

## CONCESSIONS

### CALCULATING THE CONCESSION'S VALUE

#### What is the threshold for applying the Directive?

The Directive applies only to work or service concession contracts whose value is equal to or greater than **EUR 5 million**.

#### How is a concession's estimated value calculated?

When estimating a concession's value, **the buyer must take into account:**

- the concessionaire's total turnover generated over the duration of the contract;
- net of VAT;
- in consideration for the works and services that are the subject of the concession, and the supplies incidental to such works and services.

The buyer is bound to:

- provide the concession's **estimate, not actual value**.

In most cases, calculating the concessionaire's total future turnover precisely is impossible because the very nature of a concession implies the existence of risk. The turnover will therefore vary depending on a variety of factors (e.g. the number of users or the circumstances that affect the asset's availability, such as atmospheric conditions).

- provide **the most accurate estimate possible**. S/he must calculate the concession's estimated value using an objective method specified in the concession documents.

This estimate must be valid at the moment in which the concession notice is sent or, if such a notice is not required, the moment in which the buyer launches the concession award procedure.

However, if the concession's actual value at the time it is awarded is more than 20% higher than its estimated value, the amount to be taken into account for the purpose of applying the threshold is the value of the concession at the time of the award.