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declaring certain categories of aid in the rail, inland waterways and multimodal transport sector compatible with the internal market in application of Articles 93, 107 and 108 of the Treaty on the Functioning of the European Union

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 108(4) thereof,

Having regard to Council Regulation (EU) 2022/2586 of 19 December 2022 on the application of Articles 93, 107 and 108 of the Treaty on the Functioning of the European Union to certain categories of State aid in the rail, inland waterway and multimodal transport sector ([1]), and in particular Article 1 thereof,

Having published a draft of this Regulation in accordance with Article 4 of Regulation (EU) 2022/2586,

After consulting the Advisory Committee on State aid,

Whereas:

(1) State funding meeting the criteria of Article 107(1) of the Treaty on the Functioning of the European Union ('the Treaty') constitutes State aid and requires notification to the Commission under Article 108(3) of the Treaty. However, in accordance with Article 109 of the Treaty, the Council may determine categories of aid that are exempted from that notification requirement. In accordance with Article 108(4) of the Treaty, the Commission may adopt regulations relating to those categories of State aid.

(2) Regulation (EU) 2022/2586 empowers the Commission to declare that aid for the coordination of transport as referred to in Article 93 of the Treaty may, under certain conditions, be exempted from the notification requirement.

(3) Aid to land transport is deemed compatible with the Treaty if it meets the needs of transport coordination or if it represents 'reimbursement for the discharge of certain obligations inherent in the concept of a public service' in accordance with Article 93 of the Treaty.

(4) To achieve the Union's climate neutrality goal set out in Regulation (EU) 2021/1119 of the European Parliament and of the Council ([2]), a fundamental green and digital transformation of transport in the Union is needed. As part of the Commission's 2020 sustainable and smart mobility strategy ([3]), the Union called on Member States to take measures making all transport modes more sustainable and to promote a shift to more sustainable modes of transport.

(5) Article 11 of the Treaty underlines the Union's commitment to environmental protection and sustainability, emphasising the integration of environmental requirements into the definition and implementation of its policies and activities.

([1]) OJ L 338, 30.12.2022, p. 35, ELI: http://data.europa.eu/eli/reg/2022/2586/oj.

([2]) Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 (OJ L 243, 9.7.2021, p. 1, ELI: http://data.europa.eu/eli/reg/2021/1119/oj).

([3]) Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, Sustainable and Smart Mobility Strategy – putting European transport on track for the future (COM(2020) 789 final).

(6) Based on the Commission's experience in applying Article 93 of the Treaty, certain categories of State aid that meet the needs of transport coordination are considered not to give rise to any significant distortion of competition and trade between Member States, provided that they meet certain clear compatibility criteria set out on the basis of the extensive decisional practice.

(7) This Regulation applies to operating and investment State aid measures granted in the sustainable land transport sectors.

(8) Aid that fulfils all the conditions laid down in this Regulation, both general and specific to the relevant categories of aid, should be exempted from the notification obligation laid down in Article 108(3) of the Treaty.

(9) State aid within the meaning of Article 107(1) of the Treaty not covered by this Regulation remains subject to the notification requirement laid down in Article 108(3) of the Treaty. This Regulation does not affect the Member States' possibility to notify aid that has objectives that correspond to objectives covered by this Regulation.

(10) This Regulation should only apply to aid that meets the needs of transport coordination. By contrast, aid for the discharge of certain obligations inherent in the concept of a public service in the land transport sectors should continue to be governed by Regulation (EC) No 1370/2007 of the European Parliament and of the Council ([4]) or, where it does not meet the conditions laid down in that Regulation, should be notified to the Commission. Undertakings providing transport services entrusted with a public service contract should be able to benefit from aid granted under this Regulation provided in particular that Article 8 of this Regulation is complied with, and overcompensation is prevented.

(11) This Regulation should allow for greater simplification in line with the Commission's objectives ([5]) and increase transparency, as well as effective evaluation and checks of compliance with State aid rules at national and Union levels, while preserving the institutional powers of the Commission and Member States. This is in line with the Commission's Communication on EU State Aid Modernisation ([6]) and with the outcome of the fitness check carried out by the Commission in 2020 ([7]) highlighting the need to reduce administrative burdens and ensure efficient public spending.

(12) The general conditions for the application of this Regulation are laid down on the basis of a set of common principles that ensure the aid: (i) serves the purpose of transport coordination; (ii) has a clear incentive effect; (iii) is necessary, appropriate and proportionate; (iv) is granted in full transparency and subject to a control mechanism and regular evaluation; and (v) does not affect competition and trade to an extent that jeopardises the general interests of the Union.

(13) To ensure that the aid is necessary and acts as an incentive to further develop activities or projects, this Regulation should not apply to aid for activities or projects in which the beneficiary would in any case engage even in the absence of the aid. Aid should only be exempted from notification under this Regulation if the work on the aided project or activity starts after the beneficiary has submitted a written application for the aid. Buying land and preparatory works such as obtaining permits and conducting feasibility studies are not considered start of work on the aided project.

([4]) Regulation (EC) No 1370/2007 of the European Parliament and of the Council of 23 October 2007 on public passenger transport services by rail and by road and repealing Council Regulations (EEC) No 1191/69 and 1107/70 (OJ L 315, 3.12.2007, p. 1, ELI: http://data.europa.eu/eli/reg/2007/1370/oj).

([5]) Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, A simpler and faster Europe: Communication on implementation and simplification (COM(2025) 47 final).

([6]) Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, EU State Aid Modernisation (SAM) (COM(2012) 209 final).

([7]) Commission staff working document of 30 October 2020, Fitness Check of the 2012 State aid modernisation package, railways guidelines and short-term export credit insurance (SWD(2020) 257 final).

(14) As regards any ad hoc investment aid covered by this Regulation granted to a beneficiary that is a large enterprise, the Member State should ensure that,,in addition to complying with the conditions relating to incentive effect which apply to beneficiaries that are small and medium-sized enterprises (SMEs), the beneficiary has analysed, as evidenced by its internal documentation, the viability of the aided investment with aid and without aid. In such cases, the Member State should verify that such documentation confirms that the aid will result in a material increase in the scope of the investment supported by the aid, in a material increase in the total amount spent by the beneficiary on such investment, or in a material increase in the speed of completion of the investment.

(15) Automatic aid schemes in the form of tax advantages should be subject to a specific condition concerning the incentive effect, given that the aid resulting from such aid schemes is granted automatically. That specific condition means that those aid schemes should only support projects or activities on which works start after those schemes enter into force. However, this condition should not apply in the case of successor aid schemes, provided that the activity was already covered by the predecessor schemes in the form of tax advantages. When assessing the incentive effect of successor aid schemes, the crucial moment to be considered should be when the tax measure was laid down for the first time in the original scheme.

(16) Operating aid to reduce the external costs of transport meeting the conditions of this Regulation should be considered to have an incentive effect if the aid is passed on to the users and therefore increases the demand for sustainable transport services and a modal shift. Publicity is aimed at increasing awareness of the measures available to reduce the competitiveness gap between sustainable land transport modes and road-only or other competing less sustainable modes of transport. Publicity is hence considered to ensure that the aid is reflected in the price that users are asked to pay.

(17) For the purposes of transparency, equal treatment and effective monitoring, this Regulation should apply only to aid that may be calculated precisely in terms of its gross grant equivalent *ex ante* without the need to carry out a risk assessment ('transparent aid'). For certain aid instruments such as loans, guarantees, tax measures and, in particular, repayable advances, this Regulation should define the conditions under which they can be considered transparent. Aid comprised in guarantees should be considered as transparent if the gross grant equivalent has been calculated on the basis of safe-harbour premiums laid down for the respective type of undertaking. It should also be considered transparent if before the implementation of the measure, the methodology used to calculate the aid intensity of the State guarantee has been notified to and approved by the Commission in accordance with a Commission notice on the application of Articles 107 and 108 of the Treaty to State aid in the form of guarantees ([8]). For the purposes of this Regulation, aid that involves a complex economic assessment in order to calculate precisely the gross grant equivalent of the aid *ex ante* (such as aid comprised in equity investments and quasi-equity investments) should not be considered to be transparent aid, unless the gross grant equivalent of such aid is considered to be the nominal amounts of such investments.

(18) To ensure that aid is proportionate and limited to the amount necessary, maximum aid amounts in terms of aid intensities in relation to a set of eligible costs should be laid down. Based on the Commission's experience, the aid intensity should be fixed at a level that minimises distortions of competition and trade caused by the aided activity while appropriately addressing market failures or other obstacles to the coordination of transport.

(19) When calculating aid intensity, only eligible costs should be included. The identification of eligible costs should be supported by clear, specific and up-to-date documentary evidence. Aid which exceeds the relevant aid intensity should not be exempted from the notification requirements. All amounts used in the calculation should be taken before any deduction of tax or other charges. Aid payable in several instalments should be discounted to its value at the moment it is granted. The eligible costs should also be discounted to their value at that moment.

([8]) OJ C 155, 20.6.2008, p. 10.

(20) The Commission should ensure that authorised aid does not affect competition and trade to an extent that jeopardises the general interests of the Union. Therefore, aid in favour of a beneficiary facing an outstanding recovery order following a previous Commission decision declaring an aid illegal and incompatible with the internal market should be excluded from the scope of this Regulation.

(21) Aid to undertakings in difficulty should be excluded from the scope of this Regulation. Such aid should be assessed on the basis of the Guidelines on State aid for rescuing and restructuring non-financial undertakings in difficulty ([9]).

(22) This Regulation consolidates the extensive experience acquired by the Commission in the assessment of operating aid designed to reduce the external costs of transport. Such aid should be quantified on the basis of the external costs that can be avoided by adopting a more sustainable transport solution instead of a competing, commercially viable mode of transport such as road-only transport. Aid can take the form of a reduction in the charges that transport operators pay for infrastructure use. Operating aid to reduce the external costs of transport should be covered by this Regulation only where distortions to competition and trade are limited and subject to well-defined conditions. This is the case where the external costs avoided are calculated in accordance with the rules and methodology set out in the Commission's Handbook on the external costs of transport ([10]), where the aid intensity remains under certain thresholds, and where the aid is granted only for sustainable land transport services actually provided. This ensures that the aid is strictly limited to compensation for the external costs associated with using a more sustainable mode of transport.

(23) Furthermore, operating aid to support transport operators or transport organisers when launching new commercial rail freight or inland waterways freight connections should only be covered by this Regulation where distortions of competition and trade are limited and subject to well-defined conditions. This is the case where the aid amount is calculated in relation to the operating losses incurred by the beneficiary during the first five years of operation of the new commercial freight connection and the aid intensity remains under a certain threshold.

(24) Investment in railway service facilities, inland waterways facilities, rail or inland waterways multimodal transport facilities and in private sidings across the Union, is essential to ensure connectivity, sustainable functioning of the economy and cohesion among Member States. Such investments support the priorities of the Commission's 2020 sustainable and smart mobility strategy ([11]), which prioritises the development of multimodal transport facilities. This Regulation should cover investment aid for the construction, upgrade and renewal of railway service facilities, inland waterways facilities, rail or inland waterways multimodal transport facilities, and private sidings. This Regulation should not apply to aid for port infrastructure (berths, jetties, etc.) and aid for port access infrastructure which are eligible pursuant to Commission Regulation (EU) No 651/2014 ([12]). This Regulation should, however, apply to aid for port superstructure (surface arrangements such as for storage, service facilities such as warehouses, as well as equipment used for the operation of facilities), as long as the superstructure in question is located in an inland waterways facility or a multimodal transport facility with a rail or inland waterways connection. For that type of aid, the administrative burden caused by the notification of straightforward State aid measures should be reduced, which also enables the Commission to focus on the potentially most distortive cases. The conditions for exempting investment aid to railway service facilities, inland waterways facilities, rail or inland waterways multimodal transport facilities, and private sidings from the notification requirement should limit distortions of competition and trade that would undermine a level playing field in the internal market. Trade and competition distortions are limited in particular by ensuring the proportionality of the aid.

