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## Spanish football clubs ordered to pay back illegal State Aid

**The EU Commission ('EC') announced on 4 July 2016 that public support measures granted to seven professional football clubs in Spain must be paid back as such subsidies gave those clubs an unfair advantage over other EU clubs, and were therefore in breach of EU State Aid rules. The Spanish authorities must now recover the illegal State Aid, including interest, given to FC Barcelona, Real Madrid, Valencia, Athletic Bilbao, Atlético Osasuna, Elche and Hercules.**

The EC's decision follows three separate investigations, opened in December 2013, the first of which found that Spain's decision to exempt Athletic Bilbao, Barcelona, Osasuna and Real Madrid from an obligation requiring professional sports clubs to convert into limited companies, in essence awarding them tax privileges, constituted illegal State Aid. The second investigation found that Real Madrid benefited from a land transfer to the City of Madrid. The third investigation found that State guarantees enabled the clubs to obtain loans on more favourable terms, which provided them with an unfair advantage over other clubs.

"The Spanish central government, which vigorously denied involvement in illegal State Aid, has amended the tax code provision in question to eliminate any discriminatory treatment as from January 2016," said Clifford J. Hendel, Partner at Araoz & Rueda Abogados. "As for the Valencia regional government and the Madrid local government, both have declared their intention to recoup the said amounts."