



State aid: Commission approves French scheme deferring payment by airlines of certain taxes to mitigate economic impact of coronavirus outbreak

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The European Commission has found a French scheme deferring the payment by airlines of certain aeronautical taxes to be in line with EU State aid rules. The scheme aims at compensating airlines for part of the damage suffered due to the coronavirus outbreak, by temporarily reducing the pressure on their cash flows.

Executive Vice-President Margrethe **Vestager**, in charge of competition policy, said: *“The French scheme will partly compensate airlines for damages suffered due to the coronavirus outbreak. This is the first State aid measure notified to us by a Member State aiming to mitigate damages to the airline sector. Together with Member States we are working ensure that possible national support measures to tackle the outbreak of the virus can be put in place as quickly and effectively as possible, in line with EU rules.”*

France notified the Commission of its intention to set up a deferral payment scheme of certain aeronautical taxes to compensate damages suffered by airlines due to the coronavirus outbreak. The scheme will be accessible to airlines with an operating licence in France, and will offer them the possibility to defer the payment of certain taxes that would in principle be due between March and December 2020 to after 1 January 2021, and to pay the taxes over a period of up to 24 months. The aim of the scheme is to reduce the pressure on airlines' cash flows.

The Commission assessed the measure under article [107\(2\)\(b\)](#) of the Treaty on the Functioning of the European Union (TFEU), which enables the Commission to approve State aid measures granted by Member States to compensate specific companies or specific sectors (in the form of schemes) for the damages directly caused by exceptional occurrences.

The Commission considers that the coronavirus outbreak qualifies as an exceptional occurrence, as it is an extraordinary, unforeseeable event having a significant economic impact. As a result, exceptional interventions by the Member States to compensate for the damages linked to the outbreak are justified.

The Commission found that the French aid scheme will compensate damages that are directly linked to the coronavirus outbreak. In this respect, the scheme will contribute to address the economic damage caused by the coronavirus in France. It also found that the measure is proportionate as the foreseen compensation does not exceed what is necessary to make good the damage.

The Commission therefore concluded that the scheme is in line with EU State aid rules, in particular Article 107(2)(b) TFEU as it will contribute to mitigate the negative consequences of coronavirus for the airline sector in France, without unduly distorting competition in the Internal Market.

Background

Financial support from EU or national funds granted to health services or other public services to tackle the coronavirus situation falls outside the scope of State aid control. The same applies to any public financial support given directly to citizens. Similarly, public support measures that are available to all companies such as for example wage subsidies and suspension of payments of corporate and value added taxes or social contributions do not fall under State aid control and do not require the Commission's approval under EU State aid rules. In all these cases, Member States can act immediately.

When State aid rules are applicable, Member States can design ample aid measures to support specific companies or sectors suffering from the consequences of the coronavirus outbreak in line with the existing EU State aid framework. On 13 March 2020, the Commission adopted a Communication on a Coordinated economic response to the COVID-19 outbreak setting out these possibilities. In this respect, for example:

- Member States can compensate specific companies or specific sectors (in the form of schemes) for the damage suffered due and directly caused by exceptional occurrences, such as those caused by the coronavirus outbreak. This is foreseen by Article 107(2)(b) TFEU.

- State aid rules based on article 107(3)(c) TFEU enable Member States to help companies cope with liquidity shortages and needing urgent rescue aid.
- This can be complemented by a variety of additional measures, such as under the de minimis Regulation and the General Block Exemption Regulation, which can also be put in place by Member States immediately, without involvement of the Commission.

In addition to the existing possibilities already foreseen by existing EU State aid rules, on 19 March 2020, the Commission adopted a [State aid Temporary Framework to support the economy in the context of the COVID-19 outbreak](#) to enable Member States to use the full flexibility foreseen under State aid rules to support the economy in the context of the coronavirus outbreak

The Framework, based on Article 107(3)(b) TFEU, recognises that the entire EU economy is experiencing a serious disturbance. To remedy that, the Temporary Framework provides for five types of aid: (i) Direct grants, selective tax advantages and advance payments; (ii) State guarantees for loans taken by companies from banks; (iii) Subsidised public loans to companies; (iv) Safeguards for banks that channel State aid to the real economy; (v) Short-term export credit insurance.

The Temporary Framework will be in place until the end of December 2020. With a view to ensuring legal certainty, the Commission will assess before that date if it needs to be extended.

The non-confidential version of the decision will be made available under the case number SA.56765 in the [State aid register](#) on the Commission's [competition](#) website once any confidentiality issues have been resolved. New publications of State aid decisions on the internet and in the Official Journal are listed in the [State Aid Weekly e-News](#).

More information on the temporary framework and other action the Commission has taken to address the economic impact of the Coronavirus pandemic can be found [here](#).

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