

Subsidy scheme for enterprises and self-employed persons

Regularity audit

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[FULL REPORT \(EL\)](#)



[SUMMARY \(EN\)](#)



What we assessed and why

In an effort to support and strengthen enterprises and self-employed persons adversely affected by the government-imposed measures for preventing the spread of COVID-19, the Ministry of Finance (MoF) implemented the “Subsidy Scheme for Enterprises and Self-Employed Persons” on the basis of the European Commission’s Temporary Framework for State aid measures to support the economy in the context of the pandemic.

The purpose of our audit was to check the correctness of the implementation of the Scheme, as approved by the European Commission, including the distinction drawn between eligible and ineligible enterprises, as well as verifying both the accuracy of the aid calculations, based on the parameters set by the MoF, and payment of the aid by the Tax Department on the basis of the applicable institutional framework.

What we found

We identified significant deviations in the MoF’s implementation of the Scheme, compared to what was approved by the European Commission, which means that the payments made to any unentitled recipients, and overpayments, constitute illegal State aid. We found that aid was paid under the Scheme before it had actually been submitted to the office of the Commissioner for State Aid Control for notification to the European Commission’s Directorate-General for Competition, i.e. before the necessary approval had been obtained from the Commission. We also found that the MoF did not comply with the requirement that it publishes and submits an annual report on any aid amounts in excess of €100 000 within a year of their payment (€10 000 in the case of the agriculture and fisheries sector), yet such payments began on 1 February 2021.

The Minister of Finance appointed an officer to conduct an Administrative Investigation at the Tax Department to determine the reasons for erroneous payments to ineligible enterprises under the Scheme and attribute any liability. The investigation, which ended in November 2021, identified 503 enterprises that had not meet the criteria applicable under the Scheme but had received State aid totalling €15 990 000.



We noted that, when the Scheme was implemented, the MoF had judged certain economic sectors that had not been required to suspend their activities following Ministry of Health Decrees to be eligible for State aid, based on its view that they had been adversely affected by the restrictive measures, owing to the nature of their operations. It had also applied a geographical separation to a limited number of economic activities, whereby only enterprises and self-employed persons in those specific sectors in two specific districts had been deemed potentially eligible on the grounds that the districts in question had been more adversely affected because of their reliance on tourism.

In the case of travel agencies, we found that no uniform data had been used, resulting in some companies being favoured and others disadvantaged.

Furthermore, the Scheme's treatment of retail activities differed from that of other business activities, with the result that the principle of equality was not observed.

What we concluded

We detected deviations from the provisions of the Scheme approved by the Commission in a number of the provisions published and implemented by the MoF. These deviations resulted in the payment of aid to a large number of ineligible recipients, which constitutes illegal State aid, as well as the rejection of potential beneficiaries, and unnecessary administrative costs.

The MoF should immediately initiate procedures to recover the aid paid to the 503 ineligible recipients referred to in the conclusion of the Administrative Investigation carried out at the Tax Department. It should also recalculate the aid amounts on the basis of the parameters of the Scheme approved by the Commission, and recover the aid paid in excess of the amounts resulting from the new calculation.

Furthermore, the Tax Department should review all cases in which aid was paid to check that they met all the criteria of the Scheme at the critical time when the MoF made the relevant calculations. Where more recipients are found than those already identified as ineligible under the Scheme, the Tax Department should inform the MoF accordingly, so that recovery procedures may be initiated.