



## Luxembourg newsflash

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### Aid schemes for research, development and innovation – Reform entered into force

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On 2nd June, the Grand-Duchy of Luxembourg published the new law on the renewal of aid schemes for research, development and innovation (hereafter, the “RDI”) and on the missions of the national Agency for the promotion of innovation and research. This law amends the Law of 5 June 2009 on the promotion of research, development and innovation.

This reformed law aims at exploiting in Luxembourg all the potential offered by the EU rules related to State aid to RDI. Due to the multiplication of public and private initiatives in this regard, the present modernisation of the rules is most welcome.

The major amendments introduced by the Law of 17 May 2017 include the extension of the list of aid categories available, the modification of several rates and amounts, as well as the nature of the aid granted. Furthermore, the national Agency for the promotion of innovation and research (“Luxinnovation”) will have an active role in terms of aid for RDI.

#### Precisions on the scope of application of the law

Companies in difficulty and those subject to a recovery order for illegal and incompatible aid under EU State aid rules are henceforth formally excluded.

Furthermore, by the repeal of Article 15 of the Law of 5 June 2009, the new aid scheme for RDI has removed the possibility to introduce any request for a de minimis aid (allowing companies to obtain a subsidy if they did not fulfil all the conditions for the granting of other aid for RDI).

### The aid henceforth actually available

Between 2015 and 2017, the Law of 5 June 2009 was only partially applicable, therefore allowing the grant of only two categories of aid for RDI, namely:

- aid for process and organisational innovation; and
- aid for research and development projects or programs.

In addition to the aforementioned types of aid, companies can henceforth claim for the following aid categories:

- aid for technical feasibility studies;
- aid for innovation in favour of SMEs;
- aid for young innovative enterprises;
- aid in favour of research infrastructures; and
- aid for innovation poles.

### Amendments to the rates of intensity, amounts and forms of aid available

The Law of 17 May 2017 increases the rates of intensity of the aid for process and organisational innovation in services in favour of SMEs in accordance with the EU General Block Exemption Regulation. From 25% (medium-sized enterprises) and 35% (small enterprises), the rate of intensity of this aid is indistinctively increased to 50% for all the SMEs.

Aid for young innovative enterprises has decreased from 1 million to 800,000 euros. However, it can reach 1.2 million euros for companies or private research organisations established in assisted areas. In the Grand-Duchy of Luxembourg, this concerns the municipalities of Dudelange and Differdange.

Depending on the type of aid, the new law allows the possibility to grant them in the form of repayable advances, interest subsidies, guarantees, loans or contributions of equity.

### Attribution of new powers to Luxinnovation

As part of its missions, Luxinnovation will have the possibility of managing and granting aid aimed at assisting:

- fundamental research, industrial - research or experimental development;
- technical feasibility studies;
- innovation in favour of SMEs;
- aid for young innovative enterprises; and
- process and organisational innovation.

However, this delegation of power only applies for aid in form of subsidies in capital which do not exceed 200,000 euros. If these conditions are not fulfilled, the Ministry of Economy remains competent.

Furthermore, the aid in favour of research infrastructures and innovation poles does not come under Luxinnovation's responsibility. For the latter, requests should still be addressed to the Ministry of Economy.

## Entry into force of the Law

The provisions of the Law of 17 May 2017 have entered into force three days after the publication in the Mémorial, meaning on 5 June.

It is specified that the investments, operations of RDI and related activities decided before the entry into force of the new law could be subject to the conditions for the grant of aid under the new law if the request fulfils all the conditions. Thus, companies that have introduced an aid request prior to the entry into force of the present law can still take advantage of it by amending their initial request for aid.

*This reform falls within a broader program of public national and EU support and initiative.*

*In particular, the Governing Council recently adopted a bill of law aimed at modernising the aid scheme in favour of SMEs which have an influence on the economic development of the country.*

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