

Ministry of Industry and Trade
of the Czech Republic

Structural Funds Division – Governing Body of OPEI



**CALL FOR SUBMISSION OF PROJECTS
WITHIN OPEI
Real Estate**

Call identification	Real Estate
Priority axis	5 – Environment for Business and Innovation
Call no.	II
Date of Call publication	1 July 2009
Receipt of Registration Applications	1 September 2009 – 31 March 2010
Receipt of Full Applications	Within 10 months from the date of acceptability (filing of the Registration Application) or from the date of commencement of receipt of Full Applications, depending on which moment occurs later
System of collecting applications	Continual
Planned allocation for this Call	CZK 4 billion

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1. Duration of the Call

The Call's period of duration is 1 July 2009 to 31 March 2010.

Registration Applications may be submitted between 1 September 2009 and 31 March 2010.

Full Applications may be submitted within ten months from the project's date of acceptability¹ or, as the case may be, from the date on which eligible costs arise.

The latest possible deadline for project completion is 31 December 2013.

State aid provided via 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 in application of Articles 87 and 88 of the Treaty² (hereinafter referred to as "Commission Regulation (EC) No. 800/2008") and therefore can be compatible with the common market in the terms of Article 87(3) of the EC Treaty and is exempt from the notification duty pursuant to Article 88(3) of the EC Treaty.

2. Objective of the Call

This Call fulfils the objective of the Real Estate Programme, which is to stimulate the establishment and development of business properties including related infrastructure and to thus contribute to the establishment of a functioning real-estate market and to improve the investment and natural environments. The programme is aimed at supporting projects implemented in all phases of the property lifecycle, i.e. projects involving preparation, construction, development and renovation of properties.

¹ The date of project acceptability is understood as the day on which the mediating entity provides to the applicant written confirmation that the Registration Application essentially fulfils the acceptability conditions of the programme.

² Official Journal L 214, 9 August 2008, pgs. 3-47

Basic provisions

- a) The Programme Administrator (aid provider) is the Ministry of Industry and Trade of the Czech Republic (hereinafter referred to as the “MIT”), (www.mpo.cz).
- b) The mediating entity for this programme is CzechInvest, the Investment and Business Development Agency, an organisation of the MIT, with its registered office at Štěpánská 15, 120 00 Prague 2 (hereinafter referred to as **CzechInvest**), (www.czechinvest.org).

Basic terms

The basic terms used in this Call are set forth in Annex No. 1 of the Call.

3. Supported Projects

Supported projects are divided into the following types of projects:

- a) **Project involving the preparation of a zone** – project whose implementation leads to the creation of land plots prepared for investment within the context of constructing a new enterprise zone or whose implementation leads to improvement of the quality or utility of land plots in an existing enterprise zone. Such projects are intended for enterprises/entrepreneurs (as set forth in item 4.1.1.a) of this Call).
- b) **Project involving the construction of a rental property** – project whose implementation results in a new commercial building intended for renting. Such projects are intended for municipalities and regions (as set forth in items 4.1.1.b), c) of this Call).
- c) **Project involving the renovation of a building** – project whose implementation leads to the conversion of a structure into a commercial building. Such projects are intended for aid recipients as set forth in items 4.1.1.a) – c) of this Call.

- d) **Project involving the drafting of project documentation** – project whose implementation leads to the creation of documentation for project preparation and project documentation for projects as set forth in the above-mentioned items a) – c). Such projects are intended for aid recipients as set forth in items 4.1.1.a) – c) of this Call.

4. General Section

This section of the Call relates to all of the above-mentioned supported projects.

4.1. Aid recipient

4.1.1. The aid recipient can be:

- a) Entrepreneur/enterprise (natural person of legal entity)³ entered in the Commercial Register
- b) Municipality⁴
- c) Region⁵

4.1.2. The aid recipient must fulfil the following criteria:

- a) The aid recipient must be authorised to conduct in the Czech Republic business corresponding to the supported economic activity for whose realisation the project is to be implemented (this does not apply for a recipient municipality or region).
- b) According to the aid recipient's affidavit, the recipient 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 Fee, as amended.
- c) As of the date of submitting the Registration Application, the aid recipient must have closed at least two consecutive accounting periods. If the applicant has been conducting business for a period shorter than two accounting periods, the required history can also be demonstrated via the entity/entities exercising a controlling

³ Pursuant to Section 2 of the Commercial Code (Act no. 513/1991 Coll.)

⁴ Pursuant to Act No. 129/2000 Coll.

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 No. 5.

- d) According to the aid recipient's affidavit, such recipient does not have any outstanding liabilities toward the Tax Office, the Czech Social Security Administration, health-insurance companies, the Land Fund, Ministry of Finance as the legal representative of the State Property Fund, the State Environmental Fund, the State Housing Development Fund, Customs Administration of the Czech Republic, State Cultural Fund, State Fund of the Czech Republic for Support and Development of Cinematography, State Agricultural Intervention Fund, regions, municipalities, or providers of aid from projects co-financed 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.
- e) According to the aid recipient's affidavit, the recipient should not have any outstanding liabilities towards its employees regarding wage claims.
- f) The aid recipient must fulfil the criteria of a rating and further economic assessment carried out following submission of the Registration Application.

