



# Subsidy Control Act 2022

## 2022 CHAPTER 23

### PART 2

#### SUBSIDY CONTROL REQUIREMENTS

### CHAPTER 2

#### PROHIBITIONS AND OTHER REQUIREMENTS

##### *Ailing or insolvent enterprises*

## **20 Restructuring**

- (1) A subsidy for restructuring an ailing or insolvent enterprise is prohibited by this section unless the conditions in subsections (2) to (6) are met.
- (2) The condition in this subsection is that the enterprise has prepared a restructuring plan.
- (3) The condition in this subsection is that the public authority giving the subsidy is satisfied that the restructuring plan—
  - (a) is credible,
  - (b) is based on realistic assumptions, and
  - (c) is prepared with a view to ensuring the return to long-term viability of the enterprise within a reasonable time period.
- (4) The condition in this subsection is that—
  - (a) the enterprise is a small or medium-sized enterprise, or
  - (b) the enterprise or its owners, creditors or new investors—
    - (i) have contributed significant funds or assets to the cost of the restructuring, or
    - (ii) have a contractual obligation to do so.

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**Changes to legislation:** There are currently no known outstanding effects for the Subsidy Control Act 2022, Section 20. (See end of Document for details)

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- (5) The condition in this subsection is that the public authority giving the subsidy is satisfied that—
- (a) the subsidy contributes to an objective of public interest by avoiding social hardship or preventing a severe market failure, in particular with regard to job losses or disruption of an important service that is difficult to replicate, or
  - (b) there are exceptional circumstances that justify the subsidy being given despite its not contributing as mentioned in paragraph (a).
- (6) The condition in this subsection is that—
- (a) a subsidy has not previously been given for restructuring the enterprise, or
  - (b) five years have passed since the last time a subsidy was given for restructuring the enterprise.
- (7) But a subsidy is not prohibited by reason only of the condition in subsection (6) not being met if the public authority giving the subsidy is satisfied that the circumstances that have given rise to the need for the subsidy were—
- (a) unforeseeable, and
  - (b) not caused by the beneficiary of the subsidy.
- (8) This section does not apply to a subsidy for restructuring an ailing or insolvent enterprise that is a deposit taker or insurance company.

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**Commencement Information**

- I1** S. 20 not in force at Royal Assent, see [s. 91](#)  
**I2** [S. 20](#) in force at 4.1.2023 by [S.I. 2022/1359](#), [reg. 2](#)

**Changes to legislation:**

There are currently no known outstanding effects for the Subsidy Control Act 2022, Section 20.