ownership or other rights to the property where the project will be implemented. The Beneficiary is obligated to submit the following documents within the stipulated time limits:

project implementation during 100% of their working time, these shall be counted as a corresponding fraction.

1. In the case that the property or land is already under the Beneficiary's ownership, the Beneficiary shall demonstrably prove its ownership rights at the moment of signing the Terms and Conditions by submitting an extract from the Land Register (such extract may not be older than three months).
2. In the case of acquisition of land or buildings, the Beneficiary must submit, no later than at the moment of submission of the Full Application, the purchase contract or contract on agreement of future purchase and demonstrate that the property belongs to the (future) seller. This is to be accomplished by submitting an extract from the Land Register (such extract may not be older than three months). No later than on the date of submission of the final Payment Application, the Beneficiary shall demonstrably prove its ownership rights to the property with an extract from the Land Register (such extract may not be older than three months).
3. In the case that the project will be implemented in leased spaces, the Beneficiary shall submit, at the moment of submission of the Full Application, the lease contract or, as the case may be, an agreement on a future lease contract. The lease contract must be concluded for at least the period of implementation of the project and a further period of at least five years (three years in the case of SMEs) from the expected date of completion of the project.
4. In the case of construction of a building or renovation thereof, the Beneficiary must submit, at the moment of submission of the Full Application, proof of compliance with the municipal land-use plan or the issued land-use ruling (or, as the case may be, the construction permit if it has already been issued) and the purchase contract or agreement on a future purchase contract for the land on which the construction is to be implemented. The Beneficiary must submit the land-use ruling (if it was not submitted with the Full Application), construction permit or the Building Office's affirmative statement on the announced construction no later than on the date of signing the Terms and Conditions of the Decision to Grant a Subsidy. No later than on the date of submission of the final Payment Application, the Beneficiary shall demonstrably prove its ownership rights

to the property with an extract from the Land Register (such extract may not be older than three months). No later than on the date of submission of the final Payment Application, the Beneficiary is then obligated to also submit the building approbation approval or a document on initiation of trial operation.

- i) The Beneficiary of a subsidy is obligated to keep analytical accounting records and documentation of the eligible costs and of the use of the subsidy intended for financing the eligible costs as stipulated in the Terms and Conditions of the Decision to Grant a Subsidy and keep such records and documentation for a period of 10 years following the date of completion of the project, as well as for a period of at least three years following the closure of the Operational Programme Enterprise and Innovation (expected in 2020) in compliance with Article 90 of Council Regulation (EC) No. 1083/2006. All beneficiaries will be informed of the closing date of OP Enterprise and Innovation.
- j) For the entire period of implementation of the project, the Beneficiary is obligated to allow direct access to authorised employees of the Governing Body and the mediating entity for the purpose of performing inspections pursuant to Act No. 552/1991 Coll., on State Inspection, as amended. Furthermore, the Beneficiary shall allow these employees direct access for the purpose of inspecting compliance with the conditions of the Programme and the specific utilisation of resources from the provided subsidy as well as inspecting the financial situation and accounting or tax records of the Beneficiary, both at the place of project implementation and at the Beneficiary's headquarters.
- k) The subsidy is paid to the Beneficiary retroactively following completion of the project or following completion of a particular phase of the project provided that the Terms and Conditions have been complied with.
- l) In the case that a project is derived from the Integrated Urban Development Plan (IPRM/IUDP), within the selection criteria it is entitled to an allowance in the amount of 10% (in connection with Government Resolution No. 883 of 13 August 2007). The Applicant must present this fact no later than at the time of submitting the Full Application and shall submit the confirmation of the municipality (bearer of the IPRM/IUDP) that the project is a part of and in compliance with the IPRM/IUDP.

- m) When submitting the Registration Application, large enterprises must demonstrate the so-called incentive effect (Article 8 of Commission Regulation (EC) No. 800/2008).
- n) The Beneficiary of aid is obligated to ensure publicity of the provided aid in the scope set forth in Terms and Conditions.
- o) Further obligations of the Beneficiary are stipulated in the Terms and Conditions.

5 Eligible Costs

5.1 Eligible Costs - Conditions

Eligible costs must fulfil the following conditions:

- such costs must be expended in accordance with the objectives of the Programme and must immediately relate to the project implementation.
- such costs must be expended no earlier than on the date of eligibility of the project.⁷
- such costs must be demonstrably paid by the Beneficiary before they are reimbursed from Structural Funds.
- such costs must be verified by evidential documentation and paid to suppliers; assets cannot be acquired by means of capitalisation.

