

Pursuant to Article 16 of the State Aid Act (Official Gazette, No 47/2003 and 60/04) and Article 83 of the Regulation on State Aid (Official Gazette, No 121/03) the Competition Council in its 31<sup>st</sup> session held on 22 December 2004 adopted the following

**ORDINANCE ON THE FORM AND CONTENT OF THE NOTIFICATION AND THE  
METHOD OF DATA COLLECTION AND KEEPING THE STATE AID  
REGISTER**

I GENERAL PROVISIONS

*Scope of the Ordinance*

Article 1

This ordinance shall lay down the form and content of the notification and the method of data collection and keeping the register involving aid schemes and individual aid, which must be transmitted to the Croatian Competition Agency (hereinafter: CCA) by the aid providers within the meaning of Article 11 paragraph (1) and Article 12 paragraph (1) of the State Aid Act, subsequently approved individual aid under Article 15 paragraph (1) of the State Aid Act and the method used for data collection in compiling the annual report on the work of the CCA in the previous year relating to state aid and the annual report on state aid.

II NOTIFICATION OF STATE AID

*Standard state aid notification form*

Article 2

(1) The draft acts authorising or granting individual aid under Article 11 paragraph (1) of the State Aid Act and the draft acts setting out the proposed aid schemes provided by the state budget and the budgets of local and regional self-government units under Article 12 paragraph (1) of the State Aid Act (hereinafter: proposed measures), shall be transmitted to the CCA on paper by the aid provider (hereinafter: notifying party). Apart from the proposed measure in question that shall contain necessary supplementary information on paper, the notifying party shall also transmit to the CCA the Standard State Aid Notification Form (hereinafter: notification form) on paper and an electronic copy thereof.

(2) The notification form under paragraph (1) hereof shall include the following data:

I Notification of the draft act concerning state aid (proposed measure)

1. Identification of the aid provider (code, name, address and contact person):

1.1. Title of the aid;

1.2. Is it a request for subsequent (*ex post*) approval of aid;

1.3. Type of aid;

1.4. Brief description of the objectives of the aid;

1.5. Legal basis of the aid award;

1.6. Is it new aid;

1.7. Aid level;

1.8. Eligible expenditures which serve as a basis for granting aid (in HRK);

- 1.9. Duration of aid;
  - 1.10. Planned amounts of aid.
  2. Identification of aid beneficiaries;
    - 2.1. In case of an aid scheme:
      - 2.1.1. Type of beneficiaries;
      - 2.1.2. Estimated number of beneficiaries.
    - 2.2. In case of an individual aid indicate the name and address of the undertaking;
      - 2.2.1. Type of the undertaking;
    - 2.3. Sector(s) of the beneficiary(ies).
  3. Forms (instruments) of the aid and means of funding;
    - 3.1. Specify the form (instrument) of the aid;
    - 3.2. Specify the financing of the aid.
  4. Cumulation of different types of aid.
- II Justification of the draft act concerning state aid (proposed measure)
1. Explicit assessment of the present situation and the basic issues to be regulated by the aid in question;
  2. Consequences which the approval or non-approval of the aid may cause on the state, regional or sectoral level;
  3. If the aid is of unlimited duration, it is necessary to specify the annual expenditure or the reduction of budgetary revenue during the forthcoming three years.

(3) The written notification form is provided for in Annex I of this Ordinance and is a constituent part thereof.

(4) An electronic copy of the notification form can be found on the CCA web site [www.crocompet.hr](http://www.crocompet.hr) and can be transmitted to the CCA by electronic media.

(5) The notifying party shall fill in the notification form in accordance with the Instructions – How to Fill in the Notification Form provided for in Annex II of this Ordinance and is a constituent part thereof.

(6) The proposed measure and the notification form which are transmitted on paper shall be signed and certified by a responsible person assigned by the notifying party.

### *Subsequent (ex post) approval or award of state aid*

#### Article 3

The proposed measure relating to subsequent (*ex post*) approval or award of state aid under Article 15 paragraph (1) of the State Aid Act shall be transmitted by the notifying party according to the form and method described under Article 2 hereof.

