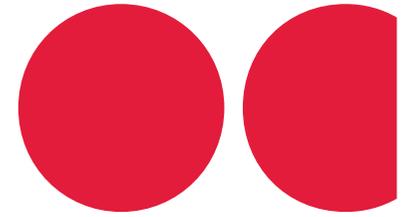
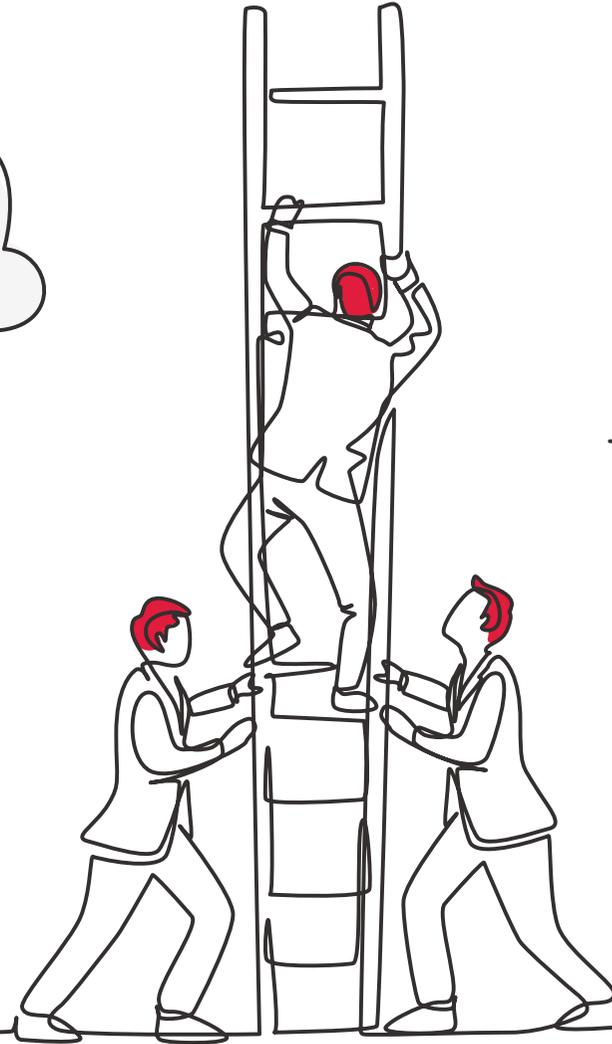
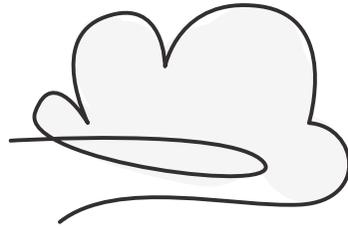
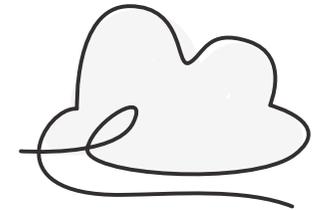


CBILS & R&D Relief Interaction



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State aid is any advantage granted from state authorities, on a selective basis, which could potentially distort competition within the EU.



This runs directly counter to a number of EU directives on preserving fair competition within the free market area, as such there are a number of EU regulations relating to state aid.

These primarily limit which sectors may benefit from aid, as well as placing aid intensity limits, i.e. the percentage relief per pound, and limits on the total aid provided.

Categories of State Aid - De Minimis Aid

The EU considers grants of up to 200,000€, over three years, to have a negligible impact on competition. Aid providers may make grants without notifying the EU provided that the award would not put the participant above this 200,000€ threshold.

If you are in receipt of De Minimis aid the grant offer letter will explicitly state that it is awarded under the De Minimis regulations and inform you of the need to track the cumulative De Minimis aid you have received.

Categories of State Aid - Notified and General Block Exemption (GBER) Aid

Notified and GBER aid are fundamentally the same type of aid, the differentiation only occurs due to an administrative simplification for the aid providers. Throughout this guide both shall be referred to as notified schemes.

Notified schemes are those schemes which the EU must be notified of, and approve, before any grants may be made under them. These schemes are usually the largest and most beneficial to participants, with significant restrictions on who may apply.

Any grants of over 500,000€ will be publically disclosed on the EU state aid website.

Coronavirus Business Interruption Loan Scheme

The Coronavirus Business Interruption Loan Scheme (CBILS) issues loans on a commercial basis, however the Government guarantee to the lender is a form of state aid to the borrower.

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Disclaimer: This note does not contain a full statement of the law and it does not constitute legal advice. Please contact us if you have any questions about the information set out above.

At this time guidance on the matter is limited, but the Government has formally notified the European Commission of the CBIL Scheme as State Aid, under the temporary framework. As such CBILs will need to be taken into consideration when applying for other reliefs such as R&D relief.

Interaction of State Aid with R&D Relief Schemes

SME Scheme

The Small and Medium Enterprise Scheme is a notified state aid, the relief rate set by the UK government is the maximum possible under EU aid regulations. This means that you are not permitted to claim other notified aids in relation to the same R&D project as this will cause a breach.

De Minimus Schemes are permitted, however, any costs covered by such a scheme are considered subsidised expenditure and must be excluded from the SME claim.

Care must be taken when applying for the CBILS as the intended purpose of the loan will impact the qualification of the R&D project for R&D Relief. If you are, or intend to make R&D relief claims, please seek professional advice before applying for the CBILS.

RDEC Scheme

The Research and Development Expenditure Credit is not considered a state aid as it is a taxable credit with no restrictions on which businesses may apply. Subsidised expenditure is permitted under the RDEC due to the accounting treatment under UKGAAP.

SME's may make a claim under the RDEC for any costs excluded from the SME scheme due to being subsidised.

At this time, we are not aware of any significant interactions between the RDEC and CBIL schemes.