



Subsidy Control Act 2022

2022 CHAPTER 23

PART 1

OVERVIEW AND KEY INTERPRETATION

“Subsidy”

2 “Subsidy”

- (1) In this Act, “subsidy” means financial assistance which—
- (a) is given, directly or indirectly, from public resources by a public authority,
 - (b) confers an economic advantage on one or more enterprises,
 - (c) is specific, that is, is such that it benefits one or more enterprises over one or more other enterprises with respect to the production of goods or the provision of services, and
 - (d) has, or is capable of having, an effect on—
 - (i) competition or investment within the United Kingdom,
 - (ii) trade between the United Kingdom and a country or territory outside the United Kingdom, or
 - (iii) investment as between the United Kingdom and a country or territory outside the United Kingdom.
- (2) For the purposes of this Act, the means by which financial assistance may be given include—
- (a) a direct transfer of funds (such as grants or loans);
 - (b) a contingent transfer of funds (such as guarantees);
 - (c) the forgoing of revenue that is otherwise due;
 - (d) the provision of goods or services;
 - (e) the purchase of goods or services.
- (3) Financial assistance given from the person’s resources by a person who is not a public authority is to be treated for the purposes of subsection (1)(a) as financial assistance

Status: This is the original version (as it was originally enacted).

given from public resources by a public authority if the involvement of a public authority in the decision to give financial assistance is such that the decision is, in substance, the decision of the public authority.

- (4) For the purposes of subsection (3), the factors which may be taken into account when considering the involvement of a public authority in the decision of a person to give financial assistance include, in particular, factors relating to—
- (a) the control exercised over that person by that public authority, or
 - (b) the relationship between that person and that public authority.
- (5) For the purposes of this Act, financial assistance is to be treated as given to an enterprise if the enterprise has an enforceable right to the financial assistance.
- (6) For further provision relevant to the interpretation of this section, see—
- (a) section 3 (financial assistance which confers an economic advantage);
 - (b) section 4 (financial assistance which is specific);
 - (c) section 5 (modification for air carriers);
 - (d) section 6 (meaning of “public authority”);
 - (e) sections 7 and 8 (meaning of “enterprise”).

3 Financial assistance which confers an economic advantage

- (1) This section makes provision about determining whether financial assistance confers an economic advantage on an enterprise for the purposes of section 2(1)(b).
- (2) Financial assistance is not to be treated as conferring an economic advantage on an enterprise unless the benefit to the enterprise is provided on terms that are more favourable to the enterprise than the terms that might reasonably have been expected to have been available on the market to the enterprise.

4 Financial assistance which is specific

- (1) This section makes provision about determining whether financial assistance is specific for the purposes of section 2(1)(c).
- (2) Financial assistance is not to be regarded as being specific if the distinction in the treatment of enterprises is justified by principles inherent to the design of the arrangements of which that financial assistance is part.
- (3) For the purposes of subsection (2) as it applies to financial assistance given in the form of a tax measure, the following are examples of the principles that may be relevant in a particular case—
- (a) the need to fight fraud or tax evasion;
 - (b) administrative manageability;
 - (c) the avoidance of double taxation;
 - (d) the principle of tax neutrality;
 - (e) the progressive nature of income tax and its redistributive purpose;
 - (f) the need to respect taxpayers’ ability to pay.
- (4) Financial assistance given by a public authority in the form of a tax measure is not to be regarded as being specific unless—

- (a) one or more enterprises obtain a reduction in the tax liability that it or they would otherwise have borne under the normal taxation regime, and
 - (b) that enterprise or those enterprises are treated more advantageously than one or more other enterprises in a comparable position under the normal taxation regime.
- (5) For the purposes of subsection (4), the normal taxation regime is to be identified from—
- (a) the internal objective of the regime,
 - (b) the features of the regime (such as the tax base, the taxable person, the taxable event or the tax rate), and
 - (c) the fact that the public authority whose regime it is—
 - (i) is autonomous institutionally, procedurally, economically and financially as regards the regime, and
 - (ii) has the competence to design the features of the regime.
- (6) A special purpose levy is not to be regarded as being specific if—
- (a) its design is determined by non-economic public policy objectives (such as the need to limit the negative impacts of certain activities or products on the environment or human health), and
 - (b) the public policy objectives are not discriminatory.
- (7) The forgoing of an amount of special purpose levy which is otherwise due is not to be regarded as being specific if the provision enabling the forgoing of that amount satisfies the conditions in subsection (6)(a) and (b).

5 Section 2: modification for air carriers

- (1) For the purposes of this Act as it applies in relation to enterprises which are air carriers providing air transport services, section 2(1) is to be read as if for paragraph (d) there were substituted—
- “(d) has, or is capable of having, an effect on—
 - (i) competition between air carriers in the provision of air transport services within the United Kingdom, or
 - (ii) competition between air carriers of the United Kingdom and air carriers of a country or territory outside the United Kingdom in the provision of air transport services.”
- (2) In this section, “air transport services” includes air transport services not covered under Title I (Air transport) of Heading Two (Aviation) of Part Two of the Trade and Cooperation Agreement.