([9]) OJ C 249, 31.7.2014, p. 1.

([10]) European Commission, Directorate-General for Mobility and Transport, Essen, H., Fiorello, D., El Beyrouty, K. et al., *Handbook on the external costs of transport* – Version 2019 – 1.1, Publications Office of the European Union, 2020, https://data.europa.eu/doi/10.2832/51388.

([11]) Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, Sustainable and Smart Mobility Strategy – putting European transport on track for the future (COM(2020) 789 final).

([12]) Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty (OJ L 187, 26.6.2014, p. 1, ELI: http://data.europa.eu/eli/reg/2014/651/oj).

(25) This Regulation should cover investment aid for the acquisition of vehicles for rail or inland waterways transport and certain categories of equipment instrumental to sustainable multimodal transport (i.e. Intermodal Loading Units and cranes on board vessels) only where distortions of competition and trade are limited. For the acquisition of certain types of equipment for sustainable multimodal transport, this is the case for aid schemes covering cranes on board vessels and part of the costs of Intermodal Loading Units and where the aid intensity remains under well-defined thresholds. For the acquisition of vehicles for rail or inland waterways transport, this is the case where the aid takes the form of a guarantee to the vehicle's buyer subject to well-defined conditions. In the rail sector, SMEs and new entrants have difficulties in renewing or increasing their fleets because of the high investment costs of acquiring rolling stock and to difficulties in accessing finance. Small mid-cap undertakings ('SMCs') face similar challenges. In the inland waterways sector, most operators are SMEs or at best SMCs. This makes it difficult for them to renew or increase their fleet because of difficulties in accessing market financing. Therefore, investment aid in the form of guarantees to new entrants in the rail sector, to SMEs and to SMCs in the rail and inland waterways sectors, promotes sustainable transport without unduly distorting competition and trade.

(26) In line with the Union's transport and digital policies, further efforts are required to enable communication between different transport information systems as well as coordination of transport networks and cross-border competition, and to improve transport safety in the Union. This is necessary because of the different standards of transport networks, the lack of technical harmonisation, incompatible tools and systems for data collection, and concerns about data sharing and data sovereignty. Furthermore, experience in assessing the measures for interoperability support notified under the 2008 Guidelines on State aid for railway undertakings ([13]) has shown that acute market failures exist because of coordination failures and the 'first-mover disadvantage', where the benefits linked to introducing specific technology or standard go beyond the commercial interest of transport operators.

(27) This is the case, for example, with train and traffic control systems such as the European Railway Traffic Management System (ERTMS). The ERTMS is a single European signalling and speed control system that ensures interoperability of national railway systems, reducing the purchasing and maintenance costs of the signalling systems and increasing the speed of trains, the capacity of infrastructure and the level of safety in rail transport. ERTMS is comprised of the European Train Control System (ETCS), i.e. a cab-signalling system that incorporates automatic train protection, the Railway Mobile Radio (RMR) and Automated Train Operation (ATO). The RMR system currently used for railway operations, namely the Global System for Mobile Communications – Rail (GSM-R), is based on specifications finalised 20 years ago. Because of technological obsolescence, industrial support for GSM-R is unlikely to be ensured after 2031. Given the limited negative effects on competition and trade that aid for interoperability has, and considering the experience acquired, such aid should be covered by this Regulation under well-defined conditions.

(28) To foster the competitiveness of transport by rail and inland waterways, it is also necessary to promote technical adaptation and modernisation in the sustainable land transport sectors. Aid for such investments should be subject to conditions that limit distortions of competition and trade which would undermine a level playing field in the internal market. In particular, the conditions for exempting such aid from the notification requirements should ensure the necessity and proportionality of the aid and include safeguards on the type of aid and the eligible costs.

(29) Aid to undertakings to adapt to future Union standards might result in achieving a high level of harmonisation and standardisation sooner. Aid should not be exempted from the notification requirements where investments bring undertakings into compliance with Union standards that have already been adopted. However, in cases where the relevant Union standard has already been adopted but is not yet in force, aid can have an incentive effect if it incentivises the investment to be implemented and finalised at least 12 months before the standard enters into force, provided the standard does not apply retroactively. In order not to discourage Member States from setting mandatory national standards that are more stringent or ambitious than the corresponding Union standards, aid measures may have an incentive effect irrespective of the presence of such national standards. The same is true of aid granted in the presence of mandatory national standards adopted in the absence of Union standards.

([13]) Communication from the Commission, Community Guidelines on State aid for railway undertakings (OJ C 184, 22.7.2008, p. 13).

(30) Certain categories of aid covering high amounts of aid granted per project should be assessed by the Commission upon notification due to the higher risk of undue distortions of competition and trade. Any aid granted above certain thresholds should therefore remain subject to the notification requirement laid down in Article 108(3) of the Treaty. It should be ensured that the thresholds are not circumvented by artificially splitting up projects into several projects with similar characteristics, objectives or beneficiaries.

(31) In view of the greater potential impact of large aid schemes on trade and competition, aid schemes with a budget exceeding a certain threshold in any given year or in total based on an absolute value should in principle be subject to State aid evaluation. The evaluation should aim to verify: (i) whether the assumptions and conditions underlying the scheme's compatibility have been confirmed; and (ii) the aid measure's effectiveness in light of its general and specific objectives. It should also indicate the scheme's impact on competition and trade. To ensure equal treatment, State aid evaluation should be carried out on the basis of an evaluation plan approved by the Commission. While such a plan should usually be drawn up when the scheme is designed and should be approved in time for the scheme to enter into force, this might not be possible in all cases. Therefore, in order not to delay the entry into force of aid schemes, this Regulation should apply to such schemes for an initial maximum period of six months. The Commission should be able to extend this period once the evaluation plan is approved. To that end, the evaluation plan should be notified to the Commission within 20 working days following the scheme's entry into force. The Commission should also exceptionally have the possibility to decide that an evaluation is not necessary given the specific characteristics of the case.

(32) The Member States should be required to provide the Commission with all the information it needs to assess the evaluation plan. The Commission should also have the possibility to request additional information without undue delay, if needed. Alterations of schemes subject to an evaluation, other than modifications which cannot affect the compatibility of the aid scheme within the scope of this Regulation or cannot significantly affect the content of the approved evaluation plan, should be excluded from this Regulation's scope. Alterations such as purely formal modifications or administrative modifications, including those carried out under the Union co-financed measures, should not in principle be considered to significantly affect the content of the approved evaluation plan.

(33) To determine whether the notification thresholds and the maximum aid intensities laid down in this Regulation have been respected, the total amount of aid measures for the aided activity or project should be taken into account. This Regulation should specify the circumstances under which different categories of aid can be cumulated. Aid that is exempted from the notification requirements under this Regulation should be allowed to be cumulated with any other compatible aid exempted under other regulations or any other aid that is approved by the Commission as long as those measures concern different identifiable eligible costs. Where different sources of aid are related to the same – partly or fully overlapping – identifiable eligible costs, cumulation should be allowed up to the highest aid intensity or aid amount applicable to that aid under this Regulation. This Regulation should also set out special rules for cumulation of aid measures with and without identifiable eligible costs and for cumulation with *de minimis* aid. *De minimis* aid is often not granted for or attributable to specific identifiable eligible costs. In such cases, it should be possible to freely cumulate *de minimis* aid with State aid exempted under this Regulation. However, where *de minimis* aid is granted for the same identifiable eligible costs as State aid exempted under this Regulation, cumulation should only be allowed up to the maximum aid intensity as set out in Chapter II of this Regulation.

(34) Funding centrally managed by the Union institutions, agencies, joint undertakings or other Union bodies, which is not directly or indirectly under the control of Member States, does not constitute State aid. Where such funding is combined with State aid, only the State aid should be considered when determining whether notification thresholds and maximum aid intensities or maximum aid amounts have been respected. This should apply provided that the total amount of public funding granted in relation to the same eligible costs does not exceed the most favourable funding rate laid down in the applicable rules of Union law.

(35) The transparency of State aid is essential for the correct application of Treaty rules and leads to better compliance, greater accountability, peer reviews and ultimately more effective public spending. To ensure transparency, Member States should set up comprehensive websites, at regional or national level, with summary information about each aid measure exempted under this Regulation. Alternatively, Member States should be allowed to publish the summary information on each exempted aid measure in the Commission's transparency award module. Following standard practice for the publication of information in accordance with Directive (EU) 2019/1024 of the European Parliament and of the Council ([14]), a standard format should be used. That format should allow for the information to be searched, downloaded and easily published on the internet. Links to the State aid websites of all the Member States should be published on the Commission's website. In accordance with Article 2(2) of Regulation (EU) 2022/2586, summary information on each aid measure exempted under this Regulation should be published on the Commission's website.

(36) State aid enforcement is highly dependent on the cooperation of Member States. Therefore, Member States should take all necessary measures to ensure compliance with this Regulation, including compliance of individual aid granted under block-exempted schemes with all relevant conditions.

(37) To ensure effective monitoring of aid measures in accordance with Regulation (EU) 2022/2586, it is appropriate to set out requirements regarding Member States' reporting of aid measures that have been exempted in accordance with this Regulation. Moreover, it is appropriate to lay down rules on the records that Member States should keep on the aid exempted under this Regulation in light of the limitation period set out in Article 17 of Council Regulation (EU) 2015/1589 ([15]).

(38) To strengthen the effectiveness of the compatibility conditions set out in this Regulation, the Commission should be able to withdraw the benefit of the block exemption for the future in the event of failure to comply with those conditions. The Commission should be able to restrict that withdrawal to certain types of aid, to certain beneficiaries or to aid measures adopted by certain authorities where non-compliance with this Regulation affects only a limited group of measures or certain authorities. Such a targeted withdrawal should provide a proportionate remedy directly linked to the identified non-compliance. Where an aid measure is not notified and does not fulfil all the conditions to be exempted from notification, it constitutes unlawful aid, which the Commission is to examine under the relevant procedure as set out in Regulation (EU) 2015/1589 for non-notified aid. A withdrawal of the benefit of the block exemption for the future should not affect the fact that any previous measures complying with this Regulation were block exempted.

(39) To eliminate differences that might give rise to distortions of competition and trade and to facilitate coordination between different Union and national initiatives concerning SMEs, as well as for reasons of administrative clarity and legal certainty, the definition of an SME within the meaning of Annex I to this Regulation should be based on the definition in Commission Recommendation 2003/361/EC ([16]).

(40) State aid policy should be revised periodically on the basis of the Commission's experience in this area. The period of application of this Regulation should therefore be limited. It is appropriate to lay down transitional provisions regulating the treatment of exempted aid schemes as from the end of the period of application of this Regulation. Such rules should give Member States time to adapt to any future regime,

([14]) Directive (EU) 2019/1024 of the European Parliament and of the Council of 20 June 2019 on open data and the re-use of public sector information (OJ L 172, 26.6.2019, p. 56, ELI: http://data.europa.eu/eli/dir/2019/1024/oj).

([15]) Council Regulation (EU) 2015/1589 of 13 July 2015 laying down detailed rules for the application of Article 108 of the Treaty on the Functioning of the European Union (OJ L 248, 24.9.2015, p. 9, ELI: http://data.europa.eu/eli/reg/2015/1589/oj).

([16]) Commission Recommendation 2003/361/EC of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises (OJ L 124, 20.5.2003, p. 36, ELI: http://data.europa.eu/eli/reco/2003/361/oj).

HAS ADOPTED THIS REGULATION:

CHAPTER I

COMMON PROVISIONS

Article 1

Scope

1. This Regulation shall apply to the following categories of aid:

(a) operating aid schemes to reduce the external costs of transport;

(b) operating aid schemes to launch new commercial rail freight and inland waterways freight connections;

(c) investment aid schemes for the construction, upgrade and renewal of railway service facilities, inland waterways facilities, and rail or inland waterways multimodal transport facilities, including port superstructure, as long as the superstructure in question is located in an inland waterways facility or a multimodal transport facility with a rail or inland waterways connection;

(d) ad hoc investment aid and investment aid schemes for the construction, upgrade and renewal of rail or inland waterways freight terminals;

(e) investment aid schemes for the construction, upgrade and renewal of private sidings;

(f) investment aid schemes for the acquisition of vehicles for rail or inland waterways transport;

(g) investment aid schemes for the acquisition of Intermodal Loading Units and cranes on board vessels;

(h) investment aid schemes for interoperability in the sustainable land transport sectors;

(i) investment aid schemes for adaptation and modernisation in the sustainable land transport sectors.

