



Global Investment and Innovation Incentives Updates

Global developments benefiting business

Global Tax & Legal, September 2017

Contents

This update provides a summary of the latest developments, affecting Grants & Incentives and Research & Development programs. For more information, please contact the local leader of the respective programme directly.

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Canada

Quebec patent box regime–Incentive for domestic R&D commercialization

Québec has introduced a tax relief initiative for qualifying innovative Québec manufacturing corporations. The Innovative Companies Deduction (ICD), commonly referred to as the patent box, provides tax relief to manufacturing firms for patent-attributable revenue from products marketed from Québec that include a feature protected by patent and developed in Québec. The measure is designed to promote Québec commercialization and aims to ensure that patented innovations developed in Québec will also be marketed from Québec.

Scheme budget	<ul style="list-style-type: none"> • Effective 1 January 2017, qualifying innovative manufacturing corporations with establishments in Quebec are eligible for a lower effective tax rate on up to 50% of the net income derived from the sale or rental of qualified products integrating patented inventions developed in the province • At least part of the underlying R&D of the patent must have been carried out in Quebec. In addition, the corporation must have invested at least CAD 500,000 in eligible R&D expenditure (in the five years before the patent application) that gave rise to refundable Quebec R&D tax credits • The effective provincial tax rate for the qualifying portion of net income will be reduced from 11.8% to 4% for 2017 • The budget report estimates that the ICD is expected to provide CAD 135 million in tax breaks over the next five years to innovative companies
Type of incentive	Tax rate reduction
Deadline	Aligned with corporate income tax return
Contact name	Martin Vézina: Partner-Global Investment and Innovation Incentives G/3
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Czech Republic

Application Programme–Call IV

The Ministry of Industry and Trade has announced Call IV of the Application Programme. The programme supports business entities and organizations engaged in industrial research or experimental development, focusing on operational support for research activities (staff costs, overhead, material consumption, travel costs, etc.), resulting in a specific deliverable (e.g. a prototype, utility model or proven technology). The support amounts to a maximum of 70% of eligible costs based on the type of activity and the size of the entity. The subsidy per project can range from CZK 1 million to CZK 50 million.

Scheme budget	EUR 61.3 million
Type of incentive	Cash grant
Deadline	30 November 2017
Contact name	Luděk Hanáček: Partner, Tax and Legal in Central Europe
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Czech Republic

Innovation Programme–Call IV

The Innovation Programme provides small, medium-sized, and large entities a subsidy for investment in the introduction of new products and technologies into production. For example, support is given to projects where the R&D for a new product, service or production process has been finalized and all that remains to be done for it to be put into practice is to acquire the necessary technology (machinery, equipment etc.). An eligible project may obtain a subsidy of up to 45% (small businesses), 35% (medium-sized businesses), and 25% (large enterprises) of eligible costs. The subsidy can range from CZK 1 million 1 to CZK 50 million.

Scheme budget	EUR 115 million
Type of incentive	Cash grant
Deadline	12 November 2017
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Czech Republic

Potential Programme–Call IV

The Potential Programme provides support for the development or extension of industrial research, development and innovation centers. Eligible costs include acquisition costs of development machinery and equipment, hardware, software, reconstruction of premises. The maximum support per project is CZK 50 million. Only small and medium-sized entities (SMEs) may apply for the ongoing call, with support amounting to 50% of eligible costs.

Scheme budget	EUR 57.5 million
Type of incentive	Cash grant
Deadline	30 November 2017
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Germany

Funding program “Technology initiative bio-refineries”

Bio-refineries can contribute substantially to the building of a sustainable bio-economy as they are characterized by an integrated concept, using biological resources as a source of raw materials for the sustainable production of diverse intermediates and products (e.g. chemicals, materials, bio-energy).

The goal of the current call is to support research, development and innovation activities for different conversion steps of the bio-refinery value chain—the processing of raw materials, procedures and processes of primary and secondary refining, and production of target molecules for further industrial use.