4.1.3. An enterprise cannot be an aid recipient if as of 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 (the Insolvency Act), a court has commenced insolvency proceedings.
- a court has issued a ruling on the order of enforcement of a decision on its assets or ordered the execution of its assets.
- it is in liquidation.

⁵ Pursuant to Act No. 129/2000 Coll.

- it is an enterprise in difficulties (pursuant to Communication of the Commission 2004/C 244/02 and Commission Regulation (EC) No. 800/2008)⁶ .
- it has an outstanding liability arising on the basis of an order to return financial resources issued following the prior ruling of the Commission declaring that aid is contrary to law and incompatible with the common market.
- it is a recipient of aid for young innovative enterprises pursuant to Article 35 of Commission Regulation (EC) No. 800/2008, previously provided less than three months prior to the date of submitting the aid application.

4.2. Terms and Conditions of the Call

4.2.1. Formal conditions of project acceptability:

- a) The project must be implemented in the Czech Republic, outside the territory of Prague.
- b) The project must achieve at least 51 out of 100 points within the multi-criteria scoring evaluation (selection criteria for individual types of projects are published on the websites of the MIT and CzechInvest).
- c) The financial health of the Applicant expressed by a rating evaluation undertaken by the mediating entity 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 consecutive 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

⁶ An enterprise is considered to be an enterprise in difficulties if it fulfils the following conditions:

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

A small or medium-size enterprise that has been in existence for less than three years, is considered an enterprise in difficulties during the stated period only if it fulfils the conditions set forth in subparagraph c).

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 attain at least the minimum required rating.

- d) The project must be in accordance with the valid land-use planning documentation.
- e) The project must contain all mandatory sections and annexes set forth in the aid-application form.
- f) The project must not be in violation of the European Union horizontal policies, particularly:
 - equal opportunities
 - sustainable development with regard to environmental protection
- g) The outputs of the project must not be oriented toward the areas set forth in Annex No. 4.

4.2.2. Other conditions

- a) A subsidy shall be provided to the Recipient based on a Decision to Grant a Subsidy issued by the Programme Administrator (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").
- b) The aid recipient is obligated to keep separate 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, though at least for a period of three years following the conclusion of the Operational Programme Enterprise and Innovation in accordance with Article 90 of Council Regulation (EC) No. 1083/2006⁷.

⁷ Official Journal of the EU, L 210, 31 July 2006, pgs. 25-78

- c) No later than on the day of submitting the payment application, the aid recipient must unambiguously demonstrate its ownership rights to the property (structures and land plots) where the project will be implemented, with the exception of a project involving the drafting of project documentation. Such rights shall be demonstrated by means of an extract from the Land Register (such extract may not be older than three months) and a facsimile image from the cadastral map including and, as required, the purchase contract including a draft on deposit with confirmation from the relevant Land Register.
- d) In the case that aid is calculated on the basis of tangible or intangible investment costs or on the basis of acquisition costs connected with takeover, the aid recipient's financial contribution must reach the amount of at least 25% of eligible costs, either from the recipient's own resources or through external financing and in a form that does not contain any state aid.
- e) Aid is provided to the aid recipient retroactively following completion of the project or phases thereof, if not stipulated otherwise, providing that the Terms and Condition have been complied with.
- f) Within the process of awarding contracts in connection with the project, the aid recipient shall proceed in accordance with a special act⁸ and in accordance with the regulations determined by the Programme Administrator (i.e. pursuant to the Regulations for Selecting Suppliers).
- g) The aid recipient is obligated to use the provided aid only for the purpose for which it was provided, under the conditions prescribed by the Programme Administrator.
- h) During the entire period of implementation and during a period of three years in the case of SMEs (five years in the case of other entities) following the date of completion of the project's implementation, the aid recipient is obligated to provide information on the implementation of the supported project in the scope set forth in the Decision to Grant a Subsidy.
- i) For the entire period of implementation of the project, the aid recipient is obligated to allow direct access to authorised employees of the Programme Administrator

(MIT) and the mediating entity (CzechInvest) for the purpose of performing inspections pursuant to Act No. 552/1991 Coll., on State Inspection. Furthermore, the aid recipient 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 aid recipient, both at the place of project implementation and at the aid recipient's registered office.

- j) The aid recipient is obligated to ensure that the supported business-property project will be retained in its possession⁹ for a period of at least five years (at least three years in the case of SMEs) following completion of the project's implementation in the NUTS II region in which the project's implementation was initiated.
- k) A change of ownership of the land plots, structures, operational units of a structure and other tangible assets for which aid was provided is possible, for a period of five years (three years in the case of SMEs) following completion of the project, only with the prior consent of the Programme Administrator.
- l) Unless stipulated otherwise by the Programme Administrator, the aid recipient, in the period following receipt of the aid application for a period of at least five years (three years in the case of SMEs) from completion of the final phase of the construction part of the project, may not:
- encumber the land plots of an enterprise zone, commercial building or the project with a right of lien for purposes other than the purposes of project implementation.
 - encumber the land plots of an enterprise zone, commercial building or the project with an easement or right of lien that would prevent the use of the project on the part of the users of the real estate.
- m) In the case of projects for which is requested aid from the state budget or, as the case may be, financial participation of the state in co-financing an amount greater

⁸ Act No. 137/2006 Coll., on Public Contracts, as amended

CZK 100 million, the project must be approved by the Ministry of Finance of the Czech Republic pursuant to a special act¹⁰ prior to issuance of the Decision to Grant a Subsidy.

