



State Aid: Commission approves Irish support scheme for SMEs

Brussels, 19 December 2017

The European Commission has approved under EU State aid rules an Irish scheme to reduce the taxation of employee share options for SMEs. The scheme will allow small and medium-sized companies to recruit and retain employees without unduly distorting competition in the Single Market.

Under the Irish support scheme, employees of small and medium-size companies (SMEs) will be relieved from paying income tax and social contributions when exercising their share options. The aim of the tax relief is to help SMEs attract and retain their employees by making their share options more attractive. The scheme will run for a period of 6 years.

SMEs in Ireland often do not have enough financial resources to offer competitive remuneration packages, making it difficult for them to attract and retain talented and skilled personnel. This hinders their productivity and prevents them from achieving their full growth potential. Thanks to the proposed Irish measure, SMEs could use share option agreements to offer a more competitive remuneration package to their employees. Provided on top of a fixed wage, these employee share options could enhance the ability of SMEs to attract and retain staff without the need to find immediate additional financial resources.

The Commission believes that the public intervention is needed to facilitate Irish SMEs' efforts to attract and retain employees, allowing these companies to contribute further to economic growth and innovation. This is also in line with the Commission [policy to promote a more entrepreneurial culture and create supportive environment for SMEs](#).

The Commission assessed the measure under [Article 107\(3\)\(c\) of the Treaty on the Functioning of the European Union](#), which allows State aid to facilitate the development of certain economic activities or areas. On this basis, the Commission concluded that the measure is in line with EU State aid rules.

Background

The non-confidential version of this decision will be made available under the case number SA.47947 in the [State Aid Register](#) on the [Commission's Competition](#) website, once any confidentiality issues have been resolved.

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Press contacts:

[Lucia CAUDET](#) (+32 2 295 61 82)

[Maria SARANTOPOULOU](#) (+32 2 291 37 40)

General public inquiries: [Europe Direct](#) by phone [00 800 67 89 10 11](#) or by [email](#)