### *Language*

#### Article 4

If the supplement to the proposed measure or the proposed measure relating to subsequent (*ex post*) approval or award of state aid have been transmitted in a foreign language, the notifying party shall deliver the certified translation into Croatian enclosed to the original copy or a certified photocopy of the original document.

### III ANNUAL REPORT ON STATE AID

#### *State aid register*

#### Article 5

(1) Pursuant to the provisions of Article 19 of the State Aid Act and for the purpose of drafting of the annual report on state aid, the state aid register shall be kept in compliance with the aid level and according to the following categories:

1.1. Agriculture, hunt and forestry

1.2. Fisheries

2. Horizontal aid

2.1. Research and development

2.2. Environmental protection

2.3. Energy saving

2.4. SMEs

2.5. Employment

2.6. Training

2.7. Culture

2.8. Other objectives

3. Regional aid

3.1. Areas A (less favoured areas)

3.2. Areas B

4. Sectoral aid

4.1. Steel manufacturing industry

4.2. Land transport

4.3. Maritime transport

4.4. Air transport

4.5. Shipbuilding

4.6. Tourism

4.7. Financial services

4.8. Other sectors

(2) The list of the above mentioned categories and aid levels is provided for in Annex III of this Ordinance and is a constituent part thereof.

#### *Instruments of state aid*

#### Article 6

(1) For the categories of aid listed in Article 5 hereof, state aid shall be awarded through the following instruments:

1. A – Direct grants and tax exemptions;

A1 – State aid awarded through budgetary expenditure: grants;

A2 – State aid awarded through budgetary revenue (tax relief, tax exemption, tax and contributions remission and tax allowances);

2. B – Equity participation;  
B1 – Financial transfers to public enterprises;

3. C – Financial transfers:  
- Soft loans (C1);  
- Other instruments (C2);

4. D – Guarantees.

(2) The list of aid instruments is provided for in Annex IV of this Ordinance and is a constituent part thereof.

#### IV TRANSITIONAL AND FINAL PROVISIONS

##### Article 8

This Ordinance shall enter into force on the eighth day following the day of its publication in the Official Gazette.

Class: 011-02/2004-02/27  
Register No: 580-03-04-17-01  
Zagreb, 22 December 2004

President of the Competition Council  
Olgica Spevec

**STANDARD STATE AID NOTIFICATION FORM**

**I. Notification of the draft act concerning state aid (proposed measure)**

**1. Identification of the aid provider (code, name, address):**

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Contact person:

Name: Telephone: Fax /E-mail:
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**1.1. Title of the aid:**

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**1.2. Is it a request for subsequent (ex post) approval of aid?**

Yes.

Date of  aid approval.

Date of  aid award.

Please indicate the legitimate objective reasons why the aid provider has failed to submit the draft act (proposed measure) within the set period (Article 15 paragraph (1) of the State Aid Act).

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No.

**1.3. Type of aid:**

Aid scheme (for ex ante unspecified beneficiaries);

Individual (specified beneficiaries).

1.4. Brief description of the objective of the aid.

Please indicate primary objective and, if applicable, secondary objective(s):

	<b>Primary objective</b>	<b>Secondary objective</b>
	(tick <u>one</u> only)	(tick no more than two)
Regional development	<input type="checkbox"/>	<input type="checkbox"/>
Research and development	<input type="checkbox"/>	<input type="checkbox"/>
Environmental protection	<input type="checkbox"/>	<input type="checkbox"/>
Rescuing firms in difficulty	<input type="checkbox"/>	<input type="checkbox"/>
Restructuring firms in difficulty	<input type="checkbox"/>	<input type="checkbox"/>
SMEs	<input type="checkbox"/>	<input type="checkbox"/>
Employment	<input type="checkbox"/>	<input type="checkbox"/>
Training	<input type="checkbox"/>	<input type="checkbox"/>
Risk capital	<input type="checkbox"/>	<input type="checkbox"/>
Promotion of export	<input type="checkbox"/>	<input type="checkbox"/>
Services of general economic interest	<input type="checkbox"/>	<input type="checkbox"/>
Sectoral development	<input type="checkbox"/>	<input type="checkbox"/>
Compensation of damage caused by natural disasters or exceptional occurrences	<input type="checkbox"/>	<input type="checkbox"/>
Execution of an important project of common state interest	<input type="checkbox"/>	<input type="checkbox"/>
Remedy for a serious disturbance in the economy	<input type="checkbox"/>	<input type="checkbox"/>
Heritage conservation	<input type="checkbox"/>	<input type="checkbox"/>
Culture	<input type="checkbox"/>	<input type="checkbox"/>

