State subsidies – revision of approval requirement rules (the General Block Exemption Regulation)

Interact

The position of Interreg programmes

INTERACT is the platform of European Territorial Cooperation (ETC or 'Interreg') programmes. One of the objectives of the Interact programme is to support Interreg programmes in the simplification and harmonisation of their approaches to programme and project management.

Interreg programmes provide grants to co-finance cooperation projects across national borders. Decisions to co-finance cooperation projects are taken jointly by all Member States participating in a programme.

Our response below is based on input received from Interreg programmes.

At the outset, it must be noted that in the absence of a full exemption of Interreg from the State aid regime, the flexibility offered by **GBER Articles 20 and 20a** has been **highly appreciated by the Interreg community**. During the 2021–2027 programming period, more than 40 GBER schemes were prepared by programme authorities, and many programmes actively use the exemptions provided by GBER.

Programmes welcomed the fact that Articles 20 and 20a were applicable to both SMEs and large undertakings, as well as to the fishery and aquaculture sectors and the primary agricultural production sector. Both articles were consistently deemed to have an incentive effect, and their eligibility rules were coherent with those defined in Articles 38–44 of the Interreg Regulation (EU) 2021/1059. They also allowed for the use of Simplified Cost Options. Furthermore, the additional simplifications offered by Article 20a—such as special provisions regarding reporting obligations and documentation retention periods—made it particularly attractive to both programme managers and beneficiaries. **It is expected that all these features will be retained in the new GBER.**

In the consultation, we would like to highlight four key proposals that were most frequently mentioned by the programmes:

1. **Allow for a 100% maximum aid intensity under GBER Article 20**
2. **Increase TAM reporting thresholds**
3. **Ensure VAT eligibility coherence between CPR and GBER**
4. **Align the new GBER with the principles of Performance-Based Approach, Financing Not Linked to Costs and 2028-2034 Cohesion Policy**

These points are elaborated below.

1. Allow for 100% maximum aid intensity under GBER Article 20

1.1 Ways in which the GBER was found problematic (preferably in reference to specific GBER provisions/conditions)

Interreg programmes, while offering valuable opportunities for cross-border cooperation, often involve additional administrative and coordination efforts for participating organisations. To ensure Interreg remains attractive—particularly to newcomers and smaller organisations with limited financial capacity—some Member States provide complementary national support.

However, with the current aid intensity capped at 80%, many beneficiaries already reach the maximum level of financing through programme co-financing alone. This limits their ability to benefit from additional national support under the existing GBER framework.

1.2 Ways in which the GBER could be improved to tackle the identified problematic parts.

Increase the aid intensity to up to 100% under GBER Article 20. This adjustment would acknowledge the unifying role of Interreg and help ensure programmes remain attractive to newcomers. It would also enhance legal certainty regarding institutional financing, particularly for public organisations.

1.3 Providing examples of specific cases/situations to substantiate the identified problems and improvements.

Many universities and research institutes have participated as project partners, some in multiple projects. Often, these projects were deemed fully state aid relevant, preventing them from applying for complementary co-financing from national sources such as ministries of education. Programmes have received numerous complaints about this issue.

2. Increase TAM reporting thresholds

2.1 Ways in which the GBER was found problematic (preferably in reference to specific GBER provisions/conditions)

The threshold for reporting State aid awards in the Transparency Award Module (TAM) was lowered to €100,000 per undertaking with the 2023 GBER amendment. This significantly increased the number of undertakings that programmes needed to report in TAM, thereby increasing the administrative burden on programme authorities.

Additionally, the deadline for reporting relevant state aid undertakings is limited to six months. In practice, the phase for meeting technical conditions often takes longer than expected, delaying TAM reporting. This hinders bulk uploads, requiring entries to be made individually.

2.2 Ways in which the GBER could be improved to tackle the identified problematic parts

Raise the TAM reporting threshold to at least €300,000 and extend the reporting deadline to 12 months.

2.3 Providing examples of specific cases/situations to substantiate the identified problems and improvements.

One programme reported that, in the current programming period alone, the responsible manager had to make over 100 individual entries in TAM.

3. Ensure VAT eligibility coherence between CPR and GBER

3.1 Ways in which the GBER was found problematic (preferably in reference to specific GBER provisions/conditions)

Currently, refundable VAT is considered an eligible cost for project partners if the total project budget is below €5 million (including VAT), in accordance with Article 64 of the CPR. However, under GBER Article 7, refundable VAT under national tax law is entirely ineligible and cannot be included when calculating aid intensity or eligible costs.

3.2 Ways in which the GBER could be improved to tackle the identified problematic parts

Ensure that eligibility rules under GBER and future ERDF are coherent. Ideally, this should be done in the spirit of simplification, allowing recoverable VAT to be eligible under GBER if it is eligible under ERDF.

3.3 Providing examples of specific cases/situations to substantiate the identified problems and improvements

Programmes reported an increased administrative burden due to the need to verify whether recoverable VAT was declared by undertakings covered by the GBER exemption.

4. Make new GBER coherent with the principles of Performance-Based Approach, Financing Not Linked to Costs and 2028-2034 Cohesion Policy

4.1 Ways in which the GBER was found problematic (preferably in reference to specific GBER provisions/conditions)

The current GBER bases aid intensities and thresholds on project costs. However, the draft legislative package for 2028–2034 introduces a shift toward Performance-Based Approaches and Financing Not Linked to Costs, which focus on results rather than cost information. This shift will influence other aspects such as the type of documentation stored (confirming achievement of outputs and results rather than invoices), conditions for granting indirect aid etc.4.2 Ways in which the GBER could be improved to tackle the identified problematic parts.

Ensure that the new GBER fully supports and complies with results-based funding mechanisms for both direct and indirect aid.

4.3 Providing examples of specific cases/situations to substantiate the identified problems and improvements

Some programmes indicated that they may implement result-based funding at the programme-project level, which could involve a departure from the cost-based principle.

Additional Proposal

Programmes would also welcome an increase in thresholds, particularly for GBER Article 20a, up to €30,000. This is justified by the fact that the new GBER will apply from 2027, while the last revision of thresholds occurred in 2023. Many regions in Europe have experienced increased inflationary pressures since then.