


EFTA SURVEILLANCE AUTHORITY

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EFTA SURVEILLANCE AUTHORITY DECISION

OF 1 DECEMBER 1994

ON THE CLOSURE OF A CASE CONCERNING THE ABOLITION OF TAX RELIEFS ON
INDUSTRIAL PRODUCTION (FINLAND)

THE EFTA SURVEILLANCE AUTHORITY,

Having regard to the Agreement on the European Economic Area¹, in particular to Protocol 26 and to Articles 61 to 63 of the Agreement,

Having regard to the Agreement between the EFTA States on the establishment of a Surveillance Authority and a Court of Justice², in particular to Article 24 and Article 1 of Protocol 3 thereof,

WHEREAS:

I. FACTS

1. The notification

By letter dated 31 October 1994, received by the EFTA Surveillance Authority on the same day (ref. 94-16111A), the Finnish Government notified, in accordance with Article 1(3) of Protocol 3 to the Surveillance and Court Agreement, a proposal to abolish the scheme concerning tax reliefs on industrial production (Case No. 93-106), which was notified to the Authority as an existing aid scheme by letter dated 3 March 1994 (ref. 94-3941A).

As an initial examination of the scheme indicated that the scheme might not be compatible with the EEA provisions on State aid, the matter was taken up with national authorities in meetings held in Helsinki on 2 May and 10 October 1994.

¹ Hereinafter referred to as the EEA Agreement.

² Hereinafter referred to as the Surveillance and Court Agreement.

2. The contents and aim of the law

The act on tax reliefs on industrial production³ stipulates that aid can be granted in the form of tax reliefs to manufacturing enterprises which establish new production plants or increase the production of their existing plants. In order to be eligible for aid, the plant in question must contribute to the sector concerned, or to the employment or to the economic development of a given region.

II. APPRECIATION

Article 1(1) of Protocol 3 to the Surveillance and Court Agreement stipulates that "the EFTA Surveillance Authority shall, in co-operation with the EFTA States, keep under constant review all systems of aid existing in those states. It shall propose to the latter any appropriate measures required by the progressive development or by the functioning of the EEA Agreement".

After having assessed the scheme, the Finnish authorities were told by the officials of the Authority that a general scheme of this kind subsidising capacity increases could not be allowed and would, therefore, have to be discontinued. The Finnish authorities have, thus, notified to the Authority their intention to abolish the law as soon as possible. They have committed themselves to give the proposal on the abolition of the law to the Parliament before the end of 1994. Moreover, according to the notification the scheme is not presently being applied and shall not be applied prior to its discontinuation.


HAS ADOPTED THIS DECISION:

1. The EFTA Surveillance Authority has decided to close the case on the abolition of the scheme on tax reliefs on industrial production (Case No. 93-106), as notified by letter dated 31 October 1994.
2. The Finnish Government must inform the Authority of the abolition of the tax reliefs on industrial production as soon as the law to this effect has been adopted.

Done at Brussels, 30 November 1994

For the EFTA Surveillance Authority


Knut Almestad
President


Heinz Zourek
College Member

³ *Laki tuotannollisen toiminnan edistämiseksi myönnettävistä veronhuojennuksista, 221/79.*