1.5. Legal basis.\* (Please indicate the title and enclose a photocopy of the legal basis (acts) or draft texts of the legal basis and other related reference to the legal basis):

\* Acts = decisions, agreements, regulations, rules, ratified international treaties etc.

1.6. Is it new aid?

Yes.

No, the aid in question replaces/amends the existing aid scheme (indicate which one).

Title of the aid:
Aid Number:
Date of aid approval by the CCA:

1.7. Aid level.

<input type="checkbox"/> State	
<input type="checkbox"/> Regional	
<input type="checkbox"/> Local	
<input type="checkbox"/> Other	

1.8. Eligible expenditures serving as a basis for granting aid (HRK).

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1.9. Duration of aid.

From:	
To:	

1.10. Planned amounts of aid.

Total gross amount:	
Total net amount:	

**2. Identification of aid beneficiaries**

2.1. In case of an aid scheme:

2.1.1. Type of beneficiaries:

- all firms (large firms and small and medium-sized enterprises)
- only large enterprises
- small and medium-sized enterprises
  - medium-sized enterprises
  - small enterprises

2.1.2. Estimated number of beneficiaries:

- under 10
- from 11 to 50
- from 51 to 100
- from 101 to 500
- from 501 to 1000
- over 1000

2.2. In case of an individual aid, indicate the name and the address of the undertaking.

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2.2.1. Type of the undertaking

- SME

Number of employees	
Annual turnover	
Annual balance sheet	
Independence	

- large enterprise
- firm in difficulties

2.3. Sector(s) of the beneficiary(ies)

<input type="checkbox"/> Not sector specific	
<input type="checkbox"/> Agriculture, hunt and forestry	
<input type="checkbox"/> Fisheries	
<input type="checkbox"/> Mining and quarrying	
<input type="checkbox"/> Coal	
<input type="checkbox"/> Manufacturing industry	
<input type="checkbox"/> Textiles	
<input type="checkbox"/> Pulp and paper, publishing and printing	
<input type="checkbox"/> Chemicals, chemical products and man-made fibres	
<input type="checkbox"/> Man-made and synthetic fibres	
<input type="checkbox"/> Raw iron, steel and ferroalloys	
<input type="checkbox"/> Electrical and optical equipment	
<input type="checkbox"/> Motor vehicles	
<input type="checkbox"/> Shipbuilding	



<input type="checkbox"/>	Electricity, gas and water supply	
<input type="checkbox"/>	Construction	
<input type="checkbox"/>	Wholesale and retail services	
<input type="checkbox"/>	Hotels and restaurants	
<input type="checkbox"/>	Transport, warehousing and communications	
<input type="checkbox"/>	Land transport and transport via pipelines	
<input type="checkbox"/>	Railways	
<input type="checkbox"/>	Other land transport	
<input type="checkbox"/>	Sea and coastal water transport	
<input type="checkbox"/>	Inland water transport	
<input type="checkbox"/>	Air transport	
<input type="checkbox"/>	Post and telecommunications	
<input type="checkbox"/>	Financial intermediation	
<input type="checkbox"/>	Other (please specify according to NACE rev. 1.1.classification)	

### 3. Forms (instruments) of the aid and means of funding

3.1. Specify the form (instrument) of the aid:

<input type="checkbox"/>	Direct grant	
<input type="checkbox"/>	Soft loan	
<input type="checkbox"/>	Interest subsidy	
<input type="checkbox"/>	Tax advantage (specify which)	
<input type="checkbox"/>	Reduction of social security contributions	
<input type="checkbox"/>	Provision of risk capital	
<input type="checkbox"/>	Debt write-off	
<input type="checkbox"/>	Guarantee	
<input type="checkbox"/>	Other. (Please specify):	

3.2. Specify the financing of the aid:

Budget (state or regional and local self-government units):

Specify the position:
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<input type="checkbox"/> Parafiscal charges	
<input type="checkbox"/> Public enterprises	
<input type="checkbox"/> Other (specify)	

**4. Cumulation of different types of aid**

Can the aid be cumulated with aid received from other local, regional or national schemes to cover the same eligible costs?

