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# Grant for industry digitalisation and automation

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The Regulation is enforced [on the basis of subsection 53<sup>1</sup>](#) (1) of the State Budget Act.

## Chapter 1 General Provisions

### § 1. Objective of grant and expected result

- (1) The objective of the grant is to support the preparation of diagnostics for the digitisation and automation of manufacturing and mining and quarrying.
- (2) As a result of the grant, the awareness of digitisation and automation of an entrepreneur who has received the grant will increase.
- (3) The Regulation contributes to the sub-objective of the Estonian Entrepreneurship Growth Strategy 2014–2020 that was approved under section 80 of the State Budget Act – Estonian companies manufacture efficiently high added value products and provide innovative services.

### § 2. Scope of application

The grant to be provided on the basis of the Regulation is *de minimis aid*, the awarding of which is based on Commission Regulation (EU) No. 1407/2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to *de minimis aid* (OJ L 352, 24.12.2013, p. 1–8) (hereinafter *de minimis aid Regulation*) and section 33 of the Competition Act.

### § 3. Definitions

- (1) Digitalisation within the meaning of this Regulation is the introduction of digital technologies in the entrepreneurs of manufacturing and mining and quarrying.
- (2) Automation within the meaning of this Regulation is the introduction of technologies that reduce the need for human intervention in the entrepreneurs of manufacturing and mining and quarrying.
- (3) Diagnostics for digitalisation and automation in the manufacturing and mining and quarrying (hereinafter *digital diagnostics*) within the meaning of this Regulation shall include an overview of the use of digitalisation and automation and the functionality of their processes, an evaluation of the digitalisation and automation improvement activities and an indicative timetable for these activities, as well as an estimate of the cost of the activities, payout period of the activities and impact on the economic indicators of the entrepreneur.
- (4) For the purposes of this Regulation, a project is an activity or set of activities for which grant is applied for.

### § 4. Target group of a grant

The Regulation shall be applied to an entrepreneur whose principal activity is complies with the codes of Estonian Classification of Economic Activities (EMTAK) – mining and quarrying (EMTAK 2008 division B) or manufacturing (EMTAK 2008 division C).

### § 5. Implementation of grant

Applications for grant shall be processed, payments shall be made and monitoring shall be carried out by Enterprise Estonia.

## **1. Chapter 2**

### **Basis for awarding grants**

#### **§ 6. Grant rate and maximum grant amount**

(1) Maximum grant amount by entrepreneur:

- 1) for an entrepreneur, whose sales revenue for the financial year preceding the application for grant is up to 1 million euros, it shall be up to 5,000 euros;
- 2) for an entrepreneur, whose sales revenue for the financial year preceding the application for grant is 1 to 5 million euros, it shall be up to 10,000 euros;
- 3) for an entrepreneur, whose sales revenue for the financial year preceding the application for grant is at least 5 million euros, it shall be up to 15,000 euros.

(2) The applicant's self-financing shall amount to 30 percent of the project's eligible costs and the grant rate is 70 percent of eligible costs.

(3) Self-financing includes activities of the project promoter whose costs are eligible.

(4) The de minimis aid granted to the applicant for three consecutive financial years, with the grant, shall not exceed 200,000 euros per entrepreneur. An entrepreneur shall be the entrepreneur and related entrepreneurs provided in Article 2 (2) of the de minimis aid Regulation. The cumulation of aid shall take into account the provisions of Article 5 of the de minimis aid Regulation.

(5) If the applicant has received de minimis aid on the basis of Commission Regulation (EU) No. 360/2012 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid granted to undertakings providing services of general economic interest (OJ L 114, 26.4.2012, p. 8–13), the de minimis aid granted to the applicant under the de minimis Regulation for the current financial year and the two financial years immediately preceding with the grant to be applied for on the basis of the Regulation may not exceed 500,000 euros.

(6) If the amount of grant applied for exceeds the amount that the applicant is justified to receive as de minimis aid, the amount of grant shall be reduced to the upper limit of de minimis aid on the basis of the consent of the applicant. If the applicant does not consent to the decrease, Enterprise Estonia shall refuse to approve their application.

(7) Enterprise Estonia shall inform the applicant of the granting of de minimis aid in the decision to approve the application.

#### **§ 7. Supported activities and eligibility of costs**

(1) The activities supported by the Regulation include the performance of digital diagnostics at the entrepreneur, contributing to the objective and result provided in section 1 and contains the following:

- 1) an overview of the bottlenecks in the entrepreneur's strategic management and business model, the production planning and human resources, quality system and product development management, procurement process, delivery process, product and semi-product and raw material return and follow-up service processes;
- 2) an estimate of the priority of resolving bottlenecks in the fields provided in clause 1);
- 3) an estimate of the cost of digitalisation and automation solutions for bottlenecks in the fields provided in clause 1);
- 4) an estimate of the payout period of the proposed solutions for bottlenecks of the fields provided in clause 1) and impact on the economic performance of the entrepreneur.