5.2 Eligible Costs

The Beneficiary must choose from two variants of eligible costs, whereas these variants cannot be combined.

Tangible and intangible assets

- Long-term tangible assets and technical appreciation thereof – costs for acquisition and implementation of hardware, information and communication networks and other machines and equipment which are immediately connected with achieving the objective of the project, including costs for consultants, experts, studies and other costs immediately connected with installation and introduction into operation and entered in the acquisition price of assets, and costs for the purchase of land (up to the maximum amount of 10% of the total

actual eligible investment costs) and cost for acquisition and technical appreciation of structures (up to the maximum amount of 50% of the total actual eligible investment costs).

- Tangible assets included in the eligible costs of the project must fulfil the following conditions:
 - a) in the case of acquisition of assets, such assets must be depreciable assets.
 - b) with the exception of SMEs, only new assets may be acquired (i.e. assets that have not been depreciated and are not more than two years old).
 - c) technical appreciation of assets must be used exclusively by the subsidy Beneficiary.
- Long-term intangible assets – costs for acquisition and implementation of software and software licenses and intellectual-property rights, including costs for the services of consultants and experts and studies, and other costs which are immediately connected with costs immediately associated with installation and introduction into operation and entered in the acquisition price of assets.

Costs for the purchase of long-term intangible assets can be included only under the condition that investment in intangible assets remains related to the place(s) where the project is being implemented as stated in the Terms and Conditions of the Decision to Grant a Subsidy.

Long-term intangible assets included in the eligible costs of the project must fulfil the following conditions:

 - a) such assets must be used exclusively by the subsidy Beneficiary at the place(s) of project implementation,
 - b) such assets must be depreciable assets,
 - c) with the exception of SMEs, such assets must be new (i.e. hitherto not depreciated),
 - d) such assets must be registered in the subsidy Beneficiary's assets and retained in an operating facility which is a recipient of regional aid for a period of at least five years (three years in the case of SMEs) from the date of completion of the project,

⁷ The date of project eligibility is understood as the date on which the subsidy provider or mediating entity confirms to the Applicant, in writing, that it essentially fulfils the eligibility conditions of this Programme (i.e. approval of the Registration Application).

- e) such assets must be acquired from third parties under market conditions,
- f) with the exception of SMEs, costs for the acquisition of long-term intangible assets can be included in eligible cost only up to the amount of 50% of the total actual eligible investment costs of the project.

Personell Costs

Gross wages of employees in newly created jobs and mandatory contributions of the employer relating to such jobs (social-security and public health insurance and the state employment policy).

The maximum amount of this eligible cost is stipulated as the sum of estimated personnel costs relating to employees in newly created jobs for a period of two years.⁸

And further costs beyond Options I and II:

- costs for the leasing of land and buildings,
- services of consultants and experts, studies – consulting services related to project implementation which cannot be included in the acquisition price of assets (only for SMEs, this cost is eligible up to the maximum amount of CZK 3 million, maximum aid intensity 50%),
- costs reimbursed pursuant to the de minimis rule (only for SMEs):
 - a) access to information and databases,
 - b) network non-storable supplies.

A detailed definition of eligible costs forms a part of Annex 4 of this Call.

5.3 Non-eligible costs

Eligible costs are not, in particular:

- costs arising or paid prior to the date of project eligibility,
- leasing,
- costs for research and development which were applied as deductible items in relation to Act No. 130/2002 Coll,
- acquisition of long-term tangible and intangible assets through capitalisation
- VAT, if the subsidy Beneficiary is a VAT payer,
- loan and credit instalments,

- sanctions and penalties,
- costs of guarantees, insurance, interest, banking fees, exchange-rate losses, customs and administration fees.

6 Sectoral Classification

Within this Call, aid cannot be provided for activities connected with import, such support being directly connected with equilibrium quantity, aid for establishment and operation of a distribution network or for other ordinary costs connected with import activities, and aid undermining the uses of domestic goods in favour of imports.