2. This Regulation shall not apply to any of the following aid categories:

(a) aid schemes that do not explicitly exclude the payment of individual aid in favour of an undertaking that is subject to an outstanding recovery order following a previous Commission decision declaring an aid granted by the same Member State illegal and incompatible with the internal market;

(b) ad hoc aid in favour of an undertaking that is subject to an outstanding recovery order following a previous Commission decision declaring an aid granted by the same Member State illegal and incompatible with the internal market;

(c) aid contingent on the use of domestic goods over imported goods;

(d) aid to undertakings in difficulty;

(e) aid measures that entail by themselves the conditions attached to them or their financing method a non-severable violation of Union law, in particular:

  (i) aid measures where the granting of aid is subject to the obligation on the beneficiary to have its headquarters in the relevant Member State or to be predominantly established in that Member State. However, the requirement to have an establishment or branch in the aid-granting Member State at the moment of payment of the aid is allowed;

  (ii) aid the granting of which is subject to the obligation on the beneficiary to use nationally produced goods or national services;

(f) aid for the discharge of obligations inherent in the concept of a public service of passenger or freight transport;

(g) aid to port infrastructure and port access infrastructure that is assessed by the Commission directly under Article 107(3)(c), of the Treaty, or that is covered by Regulation (EU) No 651/2014;

(h) aid schemes referred to in Chapter II of this Regulation if they fall within the scope of Article 20 of this Regulation, from the expiry of six months after their entry into force or from such later date as decided by the Commission in accordance with Article 20(1) of this Regulation;

(i) any alterations of schemes referred to in point (h) other than modifications that do not affect the compatibility of the aid scheme under this Regulation or do not significantly affect the content of the approved evaluation plan.

Article 2

Definitions

For the purposes of this Regulation the following definitions shall apply:

(a) 'sustainable land transport sectors' means the railway sector, the inland waterways sector and sustainable multimodal transport in the land transport sector;

(b) 'external costs of transport' means costs generated by transport users and not borne by them but by society as a whole, notably costs related to greenhouse gas emissions, air pollution, injuries and fatalities, noise and congestion;

(c) 'aid scheme' means any act on the basis of which, without further implementing measures being required, individual aid awards may be made to undertakings defined within the act in a general and abstract manner, and any act on the basis of which aid which is not linked to a specific project may be granted to one or several undertakings for an indefinite period of time and/or for an indefinite amount;

(d) 'new commercial rail freight connection' means a commercial connection that concerns new scheduled rail freight operations between at least two freight terminals that have not been directly connected by scheduled rail freight services for at least three years prior to the start of operations on the given connection;

(e) 'new commercial inland waterways freight connection' means a commercial connection that concerns new scheduled inland waterways freight operations between at least two freight terminals that have not been directly connected by scheduled inland waterways freight services for at least three years prior to the start of operations on the given connection;

(f) 'freight terminal' means a structure equipped for transhipment and temporary storage of freight;

(g) 'railway service facility' means a service facility (for example, rail freight terminals, or a maintenance or storage facility) and its access infrastructure (including the physical or digital equipment necessary for its functioning), located within the Union and referred to in Annex II to Directive 2012/34/EU of the European Parliament and of the Council ([17]), with the exception of facilities or equipment related to the pursuit of non-transport activities;

(h) 'access infrastructure' means any type of infrastructure necessary to ensure access and entry from land or sea and river by users to a rail or inland waterways multimodal transport facility or unimodal railway service facility or inland waterways facility, such as roads, rail tracks, channels and locks;

(i) 'inland waterways facility' means a service facility (for example, a freight terminal, or a maintenance or storage facility) and its access infrastructure (including the physical or digital equipment necessary for its functioning), located within the Union and used to carry out inland waterways transport, with the exception of facilities or equipment that are related to the pursuit of non-transport activities;

(j) 'port superstructure' means surface arrangements (such as for storage), fixed equipment (such as warehouses and terminal buildings) and mobile equipment (such as cranes) located in a port to provide of transport-related port services, as long as the superstructure in question is located in a multimodal transport facility with a rail or inland waterways connection;

([17]) Directive 2012/34/EU of the European Parliament and of the Council of 21 November 2012 establishing a single European railway area (OJ L 343, 14.12.2012, p. 32, ELI: http://data.europa.eu/eli/dir/2012/34/oj).

(k) 'rail or inland waterways multimodal transport facility' means a service facility, including port superstructure and rail or inland waterways freight terminals, and its access infrastructure (including the physical or digital equipment necessary for its functioning), located within the Union and needed to provide rail or inland waterways transport in combination with other modes of transport, with the exception of facilities or equipment related to the pursuit of non-transport activities;

(l) 'multimodal transport' means the carriage of freight or passengers by at least two different modes of transport;

(m) 'ad hoc aid' means aid not granted on the basis of an aid scheme;

(n) 'private siding' means a privately owned and operated piece of rail infrastructure, including rail tracks and any other installations or equipment necessary to make it functional, connecting to the public rail network loading facilities that do not qualify as service facilities under Annex II to Directive 2012/34/EU, as well as any dedicated infrastructure serving a privately owned and operated piece of rail infrastructure;

(o) 'dedicated infrastructure' means infrastructure that is built for *ex ante* identifiable undertaking(s) and tailored to their needs;

(p) 'vehicle for rail or inland waterways transport' means:

(i) rolling stock; or

(ii) an inland waterways vessel;

(q) 'rolling stock' means any of the following:

(i) locomotives for freight and passenger transport, and passenger rolling stock, including thermal or electric traction units, self-propelling thermal or electric passenger trains, and passenger coaches;

(ii) freight wagons, including low-deck vehicles designed for the entire network and vehicles designed to carry lorries;

(r) 'inland waterways vessel' means a vessel for passenger or freight transport intended solely or mainly for navigation on inland waterways or in waters within or closely adjacent to sheltered waters, including vessels specially built to propel a pushed convoy;

(s) 'small mid-cap' or 'SMC' means an undertaking fulfilling the criteria laid down in Annex IV to this Regulation. For the purpose of aid involved in financial products supported by the InvestEU Fund under the Union's Multiannual Financial Framework for the years 2021 to 2027 ([18]), 'small mid-cap' or 'SMC' means an undertaking that is not an SME and employs up to 499 employees;

(t) 'Intermodal Loading Unit' means a container, swap body or semi-trailer/freight road motor vehicle or vehicle combination used for intermodal transport;

(u) 'intermodal transport' means the movement of freight in one and the same intermodal loading unit by successive modes of transport without the handling of the freight itself when changing modes;

(v) 'sea-going vessel' means a vessel other than those which navigate solely or mainly in inland waterways or in waters within, or closely adjacent to, sheltered waters;

(w) 'undertaking in difficulty' means an undertaking in difficulty as defined in Article 2, point (18), of Regulation (EU) No 651/2014;

(x) 'equipment for sustainable multimodal transport' means equipment instrumental to sustainable multimodal transport, such as cranable semitrailers, with the exception of equipment used for the facilities;

(y) 'individual aid' means (i) ad hoc aid; and (ii) awards of aid to individual beneficiaries on the basis of an aid scheme;

([18]) Council Regulation (EU, Euratom) 2020/2093 of 17 December 2020 laying down the multiannual financial framework for the years 2021 to 2027 (OJ L 433 I, 22.12.2020, p. 11, ELI: http://data.europa.eu/eli/reg/2020/2093/oj).

(z) ‘rail or inland waterways freight terminal’ means a freight terminal between two different rail systems or between at least two transport modes, one of which is rail or inland waterways, and its access infrastructure (including the physical or digital equipment necessary for its functioning), located within the Union„ such as freight terminals in inland or maritime ports, along inland waterways or in airports or multimodal logistics platforms, with the exception of facilities or equipment related to the pursuit of non-transport activities;

(aa) ‘equity investment’ means the provision of capital to an undertaking, invested directly or indirectly in return for the ownership of a corresponding share of that undertaking;

(bb) ‘quasi-equity investment’ means a type of financing that ranks between equity and debt, having a higher risk than senior debt and a lower risk than common equity and whose return for the holder is predominantly based on the profits or losses of the underlying target undertaking and which are unsecured in the event of default. Quasi-equity investments can be structured as debt, unsecured and subordinated, including mezzanine debt, and in some cases convertible into equity, or as preferred equity;

(cc) ‘start of works’ means the earlier of either the start of construction works relating to the investment or the first legally binding commitment to order equipment or, in the case of takeovers, the moment of acquiring the assets directly linked to the acquired establishment;

(dd) ‘fiscal successor scheme’ means a scheme in the form of tax advantages which constitutes an amended version of a previously existing scheme in the form of tax advantages and which replaces it;

(ee) ‘aid intensity’ means the gross aid amount expressed as a percentage of the eligible costs, before any deduction of tax or other charges;

(ff) ‘transport operator’ means an undertaking carrying passengers or freight in the sustainable land transport sectors;

(gg) ‘transport organiser’ means an undertaking organising the transport of freight and thus making the choice between modes of transport;

(hh) ‘sustainable land transport’ means the carriage of freight or passengers by rail, inland waterways or sustainable multimodal transport;

(ii) ‘land transport’ means the carriage of freight or passengers by rail, inland waterways and road transport;

(jj) ‘short-sea shipping’ means the movement of cargo and/or passengers by sea between ports situated in geographical waters of one or several Member States or between a port situated in waters of Member States and a port situated in waters of an adjacent third country having a coastline on the seas bordering waters of one or several Member States ([19]);

(kk) ‘sustainable multimodal transport’ means carriage of freight or passengers by at least two different modes of transport where at least one of the used transport modes is rail or inland waterways, or where multimodal transport combines land transport with short-sea shipping;

(ll) ‘non-transport activities’ means commercial services not related to sustainable land transport, including ancillary services to passengers, freight forwarders or other service providers, such as the renting out of offices, shops and hotels;

(mm) ‘TEN-T’ means the network as referred to in Article 2(1) of Regulation (EU) 2024/1679;

(nn) ‘railway undertaking’ means a railway undertaking as defined in Article 3(1) of Directive 2012/34/EU;

([19]) Article 3, point (25), of Regulation (EU) 2024/1679 of the European Parliament and of the Council of 13 June 2024 on Union guidelines for the development of the trans-European transport network, amending Regulations (EU) 2021/1153 and (EU) No 913/2010 and repealing Regulation (EU) No 1315/2013 (OJ L, 2024/1679, 28.6.2024, ELI: http://data.europa.eu/eli/reg/2024/1679/oj).

(oo) 'new entrant' means a railway undertaking as defined in Article 3(1) of Directive 2012/34/EU that fulfils both of the following conditions:

(i) it received a licence pursuant to Article 17(3) of Directive 2012/34/EU for the relevant market segment less than 20 years before the aid is granted;

(ii) it is not linked, within the meaning of Article 3(3) of Annex I to this Regulation, to a railway undertaking that received a licence pursuant to Article 3(14) of Directive 2012/34/EU prior to 1 January 2010;

(pp) 'small and medium-sized enterprise' or 'SME' means an undertaking that fulfils the conditions laid down in Annex I to this Regulation;

(qq) 'European river information services ("RIS") Environment' means an electronic single-point-of-access platform based on national river information that provides technical and operational services for RIS users and contains links to electronic reporting according to the 'once-only' principle, ensuring that citizens and businesses provide data to public administrations only once;

(rr) 'telematics applications for freight services'means applications such as information systems (real-time monitoring of freight and trains), marshalling and allocation systems, reservation, payment and invoicing systems, and applications that manage connections with other modes of transport and that produce electronic accompanying documents;

(ss) 'European vehicle register' means a register pursuant to Articles 22(1) and 47(5) of Directive (EU) 2016/797 of the European Parliament and of the Council ([20]).