(2) Eligible costs are the costs of consulting and digital diagnostics outsourced from the enterprise to carry out the activities provided in paragraph 1.

(3) The place of implementation of the supported activity is Estonia. Digi-diagnostics must be prepared in Estonian, English or Russian.

(4) Value added tax is not eligible.

(5) Transactions between persons who are related persons within the meaning of section 8 of the Income Tax Act are not considered as eligible costs.

(6) Eligible costs are only project-related costs that have been paid by bank transfer.

## **§ 8. Eligibility period**

(1) Eligible activities shall be carried out during the project's eligibility period. The duration of the eligibility period of a project is up to 6 months.

(2) The eligibility period for the project starts from the date of submission of the application or the date provided in the decision to approve the application, which may not be later than two months of submission of the application, and ends on the date established in the decision to approve the application, but not later than 31 December 2020.

(3) Eligible costs are the costs incurred during the project's eligibility period and paid to the provider of digital diagnostics no later than within 30 calendar days of the end of the eligibility period. The applicant may not commence project-related activities or undertake commitments to carry out such activities before submitting the application to Enterprise Estonia.

## **2. Chapter 3 Applying for grant and processing of applications**

### **§ 9. Applying for a grant**

(1) The applications shall be continuously submitted on the application form through the e-service of Enterprise Estonia with the digital signature of the person entitled to represent the applicant. The grant shall be awarded to an entrepreneur once.

(2) The start of accepting the applications shall be announced by Enterprise Estonia on its website.

(3) Enterprise Estonia shall suspend the receipt of applications and notifies it on its website and via a press release if the balance of the grant becomes equal to the volume of pending application for which no decision on approval or refusal has yet been made. Enterprise Estonia shall coordinate the suspension of the receipt of application with the Ministry of Economic Affairs and Communications in advance.

(4) The applications are processed in their submission order.

### **§ 10. Requirements set for applicants and applications**

(1) The applicant shall comply with the following requirements:

- 1) the applicant shall be an enterprise entered in the Estonian commercial register;
- 2) the average sales revenue of the two financial years preceding the submission of the applicant's application in accordance with the annual report submitted to the commercial register shall be at least 200,000 euros in Estonia for the principal activity specified in section 4;
- 3) the applicant's tax or payment arrears, inclusive of interests, shall not exceed 100 euros, or these shall be deferred and the deferred tax arrears shall be paid in accordance to the schedule;
- 4) the applicant is obligated to duly fulfil the obligation to submit tax declarations as established in the Taxation Act;
- 5) if the applicant has previously received a grant that has been subject to repayment, the due date of which has arrived shall be made in the requested amount.
- 6) no liquidation, compulsory dissolution or bankruptcy proceedings have been initiated against the applicant or the person controlling the applicant, no bankruptcy decisions have been made with regard to this person and the applicant's equity shall comply with the requirements established in the Commercial Code;
- 7) the applicant or the applicant's legal representative do not have a valid penalty determined in accordance with sections 209, 210, 260<sup>1</sup>, 372, 373, 379 or 384 of the Penal Code;
- 8) the grant is not applied for any costs that are already subject to a grant from another measure or national or other external aid instruments.

(2) The application shall include the following information:

- 1) the name and registry code of the applicant;
- 2) the project title and objectives;
- 3) the start and end date of carrying out the project;
- 4) the information about the applicant's compliance with the requirements established in subsection 1;
- 5) the budget of the project according to the price offer of the digital diagnostics provider;
- 6) the price offer of the digital diagnostics provider;
- 7) the information on the digitisation, automation or production management projects of at least three different manufacturing or mining and quarrying entrepreneurs carried out by a digital diagnostics provider;
- 8) the balance sheet and income statement as of the quarter preceding the application.

(3) The application shall include the following confirmations:

- 1) the applicant is aware of the requirements for informing the public that accompany the awarding of grant

as established on the basis of clause 15 8);

- 2) the applicant is aware that the information related to the receipt of grant as provided in clause 17 5) shall be disclosed;
- 3) the applicant's confirmation about the availability of self-financing in accordance with the limits and conditions established in subsection 6 (2);
- 4) the applicant is aware that the decision to approve the application may be partially or fully revoked if the grounds for invalidating the applications are found.