- n) The aid recipient may not be an entity to whose benefit land plots in an enterprise zone or spaces in a commercial building are rented or encumbered with an easement by an entity that is connected to the recipient either economically or through personnel. In the case of acquisition of real estate from an entity connected to the recipient either economically or through personnel, the purchase price cannot be included in the eligible costs.
- o) In the case of rental of land plots in an enterprise zone or spaces in a commercial building, the aid recipient shall declare the amount of the rental payment for which the land plots or spaces will be rented to the mediating entity, always prior to the rental of such land plots or spaces in a commercial building.
- p) If the actual rental amount exceeds the usual rental amount determined in an expert appraisal in the course of calculating the cost gap, this will result in the creation of extraordinary income and the aid recipient shall divert the proportion of extraordinary income calculated as the product of extraordinary amount multiplied by the percentage amount of the received subsidy to the account of the Programme Administrator. The conditions set forth in this article apply in the period following receipt of the aid application up and further until five years (three years in the case of SMEs) following completion of the final phase of the construction part of the project.
- q) The aid recipient is obligated to complete construction by the deadline set forth in the Decision to Grant a Subsidy at the latest.
- r) Construction shall be considered as completed if all component structures and technological units of the structure have been completed. The structure or

⁹ The production or other activity for which aid was provided, regardless of its scope, is realised. This condition does not relate to cases of bankruptcy or liquidation of the aid recipient or other means of terminating the aid recipient's business activity.

¹⁰ Decree No. 560/2006 Coll., on Participation of the State Budget in Financing Programmes of Asset Reproduction, as amended.

technological units shall be considered as completed when it is taken over via a protocol and if building approval or a permit for trial operation is issued for it, provided that these administrative rulings have been issued or the structure's handover protocol has been provided in the case that a building permit was not required for implementation of the project.

- s) The project is completed if all phases of the project have been completed.
- t) For the entire period of project implementation and for a period of five years (three years in the case of SMEs) following the date of completion of project implementation, the aid recipient must use the assets acquired with the use of the subsidy and that it has in its ownership primarily for the purposes of the supported economic activity.
- u) The project must have an incentive effect pursuant to Article 8 of Commission Regulation (EC) No. 800/2008.
- v) Other responsibilities of the aid recipient are set forth in the Terms and Conditions.

4.3. Eligible Costs

4.3.1. Eligible costs must fulfil the following conditions:

- a) Such costs must be expended in accordance with the objectives of the programme and must immediately relate to the project's implementation or arise due to its implementation.
- b) Such costs must be expended no earlier than on the date of project acceptability.¹¹
- c) Such costs must be demonstrably paid by the aid recipient before they are reimbursed from structural funds, unless stipulated otherwise.
- d) Such costs must be verified by evidential payment documentation; assets cannot be acquired by means of capitalisation.

¹¹ The date of project acceptability is understood as the day on which the mediating entity provides to the applicant written confirmation that the Registration Application essentially fulfils the acceptability conditions of the programme.

- e) In order for real-estate purchase costs to be included among the project's eligible costs, a contract on a future purchase contract must be concluded by the date of project acceptability.
- f) More detailed specifications of eligible costs are provided in Annex No. 3 and in the Specific Section of this Call.

4.3.2. The following are not eligible costs:

- VAT, if the aid recipient is a VAT payer¹²
- Costs paid prior to the date of project acceptability
- Loan and credit payments
- Sanctions and penalties
- Warranty costs, insurance, interest, bank fees, exchange-rate losses, customs and administrative fees
- Leasing

4.3.3. Detailed specification of eligible costs

- a) An overview of eligible costs according to individual supported projects is the content of the Specific Section of this Call.
- b) A detailed specification of eligible and non-eligible costs is set for in the Eligible Cost Methodology, which is available on the **MIT** and **CzechInvest** websites.

¹² For entities that are not VAT payers, VAT is an eligible cost in the case that such entities are not authorised to claim VAT as a deduction in accordance with Act No. 235/2004 Coll., on Value Added Tax.

4.4. Sectoral Classification

- a) Aid can be provided only for projects that fulfil the conditions for the real-estate users' activities as defined in Annex No. 1.
- b) Projects whose outputs are realised in an any of the following sectors cannot be supported (see Annex No. 4):
- manufacture, processing and marketing of products set forth in Annex I of the EC Treaty¹³
 - shipbuilding (CZ-NACE C 30.11)
 - agriculture, fishing, aquaculture, forestry (CZ-NACE A 01, A 02, A 03)
 - coal industry (B 05, C 19.1)
 - manufacture of synthetic fibres (CZ-NACE 20.6; see Annex No. 4)
 - steel industry (see Annex No. 4)

4.5. Form and amount of aid

- a) Aid is provided in the form of a subsidy.
- b) The subsidy is specifically intended for payment of eligible costs arising in connection with achieving the objective of the project.
- c) The subsidy amount is provided according to the type of project and the type of aid recipient. An overview of the possibilities and amounts of aid according to supported projects and aid recipients is the content of Annex No. 2.
- d) The minimum aid amount is set at CZK 1 million, the maximum aid amount at CZK 500 million. In the case of a project involving the drafting of project documentation, the minimum aid amount is set at CZK 500,000 and the maximum aid amount at CZK 50 million.
- e) The amount of the provided subsidy is governed by the Regional Map of State Aid Intensity for Regions of the Czech Republic for the period 2007-2013¹⁴ and is maximally:

¹³ Products whose manufacture, processing and introduction to the market fall within the area of the Common Agricultural Policy.