Article 3

Conditions for exemption

Aid schemes, individual aid granted under aid schemes and ad hoc aid shall be deemed compatible with the internal market within the meaning of Article 93 of the Treaty and shall be exempted from the notification requirement of Article 108(3) of the Treaty provided that such aid fulfils all the general conditions laid down in Chapter I and the specific conditions for the relevant category of aid laid down in Chapter II of this Regulation.

Article 4

Notification thresholds

This Regulation shall not apply where the following thresholds expressed in terms of maximum amounts of aid are exceeded:

(a) for individual operating aid to launch new commercial connections granted under a scheme: EUR 15 million per connection;

(b) for individual investment aid granted under a scheme for the construction, upgrade and renewal of railway service facilities, inland waterways facilities and rail or inland waterways multimodal transport facilities: EUR 30 million per project;

(c) for ad hoc investment aid for the construction, upgrade and renewal of rail or inland waterways freight terminals: EUR 10 million per project;

(d) for individual investment aid granted under a scheme for private sidings: EUR 4 million per project.

([20]) Directive (EU) 2016/797 of the European Parliament and of the Council of 11 May 2016 on the interoperability of the rail system within the European Union (OJ L 138, 26.5.2016, p. 44, ELI: http://data.europa.eu/eli/dir/2016/797/oj).

Article 5

Transparency of aid

1. This Regulation shall apply only to aid that can be calculated precisely in terms of its gross grant equivalent *ex ante* without the need to carry out a risk assessment ('transparent aid').

2. The following categories of aid shall be considered to be transparent aid:

(a) aid comprised in grants and interest rate subsidies;

(b) aid comprised in loans where the gross grant equivalent has been calculated on the basis of the reference rate prevailing at the time of the grant, as laid down in the Commission Communication on the revision of the method for setting the reference and discount rates ([21]);

(c) aid in the form of tax advantages and reduced levies where the measure provides for a cap ensuring that the applicable threshold is not exceeded;

(d) aid in the form of equity investments and quasi-equity investments where the gross grant equivalent is considered to be the nominal amount of such investments;

(e) aid comprised in guarantees if one of the following conditions is met:

(i) the gross grant equivalent has been calculated on the basis of safe-harbour premiums laid down in a Commission notice on the application of Articles 107 and 108 of the Treaty to State aid in the form of guarantees;

(ii) before the implementation of the measure, the methodology to calculate the gross grant equivalent of the guarantee has been accepted on the basis of a Commission Notice on the application of Articles 107 and 108 of the Treaty to State aid in the form of guarantees, following notification of that methodology to the Commission, and the approved methodology explicitly addresses the type of guarantee and the type of underlying transaction at stake in the context of the application of this Regulation;

(iii) the aid is granted for the acquisition of vehicles for rail or inland waterways transport in the form of guarantees in compliance with the conditions laid down in Article 14 of this Regulation.

Article 6

Incentive effect

1. This Regulation shall apply only to aid that has an incentive effect.

2. Aid shall be considered to have an incentive effect if the beneficiary has submitted a written application for the aid to the Member State concerned before work on the project or activity starts. The application for the aid shall contain at least the following information:

(a) undertaking's name and size;

(b) description of the project or activity, including its start and end dates;

(c) location of the project or activity;

(d) list of project or activity costs;

(e) type of aid (grant, loan, guarantee, repayable advance, or other) and amount of public funding needed for the project or activity.

([21]) OJ C 14, 19.1.2008, p. 6.

3. Ad hoc aid granted to large enterprises shall be considered to have an incentive effect if, in addition to ensuring that the conditions laid down in paragraph 2 are fulfilled, the Member State has verified, before granting the aid concerned, that documentation prepared by the beneficiary sets out that the aid will result in one or more of the following:

(a) a material increase in the scope of the project or activity;

(b) a material increase in the total amount spent by the beneficiary on the project or activity;

(c) a material increase in the speed of completion of the project or activity.

4. By way of derogation from paragraphs 2 and 3, measures in the form of tax advantages shall be deemed to have an incentive effect if the following cumulative conditions are fulfilled:

(a) the measure establishes a right to aid in accordance with objective criteria and without further exercise of discretion by the Member State;

(b) the measure has been adopted and is in force before work on the aided project or activity has started, except in the case of successor aid schemes provided that the project or activity was already covered by the predecessor schemes in the form of tax advantages.

5. By way of derogation from paragraphs 2, 3 and 4, aid to reduce the external costs of transport shall be deemed to have an incentive effect where the conditions laid down in Article 10 are fulfilled.

Article 7

Aid intensity and eligible costs

1. For the purposes of calculating aid intensity and eligible costs, all figures used shall be taken before any deduction of tax or other charges. However, value added tax charged on eligible costs or expenses that is refundable under the applicable national tax law shall not be taken into account for calculating aid intensity and eligible costs. The eligible costs shall be supported by documentary evidence which shall be clear, specific and contemporary. The amounts of eligible costs may be calculated in accordance with simplified cost options, provided that an operation is at least partly financed through a Union fund that allows the use of simplified cost options and that the category of costs is eligible under the relevant provisions. In such case, the simplified cost options provided in the relevant rules applicable to the Union fund shall apply.

2. For projects implemented in line with recovery and resilience plans approved by the Council pursuant to Regulation (EU) 2021/241 of the European Parliament and of the Council ([22]), the amounts of eligible costs may also be calculated in accordance with simplified cost options set out in Regulation (EU) No 1303/2013 of the European Parliament and of the Council ([23]) or Regulation (EU) 2021/1060 of the European Parliament and of the Council ([24]).

3. Where aid is granted in a form other than a grant, the aid amount shall be the gross grant equivalent of the aid.

([22]) Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility (OJ L 57, 18.2.2021, p. 17, ELI: http://data.europa.eu/eli/reg/2021/241/oj).

([23]) Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006 (OJ L 347, 20.12.2013, p. 320, ELI: http://data.europa.eu/eli/reg/2013/1303/oj).

([24]) Regulation (EU) 2021/1060 of the European Parliament and of the Council of 24 June 2021 laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy (OJ L 231, 30.6.2021, p. 159, ELI: http://data.europa.eu/eli/reg/2021/1060/oj).

4. Aid payable in the future, including aid payable in several instalments, shall be discounted to its value at the moment it is granted. The eligible costs shall be discounted to their value at the moment the aid is granted. The interest rate to be used for discounting purposes shall be the discount rate applicable at the moment the aid is granted, as laid down in the Commission Communication on the revision of the method for setting the reference and discount rates ([25]).

Article 8

Cumulation

1. When determining whether the notification thresholds set out in Article 4 and the maximum aid intensities set out in Chapter II are respected, the total amount of aid for the aided activity or project or undertaking, as applicable depending on the type of aid, shall be taken into account.

2. Where Union funding centrally managed by the institutions, agencies, joint undertakings or other Union bodies that is not directly or indirectly under the control of the Member State is combined with State aid, only the State aid shall be considered for determining whether notification thresholds and maximum aid intensities or maximum aid amounts are respected, provided that the total amount of public funding granted in relation to the same eligible costs does not exceed the most favourable funding rate laid down in Union law.

3. Aid exempted by this Regulation with identifiable eligible costs may be cumulated with:

(a) any other State aid, provided that that aid concerns different identifiable eligible costs than the aid exempted by this Regulation;

(b) any other State aid in relation to the same eligible costs, partly or fully overlapping, provided that such cumulation does not result in exceeding the highest aid intensity or aid amount applicable under this Regulation;

(c) any *de minimis* aid in respect of the same eligible costs as for the aid exempted by this Regulation, provided that such cumulation does not result in exceeding the highest aid intensity or aid amount applicable under this Regulation;

(d) any other State aid without identifiable eligible costs, in particular any aid without identifiable eligible costs exempted by Regulation (EU) No 651/2014 or any *de minimis* aid without identifiable eligible costs.

Article 9

Publication and information

1. The Member State concerned shall ensure the publication, in the Commission's transparency award module ([26]) or on a comprehensive State aid website at national or regional level, of the following aspects:

(a) the summary information referred to in Article 19 in the standardised format laid down in Annex II, or a link providing access to it;

(b) the full text of each aid measure as referred to in Article 19, or a link providing access to the full text;

(c) the information referred to in Annex III on each individual aid award exceeding EUR 100 000.

2. Member States shall organise their comprehensive State aid websites in such a way as to enable easy access to the information, as referred to in Annex III.

([25]) OJ C 14, 19.1.2008, p. 6.
([26]) State aid transparency public search, available at: https://webgate.ec.europa.eu/competition/transparency/public?lang=en.

3. For aid schemes in the form of tax advantages, the conditions set out in paragraph 1 shall be considered to be fulfilled if Member States publish the required information on individual aid amounts in the following ranges in EUR million:

0,1–0,5;

0,5–1;

1 to 2;

2 to 5;

5 to 10;

10 to 20;

20 to 50;

50 and more.

4. Member States shall publish the information referred to in paragraph 1, point (c), in an organised, accessible and standardised manner as set out in Annex III, and shall provide effective search and download functions. Member States shall publish that information within six months from the date the aid was granted or, for aid in the form of tax advantages, within one year from the date the tax declaration is due. The information shall be available for at least 10 years from the date on which the aid was granted.

5. The Commission shall publish on its website:

(a) the links to the State aid websites referred to in paragraph 1;

(b) the summary information referred to in Article 19.

CHAPTER II

SPECIFIC PROVISIONS FOR DIFFERENT CATEGORIES OF AID

SECTION 1

Operating aid

Article 10

Aid to reduce the external costs of transport

1. Operating aid schemes to reduce the external costs of transport shall be compatible with the internal market within the meaning of Article 93 of the Treaty and shall be exempted from the notification requirement of Article 108(3) of the Treaty provided that the conditions laid down in this Article and in Chapter I are fulfilled.

2. Rail or inland waterways or sustainable multimodal passenger and freight transport operations shall be eligible for aid. The aid must be granted to transport operators or transport organisers choosing sustainable land transport solutions.

3. The eligible costs shall be the part of the external costs of transport that are avoided by using rail, inland waterways or short-sea shipping transport used in the context of sustainable multimodal transport instead of less sustainable competing transport modes. The avoided external costs shall be calculated in accordance with the rules and methodology set out in the Commission's Handbook on the external costs of transport, as amended or replaced ([27]).

([27]) European Commission, Directorate-General for Mobility and Transport, Essen, H., Fiorello, D., El Beyrouty, K.et al., *Handbook on the external costs of transport* – Version 2019 – 1.1, Publications Office of the European Union, 2020, https://data.europa.eu/doi/10.2832/51388.

4. The eligible costs shall be calculated by multiplying (i) the difference in the external costs per passenger-km, tonne-km or vehicle-km (or other units of transport provided in the Commission's Handbook) between the supported transport mode and the less sustainable alternative by (ii) the total volume of that same unit realised by the beneficiaries over the period in which eligible costs were incurred. Member States may use the external costs methodology to cover any operating cost, including operating costs related to the use of infrastructure.

5. The aid intensity must not exceed 60 % of the eligible costs.

6. The aid must be granted on the basis of actual units of transport service provided, expressed in vehicle-km, passenger-km for passenger transport services, tonne-km for freight transport services, or other units of transport provided in the Commission's Handbook, and not on a lump-sum basis.

7. The aid granted to transport operators and transport organisers must have the effect of preventing a decrease in or increasing the shift to sustainable land transport modes. To this end, the beneficiaries shall make publicly available at least the following information:

(a) the granting authority;

(b) the date the aid was granted;

(c) the aid amounts received;

(d) the period and operations covered by the aid.

Article 11

Aid to launch new rail freight and inland waterways freight commercial connections

1. Aid schemes to launch new commercial rail freight and new commercial inland waterways freight connections shall be compatible with the internal market within the meaning of Article 93 of the Treaty and shall be exempted from the notification requirement of Article 108(3) of the Treaty, provided that the conditions laid down in this Article and in Chapter I are fulfilled.

