

BIS | Department for Business
Innovation & Skills

INTRODUCTION TO THE
GENERAL BLOCK EXEMPTION
REGULATION

MAY 2012

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What is the General Block Exemption Regulation?

The General Block Exemption Regulation (GBER) contains 26 measures which can be used to provide lawful State Aid without going through the normal notification and approval processes. It was published by the European Commission in 2008 with the aim of consolidating and simplifying existing State Aid regulations.

It is only possible to use the GBER where the aid meets all the relevant requirements of the regulation and it is the responsibility of public authorities which are awarding aid to satisfy themselves that this is the case. Care should be taken to ensure that each award of aid demonstrates the appropriate incentive effect and that the annual reporting requirements are met.

The GBER allows the following types of categories of aid:

- (a) Regional aid;
- (b) SME Investment and employment aid;
- (c) Aid for creation of enterprises by female entrepreneurs;
- (d) Aid for Environmental protection;
- (e) Aid for consultancy in favour of SMEs and SME participation in fairs;
- (f) Aid in the form of Risk Capital;
- (g) Aid for Research, Development and Innovation;
- (h) Training aid;
- (i) Aid for disadvantaged or disabled workers.

How do I use the General Block Exemption Regulation?

Granting aid under the GBER is a relatively straight forward process;

1. Review your proposal to ensure that it is compliant with all requirements for the relevant measure - work through all the common provisions and the specific articles of [GBER](#) which apply to the measure in question.
2. Inform the Commission via the **SANI** online notification system within twenty working days of granting the aid (or launching the scheme, if it relates to a scheme rather than an individual award of aid).

The SANI system is explained in more detail below and a copy of the form may be found at Annex III of the regulation. Please note that it is essential to include a hyperlink to the on-line version of the scheme.

3. Put in place processes so you can oversee that the GBER requirements are met. If it becomes necessary to change the scheme (e.g. due to budget increase or extension), this can easily be done through the SANI system, in consultation with state aid branch.

4. From time to time, you may also need to provide additional information to the Commission about larger, individual awards of aid which are being given under cover of a GBER scheme (see Article 9). This should also be provided via SANI within 20 working days of the aid being granted.
5. You will need to keep sufficient records to demonstrate compliance with the GBER requirements for 10 years in case of a monitoring exercise or complaint. It will also be necessary to feed in information on spending to an annual report submitted to the European Commission.

If you are uncertain about any aspect of your scheme, please [contact the State Aid team](#). It is recommended that you raise questions in good time and incorporate any State Aid processes into your planning.

What is SANI and how do I use it?

SANI is the European Commission's online notification system. For a complete guide to using SANI, please see the [SANI User Manual](#).

If you grant aid under the GBER, you have an obligation to inform the Commission via SANI within 20 working days of granting the measure otherwise the aid measure is not in compliance with GBER and may be unlawful. It is your responsibility to ensure that you allow sufficient time to do this.

To notify an aid scheme under the GBER, you must complete the relevant form on SANI and submit it to the Commission. A copy of the form may be found at Annex III of the regulation.

There are several steps involved in notifying via SANI:

1. You must first be registered on SANI. To do so, please [contact the State Aid Team](#).
2. Once registered it is necessary to create a new notification (this button can be found by scrolling the screen to the right).
3. Add BIS State Aid to the case team as signatory and UKRep as validator. BIS and UKRep will sign off and validate the form through the SANI system after you finalise it.
4. Please check through the form to ensure you are able to provide all the required information and that it is accurate. Please note that it is **your responsibility** to ensure that the information you provide to the Commission is accurate and that your aid measure complies with all relevant state aid rules and requirements. BIS State aid branch do not check GBER forms.
5. Finalise the scheme once you are satisfied it is compliant.

Can I give aid without notifying the Commission?

Providing aid without gaining Commission approval would constitute unlawful aid since this violates the Procedural Regulation which governs aid.

This means that (1) provision of the aid would be in breach of the Ministerial Code (as Ministers have to act lawfully), (2) the Commission could bring an injunction to order the cessation of further payments and (3) the Commission could seek repayment plus interest.

There would also be reputational consequences for Her Majesty's Government and any company receiving unlawful aid would suffer because they would have to repay it with interest.

How do I know if my measure complies with the General Block Exemption Regulation?

This is for you as an aid administrator to determine. Unfortunately, the State Aid team at BIS cannot clear schemes for you, so it is important that you take time to read and understand the relevant requirements within the [full text of the regulation](#).