#### **§ 11. Processing and approval of applications and rejection thereof**

- (1) Processing of applications consists of the following:
  - 1) registration;
  - 2) asking for explanations and additional information;
- (2) approving or refusing the applications. The term for processing an application shall be up to 20 business days from the submission of the application.
- (3) After registration of the application, Enterprise Estonia shall carry out the compliance verification of the application as established in section 10.
- (4) Applications that meet the objectives specified in section 1 and the requirements set out in section 10 shall be subject to approval.
- (5) The decision to approve the application shall specify the rights and obligations of the project promoter and determine the terms and procedure for submission of reports.
- (6) If the application does not meet the objectives provided in section 1 or the requirements provided in section 10 or additional information about the project is required, Enterprise Estonia shall have the right to request that the application be brought into line with the objectives or requirements, the submission of additional documentation or making amendments in the data of the application within up to ten business days of the submission of the corresponding claim. The term for processing the application is extended by the time given to eliminate the deficiencies.
- (7) With regard to an application that does not comply with the objectives provided in section 1 or the requirements provided in section 10 and that are not brought into line with the requirements within the term provided in section 6, Enterprise Estonia shall make a decision to refuse the application.
- (8) Enterprise Estonia shall make a decision to refuse the application if the applicant or the application does not comply with the terms of the Regulation or if the volume of the financing of the application exceeds the available balance of the financing for applications.
- (9) The decision to approve or refuse the application shall be delivered on the applicant via the e-service of Enterprise Estonia.

#### **§ 12. Amendment and revocation of the decision to approve the application**

- (1) The decision to approve the application shall be amended on the initiative of Enterprise Estonia or based on a written application submitted by the project promoter through the e-service of Enterprise Estonia.
- (2) The project promoter may apply for an extension of the eligibility period for the project once and for a maximum of six months, with the eligibility period ending on 31 December 2020, at the latest. The application shall be submitted during the project's eligibility period.
- (3) Enterprise Estonia has the right to refuse to amend the decision to approve the application if the requested amendment calls into question the achievement of the expected result of the project or the completion of the project activities during the eligibility period.
- (4) Enterprise Estonia shall decide on the amendment of the decision to approve the application within 20 business days of the receipt of the corresponding application.
- (5) The decision to approve the application may be fully or partially revoked if:
  - 1) the project promoter does not comply with the decision to approve the application or fails to use the grant under the established conditions;
  - 2) circumstances occur in the event of which the application would not have been approved or the application would have been approved in part;
  - 3) inaccurate or incomplete information has been submitted upon application or project implementation, or information has not been submitted;
  - 4) the application of the project promoter for amending the decision to approve the application shall not be approved and it is not possible for the project promoter to continue using the grant under the established conditions;

- 5) the project activities cannot be completed by 31 December 2020;
- 6) the project promoter submits an application on renouncing the use of grant.

(6) The decision to revoke the decision to approve the application shall indicate the grant amount to be repaid.

### **3. Chapter 4**

## **Submission of reports, disbursement of grant, rights and obligations of the project promoter and Enterprise Estonia and the bases for repayment of the grant**

#### **§ 13. Submission of reports related to use of the grant**

(1) The project promoter shall provide Enterprise Estonia with the final report of the project during the term established in the decision to approve the application, but not later than within 45 days of the end of the project's eligibility period.

(2) The project promoter shall submit the project final report via the e-service of Enterprise Estonia with the digital signature of the person entitled to represent the project promoter.

(3) The forms of reports are published by Enterprise Estonia on its website and in the e-service. The final report of the project shall include at least the following information:

- 1) the presented completed digital diagnostics;
- 2) the evaluation of the project promoter of the project's effectiveness and implementation;
- 3) the confirmation and signature of the project promoter to verify the data.

(4) Enterprise Estonia shall process the final report within 20 business days of its registration. If deficiencies are detected in the report during the inspection process, the project promoter shall be immediately notified thereof and a deadline of ten business days shall be set for the elimination of the deficiencies, and the time limit for processing the report shall be extended by the given time. In the event of using experts, the term of the processing of the final report shall be extended by the time required for carrying out an expertise. Enterprise Estonia shall immediately inform the applicant of the extension of the term of proceedings.

(5) Enterprise Estonia shall have the right to request from the project promoter a follow-up report on the activities carried out and planned to implement the solutions proposed in digital diagnostics within 12 months of the end of the project. The follow-up report shall be submitted once.

#### **§ 14. Payment of grant**

(1) The grant is paid to the project promoter as a single payment in accordance with the conditions established in the decision to approve the application within 20 business days of the submission of the final report.

(2) The submission of the payment application of the project promoter shall take place through the e-service of Enterprise Estonia. The payment application is submitted with the final report.

