

Subsidy Control

Trade and Co-operation Agreement (TCA)

Providing discretionary relief to ratepayers is likely to amount to a subsidy. Any relief provided by local authorities under the CARF Scheme will need to comply with the UK's domestic and international subsidy control obligations.

To the extent that a local authority is seeking to provide relief that falls within the Small Amounts of Financial Assistance Allowance, Article 364 of the TCA allows an economic actor (e.g. a holding company and its subsidiaries) to receive up to 325,000 Special Drawing Rights (£343,000 as at 9 December 2021) in a three-year period (consisting of the current financial year and the two previous financial years). To administer a subsidy under the Small Amounts of Financial Assistance Allowance it is necessary for the local authority to establish that the award of subsidy will not result in the economic actor having received more than £343,000 of subsidy under the Small Amounts of Financial Assistance Allowance.

Where the Small Amounts of Financial Assistance Allowance has been reached additional relief may be awarded in compliance with the principles set out in Article 366 of the TCA and in compliance with Article 364.3 of the TCA. For purposes of this scheme, the COVID-19 Additional Relief Allowance, permits an economic actor to receive additional relief of up to a further £1,900,000 for COVID-19 related losses.

This may be combined with the Small Amounts of Financial Assistance Allowance to permit an economic actor to receive up to £2,243,000 from the CARF scheme (or less if they have already used some of their Small Amounts of Financial Assistance limit or claimed other COVID-19 related subsidies). It should be noted that Extended Retail Discount granted in either 2020/2021 or 2021/2022 does not count towards these Allowances, but BEIS business grants (throughout the 3 years) and any other subsidies claimed under the Small Amounts of Financial Assistance limit (such as Retail Relief in 2019/2020) or under the EU state aid de minimis limit, in the last three years should be counted.

If an economic actor has reached the £2,243,000 limit set out above then it may still be able to receive up to a further £10 million as a COVID-19 Additional Relief Fund Further Allowance under the CARF Scheme, if it satisfies the following conditions:

- a. The relief relates to uncovered fixed costs (i.e. costs not covered by profits or insurance etc) during the period of COVID-19 (commencing March 2020). An economic actor may benefit from relief up to 70% of their uncovered costs (although this 90% limit does not apply to small businesses with fewer than 50 employees and less than £9 million turnover), and
- b. The enterprise has shown a decline in turnover during the eligible period of at least 30% compared to the same period in 2019.

Businesses should retain appropriate evidence to support their Subsidy Control compliance

The Government and the District Council will not tolerate any business falsifying their records or providing false evidence to gain the CARF discount, a ratepayer who falsely provides false information or makes false representation to gain relief may be guilty of fraud under the Fraud Act 2006.