The General Block Exemption Regulation (GBER) is structured as follows;

- The recitals provide the context of the regulation and give background information without setting any conditions. They are a useful guide as to how the GBER should be interpreted but do not contain any requirements themselves.
- There are three chapters of the GBER; the first and third deal with common provisions and final provisions respectively, these provisions are applicable to all aid given under the GBER and should be read and understood and complied with in all cases.
- The second chapter of the GBER contains specific provisions relating to the different types of aid. These are especially important to read as they outline eligible costs, the maximum percentage of support that can be awarded (often referred to as aid intensities) and the notification threshold or upper limits of how much aid can be reported.

The regulation can seem daunting at first glance but most of the requirements are simple to interpret and implement. Below is a short guide to some of the key provisions, but this should not be considered to be a substitute for reading the regulation yourself.

Can aid granted under the General Block Exemption Regulation be given in addition to other types of aid?

If there are completely separate eligible costs then there should be no cumulation issue. However, where different sources of aid are being given in support of the same or for overlapping eligible costs you will need to take into account the total amount of public support for the aided activity or project when considering aid intensities and thresholds (irrespective of the source).

In any case, all funding and costs should be attributed to a specific part of the exemption prior to the aid being awarded and a record should be kept to demonstrate compliance with relevant intensities and thresholds in the event of an investigation.

Please see more details on Article 8, Chapter 1 concerning Cumulation rules below and in the [full text of the regulation](#) for full details.

What is the definition of an SME?

Please refer to the Commission's recommendation on the definition of SMEs. See 1.3 here for more guidance

http://ec.europa.eu/competition/state_aid/studies_reports/sme_handbook.pdf.

How much aid can we give? / What are the eligible thresholds for my scheme?

Please see table below for short summary of the eligible thresholds but **make sure that you read the [full text of the regulation](#)** on the Commission website for an up to date outline of thresholds and **applicable conditions** for each category of aid.

| <i>Type of Aid Measure</i> | <i>Maximum allowable aid under the GBER</i> | <i>Aid intensity ceiling under the GBER</i> |
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| Regional investment and employment aid (available in assisted areas only),(Art. 13) | Aid less than 75% of maximum for investment with eligible costs of 100 m EUR: €7.5M in 10% areas or €11.25M in 15% areas. | <ul style="list-style-type: none"> Regional aid intensity under the respective regional aid map; AND +10/20% for SMEs (except LIPs and transport)¹ |
| Aid for newly created small enterprises (Art. 14) | <ul style="list-style-type: none"> 2 m EUR per undertaking in 107(3)(a) region 1 m EUR per undertaking in 107(3)(c) region | <p><i>107(3)(a) regions:</i></p> <ul style="list-style-type: none"> 35% first three years after creation of an undertaking 25% two years thereafter |

¹ For agriculture, different intensities apply – see Commission guidance.

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| | <ul style="list-style-type: none"> Annual amounts per undertaking – maximum 33% if the above aid amounts | <ul style="list-style-type: none"> <i>107(3)(c) regions:</i> 25% first three years after creation of an undertaking,² 15% two years afterwards² |
| SME Investment and Employment aid. (available outside assisted areas) (Art. 15) | 7.5 m EUR per undertaking per project | 20% for small enterprises 10% for medium enterprises |
| For investment in the processing and marketing of agricultural products | 7.5 m EUR per undertaking per project | 50% in 107(3)(a) regions 40% in all other regions |
| Aid for small enterprises newly created by female entrepreneurs | 1 m EUR per undertaking (max 35% of that per annum) | 15% for the first five years |
| Aid for consultancy in favour of SMEs | 2 m EUR per undertaking per project | 50% |
| Aid for employment of disabled workers in the form of wage subsidies | 10 m EUR per undertaking per year | 75% |
| Aid for compensating the additional costs of employing disabled workers | 10 m EUR per undertaking per year | 100% |
| Aid for investment to go beyond Community standards or increase the level of environmental protection in the absence of Community standards | 7.5 m EUR per undertaking per project | Large enterprises: 35% Medium enterprises: 45% Small enterprises: 55% |

² A further 5% of eligible costs top-up exists in certain cases – see Commission guidance.

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| Aid for the acquisition of transport vehicles which go beyond Community standards for environmental protection | 7.5 m EUR per undertaking per project | Large enterprises: 35% Medium enterprises: 45% Small enterprises: 55% |
| Aid for the early adaption to future environmental standards for SMEs | 7.5 m EUR per undertaking per project | If implementation more than 3 years before standard enters into force: <ul style="list-style-type: none"> • 15% for small enterprises • 10% for medium enterprises If implementation between 1-3 years before standard enters into force: 10% for small enterprises |
| Aid for investment into energy saving measures | 7.5 m EUR per undertaking per project | Two ways to calculate: <ol style="list-style-type: none"> 1. <i>extra investment costs (net)</i>: <ul style="list-style-type: none"> • Large enterprise: 60% • Medium enterprise: 70% • Small enterprise: 80% 2. <i>extra investment costs (gross)</i>: <ul style="list-style-type: none"> • Large enterprise: 20% • Medium enterprise: 30% • Small enterprise: 40% |
| Aid for investment in high efficiency cogeneration | 7.5 m EUR per undertaking per project | Large enterprise: 45% Medium enterprise: 55% Small enterprise: 65% |
| Aid for investment in the promotion of | 7.5 m EUR per | Large enterprise: 45% |