(3) If deficiencies are detected in the processing of the payment application, the project promoter shall be immediately notified thereof and a deadline of 10 business days shall be set for the elimination of the deficiencies, and the time limit for processing the payment application shall be extended by the given time. In the event of using experts, the term of the processing of the final report shall be extended by the time required for carrying out an expertise. Enterprise Estonia shall immediately inform the applicant of the extension of the term of proceedings.

(4) The grant is paid if the following conditions are met:

- 1) the incurrence and payment of eligible costs in accordance with the conditions established in section 8;
- 2) the submission of documents or copies of documents verifying the occurrence of costs arising from the project activities and of the documents or copies of documents verifying the payment of costs provided in clause 1) to Enterprise Estonia;
- 3) the submission of the final report with the payment application to Enterprise Estonia and the approval thereof by Enterprise Estonia if the payment application complies with the conditions provided in clauses 1)–2) and the final report complies with the conditions provided in subsection 13 (4).

#### **§ 15. Obligations of the project promoter**

The project promoter is obligated:

- 1) to ensure the self-financing provided for in the decision to approve the application;
- 2) to use the grant in accordance with the decision to approve the application;

- 3) to repay the grant within 60 calendar days of the date of the enforcement of the recovery decision if Enterprise Estonia requires the project promoter to partially or fully repay the grant upon the occurrence of the circumstances established in section 19;
- 4) to submit information and reports required by Enterprise Estonia according to the requested form, manner and due date;
- 5) to keep separate accounts for the use of the grant and self-financing, as well as clearly distinguish between the costs of the project to be supported and the expense receipts and payment documents thereof and other costs and expenses receipts and payment documents;
- 6) to apply consent from Enterprise Estonia about the amendment of the project duration, activities or objectives contained in the application by submitting the corresponding application for amendment during the eligibility period of the project;
- 7) to submit a price offer if the provider of digital diagnostics has changed compared to the one indicated in the application;
- 8) to inform the public in the manner provided by Enterprise Estonia that it has received grant under the Regulation;
- 9) to cover all costs arising from the increase of the project costs compared to the amount indicated in the decision to approve the application;
- 10) to allow Enterprise Estonia to carry out on-site inspections and audits, as well as monitoring of the expense receipts and payment documents reflecting the use of grant and self-financing, and allow the inspector to access all premises and territories the project promoter is using in connection with the receipt of the grant;
- 11) to provide full assistance to carry out the inspection, audit and monitoring;
- 12) to preserve the documentation and materials related to the application, grant and project implementation in accordance with section 12 of the Accounting Act for seven years;
- 13) to immediately inform the Enterprise Estonia in writing of any changes in the submitted data or of circumstances that affect or may affect the fulfilment of the obligations of the project promoter;

14) to immediately inform in writing about the fact that jeopardises the achievement of the project result and the expediency of continuing the project arising during the performance of the project.

#### **§ 16. Rights of project promoter**

The project promoter has the right to receive information and advice from the Enterprise Estonia and present its views related to the application and processing of the grant.

#### **§ 17. Obligations of Enterprise Estonia**

Enterprise Estonia is obligated:

- 1) to advise applicants on issues related to the project;
- 2) to make application and reporting forms and relevant guidance material available on its website;
- 3) not to disclose information obtained in the course of the procedure concerning applicants and applications, except for the information specified in clause 5);
- 4) to retain the documents related to the awarding of grant for ten years of the date of the last grant award decision;
- 5) to disclose the name of the project promoter, the name of the project and the amounts of the grant and the project on its website after the decision to approve the application.

#### **§ 18. Rights of Enterprise Estonia**

Enterprise Estonia has the right:

- 1) to carry on-site inspections and audits with regard to the expense receipts and payment documents reflecting the use of the grant and self-financing;
- 2) to involve experts in the evaluation of completed digital diagnostics;
- 3) to require the submission of any additional data and documents relating to the activities and costs of the project contained in the application;
- 4) to reduce the grant if the self-financing of project promoter falls below the minimum rate;
- 5) not to award the grant if the completed digital diagnostics do not meet the purpose and results of the Regulation and the definition of digital diagnostics or otherwise deviate from the provisions of the application or the decision to approve the application;
- 6) to partially or fully recover the grant in cases listed in section 19;
- 7) to require the project promoter to partially or fully repay the grant within 60 calendar days of the date when the decision to recover support becomes effective in case of circumstances provided in section 19, and require the payment of late interest at the rate established in legislation in case of non-timely receipt of payments.

#### **§ 19. Repayment of grant**

The grounds for the partial or full recovery of the grant include the following:

- 1) the project promoter has not performed digital diagnostics;
- 2) the digital diagnostics performed do not meet the requirements of subsection 7 (1);
- 3) inaccurate or incomplete information has been submitted upon application or project implementation, or information has not been submitted;
- 4) circumstances occur in the event of which the application would not have been approved.

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