2. The aid must be granted to transport operators or transport organisers gathering demand and organising scheduled freight operations between rail or inland waterways freight terminals in order to launch new commercial rail freight and inland waterways freight connections.

3. The eligible costs shall be the operating losses incurred in respect of the connection concerned, for a maximum of five years from the date when the beneficiary starts operating the new commercial connection.

4. Operating costs related to and preceding the potential launch of the new connection, such as preparatory or feasibility studies, shall also be eligible. If the new commercial connection is launched, such operating costs shall be included in the eligible costs for the first year of operation of the new commercial connection. If the new commercial connection is not launched, such operating costs shall be considered eligible for a period of up to one year from the date they were first incurred.

5. For the purposes of this Article, 'operating losses' means a negative difference between the revenues and the operating costs incurred in respect of the connection concerned, as well as the operating costs of the works related to and preceding the launch of the new commercial connection. Eligible costs allocated to the new commercial connection shall cover all the direct operating costs incurred in operating the new commercial connection and an appropriate contribution to operating costs common to both the new commercial connection and other activities. The revenue to be taken into consideration shall include the entire revenue earned from the new commercial connection, including any operating aid received to reduce the external costs of transport.

6. The aid intensity must not exceed 80 % of the eligible costs in the first year, 70 % of the eligible costs in the second year, 60 % of the eligible costs in the third year, 50 % of the eligible costs in the fourth year and 40 % of the eligible costs in the fifth year.

7. The aid may be paid out upfront only if it is paid out annually, i.e. at the start of each one-year period. Where the aid is paid out upfront, the eligible costs shall be estimated *ex ante* on the basis of reasonable projections, and they shall be discounted to their value at the moment the aid is granted.

8. Member States must put in place a monitoring and claw-back mechanism to ensure that the aid does not exceed the allowed aid intensity as referred to in paragraph 6.

SECTION 2

Investment aid

Sub-section A

Investment aid for unimodal and multimodal railway service and inland waterways facilities and private sidings

Article 12

Aid for the construction, upgrade and renewal of unimodal and multimodal railway service and inland waterways facilities

1. Aid for the construction, upgrade and renewal (including the replacement) of railway service facilities, inland waterways facilities and rail or inland waterways multimodal transport facilities shall be compatible with the internal market within the meaning of Article 93 of the Treaty and shall be exempted from the notification requirement of Article 108(3) of the Treaty, provided that the conditions laid down in this Article and in Chapter I are fulfilled.

2. The aid must be granted to owners or operators of a railway service facility, inland waterways facility or rail or inland waterways multimodal transport facility that construct, upgrade or renew such a facility on the basis of schemes, except for aid for the construction, upgrade and renewal of rail or inland waterways freight terminals, which may also be granted as ad hoc aid. Where ad hoc aid is granted, the *ex ante* estimated potential demand for capacity, at least in the medium term, must exceed the combined capacity of the aided facility and of other existing or already planned facilities that could reasonably serve as alternatives to the aided facility.

3. The eligible costs shall be the investment costs in tangible (fixed and movable) and intangible assets directly related to the construction, upgrade or renewal of the relevant facility. The investment costs shall include surface arrangements (such as for storage), fixed equipment (such as warehouses and terminal buildings), equipment used for the operation of the facility (such as reach stackers) located in the facility, and IT and digital equipment and software for the provision of transport-related services. Costs arising from feasibility and topological studies, as well as planning and installation costs, shall also be eligible.

4. Costs related to non-transport activities shall not be eligible.

5. The aid amount must not exceed the lower of the following thresholds:

(a) the difference between, on the one hand, the eligible costs and, on the other hand, the sum of the discounted operating profit of the investment over its economic lifetime and the discounted terminal value of that investment (residual value at the end of the economic lifetime of the investment). The discounted operating profit shall also include the incremental operating net profits generated by non-transport activities connected to the transport activities to be carried out in the facility concerned (such as the rental of commercial spaces situated in the facility). The discounted operating profit and terminal value shall be deducted from the eligible costs *ex ante*, on the basis of reasonable projections, or *ex post* through a claw-back mechanism. The aid amount may allow for a reasonable profit to be made. The reasonable profit shall be determined with respect to the typical profit for the sector and type of project concerned. In any event, a rate of return on capital that does not exceed the relevant swap rate plus a premium of 100 basis points shall be considered reasonable;

(b) 50 % of the eligible costs.

6. By way of derogation from paragraph 5, for aid not exceeding EUR 5 million per project, aid must be granted up to a maximum aid intensity of 50 % of the eligible costs.

7. The aid intensity may be increased up to 10 percentage points for facilities located along the TEN-T.

8. Access to the aided facility must be open, transparent and non-discriminatory and must be provided to all interested users in line with sectoral legislation, including Directive 2012/34/EU.

9. Any concession or other entrustment to a third party to construct, upgrade, operate or rent the aided facility must be assigned on a competitive, transparent, non-discriminatory and unconditional basis.

10. When the owner, operator and any projected end user of the aided facility are part of the same enterprise or are linked enterprises within the meaning of Annex I, the operation of the facility must be awarded based on an open, competitive, transparent and non-discriminatory procedure, in which the linked enterprises, if any, shall be allowed to participate. This paragraph shall not apply to aid for the upgrade of railway service facilities, inland waterways facilities and rail or inland waterways multimodal transport facilities where the investment costs of the upgrade over a period of at least five years do not exceed 10 % of the value of the initial investment.

Article 13

Aid for the construction, upgrade and renewal of private sidings

1. Aid schemes for the construction, upgrade or renewal (including the replacement) of private sidings shall be compatible with the internal market within the meaning of Article 93 of the Treaty and shall be exempted from the notification requirement of Article 108(3) of the Treaty, provided that the conditions laid down in this Article and in Chapter I are fulfilled.

2. The aid must be granted to the owner or operator of a private siding who constructs, upgrades or renews a private siding.

3. The eligible costs shall be the investment costs in all assets directly related to the construction, upgrade and renewal of the private siding. Feasibility and topological studies, and planning and installation costs, shall also be eligible. Costs of loading/unloading platforms and equipment instrumental to the rail operations on the private siding shall also be eligible, provided that those platforms and equipment are acquired for the loading and unloading of trains on the private sidings.

4. The aid amount must not exceed the lower of the following thresholds:

(a) the difference between on the one hand the eligible costs and on the other hand the sum of the discounted operating profit of the investment over its economic lifetime and the discounted terminal value of that investment (residual value at the end of the economic lifetime of the investment). The discounted operating profit and terminal value shall be deducted from the eligible costs *ex ante*, on the basis of reasonable projections, or *ex post* through a claw-back mechanism. The aid amount may allow for a reasonable profit to be made. The reasonable profit shall be determined with respect to the typical profit for the sector and type of project concerned. In any event, a rate of return on capital that does not exceed the relevant swap rate plus a premium of 100 basis points shall be considered reasonable;

(b) 50 % of the eligible costs.

5. By way of derogation from paragraph 4, for aid not exceeding EUR 2,5 million per project, aid must be granted up to a maximum aid intensity of 50 % of the eligible costs.

Sub-section B

Investment aid for the acquisition of vehicles for rail or inland waterways transport and of equipment for sustainable multimodal transport

Article 14

Aid for the acquisition of vehicles for rail or inland waterways transport

1. Investment aid schemes supporting the acquisition of vehicles for rail or inland waterways transport shall be compatible with the internal market within the meaning of Article 93 of the Treaty and shall be exempted from the notification requirement of Article 108(3) of the Treaty, provided that the conditions laid down in this Article and in Chapter I are fulfilled.

2. The eligible costs shall be all investment costs linked to the acquisition of new or used vehicles for rail or inland waterways transport, net of any other aid received. Such costs may include, in particular, the price of the vehicle and delivery costs. Costs of design studies, consulting or engineering shall be eligible provided that they are linked to, and are part of, the investments referred to in this Article. Vessels specially built to perform towing operations (tugs) shall not be eligible for support.

3. The aid must be granted to:

(a) new entrants in the rail sector; or

(b) railway undertakings, inland waterways transport operators or leasing undertakings in the rail and inland waterways sectors, provided that those undertakings and operators qualify as SMEs or SMCs.

4. The aid must take the form of a guarantee to the buyer of the vehicle for rail or inland waterways transport. Guarantees must be provided directly to final beneficiaries or to credit institutions and other financial institutions as financial intermediaries, as long as the beneficiary retains free choice of the financial intermediary. The financial intermediary must be able to demonstrate that it operates a mechanism that ensures that the advantages are passed on to the largest extent possible to the final beneficiaries in the form of higher volumes of financing, riskier portfolios, lower collateral requirements, or lower interest rates than without such public guarantees.

5. The guarantee must be provided on new individual loans for the acquisition of vehicles for rail or inland waterways transport. The nominal amount of the underlying loan must not exceed the eligible costs. The guarantee coverage must not exceed 80 % of the underlying loan. Public guarantees must be provided against a fee of at least 50 basis points if the granting Member State's sovereign credit rating is equal to AAA-A.

6. The duration of the guarantee must be limited to a maximum of 15 years.

7. Aid for the acquisition of vehicles for rail or inland waterways transport may be cumulated with interoperability aid or aid for technical adaptation and modernisation if the net extra costs for interoperability, as referred to in Article 16(6) of this Regulation or modernisation and technical adaptation investments, as referred to in Article 17(6) of this Regulation, are excluded from the eligible costs set out in paragraph 2.

Article 15

Aid for the acquisition of Intermodal Loading Units or cranes on board vessels

1. Investment aid schemes for the acquisition of new or used Intermodal Loading Units or cranes on board vessels shall be compatible with the internal market within the meaning of Article 93 of the Treaty and shall be exempted from the notification requirement of Article 108(3) of the Treaty, provided that the conditions laid down in this Article and in Chapter I are fulfilled.

2. The aid must be granted to undertakings that acquire Intermodal Loading Units and cranes on board vessels.

3. The eligible costs shall be the following:

(a) for Intermodal Loading Units: the cost difference between transport units exclusively used for road transport and Intermodal Loading Units that can be transhipped for the purposes of sustainable multimodal transport;

(b) for cranes on board vessels: the full acquisition price.

4. The eligible costs shall include feasibility studies and planning and installation costs.

5. The aid amount must not exceed an aid intensity of 40 % of the eligible costs in the situation referred to in paragraph 3, point (a), and 20 % of the eligible costs in the situation referred to in paragraph 3, point (b).

Sub-section C

Investment aid for interoperability and technical adaptation and modernisation

Article 16

Aid for interoperability

1. Investment aid schemes supporting investments in assets contributing to uninterrupted traffic flows between national networks or transport modes shall be compatible with the internal market within the meaning of Article 93 of the Treaty and shall be exempted from the notification requirement of Article 108(3) of the Treaty, provided that the conditions laid down in this Article and in Chapter I of this Regulation are fulfilled.

2. The aid must be granted to owners of vehicles for rail or inland waterways transport, transport operators and transport organisers for the purpose of performing the investments referred to in paragraph 3 in the sustainable land transport sectors.

3. The eligible investment projects shall be the following:

(a) The European Train Control System (ETCS), the Future Railway Mobile Communication System (FRMCS), including when combined with the Global System for Mobile Communications – Railway (GSM-R), and Automated Train Operation (ATO) as part of the European Railway Traffic Management System (ERTMS), as described in Union secondary legislation ([28]);

(b) digital automatic coupling (DAC) ([29]);

(c) GSM-R equipment on a stand-alone basis;

(d) adaptation of rolling stock to different electrical systems;

(e) adaptation of rolling stock to different track gauges;

(f) adaptation of inland waterways vessels to serve seaports and of sea-going vessels to serve inland ports;

(g) adaptation of inland waterways vessels to changing navigability conditions, including low water conditions;

(h) automation of rolling stock and inland waterways vessels;

(i) adaptation of vehicles to transport Intermodal Loading Units;

([28]) Commission Implementing Regulation (EU) 2023/1695 of 10 August 2023 on the technical specification for interoperability relating to the control-command and signalling subsystems of the rail system in the European Union and repealing Regulation (EU) 2016/919 (OJ L 222, 8.9.2023, p. 380, ELI:http://data.europa.eu/eli/reg_impl/2023/1695/oj).