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| energy from renewable energy | undertaking per project | Medium enterprise: 55% Small enterprise: 65% |
| Aid for environmental studies | N/A | Large enterprise: 50% Medium enterprise: 60% Small enterprise: 70% |
| Aid for the environment, in the form of tax reductions | N/A | No intensity (only allowed if at least Community minimum rate paid for maximum period of 10 years) |
| Aid for SME participation in fairs | 2 m EUR per undertaking per project | 50% |
| Risk capital aid | 1.5 EUR per target undertaking per 12 months | N/A |
| Research and development aid | <ul style="list-style-type: none"> • <i>Fundamental research:</i> 20m EUR • <i>Industrial research:</i> 10m EUR • <i>Others:</i> 7.5 EUR per undertaking per project 2x if EUREKA³ | <p><i>Large enterprises:</i></p> <ul style="list-style-type: none"> • Fundamental research: 100% • Industrial research: 50% • Experimental development: 25% <p><i>+10/20% for SMEs</i></p> <p>+15 percentage points (up to 80% total) if two or more cooperate</p> |
| Aid for technical feasibility studies | <ul style="list-style-type: none"> • <i>Fundamental research:</i> 20 m EUR • <i>Industrial research:</i> 10 m EUR | <ul style="list-style-type: none"> • SMES: 75% for industrial research studies, 50% for experimental development studies; • <i>Large enterprises:</i> 65% for |

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| | <ul style="list-style-type: none"> • <i>Others</i>: 7.5 m EUR per undertaking per project • 2x if EUREKA | <p>industrial research studies, 40% for experimental development studies</p> |
| <p>Aid for industrial property rights costs for SMEs</p> | <p>5 m EUR per undertaking per project</p> | <ul style="list-style-type: none"> • <i>Fundamental research</i>: 100% • <i>Industrial research</i>: 50% • <i>Experimental development</i>: 25% |
| <p>Aid to young innovative enterprises*</p> | <p>Aid amount should not exceed 1m EUR UNLESS:</p> <p><i>107(3)(a) regions:</i></p> <ul style="list-style-type: none"> • 1.5m EUR <p><i>107(3)(c) regions:</i></p> <ul style="list-style-type: none"> • 1.25 EUR | <p>R&D costs of the beneficiary must represent at least 15 % of its total operating costs in one year of a preceding three year period.</p> <p>If a start-up without prior financial history, this condition must be met and be externally audited for the first year of operation.</p> |
| <p>Aid for innovation advisory services and for innovation support services</p> | <p>200 000 EUR over 3 Year Period</p> | <p>The service provider shall benefit from a national or European certification.</p> <p>If the service provider does not benefit from a national or European certification, the aid intensity shall not exceed 75 % of the eligible costs.</p> |
| <p>Aid for the loan of highly qualified personnel</p> | <p>The aid intensity shall not exceed 50 % of the eligible costs, for a maximum of 3 years per undertaking and per person borrowed.</p> | |
| <p>Training aid</p> | <p>€2M per Project</p> | <p>Specific Training: 25%</p> <p>General Training: 60%</p> <p>However, these may be increased up to a maximum</p> |

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| | | <p>of 80% if:</p> <ul style="list-style-type: none"> • +10% if allocated for disadvantaged or disabled workers • +10% if medium sized business • +20% if small business |
| Aid for the recruitment of disadvantaged workers in the form of wage subsidies | N/A | The aid intensity shall not exceed 100 % of the eligible costs. |

Please note that very specific conditions apply to these types of aid and that you should familiarise yourself with them in the full text of the GBER.

What are the GBER requirements?

The Common provisions at chapters 1 and 3 of GBER must be applied to all awards of aid given under the GBER.

