

State Aid - Vima World, SA Brings Action for Partial Annulment of European Commission's Decision Regarding Madeira Free Zone

16 January 2023

Report from Carla Valério, Associate, IBFD

On 7 November 2022, Vima World, SA brought an action to the General Court (the Court) in the case of *Vima World v. Commission* ([Case T-671/22](#)).

The action was brought against the European Commission's [decision of 4 December 2020](#) on the aid scheme [SA.21259](#) (2018/C) (ex2018/NN) implemented by Portugal for the Madeira Free Zone (MFZ) – Regime III (the Decision), which was considered as not compatible with the EU internal market because it constituted incompatible State aid according to article 107(3)(a) of the Treaty on the Functioning of the European Union (TFEU) (for details of the decision, see [European Union-2, News 7 December 2020](#)).

The applicant claims that the Court should:

1. annul articles 1, 4 and 6 of the Decision; and
2. order the European Commission to bear all the costs of the proceedings.

With six pleas in law, the applicant alleged:

1. "an error in the presumptions of fact and of law, in that, in the present case, the measure does not constitute State aid within the meaning of Article 107(1) [TFEU](#), given that the profits generated in the Zona Franca da Madeira (Madeira Free Trade Zone) (ZFM) were subject to tax in Spain";
2. "infringement of competition law, in that, in the present case, the decision to recover the incompatible aid granted subjects the profits made in the ZFM to double taxation";
3. "an error in the presumptions of law in the contested decision, in that, Regime III of the ZFM complies with the requirements to create or maintain jobs in the Autonomous Region of Madeira laid down in Decisions C(2007) 3037 final and C(2013) 4043 final, in Articles 107 and 108 [TFEU](#) and in the 2007 Guidelines";
4. "an error in the presumptions of fact and of law in the contested decision, in that, in that decision, the concept of an 'activity effectively and materially performed in Madeira', established in Decisions C(2007) 3037 final and C(2013) 4043 final, is interpreted strictly";
5. "infringement of the principles of legal certainty, protection of legitimate expectations and proportionality"; and
6. "an error of law consisting in the breach of the obligation to state reasons, laid down in Article 296 [TFEU](#)".

Portugal; Madeira; European Union - State Aid - Vima World, SA Brings Action for Partial Annulment of European Commission's Decision Regarding Madeira Free Zone (16 Jan. 2023), News IBFD.

Exported / Printed on 10 Mar. 2024 by hkermadi@deloitte.lu.