([29]) DAC is an interoperable component to automatically couple and decouple the rolling stock in a freight train both physically (e.g. mechanical connection and air line for braking) and digitally (e.g. electrical power and data connection). DAC is an enabler to create a modern and digital European railway freight transport. It will not only increase efficiency thanks to automation processes but will also ensure sufficient energy supply for telematics applications, as well as safe data communication throughout the entire train.

(j) key technologies needed to implement RIS, such as the European RIS Environment, the Inland Electronic Chart Display and Information System, notices to skippers, the Inland Automatic Identification System and Electronic Reporting International;

(k) freight telematics applications and other freight software, insofar as they contribute to uninterrupted traffic flows between different modes of transport, in particular multimodal identification, tracking and traceability systems, and multimodal data exchange platforms, with the exception of investments in applications for passenger services such as systems which provide passengers with information before and during the journey, passenger reservation and payment systems, luggage management and management of connections between passenger trains and with other modes of passenger transport.

4. The eligible costs shall be all costs necessary for the implementation of the investment projects referred to in paragraph 3. Such costs shall include costs necessary for the purchase and installation of the relevant technology, project management costs, and delivery costs. Costs related to studies, testing and approval, and pilot and prototype installations for the implementation of the relevant technology in Technology Readiness Level 9 ([30]) shall also be eligible. Maintenance costs shall not be eligible. The assets financed with the aid shall be new or used. As regards interoperability investments related to the ERTMS, costs related to the integration of European Global Navigation Satellite System (EGNSS) functions within the ERTMS shall be eligible. Costs related to GSM-R equipment combined with FRMCS equipment shall also be eligible for support. Costs related to investments in stand-alone GSM-R equipment shall be eligible for support only if they are incurred until 31 December 2031.

5. The aid intensity must not exceed:

(a) 90 % of the eligible costs for investment projects referred to in paragraph 3, points (a) and (b);

(b) 50 % of the eligible costs for investment projects referred to in paragraph 3, points (c) to (k).

6. As regards interoperability investments in vehicles for rail or inland waterways transport or in an Intermodal Loading Unit or crane on board vessels whose acquisition is planned, the eligible costs shall be limited to the net extra costs for interoperability, provided that such costs are not already covered by any other form of aid, in particular aid under Articles 14 and 15. The net extra costs for interoperability shall be calculated as the difference between, on the one hand, the total cost of purchasing the vehicle for rail or inland waterways transport or the Intermodal Loading Unit or the crane on board vessels whose acquisition is planned and that is equipped with such investments, and, on the other hand, the total cost of purchasing the same vehicle or Intermodal Loading Unit or crane on board vessels or a similar asset without interoperability investments in the counterfactual scenario.

7. For at least five years after the grant of the aid, contractual arrangements for the transfer or use against payment (such as lease) of assets financed with interoperability aid must include a clause specifying that the investment contributing to the interoperability of the asset concerned was funded with State aid. The contractual arrangements must also specify the corresponding obligations laid down in paragraph 9, where applicable, and indicate the aid amount.

8. The investment must be implemented and finalised at least one year before the date the aided investment becomes mandatory at Union level.

9. The pieces of rolling stock benefiting from the supported investment must retain a valid registration status, evidenced by code 00 as defined in Appendix 3 of Commission Implementing Decision (EU) 2018/1614 ([31]), in the European vehicle register for at least five years after implementation of the investment.

([30]) Communication from the Commission, Framework for State aid for research and development and innovation (OJ C 414, 28.10.2022, p. 1), footnote 60. See also Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, A European strategy for Key Enabling Technologies – A bridge to growth and jobs (COM(2012) 341 final).

([31]) Commission Implementing Decision (EU) 2018/1614 of 25 October 2018 laying down specifications for the vehicle registers referred to in Article 47 of Directive (EU) 2016/797 of the European Parliament and of the Council and amending and repealing Commission Decision 2007/756/EC (OJ L 268, 26.10.2018, p. 53, ELI: http://data.europa.eu/eli/dec_impl/2018/1614/oj).

Article 17

Aid for technical adaptation and modernisation in the sustainable land transport sectors

1. Investment aid schemes supporting investments in assets contributing to technical adaptation and modernisation in the sustainable land transport sectors shall be compatible with the internal market within the meaning of Article 93 of the Treaty and shall be exempted from the notification requirement of Article 108(3) of the Treaty, provided that the conditions laid down in this Article and in Chapter I are fulfilled.

2. The aid must be granted to owners of vehicles for rail or inland waterways transport, transport operators and transport organisers for the purpose of performing the investments referred to in paragraph 3 in the sustainable land transport sectors.

3. The eligible investment projects shall be the following:

(a) retrofitting or refurbishment of rolling stock;

(b) retrofitting or refurbishment of inland waterways vessels, for example to improve hydrodynamics and efficiency;

(c) retrofitting or refurbishing of equipment for sustainable multimodal transport;

(d) technical adaptation of rolling stock and inland waterways vessels to new types of freight;

(e) freight telematics applications and other freight software in the rail and inland waterways sectors not falling under Article 16, such as systems providing information exclusively within one transport mode or digital reservation and payment systems that do not contribute to uninterrupted traffic flows, with the exception of investments in applications for passenger services such as systems which provide passengers with information before and during the journey, passenger reservation and payment systems, luggage management and management of connections between passenger trains and with other modes of passenger transport;

(f) traffic forecast software (estimated time of departure/estimated time of arrival) and route optimisation software;

(g) digital systems monitoring working time and resting periods in railway transport operations.

4. The eligible costs shall be all costs necessary for the implementation of the investments. Such costs may include, in particular, costs necessary for the purchase and installation of the relevant technology, costs related to upgrades of an existing installed technology, project management costs and delivery costs. Costs related to studies, testing and approval, and pilot and prototype installations for the implementation of the relevant technology in Technology Readiness Level 9 ([32]) shall be eligible. Maintenance costs shall not be eligible. The assets financed with the aid shall be new or used.

5. The aid intensity must not exceed 30 % of the eligible costs.

6. As regards investments in vehicles for rail or inland waterways transport or in equipment for sustainable multimodal transport whose acquisition is planned, the eligible costs shall be limited to the net extra costs for technical adaptation and modernisation, provided that such costs are not already covered by any other form of aid, in particular aid under Articles 14 and 15. The net extra costs for technical adaptation and modernisation shall be calculated as the difference between, on the one hand, the total cost of purchasing the vehicle for rail or inland waterways transport or equipment for sustainable multimodal transport whose acquisition is planned and that is equipped with such investments, and, on the other hand, the total cost of purchasing the same asset or a similar one that requires technical adaptation and modernisation in the counterfactual scenario.

([32]) Communication from the Commission, Framework for State aid for research and development and innovation (OJ C 414, 28.10.2022, p. 1), footnote 60. See also Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, A European strategy for Key Enabling Technologies – A bridge to growth and jobs (COM(2012) 341 final).

7. For at least five years after the granting of the aid, contractual arrangements for the transfer or use against payment of assets financed with aid for the technical adaptation and modernisation of vehicles and equipment for sustainable multimodal transport must include a clause stating that the adaptation or modernisation of the asset concerned was funded with State aid and specifying the aid amount.

8. The investment must be implemented and finalised at least one year before the date the supported investment becomes mandatory at Union level.

CHAPTER III

MONITORING

Article 18

Withdrawal of the benefit of the block exemption

Where a Member State grants aid that is allegedly exempted from the notification requirement under this Regulation without fulfilling the conditions set out in Chapters I to II, the Commission may, after having provided the Member State concerned with the possibility to make its views known, adopt a decision stating that all or some of the future aid measures adopted by the Member State concerned, which would otherwise fulfil the requirements of this Regulation, shall be notified to the Commission in accordance with Article 108(3) of the Treaty. The measures to be notified may be limited to measures granting certain types of aid or in favour of certain beneficiaries or aid measures adopted by certain authorities of the Member State concerned.

Article 19

Reporting

Member States shall send the following information to the Commission:

(a) through the Commission's electronic notification system, the summary information about each aid measure exempted pursuant to this Regulation in the standardised format laid down in Annex II, together with a link providing access to the full text of the aid measure, including its amendments, within 20 working days following the aid measure's entry into force;

(b) in electronic form, an annual report, as referred to in Commission Regulation (EC) No 794/2004 ([33]), on the application of this Regulation, containing the information indicated in Regulation (EC) No 794/2004 in respect of each whole year or each part of the year during which this Regulation applies.

Article 20

Evaluation

1. This Regulation shall only apply to aid schemes that are subject to an *ex post* evaluation in accordance with paragraph 2, for a period up to six months from their entry into force, or for such longer period as the Commission may decide after having assessed the evaluation plan drawn up for a given scheme, as referred to in paragraph 8.

([33]) Commission Regulation (EC) No 794/2004 of 21 April 2004 implementing Council Regulation (EU) 2015/1589 laying down detailed rules for the application of Article 108 of the Treaty on the Functioning of the European Union (OJ L 140, 30.4.2004, p. 1, ELI: http://data.europa.eu/eli/reg/2004/794/oj).

2. Aid schemes shall be subject to an *ex post* evaluation if they have a State aid budget or accounted expenditure over EUR 150 million in any given year or EUR 750 million over their total duration. The total duration shall be the combined duration of the scheme and any predecessor scheme covering a similar objective and geographical area starting from 30 March 2026. *Ex post* evaluations shall only be required for aid schemes of which the total duration exceeds three years starting from 30 March 2026.

3. The *ex post* evaluation requirement may be waived for aid schemes that are an immediate successor of a scheme covering a similar objective and geographical area that has been subject to an evaluation and for which a final evaluation report was delivered in compliance with an evaluation plan approved by the Commission and contains no negative findings. Where the final evaluation report of a scheme is not in compliance with the approved evaluation plan, that scheme shall be suspended with immediate effect. Any successor of such a suspended aid scheme shall not be block exempted.

4. The evaluation plan shall contain at least the following elements: (i) the objectives of the aid scheme to be evaluated; (ii) the evaluation questions; (iii) the result indicators; (iv) the envisaged methodology to conduct the evaluation; (v) the data collection requirements; (vi) the proposed timing of the evaluation (including the date of submission of the interim and the final evaluation reports); (vii) the description of the independent body conducting the evaluation or the criteria that will be used for its selection; and (viii) the modalities for ensuring the publicity of the evaluation.

5. The aim of the *ex post* evaluation shall be to verify whether the assumptions and conditions underlying the compatibility of the scheme have been confirmed, in particular the necessity and the effectiveness of the aid measure in the light of its general and specific objectives. The *ex post* evaluation shall also assess the impact of the scheme on competition and trade.

6. The *ex post* evaluation shall be carried out on the basis of an evaluation plan approved by the Commission.

7. Member States shall notify to the Commission a draft evaluation plan for aid schemes subject to the evaluation requirement pursuant to paragraph 2:

(a) within 20 working days from the scheme's entry into force, if the State aid budget of the scheme exceeds EUR 150 million in any given year or EUR 750 million over its total duration;

(b) within 30 working days following a significant change that increases the budget of the scheme to over EUR 150 million in any given year or EUR 750 million over the total duration of the scheme;

(c) within 30 working days following the recording in official accounts of expenditure under the scheme in excess of EUR 150 million in any year.

8. The draft evaluation plan shall be in accordance with the common methodology for State aid evaluation adopted by the Commission. The Commission may decide to extend the initial maximum period of six months in the decision approving the evaluation plan. Member States shall publish the evaluation plan approved by the Commission.

9. The *ex post* evaluation shall be carried out by an expert independent from the aid-granting authority on the basis of the evaluation plan. Each evaluation shall include at least one interim and one final evaluation report. Member States shall publish both reports.