Projects implemented in the following sectors cannot be supported:

- manufacture, processing, and marketing of products listed in Annex 1 of this Call,⁹
- agriculture,¹⁰
- fishing, aquaculture,¹¹
- coal-mining industry,¹²
- steel industry (sector defined in Annex 2 of this Call),
- industrial production of synthetic fibres (sector defined in Annex 3 of this Call),
- shipbuilding.¹³

7 Form and Amount of Aid

- Aid is provided in the form of a subsidy.
- The subsidy is specifically intended for payment of eligible costs arising in direct connection with achieving the objective of the project.
- The subsidy is provided according to the Regional Map of State Aid Intensity for Regions of the Czech Republic for the period 2007-2013 as a percentage of the eligible costs of the project in the minimum amount of CZK 1,5 million and the maximum amount of CZK 80 million.

⁸ The Recipient shall calculate the ceiling of personnel costs based on the estimated two-year wages of newly hired employees, with gradual supplementation. For one actual employee aid can thus be received for a period longer than two years; however, the overall ceiling may not be exceeded.

⁹ Annex I of the EC Treaty

¹⁰ CZ-NACE A01, A02.

¹¹ CZ-NACE A03.

¹² CZ-NACE B05, C19.1

¹³ CZ-NACE C30.11.

| NUTS II region | small enterprise | medium-sized enterprise | large enterprise |
|---|-------------------------|--------------------------------|-------------------------|
| Central Moravia, Northwest, Central Bohemia, Moravia-Silesia Northeast, Southeast | 60 % | 50 % | 40 % |
| Southwest 1 January 2007 – 31 December 2010 | 56 % | 46 % | 36 % |

- d) According to the de minimis rule, a subsidy for payment of eligible costs will be provided maximally up to the amount of the percentage limits set forth by the Regional Map of State Aid Intensity for Regions of the Czech Republic (see above). Such aid can be provided to the Beneficiary only in the case that the aid thus provided together with all aid provided to the Beneficiary according to the de minimis rule over three accounting periods does not exceed EUR 200,000.
- e) In the case of the item “services of consultants and experts, studies”, aid intensity can amount to 50% of actual costs expended on ensuring these services.

8 Project Selection

8.1 Selection criteria

The selection criteria are stated in Annex 5 of this Call.

8.2 Method of project selection

The evaluation of subsidy applications is performed on the basis of selection criteria. The resulting evaluation is performed by the Programme Evaluation Committee which, based on the achieved results, recommends or does not recommend the application to the Managing Authority for aid. Otherwise, the committee may request additional documentation. In the event that aid is approved, the Managing Authority

shall issue a Decision to Grant a Subsidy, part of which will be comprised of the binding Terms and Conditions of the Decision to Grant a Subsidy.

9 Participation in other Programmes of Support

The eligible costs of a project supported under this Programme shall not receive any other state aid, i.e. state aid pursuant to Article 87 of the EC Treaty or aid in the de minimis regime pursuant to Commission Regulation (EC) No. 1998/2006.

10 Period of Project Implementation

The latest possible deadline for completion of a project supported within the framework of this Call is 15 January 2013. Payment Applications must be submitted by 15 July 2013 at the latest (this concerns both submission of the application as well as removal of defects of which the Beneficiary was notified by the Provider).

11 The Aid Application and Method of its Submission

The Applicant shall submit the Aid Application **in two steps** via the electronic account (eAccount) on the website at <http://www.czechinvest.org/eaccount>. In order to submit the Application, it is necessary to have an electronic signature.

- Step 1: The Applicant first fills out and electronically sends the simplified **Registration Application**. Based on a formal inspection of the acceptability of the Registration Application, including an economic assessment of the Applicant, CzechInvest shall inform the applicant of the results of the evaluation. In the case of preliminary eligibility of the project, CzechInvest will send to the Applicant information on the preliminary eligibility of the project and the date from which eligible costs may be incurred.
- Step 2: Within **90** calendar days of confirmation of successful registration (or, as the case may be, from the date of commencement of receiving Full Applications, whichever is later), the applicant shall electronically submit the **Full Application**. The Full Application contains detailed information about the Applicant and the project.

12 Sanctions for Non-compliance with the Conditions of the Programme

Sanctions for non-compliance with the conditions of the Programme are set forth in the Terms and Conditions.

13 Other Provisions

There is no legal entitlement to the provision of a subsidy. The Managing Authority decides the final amount of the subsidy.

Annexes

Annex 1 – Definition of products listed in Annex I of the EC Treaty

Annex 2 – Definition of the steel industry

Annex 3 – Definition of industrial production of synthetic fibres

Annex 4 – Specification of eligible costs

Annex 5 – Selection criteria

Annex 6 – Outline of the business plan

Annex 7 – Change (transformation) of an entity

Annex 8 – Unsupported CZ-NACE categories