NUTS II Region	Small enterprise	Medium-size enterprise	Large enterprise	Territorial administrative unit
Central Moravia, Northwest, Central Bohemia, Moravia-Silesia Northeast, Southeast	60%	50%	40%	40%
Southwest 1 January 2007 – 31 December 2010	56%	46%	36%	36%
Southwest 1 January 2011 – 31 December 2013	50%	40%	30%	30%

- f) The percentage of the subsidy amount according to the Regional Map is dependent upon the date of issuance of the Decision to Grant a Subsidy.

4.6. Selection of Projects

4.6.1. Selection criteria

- a) Supported projects are assessed on the basis of a multi-criteria scoring evaluation.
- b) The selection criteria are available on the MIT and CzechInvest websites.

4.6.2. Method of selecting projects

The selection and assessment of projects is performed on the basis of criteria stipulated by the Programme Administrator. The Governing Body of OPEI (i.e. the MIT) shall decide on the provision of a subsidy on the basis of Government Resolution No. 175/2006.

¹⁴ National Map of Regional Aid – Czech Republic, OJ C 280/2006, 18 November 2006, pg. 7

- a) The selection of projects according to the stipulated scoring evaluation and required conditions will be performed continually within the formal and objective appraisal of both the Registration and Full Applications for aid, including all required annexes.
- b) Following the assessment of the Registration Application, the aid recipient will be informed of the acceptability or, as the case may be, unacceptability of the submitted project, or may be requested to provide additional information.
- c) In the case that the project is deemed acceptable, the aid recipient will be notified of this fact on the project's date of acceptability. From the date of acceptability the aid recipient will be able to expend eligible costs and the time period for submitting the Full Application will begin.
- d) Following the assessment of the Full Application, CzechInvest shall submit it to the Evaluation Committee, which on the basis of the submitted assessment shall recommend or not recommend the application for approval or, as the case may be, recommend amendments or request additional documentation.
- e) If the Evaluation Committee recommends the application for approval, and if there are no formal or objective reasons to reject the aid application, the Programme Administrator shall issue a Decision to Grant a Subsidy, part of which will comprise objective time and financial indicators of the project's implementation together with the binding Terms and Conditions.

5. Participation in Other Aid Programmes

It is possible to receive aid for the eligible costs of a project supported under this programme from the Guarantee Programme, i.e. state aid pursuant to Article 87(1) of the EC Treaty or aid under the de minimis regime pursuant to Commission Regulation (EC) No. 1998/2006, if such accumulation of aid does not lead to exceeding the maximum aid intensity set forth by the Regional Map of State Aid Intensity for Regions of the Czech Republic for the period 1 January 2007 to 31 December 2013 approved by the European Commission.¹⁵

¹⁵ National Map of Regional Aid – Czech Republic, OJ C 280/2006, 18 November 2006, pg. 7

The objective is to enable the subsidy recipient to obtain suitable credit intended for financing the approved project (whereas 25% of eligible costs must be financed using resources that do not contain any state aid).¹⁶

If the aid recipient has obtained capital within the venture-capital measure pursuant to Article 29 (aid in the form of venture capital) of Commission Regulation (EC) No. 800/2008 and afterwards, in the course of the first three years following the first investment of venture capital, requests aid within the framework of this Call of the programme, the relevant threshold values of aid shall be reduced by 20%, whereas the reduction shall not exceed the total amount of the received venture capital.

6. *Essential Elements of the Aid Application and the Manner of Its Submission*

Registration Application and Full Application forms, together with instructions for their submission, will be available on the websites of the **MIT** and **CzechInvest**. The applicant must first complete the Registration Application and send it, together with the required annexes, to the mediating entity via the eAccount internet application. Based on a formal inspection of the Registration Application and its acceptability, including an economic evaluation of the applicant, CzechInvest shall inform the applicant of the result of such evaluation. In the event of successful registration, CzechInvest shall send to the applicant information on the date from which eligible costs may be incurred, and the ten-month period for submitting the Full Application will begin to elapse.

The applicant may not exceed this period; otherwise, the applicant's Registration Application will be automatically withdrawn.

6.1. Registration Application

The Registration Application is in electronic form and contains, in particular, the applicant's identification data and a brief description of the project. The Registration Application is

¹⁶ More information is available at <http://www.mpo.cz/dokument55707.html>

submitted electronically with the qualified electronic signature of the person(s) authorised to act on behalf of the applicant.

All required annexes are submitted electronically and shall be provided with the qualified electronic signature of person(s) authorised to act on behalf of the applicant.

Parts of the application:

- General description of the project (current use of the real estate, technical description, planned use, etc.)
- Project schedule
- Estimate of the real estate's price (according to the type of project – price before/after implementation of the project)

Annexes:

- Financial statements of the applicant or, as the case may be, parent company for the last two closed accounting periods
- Specification of the business property in the Urban Development Plan or Land-Use Ruling
- Specification of the ownership relationships (extract from the Land Register + facsimile image from the cadastral map)
- Status and design of the project's structural-technical solution formulated by a professional qualified entity – situational rendering with the cadastral map as its basis, with specification of the properties (original and new) affected by the project
- Specification of the budgeted costs (formulated by a professionally competent entity)
- Photographic documentation of the current condition of the property (approx. five photographs)
- Applicant's affidavit on the impossibility of implementing the project on an already existing site (this applies only for zone-preparation projects as set forth in item 3(a) of this Call.)

