

## SHORT SUMMARY OF STATE AID BASICS

### **Is it State aid?**

If your answer to all **four** of the following questions is “yes”, **your assistance is almost certainly State aid**. If some of your answers are “no” or if you are unsure, please seek independent legal advice and attach a copy of the legal advice to your bid application.

#### **1. Is the assistance granted by the state or through state resources?**

- “Granted by the State” means by any public or private body controlled by the state (which, in the UK, means national or local Government).
- “State resources” is broad: any measure with an impact on the state budget or where the state has significant control are included, for example, tax exemptions, Lottery funding and the EU structural Funds.

#### **2. Does the assistance give an advantage to one or more undertakings over others?**

- An “undertaking” is any organisation engaged in economic activity.

- This is about activity rather than legal form, so non-profit organisations, charities and public bodies can all be undertakings, depending on the activities they are involved in.

- An undertaking can also include operators and ‘middlemen’ if they benefit from the funding

• “Economic activity” means putting goods or services on a market. It is not necessary to make a profit to be engaged in economic activity: if others in the market offer the same good or service, it is an economic activity.

• Support to an organisation engaged in a non-economic activity isn’t State aid, e.g. support to individuals through the social security system is not state aid.

• An “advantage” can take many forms: not just a grant, loan or tax break, but also use of a state asset for free or at less than market price. Essentially, it is something an undertaking could not get in the normal course of business.

#### **3. Does the assistance distort or have the potential to distort competition?**

• If the assistance strengthens the recipient relative to its competitors then the answer is likely to be “yes”.

• The “potential to distort competition” does not have to be substantial or significant: may include relatively small amounts of financial support to firms with modest market share.

#### **4. Does the assistance affect trade between Member States**

The interpretation of this is broad: it is enough that a product or service is tradable between Member States, even if the recipient does not itself export to other EU Markets.

### GBER EXEMPTIONS

The Regulation authorises aid in favour of the following activities.

- Regional aid;
- aid to SMEs in the form of investment aid, operating aid and SMEs’ access to finance;
- aid for environmental protection;
- aid for research & development & innovation;
- training aid;
- recruitment and employment aid for disadvantaged workers and workers with disabilities;
- aid to make good the damage caused by certain natural disasters;
- social aid for transport for residents for remote regions;
- aid for broadband infrastructures;
- aid for culture and heritage conservation;
- aid for sport and multifunctional recreational infrastructures; and
- aid for local infrastructure.

It is important to meet the terms and maximum aid amounts set out in the regulation.

For more detailed coverage of any aspect, please refer to/use the following link:

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/443686/BIS-15-417-state-aid-the-basics-guide.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/443686/BIS-15-417-state-aid-the-basics-guide.pdf)

For further detailed information, please go to the State Aid Manual which can be found by using this web address; <https://www.gov.uk/state-aid>