10. The final evaluation report shall be submitted to the Commission at the latest nine months before the expiry of the scheme. That period may be reduced for schemes triggering the evaluation requirement in their last two years of implementation. The precise scope of and arrangements for each evaluation shall be set out in the Commission's decision approving the evaluation plan. The notification of any subsequent aid measure with a similar objective shall describe how the results of the evaluation have been taken into account.

Article 21

Monitoring

1. In order to enable the Commission to monitor the aid exempted from notification under this Regulation, Member States shall maintain detailed records with the information and supporting documentation needed to determine that all the conditions laid down in this Regulation are fulfilled. Such records shall be kept for 10 years from the date on which the ad hoc aid was granted or the last individual aid was granted under the scheme.

2. In the case of schemes under which fiscal aid is granted automatically, such as those based on tax declarations of the beneficiaries, and where there is no *ex ante* verification that all compatibility conditions are met for each beneficiary, Member States shall regularly verify, at least *ex post* and on a sample basis, that all compatibility conditions are met, and draw the necessary conclusions. Member States shall maintain detailed records of those verifications for at least 10 years from the date of the verifications.

3. The Commission may request from each Member State all the information and supporting documentation that the Commission considers necessary to monitor the application of this Regulation, including the information referred to in paragraphs 1 and 2. The Member State concerned shall provide the Commission with the requested information and supporting documents within 20 working days from receipt of the request, or within a longer deadline if such deadline is provided for in the request.

CHAPTER IV

FINAL PROVISIONS

Article 22

Transitional provisions

1. This Regulation shall apply to individual aid granted before its entry into force where the aid fulfils all the conditions laid down in this Regulation, with the exception of Article 9.

2. Any aid which does not fulfil the conditions for exemption from the notification requirement set out in this Regulation shall be assessed by the Commission on the basis of the relevant frameworks, guidelines, communications and notices adopted by the Commission.

3. At the end of the period of application of this Regulation, any aid scheme exempted from the notification requirement under this Regulation shall remain exempted for a period of six months.

The rules set out in this Regulation may continue to apply after its period of validity to aid granted under Union funds implemented under shared management for the programming period 2028-2034.

Article 23

Entry into force and application

This Regulation shall enter into force on 30 March 2026.

It shall apply until 31 December 2034.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 16 March 2026.

For the Commission
The President
Ursula VON DER LEYEN

ANNEX I

SME DEFINITION

Article 1

Enterprise

An enterprise is considered to be any entity engaged in an economic activity, irrespective of its legal form. This includes, in particular, self-employed persons and family businesses engaged in craft or other activities, and partnerships or associations regularly engaged in an economic activity.

Article 2

Staff headcount and financial thresholds determining enterprise categories

1. The category of micro, small and medium-sized enterprises ('SMEs') is made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding EUR 50 million, and/or an annual balance sheet total not exceeding EUR 43 million.

2. Within the SME category, a small enterprise is defined as an enterprise which employs fewer than 50 persons and whose annual turnover and/or annual balance sheet total does not exceed EUR 10 million.

3. Within the SME category, a micro-enterprise is defined as an enterprise which employs fewer than 10 persons and whose annual turnover and/or annual balance sheet total does not exceed EUR 2 million.

Article 3

Types of enterprise taken into consideration in calculating staff numbers and financial amounts

1. An 'autonomous enterprise' is any enterprise which is not classified as a partner enterprise within the meaning of paragraph 2 or as a linked enterprise within the meaning of paragraph 3.

2. 'Partner enterprises' are all enterprises which are not classified as linked enterprises within the meaning of paragraph 3 and between which there is the following relationship: an enterprise (upstream enterprise) holds, either solely or jointly with one or more linked enterprises within the meaning of paragraph 3, 25 % or more of the capital or voting rights of another enterprise (downstream enterprise).

However, an enterprise may be classified as autonomous, and thus as not having any partner enterprises, even if the 25 % threshold is reached or exceeded by the following investors, provided that those investors are not linked, within the meaning of paragraph 3, either individually or jointly to the enterprise in question:

(a) public investment corporations, venture capital companies, individuals or groups of individuals with a regular venture capital investment activity who invest equity capital in unquoted businesses (business angels), provided the total investment of those business angels in the same enterprise is less than EUR 1 250 000;

(b) universities or non-profit research centres;

(c) institutional investors, including regional development funds;

(d) autonomous local authorities with an annual budget of less than EUR 10 million and fewer than 5 000 inhabitants.

3. 'Linked enterprises' are enterprises which have any of the following relationships with each other:

(a) an enterprise has a majority of the shareholders' or members' voting rights in another enterprise;

(b) an enterprise has the right to appoint or remove a majority of the members of the administrative, management or supervisory body of another enterprise;

(c) an enterprise has the right to exercise a dominant influence over another enterprise pursuant to a contract entered into with that enterprise or to a provision in its memorandum or articles of association;

(d) an enterprise, which is a shareholder in or member of another enterprise, controls alone, pursuant to an agreement with other shareholders in or members of that enterprise, a majority of shareholders' or members' voting rights in that enterprise.

There is a presumption that no dominant influence exists if the investors listed in the second subparagraph of paragraph 2 are not involving themselves directly or indirectly in the management of the enterprise in question, without prejudice to their rights as shareholders.

Enterprises having any of the relationships described in the first subparagraph through one or more other enterprises, or any one of the investors mentioned in paragraph 2, are also considered to be linked.

Enterprises which have one or other of such relationships through a natural person or group of natural persons acting jointly are also considered linked enterprises if they engage in their activity or in part of their activity in the same relevant market or in adjacent markets.

An 'adjacent market' is considered to be the market for a product or service situated directly upstream or downstream of the relevant market.

4. Except in the cases set out in paragraph 2, second subparagraph, an enterprise cannot be considered an SME if 25 % or more of the capital or voting rights are directly or indirectly controlled, jointly or individually, by one or more public bodies.

5. Enterprises may make a declaration of status as an autonomous enterprise, partner enterprise or linked enterprise, including the data regarding the thresholds set out in Article 2. The declaration may be made even if the capital is spread in such a way that it is not possible to determine exactly by whom it is held, in which case the enterprise may declare in good faith that it can legitimately presume that it is not owned as to 25 % or more by one enterprise or jointly by enterprises linked to one another. Such declarations are made without prejudice to the checks and investigations provided for by national or EU rules.

Article 4

Data used for the staff headcount and the financial amounts and reference period

1. The data to apply to the headcount of staff and the financial amounts are those relating to the latest approved accounting period and calculated on an annual basis. They are taken into account from the date of closure of the accounts. The amount selected for the turnover is calculated excluding value added tax (VAT) and other indirect taxes.

2. Where, at the date of closure of the accounts, an enterprise finds that, on an annual basis, it has exceeded or fallen below the headcount or financial thresholds stated in Article 2, this will not result in the loss or acquisition of the status of medium-sized, small or micro-enterprise unless those thresholds are exceeded over two consecutive accounting periods.

3. In the case of newly established enterprises whose accounts have not yet been approved, the data to apply is to be derived from a bona fide estimate made in the course of the financial year.

Article 5

Staff headcount

The headcount corresponds to the number of annual work units (AWU), i.e. the number of persons who worked full-time within the enterprise in question or on its behalf during the entire reference year under consideration. The work of persons who have not worked the full year, the work of those who have worked part-time, regardless of duration, and the work of seasonal workers are counted as fractions of AWU. The staff consists of:

(a) employees;

(b) persons working for the enterprise being subordinated to it and deemed to be employees under national law;

(c) owner-managers;

(d) partners engaging in a regular activity in the enterprise and benefiting from financial advantages from the enterprise.

Apprentices or students engaged in vocational training with an apprenticeship or vocational training contract are not included as staff. The duration of maternity or parental leaves is not counted.

Article 6

Establishing the data of an enterprise

1. In the case of an autonomous enterprise, the data, including the number of staff, are determined exclusively on the basis of the accounts of that enterprise.

2. The data, including the headcount, of an enterprise having partner enterprises or linked enterprises are determined on the basis of the accounts and other data of the enterprise or, where they exist, the consolidated accounts of the enterprise, or the consolidated accounts in which the enterprise is included through consolidation.

To the data referred to in the first subparagraph are added the data of any partner enterprise of the enterprise in question situated immediately upstream or downstream from it. Aggregation is proportional to the percentage interest in the capital or voting rights (whichever is greater). In the case of cross-holdings, the greater percentage applies.

To the data referred to in the first and second subparagraph are added 100 % of the data of any enterprise which is linked directly or indirectly to the enterprise in question, where the data were not already included through consolidation in the accounts.

3. For the application of paragraph 2, the data of the partner enterprises of the enterprise in question are derived from their accounts and their other data, consolidated if they exist. To these are added 100 % of the data of enterprises which are linked to these partner enterprises, unless their accounts data are already included through consolidation.

For the application of the same paragraph 2, the data of the enterprises which are linked to the enterprise in question are to be derived from their accounts and their other data, consolidated if they exist. To these are added, pro rata, the data of any possible partner enterprise of that linked enterprise, situated immediately upstream or downstream from it, unless it has already been included in the consolidated accounts with a percentage at least proportional to the percentage identified under the second subparagraph of paragraph 2.

4. Where in the consolidated accounts no staff data appear for a given enterprise, staff figures are calculated by aggregating proportionally the data from its partner enterprises and by adding the data from the enterprises to which the enterprise in question is linked.

ANNEX II

INFORMATION REGARDING STATE AID EXEMPT UNDER THE CONDITIONS OF THIS REGULATION

PART I – to be provided through the established Commission electronic notification system as laid down in Article 19

Aid reference	*[to be completed by the Commission]*	
Member State	.....	
Member State reference number	.....	
Region	Name of the Region(s) (NUTS) ([1])	Regional aid status ([2]) ....
Granting authority	Name	.....
	Postal address Web address	....
Title of the aid measure	.....	
National legal basis (Reference to the relevant national official publication)	.....	
Web link to the full text of the aid measure	.....	
Type of measure	☐ Scheme	
	☐ Ad hoc aid	Name of the beneficiary and the group ([3]) it belongs to .....
Amendment of an existing aid scheme or ad hoc aid		Commission aid reference SA .....
	☐ Prolongation	
	☐ Modification	
Duration ([4])	☐ Scheme	dd/mm/yyyy to dd/mm/yyyy
Date of granting	☐ Ad hoc aid	dd/mm/yyyy
Economic sector(s) concerned	☐ All economic sectors eligible to receive aid	
	☐ Limited to certain sectors: Please specify at NACE group level ([5])	.....
Type of beneficiary	☐ SME	
	☐ Small Mid-Caps	
	☐ Large undertakings	
Estimated number of beneficiaries	☐ up to 10 ☐ from 11 to 50 ☐ from 51 to 100 ☐ from 101 to 500 ☐ from 501 to 1 000 ☐ over 1 000	

Budget	Total annual amount of the budget planned under the scheme ([6])	National currency … (full amounts)	
	Overall amount of the ad hoc aid awarded to the undertaking ([7])	National currency … (full amounts)	
Aid instrument	☐ Grant/Interest rate subsidy		
	☐ Loan/Repayable advances		
	☐ Guarantee (where appropriate with a reference to the Commission decision) ([8]) Reference to the Commission decision: SA		
	☐ Tax advantage or tax exemption		
	☐ Equity or quasi equity investment		
	☐ Other *[please specify]* ..... Indicate in which broad category below it would fit best in terms of its effect/function: ☐ Grant ☐ Loan ☐ Guarantee ☐ Tax advantage ☐ Equity or quasi equity investment		
☐ If co-financed by EU fund(s)	Name of EU fund(s):	Amount of funding (as per EU fund)	National currency … (full amounts) ....