6.2. Full Application

The Full Application is in electronic form and contains detailed information about the applicant and the project – such information concerns the project's budget, horizontal indicators and binding indicators. The Full Application is submitted electronically with the qualified electronic signature of the person(s) authorised to act on behalf of the applicant.

All annexes are submitted electronically (with the exception of specific documents that can be submitted in printed form, e.g. project documentation) and must be provided with the electronic signature of the person(s) authorised to act on behalf of the applicant.

Parts of the application:

- Project schedule
- Budget

Annexes:

- Documents demonstrating that the applicant is the owner of the business property (extract from the Land Register + facsimile image from the cadastral map), contract on a future purchase contract if required.
- Estimate of the real estate's value in the form of an expert appraisal (not older than two years) processed according to the Property Appraisal Methodology, which comprises an annex of the Instructions for Applicants. According to the type of project, the expert shall determine the value of all subject properties prior to implementation of the project and the value following implementation in the case of projects submitted to territorial administrative units.
- Project documentation for the construction permit (verified in building-approval proceedings)
- Construction permit in legal force
- Documents demonstrating the ability to finance the project (e.g. promissory note from a bank, loan contract, sufficient financial means on the part of the applicant)

- Documentation for the tender for suppliers (report from the tender drafted according to the methodology contained in the Regulations for Selecting Suppliers, calculated construction costs, copy of the announcement of the tender in the Commercial Bulletin)
- Contract on work
- In the case that the purchase price of the business property is part of the eligible costs, a contract on the purchase of the business property and an affidavit stating that the seller is not connected with the applicant either economically or through personnel
- Statistical indicators of the unemployment rate in the district where the project is to be implemented – verified by a document from the locally relevant Labour Office (not older than three months)
- FFP (financial feasibility of the project) electronic form, which is available in the eAccount internet application
- Guarantee contract in the case that the applicant wants to use a combination of aid from the GUARANTEE and REAL ESTATE programmes

7. *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.

8. *Other provisions*

There is no legal entitlement to a subsidy.

9. Specific Section

The following section of the Call relates to individual supported projects.

Overviews of the maximum amounts of aid for individual supported projects together with eligible aid recipients are the content of Annex No. 2.

In the case of all projects within this Call, it is necessary, among other things, to comply with the conditions valid for investment aid set forth in Article 12 of Commission Regulation No. 800/2008.

9.1. Project involving the preparation of a zone

9.1.1. Conditions of project acceptability

- a) Enterprises/entrepreneurs set forth in item 4.1.1 a) can be aid recipients.
- b) In the period following receipt of the aid application until five years (three years in the case of SMEs) from the completion of the final phase of the construction part of the project, the aid recipient may rent out a maximum of 25% of the land area in the enterprise zone in favour of a third party or use such land area itself for purposes other than for the activity of the real estate's users.
- c) No later than within a period of five years (three years in the case of SMEs) following the completion of the final phase of the construction part of the project, the aid recipient is obligated to commence construction, in the prepared zone, of a commercial building that is useful for the activities of the real estate's users.
- d) The aid recipient shall declare and substantiate that, to the best of its knowledge, in the given location and time it is not able to implement a similar project in an existing built-up area or that in the given location and time there is not a sufficiently large built-up area to meet the recipient's needs.

9.1.2. Eligible costs

Costs considered to be eligible within the project:

Eligible investment costs	1.	Purchase of land
	2.	Land preparation
	3.	Removal of unused structures
	4.	Utilities networks and purpose-built roads
	5.	Purchase of structures
	6.	Construction-project documentation
	7.	Engineering works under construction

9.1.3. Aid amount

- a) The aid amount is governed by the Regional Map of State Aid Intensity.
- b) The maximum subsidy amount is set at CZK 300/m² within the enterprise zone.

9.1.4. Selection criteria

The supported project is assessed on the basis of a multi-criteria scoring evaluation.

9.2. Project involving the construction of a rental property

9.2.1. Conditions of project acceptability

- a) The aid recipient can be a municipality or region as set forth in items 4.1.1 b), c).
- b) The floor area of the property that is the subject of the project must be at least 500 m².
- c) In the period following receipt of the aid application until five years from the completion of the final phase of the construction part of the project, the aid recipient may rent out the floor area of the commercial building that is the subject of the project only to the users of the real estate. This restriction applies for 75% of the floor area of the commercial building that is the subject of the project.

9.2.2. Eligible costs

Costs considered to be eligible within the project:

Eligible investment costs	1.	Land preparation
	2.	Removal of unused structures
	3.	Utilities networks and purpose-built roads
	4.	Construction-project documentation
	5.	Architectural tender
	6.	Engineering works under construction
	7.	Renovation/modernisation under construction
	8.	New structures

9.2.3. Aid amount

- a) The aid amount is governed by the Regional Map of State Aid Intensity.
- b) The maximum subsidy amount is set at CZK 1,500/m³ of a commercial building in the case that its average ceiling height is more than six metres; in the opposite case, CZK 3,000/m³ of the commercial building.

