



Social Services Europe

SSE Contribution to the EC Consultation on exemptions for small amounts of aid (de minimis aid)

(Final Version of 20 July 2022)

[Social Services Europe](#) (SSE) is a **network of eight European umbrella organisations** – comprising [Caritas Europa](#), [CEDAG](#), [E.A.N.](#), [EASPD](#), [EPR](#), [Eurodiaconia](#), [FEANTSA](#) and the [Red Cross EU Office](#) – representing over 200,000 not-for-profit social and health care organisations. We are active in a sector employing over 11 million people, of which about half are employed by social economy organisations. This also means that **more than a third of the (estimated) 13.8 million paid jobs in the social economy is in the sector of social services**. The COVID-19 pandemic clearly showed its relevance, its resilience, but also exposed challenges and weaknesses. In the last decade, SSE and its members have systematically monitored the impact of EU State Aid Rules on social services.

In order to ensure the effective, transparent and unbureaucratic provision of social services on the one hand and compliance with EU State aid rules on the other, SSE underlines the need for all actors not only to lawfully apply the EU State Aid Rules, but also to simplify their application in practice. This concerns the general de minimis regulation (1407/2013) and the SGEI de minimis regulation (360/2012).

If the conditions laid down in Article 107 TFEU are not met, EU State Aid Law should also not be applied. In addition, the transparency requirements must be formulated as simple as possible to allow for a non-bureaucratic application of the de minimis regulations which can easily be checked at all levels of administration.

SSE calls for a significant increase of the threshold of de minimis aid of currently standing at 200,000€, as set in Regulation 1407/2013. This amount was fixed 16 years ago by Regulation 1998/2006. This justifies and makes necessary a significant adjustment to cater for price increases and inflation. As the next adaptation of the threshold is not expected to happen in the next years again, future price and inflation developments have to be taken into account when defining the adapted threshold.

If the de minimis threshold is raised under Regulation 1407/2013, the threshold for services of general interest (SGEI) set in Regulation 360/2012 must also be raised. It currently stands at 500,000€ of any period of three fiscal years (Art. 2, Paragraph 2). An increase to 1.5 million € for any period of three fiscal years would ensure a better functioning of the Regulation on the ground. A large majority of providers of SGEI in the social services sector is active at a local or regional level. The European Commission shares the view that where beneficiaries of state aid offer goods and/or services – including social services – operating mainly in a geographically limited area in a EU Member State this will significantly lower the probability of attracting providers from other EU Member State, implying that there is no (important) effect on the trade between Member States (see [Commission Notice 2016/C 262/01](#) of 19 July 2019, Paragraph 196). Not-for profit social service providers do not share profits with any shareholders. They also operate in areas (e.g., rural areas) that are economically not profitable for for-profit providers. This all reduces the likelihood that these services will be offered by competitors from other EU Member States. Not-for profit social service providers often depend on

financial support by public authorities. If one juxtaposes the specific social and societal roles and the specific funding needs of SGEI providers to the low “risk” of a significant impact on cross-border competition and trade, the first objective must be given much greater weight and thus lead to a substantial increase of the threshold.

SSE supports further specific demands for the revision of the general and SGIE de minimis regulations contained in a position paper issued in January 2022 by the BAGFW, which is available in English and German (<https://bit.ly/3AzHYgU>).