Yes.

No.

If so, describe the mechanisms put in place in order to ensure that the cumulation rules are respected:

**II. Justification of the draft act (proposed measure) concerning state aid**

1. Explicit assessment of the present situation and the basic issues to be regulated by the aid in question.

2. Consequences which the approval or non-approval of the aid may cause on the state, regional or sectoral level.

3. If the aid is of unlimited duration, please specify the annual expenditure or the reduction of budgetary revenue during the forthcoming three years.

Declaration

The accuracy of the information provided on this form certifies:

(Date and place of notification)

(Notifying party)

## ANNEX II

### **INSTRUCTIONS – HOW TO FILL IN THE NOTIFICATION FORM**

#### I NOTIFICATION OF THE DRAFT ACT CONCERNING STATE AID (PROPOSED MEASURE)

##### **1. Identification of the aid provider (name, address)**

- Identify the aid provider, its name and address (e.g. Ministry of Finance, Ministry of the Economy).

##### Contact person:

- Fill in the data on the responsible contact person entrusted with providing the information on the state aid in question.

##### **1.1. Title of the aid**

- Specify the title of the state aid according to the file opened by the aid provider (class, register no, file title).

##### **1.2. Is it a request for subsequent (ex post) approval of aid?**

- If the individual aid has been authorised or granted without the approval of the CCA, owing to the fact that the aid provider has failed to submit the proposed measure within the set period.
- The aid provider must indicate legitimate objective reasons why the proposed measure has not been submitted to the CCA within the set period in compliance with Article 11 of the State Aid Act and indicate the approval date thereof.

##### **1.3. Type of aid**

- Aid scheme (which is defined within the programmes and rules for ex ante unspecified beneficiaries);
- Individual aid (which is defined upon the proposed decision on authorising or granting state aid to individual beneficiary/ies).

##### **1.4. Brief description of the objectives of the aid**

- A secondary objective is one for which, in addition to the primary objective the aid will be exclusively earmarked. For example, a scheme for which the primary objective is research and development may have as secondary objective small and medium-sized enterprises. The secondary objective may also be sectoral, in the case for example of a research and development scheme in the steel sector.

##### **1.5. Legal basis of the aid award**

- Indicate the title and enclose a photocopy of the legal basis (acts) or draft texts thereof and other related reference to the legal basis (fill in the legal basis for aid award).

##### **1.6. Is it new aid?**

- Indicate whether the aid in question is awarded for the first time or whether it replaces/amends the existing aid scheme (in the latter case specify the title, class and register no, and the approval date of the existing aid).

##### **1.7. Aid level**

- State: the aid provider is the central public administration authority (e.g. a ministry).
- Regional: the aid provider is a regional self-government unit (e.g. a county, Sisačko-moslavačka županija).
- Local: the aid provider is a local self-government unit (e.g. the Municipality of Jelsa, the City of Dubrovnik).
- Other: the aid provider is a company or other legal person the majority owner of which is the Republic of Croatia (e.g. HEP, HBOR).

**1.8. Eligible expenditures which serve as a basis for granting aid (in HRK)**

- Indicate the expenditures eligible for the aid award for the purpose of establishing of the maximum aid intensity.

**1.9. Duration of aid**

- Indicate the planned aid duration period.

**1.10. Planned amounts of aid**

- Total gross amount: actual and potential expenses or decreased revenue of the state (e.g. the amount planned from the state budget);
- Total net amount: the actual amount to be received by the aid beneficiary after deduction of overall expenditures.