9.2.4. Selection criteria

The supported project is assessed on the basis of a multi-criteria scoring evaluation.

9.3. Project involving the renovation of a building

9.3.1. Conditions of project acceptability

- a) The floor area of the property that is the subject of the project must be at least 500 m² following implementation of the project.
- b) The building that is the subject of the project currently is not used sufficiently effectively, is neglected and can be used for the activities of the users of the real estate only under the condition of implementation of a renovation project.
- c) If, on the basis of expert appraisals and estimates, the aid recipient demonstrates that the costs of removing the existing structure and construction of a new one are, in total, less than the costs of renovating the given structure, it shall be possible to obtain aid for removal of the existing structure and construction of a new one.

- d) Within a building-renovation project, it is possible to increase the original floor area and volume of the building by a maximum of 100% of the original floor area and volume of the building that is the subject of the project and to classify the costs of such increase among the eligible costs of the project. The same conditions defined by this Call apply for all supported floor areas of the building.
- e) Eligible costs expended on the renovation of structures must be greater than the costs expended on its purchase. If the purchase of structures is not part of the eligible costs, costs expended on the renovation of structures must be greater than the common price of structures prior to renovation as stated in an expert appraisal.
- f) If the aid recipient is an entrepreneur/enterprise pursuant to item 4.1.1 a), such recipient may, in the period following receipt of the aid application until five years (three years in the case of SMEs) from completion of the final phase of the construction part of the project, rent out a maximum of 25% of the floor area of the commercial building in favour of third parties or use such floor area itself for purposes other than the activities of the real estate's users.
- g) If the aid recipient is a municipality or region pursuant to items 4.1.1 b) and c), the recipient may, in the period following receipt of the aid application until five years from the completion of the final phase of the construction part of the project, rent out the floor area of the commercial building that is the subject of the project only to the users of the real estate. This restriction applies for 75% of the floor area of the commercial building that is the subject of the project.

9.3.2. Eligible costs

Costs considered to be eligible within the project:

Eligible investment costs	1.	Purchase of land (recipients pursuant to 4.1.1 a))
	2.	Land preparation
	3.	Removal of unused structures
	4.	Utilities networks and purpose-built roads
	5.	Purchase of structures (recipients pursuant to 4.1.1 a))
	6.	Construction-project documentation
	7.	Architectural tender
	8.	Engineering works under construction
	9.	Renovation/modernisation of structures
	10.	New structures

9.3.3. Aid amount

- The aid amount is governed by the Regional Map of State Aid Intensity.
- If the aid recipient is a municipality or region, the aid amount is further limited by the amount of the cost gap.
- The maximum subsidy amount is set at CZK 1,500/m³ of a commercial building in the case that its average ceiling height is more than six metres; in the opposite case, CZK 3,000/m³ of the commercial building.

9.4. Project involving the drafting of project documentation

9.4.1. Conditions of project acceptability

On the basis of the supported project documentation, the aid recipient is obligated to commence implementation of a project that can be considered as supportable in the terms of this Call (projects defined in Chapter 3 a) – c) no later than within two years following the receipt of aid.

9.4.2. Eligible costs

Costs considered to be eligible within the project:

Eligible investment costs	1.	Construction-project documentation
	2.	Architectural tender

9.4.3. Aid amount

a) The aid amount is governed by the Regional Map of State Aid Intensity.

9.4.4. Selection criteria

The supported project is assessed on the basis of a multi-criteria scoring evaluation.

Annex No. 1

- **Business property** – land plot or building including related infrastructure intended for conducting business, including enterprise zones and commercial buildings.
- **Enterprise zone** – integrated built-up area on which commercial buildings can be placed on the basis of a legally binding ruling on the location of a structure based on an approved land-use plan.
- **Commercial building** (Building) – a building intended primarily for the users of real estate. Such a building can be, for example, a production hall or administrative building including functionally related buildings.
- **Supported projects** (Projects) – projects that are the subject of aid pursuant to item 3 of this Call, which comprises the conditions for the activities of users of real estate.
- **Aid** – subsidy obtained by an aid recipient on the basis of a Decision to Grant a Subsidy.
- **Aid recipient** – an entity corresponding to the definition pursuant to item 4.1.1. of this Call and to whose benefit aid will be provided.
- **User of real estate** – a business entity whose activity in a business property fulfils the condition of sectoral classification in the manufacturing industry (CZ-NACE 10 - 33)¹⁷ or the areas of business support services, technology centres and research and development.
- **Cost gap** (CG) – the difference between eligible costs of project implementation (including the common price of the project prior to its commencement) and the common price of the project following its implementation. The amount of the cost gap is determined according to the following equation:

$$\mathbf{CG = CP + EC - CPP}$$

¹⁷ With the exception of CZ-NACE C 19.1, C 30.11 and activities falling within the definition of the steel industry and manufacture of synthetic fibres (see Annex No. 4)

where **CP** is the common price¹⁸ of the business property intended for project implementation according to the investment plan; **EC** is the eligible costs of project implementation; and **CPP** is the common price¹⁹ of the business property following completion of the project.

