



European Commission
Attn Ms Andrea Bomhoff
Head of Unit State Aid: Case Support and Policy
DG Competition
Brussels

25 April 2025

Re: PwC response to EC consultation on a New State Aid Framework accompanying the Clean Industrial Deal Communication

Dear Ms Bomhoff,

PricewaterhouseCoopers International Limited (PwCIL) on behalf of the PwC network, welcomes the opportunity to respond to the public consultation on a New State Aid Framework accompanying the Clean Industrial Deal Communication, by way of this letter. We welcome the wider objectives of the Clean Industrial Deal to boost European competitiveness while advancing decarbonisation, raise funds and drive innovation.

Broad conditions

Our main recommendation to EU policymakers is to ensure that the conditions for applying for this type of state aid are broad enough to cover the types of schemes member states are putting in place to facilitate the energy transition, decarbonisation and cleantech. By way of example, the deadline to implement a project in 36 months and associated penalties foreseen in no.79 of the draft framework could represent a big risk for companies and therefore represent an unnecessary limitation to accessing funding or reliefs. Problems with permissions or congestion are not always controlled by a company, and the question is whether penalties are appropriate in such cases.

Lack of level playing field

Of course, state aid is not the only tool in getting industry to decarbonise. Many companies complain about a lack of level playing field among EU member states. Would state aid be a lever to level that playing field, or might the opposite happen as some Member States have more fiscal space than others for providing support?

In some member states there is a tendency to 'top up' or 'goldplate' EU legislation, which is not helpful for companies. This also leads to fragmentation which hampers the competitiveness of the EU. The EC could remedy this through guidelines or recommendations. Harmonisation of

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the methods member states use to set transmission tariffs would be welcome, as these tariffs are currently set in widely varying ways.

We also stress the need for a harmonised market, given the volatile global environment. In our view, the CBAM/ETS operates across the EU as 'stick', whereas the 'carrots' are scattered. We also recommend that an analysis of tax expenditures by member states is carried out; this would allow a perspective on how certain tax expenditures could be replaced by other more effective instruments.

Interaction with Pillar Two

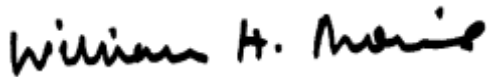
If tax incentives are being considered, it is necessary to consider the restrictions of Pillar Two regarding what constitutes a 'qualified refundable tax credit'. Generally, only those incentives resulting in a cash refund to the taxpayer may constitute a qualified refundable tax credit (such credits deliver a more neutral effective tax rate outcome under the Pillar Two rules). Even though the application of tax incentives will not impact the application of the rules insofar as Pillar Two will still apply to in-scope groups, but the intended outcome to have a set 15% tax rate applying to a simplified tax base may be impacted.

Tax and the Just Transition

Lastly, we wanted to draw your attention to a recent PwC publication on the role of tax in facilitating the Just Transition. One of the conclusions is the need for a compelling business case for investments in the EU, emphasising the importance of return on investment (ROI) as a driving factor. If there is no business case, there is no incentive. Other drivers include the need for certainty, transparency and inclusivity in policy development and compliance burdens. A link to our study can be found [here](#).

We stand ready to discuss the issues raised in this letter in more detail, if that would be helpful at any point. Please do not hesitate to contact me or any of the individuals set out below.

Yours sincerely,



Will Morris
PwC Global Tax Policy Leader

PwC IL is registered under number 60402754518-05 in the EU Transparency Register

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