**2. Identification of aid beneficiaries**

**2.1. In case of an aid scheme:**

**2.1.1. Type of beneficiaries**

- Indicate the respective category.

**2.1.2. Estimated number of beneficiaries**

- Indicate the estimated number of beneficiaries.

**2.2. In case of an individual aid indicate the name and address of the undertaking**

- Fill in the name and address of the individual aid beneficiary.

**2.2.1. Type of undertaking**

- Indicate the type of the aid beneficiary and in the case of a SME also fill in other requested data within the meaning of the Act on Incentives to Small Enterprises.

**2.3. Sector(s) of the beneficiary(ies)**

- If the aid is not aimed at a particular sector, tick in the first box (not sector specific). In other cases, tick in the appropriate box relating to the specific sector of the beneficiary. If the sector is not listed, specify under "Other".

**3. Forms (instruments) of the aid and means of funding**

**3.1. Specify the form (instrument) of the aid**

- Specify the particular instrument of aid.

**3.2. Specify the financing of the aid**

- Indicate the means of funding necessary for the implementation of the aid. If the instrument is parafiscal charges, provide full details of the charges and products/activities on which they are levied.

**4. Cumulation of different types of aid**

- If the aid in question can be cumulated with other schemes to cover the same eligible costs, describe the mechanisms put in place in order to ensure the compliance with the intensities laid down under the Regulation on State Aid.

**II JUSTIFICATION OF THE DRAFT ACT CONCERNING STATE AID (PROPOSED AID MEASURE)**

**1. Explicit assessment of the present situation and the basic issues to be regulated by the aid in question**

- Describe the present situation within the sector of the beneficiary in question and particular issues to be regulated by the aid in question.

**2. Consequences which the approval or non-approval of the aid may have on the state, regional or sectoral level**

- E.g. increase in employment, production (where possible indicate exact figures).

**3. If the aid is of unlimited duration, it is necessary to specify the annual expenditure or the reduction of budgetary revenue during the forthcoming three years**

## ANNEX III

**CATEGORIES OF STATE AID**

Rules	Category	Earmarked
HORIZONTAL RULES		
	Research and development	
		Fundamental research
		Applied research
		Industrial research
		Feasibility studies
	Environmental protection	
		Adaptation to the binding ecological standards
		Going beyond the existing standards or investments in environmental protection as long as no binding standards exist
		Energy efficiency and investments in the combined production of electric power and heat and aid to renewable sources of energy
		Rehabilitation of polluted industrial sites
		Operating aid (under specified conditions)
	SMEs	
		Initial investment aid and aid to job creation
		Consultancy services
		Participation in fairs and exhibitions
	Employment	
		Creation of new employment in SMEs
		Aid to maintain jobs
		Aid for recruitment of disabled workers or for recruitment of disadvantaged workers
		Aid to job-sharing and the conversion of temporary or fixed-term employment contracts into contracts of indeterminate duration
	Training	
		Specific training aid

		General training aid
	Culture	
		Aid to promote culture and protection of heritage
		Aid to promote audiovisual industry
	Energy saving	
		Particular measures aimed at energy saving
PARTICULAR SECTORAL RULES		
	Steel manufacturing	
		Research and development
		Environmental protection
		Employment
		Training
		Aid to SMEs for consultancy services and participation in fairs and exhibitions
		Payments to workers made redundant or retired before legal retirement age provided that the payments arise from the partial or total closure of steel plants
		Permanent cease of steel production
		Restructuring aid (Protocol 2)
	Inland transport	
	Rail, road and inland waterways	
		Research and development
		Environmental protection
		Rescue and restructuring
		Employment
		Training
		Reimbursement for the discharge of certain obligations inherent in the concept of a public service
		Allocation of infrastructure costs, where aid is granted to undertakings which have to bear expenditure relating to the infrastructure used by them, while other undertakings are not subject to a like burden