- **Small and medium-size enterprises** (SMEs) are defined in Annex I of Commission Regulation (EC) of 6 August 2008, declaring certain categories of aid compatible with the common market in application of Articles 87 and 88 of the EC Treaty.
- **Project phase** (Phase) – an integral part of a project comprising individual completed works or, as the case may be, eligible-cost items in the scope given by the Full Application for aid. The minimum duration of a project phase is three months and the minimum subsidy amount for a phase is CZK 500,000. For more detailed information, see the Project Phase Regulations published on the MIT and CzechInvest websites.
- **Eligible costs** (EC) – costs of project implementation pursuant to the Call and arising following the date of project acceptability.
 - **Floor area** – floor area of all rooms in a non-residential space or non-residential space under construction, including areas intended exclusively for use with a non-residential space or non-residential space under construction. The floor area of internal walkways and other areas that are part of the connecting spaces count toward one-half of this area.²⁰
 - **Entities connected economically or through personnel** – entities, when one entity is directly or indirectly involved in the management, governance or assets of a second entity or if the identical legal entities or natural persons are directly or indirectly involved in the management, governance or assets of both legal entities or close natural persons.²¹

¹⁸ Act No. 151/1997 Coll., on Property Valuation, as amended

¹⁹ Act No. 151/1997 Coll., on Property Valuation, as amended

²⁰ Act No. 72/1994 Coll., Section 2(j)

²¹ Section 116 of Act No. 40/1964 Coll., the Civil Code, as amended

Participation in governance or assets is understood as ownership of more than a 25% share of the basic capital or voting rights.

- **Authorised expert** – an expert registered in the list of experts pursuant to a special regulation²² for the basic sector of economics, field of prices and appraisals, with specialisation for appraising real estate.
- **Programme Administrator** (aid provider) – The Programme Administrator is understood to be the Governing Body of OPEI.

²² Act No. 36/1967 Coll., on Experts and Interpreters, as amended

Annex No. 2

	Maximum aid amount according to the recipient				Restrictions/limits	
	SE	ME	LE	TUA	Size of area	Maximum subsidy amount per unit
Zone preparation	60% EC*	50% EC*	40% EC*	~	~	300 / m ²
Construction of a rental building	~	~	~	CG (max 40% EC*)	min. 500 m ² of floor area	CZK 1,500/m ³ if the average ceiling height is above 6m, otherwise CZK 3,000/m ³
Building renovation	60% EC*	50% EC*	40% EC*	CG (max 40% EC*)		
Project documentation	60% EC*	50% EC*	40% EC*	40% EC*	~	~
* In the case of projects implemented in the NUTS II Southwest region, the maximum aid amount from 1 January 2007 to 31 December 2010 is 4% lower and from 1 January 2011 to 31 December 2013 it is 10% lower in comparison with the data in the table.						
SE – Small enterprise, ME – medium-size enterprise, VP – large enterprise, TUA – Territorial administrative unit as set forth in item 4.1.1 of this Call						

Annex No. 3 – Definition of eligible costs

ELIGIBLE INVESTMENT COSTS	1.	Purchase of land	Acquisition of land, max. 10% of the budget of eligible project costs
	2.	Land preparation	Preparation of land for construction
	3.	Removal of unused structures	Costs of demolishing structures as needed for implementation of new construction
	4.	Utilities networks and purpose-built roads	Acquisition of utilities networks and purpose-built roads
	5.	Purchase of structures	Acquisition of structures for the purpose of project implementation. This cost is eligible up to the amount determined by an expert appraisal.
	6.	Construction-project documentation	Externally purchased services of design engineers in the creation of documentation for land-use and construction management, including structural design and, as needed, an environmental impact assessment
	7.	Architectural tender	Public tender pursuant to Act No. 176/1992 Coll., on Public Contracts, for the architectural design of structures.
	8.	Engineering works under construction	The activities of authorised natural persons under Act of the Czech National Council No. 360/1992 Coll., on performance of the profession of authorised architects and authorised engineers and technicians active in construction, as amended, Act of the Czech National Council No. 61/1988 Coll., and Act No. 200/1994 Coll. on surveying, as amended and supplemented by Acts related to its implementation
	9.	Renovation/modernisation of structures	For the purpose of this programme the term “renovation” refers to interventions in the property which result in a change to its purpose or technical parameters. The term “modernisation” refers to the expansion of fittings and fixtures or the usability of the property.
	10.	New structures	New structures

Annex No. 4 – Specification of unsupported sectors

Annex I of the EC Treaty

(manufacture, processing and introduction to the market of products set forth in Annex I of the EC Treaty are excluded from the programme)

Number in nomenclature	Description of products
Chapter 1	Live animals
Chapter 2	Meat and edible meat offal
Chapter 3	Fish, crustaceans and molluscs
Chapter 4	Milk and dairy products; birds' eggs; natural honey
Chapter 5	
05.04	Guts, bladders and stomachs of animals (other than fish), whole and pieces thereof
05.15	Animal products not elsewhere specified or included; dead animals of Chapter 1 or Chapter 3, unfit for human consumption
Chapter 6	Live plants and floricultural products
Chapter 7	Vegetables, edible plants, roots and tubers
Chapter 8	Edible fruit; peel of melons and citrus fruits
Chapter 9	Coffee, tea and spices, excluding maté (heading No. 09.03)
Chapter 10	Cereals
Chapter 11	Products of the milling industry: malt, starches, gluten, inulin
Chapter 12	Oil seeds and oleaginous fruit; plants; straw and fodder; miscellaneous seeds and fruit; industrial and medicinal plants
Chapter 13	
ex 13.03	Pectin
Chapter 15	
15.01	Lard and other rendered pig fat; rendered poultry fat
15.02	Unrendered fats of bovine cattle, sheep or goats; tallow (including "premier jus" produced from these fats)
15.03	Lard stearin, oleostearin, olein from pig lard; non-emulsified oleomargarine, neither mixed or otherwise prepared
15.04	Fats and oils from fish and marine mammals, including refined
15.07	Fixed vegetable oils, fluid or solid, raw, purified or refined
15.12	Animal or vegetable fats and oils, hydrogenated, whether or not refined, but not otherwise further prepared
15.13	Margarine, imitation lard and other prepared edible fats
15.17	Residues resulting from the processing of animal fats or animal or vegetable waxes