([1]) NUTS – Nomenclature of Territorial Units for Statistics. Typically, the region is specified at level 2.
([2]) Article 107(3)(a) TFEU (status 'A'), Article 107(3)(c) TFEU (status 'C'), unassisted areas, i.e. areas not eligible for regional aid (status 'N').
([3]) An undertaking for the purposes of rules on competition laid down in the Treaty and for the purposes of this Regulation is any entity engaged in an economic activity, regardless of its legal status and the way in which it is financed. The Court of Justice has ruled that entities which are controlled (on a legal or on a de facto basis.
([4]) Period during which the granting authority can commit itself to grant the aid.
([5]) NACE Rev. 2.1 – Statistical classification of Economic Activities in the European Community. Typically, the sector shall be specified at group level.
([6]) In case of an aid scheme: Indicate the annual overall amount of the budget planned under the scheme or the estimated tax loss per year for all aid instruments contained in the scheme.
([7]) In case of an ad hoc aid award: Indicate the overall aid amount/tax loss.
([8]) Where appropriate, reference to the Commission decision approving the methodology to calculate the gross grant equivalent.

PART II – to be provided through the established Commission electronic notification system as laid down in Article 19

[Please indicate under which provision of this Regulation the aid measure is implemented.]

Primary objective	Maximum aid intensity in % of eligible costs	Maximum aid amount in national currency (in full amounts)
Operating aid scheme to reduce external costs of transport (Article 10)	... (per scheme per year)	...

Primary objective		Maximum aid intensity in % of eligible costs	Maximum aid amount in national currency (in full amounts)
Operating aid scheme to launch new rail freight and inland waterways freight commercial connections (Article 11)	First year of operation	...	...
	Second year of operation	...	
	Third year of operation	...	
	Fourth year of operation	...	
	Fifth year of operation	...	
Investment aid scheme concerning railway service facilities, inland waterways facilities and rail or inland waterways multimodal transport facilities (Article 12)		... (per project)	....
Ad hoc investment aid concerning rail or inland waterways freight terminals (Article 12)		... (per project)	...
Investment aid scheme concerning private sidings (Article 13)		... (per project)	...
Investment aid scheme for the acquisition of vehicles for rail or inland waterways transport (Article 14)		... (of the underlying loan)	...
Investment aid scheme for the acquisition of Intermodal Loading Units or cranes on board of vessels (Article 15)	Intermodal Loading Units	...	...
	Cranes on board of vessels	...	
Investment aid scheme for interoperability (Article 16)	Investment projects referred to in paragraph 3, points (a) and (b)	...	...
	Investment projects referred to in paragraph 3, points (c) to (j)	...	
Investment aid scheme for technical adaptation and modernisation in the sustainable land transport sectors (Article 17)		...	...

ANNEX III

PROVISIONS FOR THE PUBLICATION OF INFORMATION AS LAID DOWN IN ARTICLE 9, PARAGRAPH 1, POINT (C) AND PARAGRAPH 2

The following information on individual awards as laid down in Article 9(1), point (c), shall be published:

(a) Name of the beneficiary;

(b) Beneficiary's identifier;

(c) Type of enterprise (SME/SMC/large) at the time of the granting of the aid;

(d) Region in which the beneficiary is located, at NUTS level II ([1]);

(e) Sector of activity at NACE group level ([2]);

(f) Aid element, expressed as full amount in national currency ([3]);

(g) Aid instrument ([4]) (Grant/Interest rate subsidy, Loan/Repayable advances/Reimbursable grant, Guarantee, Tax advantage or tax exemption, Equity or quasi equity investment, Other *[please specify]*);

(h) Date of granting of the aid;

(i) Objective of the aid;

(j) Granting authority;

(k) Reference of the aid measure ([5]).

As laid down in Article 9(2), where Member States organise their comprehensive State aid websites to allow easy access to the information, information shall be published in a spreadsheet data format, which allows data to be searched, extracted and easily published on the internet, for instance in CSV or XML format. Access to the website shall be allowed to any interested party without restrictions. No prior user registration shall be required to access the website.

([1]) NUTS – Nomenclature of Territorial Units for Statistics. Typically, the region is specified at level 2.

([2]) Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90 as well as certain EC Regulations on specific statistical domains (OJ L 393, 30.12.2006, p. 1, ELI: http://data.europa.eu/eli/reg/2006/1893/oj).

([3]) For operating aid, the annual amount of aid per beneficiary. For investment aid, the amount of the investment. For measures under Article 14, the gross grant equivalent.

([4]) If the aid is granted through multiple aid instruments, the aid amount shall be provided by instrument.

([5]) As provided by the Commission under the procedure referred to in Article 19 of this Regulation.

ANNEX IV

SMC DEFINITION

Definition of small mid-cap enterprises

1. Enterprise

An enterprise is considered to be any entity engaged in an economic activity, irrespective of its legal form. This includes partnerships or associations regularly engaged in an economic activity.

2. Staff headcount and financial ceilings

The category of small mid-cap enterprises is made up of enterprises which are not small and medium-sized enterprises in accordance with Annex I, employ fewer than 750 persons and have an annual turnover not exceeding EUR 150 million or an annual balance sheet total not exceeding EUR 129 million.

3. Types of enterprise taken into consideration in calculating staff headcount numbers and financial amounts

3.1. An 'autonomous enterprise' is any enterprise which is not classified as a partner enterprise within the meaning of point 3.2 or as a linked enterprise within the meaning of point 3.5.

3.2. 'Partner enterprises' are all enterprises which are not classified as linked enterprises within the meaning of point 3.4 and where one enterprise (upstream enterprise) holds, either solely or jointly with one or more linked enterprises within the meaning of point 3.5, 25 % or more of the capital or voting rights of another enterprise (downstream enterprise).

3.3. Except in the cases set out in point 3.4, an enterprise is not considered a small mid-cap enterprise if 25 % or more of the capital or voting rights are directly or indirectly controlled, jointly or individually, by one or more public bodies.

3.4. By way of derogation from point 3.2, an enterprise may be ranked as autonomous, and thus as not having any partner enterprises, even if 25 % or more of its capital or voting rights are held by the following investors, provided that those investors are not linked, within the meaning of point 3.5, either individually or jointly to the enterprise in question:

(a) public investment corporations, venture capital or private equity funds, individuals or groups of individuals with a regular venture capital investment activity that invest equity capital in unquoted businesses ('business angels'), provided the total investment of those business angels in the same enterprise is less than EUR 5 000 000;

(b) universities or non-profit research centres;

(c) institutional investors, including regional development funds;

(d) autonomous local authorities with an annual budget of less than EUR 10 million and fewer than 5 000 inhabitants.

3.5. 'Linked enterprises' are enterprises which have any of the following relationships with each other:

(a) an enterprise has a majority of the shareholders' or members' voting rights in another enterprise;

(b) an enterprise has the right to appoint or remove a majority of the members of the administrative, management or supervisory body of another enterprise;

(c) an enterprise has the right to exercise a dominant influence over another enterprise pursuant to a contract entered into with that enterprise or to a provision in its memorandum or articles of association;

(d) an enterprise, which is a shareholder in or member of another enterprise, controls alone, pursuant to an agreement with other shareholders in or members of that enterprise, a majority of shareholders' or members' voting rights in that enterprise.

There is a presumption that no dominant influence exists if the investors referred to in point 3.4, are not involving themselves directly or indirectly in the management of the enterprise in question, without prejudice to their rights as shareholders.

3.5.1. Enterprises having any of the relationships set out in point 3.5 above through one or more other enterprises, or any one of the investors mentioned in point 3.4, are also considered to be linked.

3.5.2. Enterprises which have one or other of the relationships set out in point 3.5 above through a natural person or group of natural persons acting jointly are also considered linked enterprises if they engage in their activity or in part of their activity in the same relevant market or in adjacent markets. For the purposes of this point, 'adjacent market' means the market for a product or service situated directly upstream or downstream of the relevant market.

3.5.3. Where an alternative investment fund as defined in Article 4(1), point (a), of Directive 2011/61/EU of the European Parliament and of the Council [1] has invested into an enterprise, the following should not be considered 'linked enterprises' for the purposes of point 3.5:

(a) that enterprise and that alternative investment fund;

(b) that enterprise and the manager of that alternative investment fund;

(c) that enterprise and another enterprise in which that alternative investment fund has invested.

The first subparagraph applies provided that all the following conditions are met:

(a) the alternative investment fund and its manager, and the enterprises concerned maintain separate accounting records;

(b) the alternative investment fund and its manager have a pre-defined investment strategy to exit the enterprise or enterprises concerned, including by realising their value through the sale of the enterprise or other means.

3.6. Enterprises may make a declaration of status as an autonomous enterprise, partner enterprise or linked enterprise, including the data regarding the ceilings set out in point 2. The declaration may be made even if the capital is spread in such a way that it is not possible to determine exactly by whom it is held, in which case the enterprise may declare in good faith that it can legitimately presume that it is not owned as to 25 % or more by one enterprise or jointly by enterprises linked to one another. Such declarations are made without prejudice to the checks and investigations provided for by national or Union rules.

4. Data used for the staff headcount and the financial amounts and reference period

4.1. The data to apply to the staff headcount and the financial amounts are those relating to the latest approved accounting period and calculated on an annual basis. They are taken into account from the date of closure of the accounts. The amount selected for the turnover is calculated excluding value added tax and other indirect taxes.

4.2. Where, at the date of closure of the accounts, an enterprise finds that, on an annual basis, it has exceeded or fallen below the headcount or financial ceilings stated in point 2, this will not result in the loss or acquisition of the status of small mid-cap enterprise unless those ceilings are exceeded over two consecutive accounting periods.

[1] Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010 (OJ L 174, 1.7.2011, p. 1, ELI: http://data.europa.eu/eli/dir/2011/61/oj).

4.3. In the case of newly established enterprises whose accounts have not yet been approved, the data to apply is to be derived from a bona fide estimate made during the financial year.

5. Staff headcount

5.1. The headcount corresponds to the number of persons who worked full-time within the enterprise in question or on its behalf during the entire reference year under consideration ('annual work units'). The work of persons who have not worked the full year, the work of those who have worked part-time, regardless of duration, and the work of seasonal workers are counted as fractions of annual work units. The staff consists of the following:

(a) employees;

(b) persons working for the enterprise being subordinated to it and deemed to be employees under national law;

(c) owner-managers;

(d) partners engaging in a regular activity in the enterprise and benefiting from financial advantages from the enterprise.

5.2. Apprentices or students engaged in vocational training with an apprenticeship or vocational training contract are not included as staff. The duration of maternity or parental leaves is not counted.

6. Establishing the data of an enterprise

6.1. In the case of an autonomous enterprise, the data, including the number of staff, are determined exclusively on the basis of the accounts of that enterprise.

6.2. The data, including the headcount, of an enterprise having partner enterprises or linked enterprises as referred to in point 3 are determined on the basis of the accounts and other data of the enterprise or, where they exist, the consolidated accounts of the enterprise, or the consolidated accounts in which the enterprise is included through consolidation.

To the data referred to in the first subparagraph are added the data of any partner enterprise of the enterprise in question situated immediately upstream or downstream from it. Aggregation is proportional to the percentage interest in the capital or voting rights, whichever is greater. In the case of crossholdings, the greater percentage applies.

To the data referred to in the first and second subparagraph is added 100 % of the data of any enterprise, which is linked directly or indirectly to the enterprise in question, where the data were not already included through consolidation in the accounts.

6.3. For the application of point 6.2, the data of the partner enterprises of the enterprise in question are derived from their accounts and their other data, consolidated if they exist. To these is added 100 % of the data of enterprises which are linked to these partner enterprises unless their accounts data are already included through consolidation.

For the application of point 6.2, the data of the enterprises which are linked to the enterprise in question are to be derived from their accounts and their other data, consolidated if they exist. To that data is added, pro rata, the data of any possible partner enterprise of that linked enterprise, situated immediately upstream or downstream from it, unless it has already been included in the consolidated accounts with a percentage at least proportional to the percentage identified under point 6.2, second paragraph.

6.4. Where in the consolidated accounts no staff data appear for a given enterprise, these are calculated by aggregating proportionally the data from its partner enterprises and by adding the data from the enterprises to which the enterprise in question is linked.