		Eliminate excess capacity causing serious structural problems
		Compensation in respect of additional financial burdens for railway undertakings
	Maritime transport	
		Research and development
		Environmental protection
		Rescue and restructuring
		Training
		Pension, disability and medical insurance for seafarers working on board ships entered in Croatian registers
		Reimbursement of the costs of repatriation of seafarers
		Public service obligations
		Investment in new vessels provided that they comply with the construction and safety at sea standards
		Promote the repatriation of the strategic and commercial management of board ships not entered in Croatian registers
		Regional aid
	Air transport	
		Research and development
		Environmental protection
		Aid to SMEs
		Employment
		Training
		Rescue and restructuring
		Regional aid
	Shipbuilding	
		Research and development
		Environmental protection
		Rescue and restructuring provided reduction in capacity
		Partial or total closure of shipyards
		Investment aid for genuinely and substantially new innovation
		Regional investment aid for

		investment in upgrading or modernising existing yards, with the objective of improving the productivity of existing installations
	Tourism	All aid types
	Financial services	All aid types
	Other sectors	All aid types
REGIONAL RULES		
	Areas A	
		Initial tangible and intangible investments
		New employment
		Reimbursement of operating costs in exceptional cases
	Areas B	
		Initial tangible and intangible investments
		New employment

### Aid level

Level description:
1. State level
2. Regional level
3. Local level
4. Other



## ANNEX IV

**AID INSTRUMENTS**

Group	Instrument	Aid element
A1	Grants	Total value of the grant received
A1	Interest rate subsidies received directly by the recipient	Total value of the subsidies received (or unpaid interest)
A1	Fundamental R&D projects	Total amount of funds allocated to such projects
A1	Other R&D projects and activities	The amount of state funds used for co-financing of the projects, irrespective of whether the funds are allocated directly to the beneficiary or research institution
A1	Remission of loan-related debts for operating undertakings	The value of the written-off debt
A1	Compulsory settlement and bankruptcy of undertakings	The estimated decreased settlement payment or the recovered value from the bankruptcy estate with respect to other creditors due to wilfully caused deterioration in the position of the state as a creditor in the settlement or bankruptcy procedure
A2	Tax deferrals	Interest payable for the deferred period calculated at current values and based on the annual reference interest rate* (linear calculation method)
A2	Tax remission, tax relieves, exemptions and allowances	This does not include general tax credits (such as profit tax which is a general measure within the meaning of the Profit Tax Act) but only allowances which are specific for a particular undertaking or a group of undertakings (e.g. advantages for undertakings employing disabled persons); The element of aid is the total amount of tax exemption or allowance
A2	Reductions in social security contributions, relieves and exemptions thereof	With respect to reductions, relieves and exemptions of social security contributions the same principle as for tax exemptions applies – state aid does not involve general allowances; The aid element is the total estimated amount of exemption or relief
B1	Equity investments	The aid element is present in all state investments the primary objective of which is not the creation of profit; The aid element is the estimated benefit value for the aid beneficiary
B1	Conversion of debt into equity participation	The aid element exists where the state is in a less favourable position than that of other creditors;

		The aid element is the estimated benefit value for the aid beneficiary resulting from the less favourable position of the state
B1	Sale of state property under favourable terms	The aid element is the balance between the market value of the property and its sales price
B1	Participation in a company's profits	A share in the distributed profit deriving from the equity share held by the state in the undertaking and which the state renounces, represents in full the amount of state aid
C1	Soft loans	The balance between the loan costs (interest) with an annual reference interest rate* and a more favourable interest rate; The calculation is made for the whole period of the loan and relates to its current value (linear calculation method)
C1	Loans to the firms in difficulty	To (restructuring) firms in difficulty which cannot obtain loans on the market, the aid amounts to 20% of the loan value, irrespective of whether the loan was paid off under the market or less favourable conditions
C2	All other instruments	The estimated value of the aid (e.g. tax debt)
D	Guarantees	The balance between the price of the market guarantee and the state guarantee which is lower; The aid element is calculated on the basis of the guaranteed debt amount and the reference risk rate (which in 2003 amounted to 4.49%)
D	Revoked guarantees payments	Full payments of guaranteed obligations

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\* Reference interest rate is the average annual interest rate charged to companies for long-term loans expressed in HRK including the currency clause.