Chapter 16	Preparations of meat, fish, crustaceans or molluscs
Chapter 17	
17.01	Beet sugar and cane sugar, solid
17.02	Other sugars; sugar syrups; artificial honey (whether or not mixed with natural honey); caramel
17.03	Molasses, including decolourised
17.05	Flavoured or coloured sugars, syrups and molasses (including vanilla sugar or vanillin), with the exception of fruit juice containing added sugar in any proportion
Chapter 18	
18.01	Cocoa beans, whole or broken, raw or roasted
18.02	Cocoa shells, husks, skins and other cocoa waste
Chapter 20	Preparations of vegetables, edible plants, fruit or other parts of plants
Chapter 22	
22.04	Grape must with fermentation arrested otherwise than by the addition of alcohol
22.05	Wine from fresh grapes; grape must from fresh grapes with fermentation arrested by the addition of alcohol
22.07	Other fermented beverages (cider, perry, mead)
ex 22.08 ex 22.09	Denatured or non-denatured ethyl alcohol of any strength, obtained from agricultural products listed in Annex I of the EC Treaty, excluding distillates, liqueurs and other spirituous beverages and compound alcoholic preparations (so-called concentrated extracts) for the manufacture of alcoholic beverages
22.10	Table vinegar and substitutes for vinegar
Chapter 23	Residues and waste from the food industry; prepared animal fodder
Chapter 24	
24.01	Unprocessed tobacco, tobacco waste
Chapter 45	
45.01	Raw natural cork, cork waste; granulated or ground to powder
Chapter 54	
54.01	Flax – raw, steeped, rubbed, combed or otherwise processed, but not spun; flax tow and waste (including pulled material)
Chapter 57	
57.01	True hemp (<i>Cannabis sativa</i>), raw, steeped, rubbed, combed or otherwise processed, but not spun; tow and waste of true hemp (including pulled material)

(Note: this partially concerns CZ-NACE C10, 11, 13, 20.14.9; G46.11, 46.17, 46.2, 46.3, 47.11, 47.2, 47.76, 47.81)

2. Steel industry

For the purposes of this programme, the “steel industry” is understood to be all activities connected with the production of one or more of the following products from steel (pursuant to Article 2(29) of Commission Regulation (EC) No. 800/2008):

a) pig iron and ferro-alloys:

pig iron for steelmaking and the foundry industry and other pig iron, spiegeleisen and high-carbon ferromanganese, among other ferro-alloys.

b) crude or semi-finished products of iron, ordinary steel or special steel:

liquid steel or steel not cast into ingots, including ingots intended for forging: blooms, billets and slabs; sheet bars and tinplate bars; hot-rolled wide coils, with the exception of production of liquid steel for castings from small and medium-sized foundries.

c) hot-finished products of iron, products of ordinary steel or special steel:

rails, sleepers, fishplates and soleplates, joists, heavy sections and bars of 80 mm and larger, sheet piling, bars and sections of less than 80 mm and flats of less than 150 mm, wire rod, tube rounds and squares, hot-rolled strips (including tube strips), hot-rolled sheets (coated or uncoated), plates and sheets of 3 mm thickness and over, universal plates with diameter of 150 mm and over, with the exception of wire and wire products, bright bars and iron castings.

d) cold-finished products:

tinplate, terneplate, blackplate, galvanised sheets, other coated sheets, cold-rolled sheets, magnetic sheets, strips for production of tinplate, cold-rolled plate, in coils and in strips.

e) tubes:

all seamless steel tubes, welded steel tubes with a diameter greater than 406.4 mm.

3. Manufacture of synthetic fibres

For the purposes of the programme, the manufacture of synthetic fibres is understood as (pursuant to Article 2(30) of Commission Regulation (EC) No. 800/2008):

- a) extrusion or texturisation of all types of sheared fibres and yarn fibres based on polyester, polyamide, acrylate or polypropylene, regardless of the end-use of the products produced from them, or
- b) polymerisation, including polycondensation, if it is a component of extrusion, or each accompanying process related to the introduction of extrusion or texturing technology by the Applicant or other business entity belonging to the concern and which in the given commercial activity is a common part of the process of extruding or texturing fibres.

4. Agriculture, fishing, aquaculture, forestry – CZ-NACE A 01, A 02, A03

5. Coal industry – NACE B 05, C 19.1(including coke)²³

6. Shipbuilding – CZ-NACE C 30.11

²³ Definition derived from Council Regulation (EC) No. 1407/2002, on State Aid to the Coal Industry