The following introductory guide is intended to assist with their interpretation, but aid administrators are ultimately responsible for ensuring that awards of aid comply with all relevant requirements and this guide should not be considered to be a substitute for reading the regulation:

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| Article 1 | <p>This covers the scope of the GBER; certain types of aid are prohibited including but not limited to: export aid and aid to undertakings in difficulty</p> <p>GBER also does not apply to ad-hoc aid to large companies. This means that the GBER cannot be used to give one-off awards of aid to large companies, they can only benefit from GBER aid schemes.</p> <p>The regulation applies to nearly all sectors of the economy with a few exemptions including;</p> <ul style="list-style-type: none"> • Aid to fisheries and agriculture and primary agricultural production cannot be given under the GBER. In addition, aid towards the processing and marketing of agricultural products when assistance is passed to primary production is incompatible |
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| | <p>with the regulation.</p> <ul style="list-style-type: none"> • Aid to the coal except for the purposes of training aid, research and development and environmental aid. • - Regional aid to the steel sector, shipbuilding and synthetic fibres sectors. |
| Article 2 | <p>This article sets out the definitions of some terms used in the GBER. It is useful to refer to these if you are unclear about what is meant in other sections of the regulation or definitions of specific industries e.g. the Steel industry. If you are still unsure about what is meant by a term used in the GBER it may also be helpful to refer to the recitals or to speak to BIS state aid branch.</p> |
| Article 3 | <p>This article states that the SANI system can be used to notify schemes rather than the longer more complicated formal notification procedure. It also requires that when aid is given out under GBER that the recipient is told of the scheme number.</p> |
| Article 4 | <p>This article outlines the conditions for calculating aid intensities and eligible costs. It states that eligible cost calculations shall be supported by clear documentary evidence.</p> |
| Article 5 | <p>Outlines the transparency requirements and what forms aid may or may not take.</p> <p>The following forms of aid are considered ‘transparent’ and are permitted:</p> <ul style="list-style-type: none"> • Grants and interest rate subsidies. • Loans, where gross grant equivalent takes the applicable reference rate at the time of granting the measure into account. • Guarantee schemes. • Fiscal measures where the policy provides for a cap ensuring that the applicable aid threshold⁴ is not exceeded. <p>You cannot offer the following forms of aid;</p> <ul style="list-style-type: none"> • Aid comprised of capital injections or risk capital, except in compliance with the specific provisions concerning risk capital (article 29) |

⁴ Please see the applicable threshold section for more information

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| | <ul style="list-style-type: none"> • Aid in the form of repayable advances except if the total amount of the repayable advance does not exceed the applicable thresholds under this regulation (see article 6&9). |
| Article 6 | This deals with the notification thresholds for the various aid schemes. Once aid exceeds these levels it must be individually notified to the Commission for their approval in advance of any monies being paid. |
| Article 7 | <p>This covers Cumulation of aid. In general, different sources of aid may be cumulated as long as those aid measures concern different identifiable eligible costs.</p> <p>However, where GBER aid is cumulated with any other aid (including de minimis aid) or community funding relating to the same - partly or fully overlapping - eligible costs you must take into account all of this funding when calculating whether you are within the GBER aid intensity, notification thresholds or limits .</p> |
| Article 8 | <p>This article deals with the incentive effect and is especially important.</p> <ul style="list-style-type: none"> • Demonstrating this for SME aid is relatively simple; the beneficiary of the aid must submit an application for the aid to a public authority before the aid is granted to demonstrate. • The Commission however insists on stricter criteria for large enterprises, please see article 8 for further detail. • <u>At a minimum</u> the Commission expects that the national authorities granting aid under Article 8(3) of the GBER to: <ul style="list-style-type: none"> • Ensure that the beneficiary has analysed in an internal document the viability of the aided project or activity with aid and without aid. • Ensure that such internal document was submitted, and contained a credible analysis and demonstration of the incentive effect. • The Commission does not consider declaratory statements from beneficiaries that aid helps increase the scope or size of projects sufficient to demonstrate the existence of an incentive effect for large companies under the GBER. |
| Article 9 - 11 | These cover transparency and notification requirements . You should check the full text of the measure for details. Some |

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| | <p>conditions you should be especially aware of are;</p> <ul style="list-style-type: none"> • The Commission requires a summary information sheet must be forwarded to the EU via SANI, within 20 working days of granting the aid. The EU will then provide each scheme with a unique reference number. • When granting aid, explicit reference must be made to the unique reference number, the GBER provisions and the legal basis on which aid is granted, and the relevant internet site (Article 9.2). • The full text of an aid measure must be published on the internet by the public authority granting the aid. This website must be maintained for the duration of the project. This website must be linked to in the notification sent to the Commission. <u>Please be aware that the Commission regularly check GBER websites.</u> <p>Article 10 highlights the Commission’s monitoring powers. The Commission may ask for information about the compliance of schemes or individual awards of aid in response to complaints or as part of its regular own-initiative monitoring activities.</p> <p>Article 11 talks about annual reporting. Aid administrators must compile an annual report. The website link of the measure must be included in this report and must remain active. State aid branch compile the UK annual report and will request data from you when this is required (this is usually around spring time)</p> <p>Article 12 provides more detailed information about requirements for <u>investment aid</u></p> |
| Chapter III | Is about the validity and duration of the regulation. The regulation will remain in force until 2013. |

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This publication is also available on our website at www.bis.gov.uk

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URN 12/746