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## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations place conditions on the granting of certain relief from non-domestic rates to ensure that the granting of such relief is compatible with the Subsidy Control Act 2022 (“the 2022 Act”).

The 2022 Act imposes various requirements (the subsidy control requirements) that apply to the giving of certain forms of financial assistance that are considered subsidies (as defined in that Act). The 2022 Act provides that the subsidy control requirements in that Act do not apply to minimal financial assistance given to an enterprise (as defined in that Act) where the total amount of minimal or SPEI (services of public economic interest) financial assistance given to the enterprise over the applicable period does not exceed a specified threshold.

The relief to which these Regulations apply is that specified in the Regulations listed in regulation 3(2).

Regulation 3(3) provides that any such relief that is to be given as minimal financial assistance is to be granted only where certain conditions contained in the 2022 Act are met. These are that (a) the total amount of minimal or SPEI financial assistance given within the applicable period does not exceed the amount specified in section 36(1) of the 2022 Act (currently £315,000), (b) the procedural requirements in section 37 of the 2022 Act are followed, and (c) where the relief exceeds the amount specified in section 36(4) of the 2022 Act (currently £100,000), certain requirements as to transparency (i.e. making an entry in the subsidy database) are followed.

Regulation 3(4) provides that any relief granted to a person under the Regulations specified in regulation 3(2) that is not given as minimal financial assistance is to be granted only to the extent that such relief is (a) compatible with the subsidy control requirements in the 2022 Act, and (b) granted in accordance with those requirements.

Regulation 4 amends the Non-Domestic Rates (Restriction of Relief) (Scotland) Regulations 2021 so that they only apply to the financial years beginning 1 April 2021 and 1 April 2022. Thereafter, these Regulations will apply.

**Changes to legislation:**

There are currently no known outstanding effects for the The Non-Domestic Rates (Restriction of Relief) (Scotland) Regulations 2023.