Scheme budget	<ul style="list-style-type: none">• Funding is disbursed to universities, research institutions, and companies (eligible parties) incorporated or active in Germany• Funding for companies can be up to 25% of eligible project costs• Universities and research institutions can be subsidized up to 100% of the project-related expenditure
Type of incentive	Non-repayable cash grant
Deadline	Submission of a project outline: 23 October 2017 (first application step)
Contact name	Isabel Antholz: Service Line Leader
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Germany

Funding Program “Construction 4.0”

This funding program aims at supporting applied research in the field of construction and building sciences. Funding topics cover a broad spectrum:

- Low-cost housing
- Energy-efficient, resource-efficient, and climate-friendly buildings and districts
- Innovation for existing housing/restructuring measures
- Building quality, resource efficiency, circular economy, sustainable construction
- Demographic change
- New materials and techniques
- Improvement of construction and planning processes
- Added value of urban space, architecture, and design qualities
- Future perspectives for the planning and construction industry

Scheme budget	<ul style="list-style-type: none">• Funding is disbursed to universities, research institutions and companies (eligible parties) incorporated or active in Germany• Funding can be up to 70% of eligible project costs
Type of incentive	Non-repayable cash grant
Deadline	Submission of a project outline: 30 November 2017 (first application step)
Contact name	Isabel Antholz: Service Line Leader
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Germany

Funding program “Utilizing power efficiency–STEP up!”

This funding program supports various power efficiency investment measures, ranging from renewal investments, early replacement investments to additional investments. The current call supports investment measures in all sectors and through various technologies. Funding is disbursed separately for power efficiency investment measures in drying and cleaning processes. The key criterion for funding decisions is incurring the least possible investment cost in relation to achieved power savings.

Scheme budget	<ul style="list-style-type: none"> • Funding is disbursed to companies (private and municipal) incorporated or active in Germany (eligible parties) • Funding can be up to 30% of eligible project costs • maximum funding for investments in drying and cleaning processes: EUR 15,000–EUR 1.5 million for individual projects • Maximum funding for other sectors: EUR 20,000–EUR 250,000 for small projects, EUR 250,000–EUR 1.5 million for large-scale projects, and EUR 100,000–EUR 1 million for composite projects
Type of incentive	Non-repayable investment cash grant
Deadline	Submission of project application and calculation of power savings until 30 November 2017 (one-step application process)
Contact name	Isabel Antholz: Service Line Leader
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Italy

Further extension of the super depreciation tax scheme

The 150% super depreciation tax scheme related to the Government's Industry Plan 4.0 has been further extended to include qualifying tangible assets purchased before 30 September 2018 (instead of 31 July 2018). Starting from 1 January 2018, the relevant purchase orders must be accepted by the seller, and at least 20% of the purchase price must be actually paid by 31 December 2017.

Scheme budget	N/A
Type of incentive	Super depreciation
Deadline	30 September 2018
Contact name	Ranieri Villa: Partner
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Poland

Submeasure 1.1.1 of Operational Program Smart Growth: Call for proposals for large entrepreneurs: Fast Track

Large enterprises and SMEs planning to commence R&D leading to commercialization will be able to apply for funds distributed under the “fast track” programme. The outcome of the project must be novel in Poland in relation to the current state of the art and must involve process or product innovation.

Scheme budget	<p>Budget: EUR 82.5 million for large enterprises, EUR 235.5 million for SMEs Eligible costs range from EUR 250,000–EUR 50 million, depending on the size of the enterprise</p> <p>Eligible costs: Remuneration, costs of outsourcing (up to 60%); R&D infrastructure and equipment (depreciation and leasing), intangible assets, land and buildings, and implementation costs (up to 20%); and other operating costs, indirect costs (up to 25%)</p> <p>Support level:</p> <ul style="list-style-type: none">• Industrial research: 50%–70% (65%–80%*)• Development: 25%–45% (40%–60%*) <p>* Higher percentages apply if there is broad dissemination of R&D results</p>
Type of incentive	Cash grant
Deadline	2 October–29 December 2017
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Poland

Submeasure 3.2.1 of the Operational Program Smart Growth Research for the market

SMEs that implement new solutions, products or services developed by themselves or that are purchased on the market will have an opportunity to obtain financial support. The main objective of the program is to stimulate enterprise innovation and translate it into a real product (product or service) on the market.

Scheme budget	<p>Budget: EUR 176.5 million Eligible costs: Remuneration, intangible assets, land and buildings, tangible assets, outsourcing, other operating costs, advisory services</p> <p>Support level:</p> <ul style="list-style-type: none">• Development: 35% for medium-sized enterprises, 45% for small/micro enterprises• Regional investment aid, according to the regional aid map – 15%–70%• Advisory services - up to 50% of eligible costs
Type of incentive	Cash grant
Deadline	5 September 2017–28 February 2018
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Poland

Submeasure 1.2 of the Operational Program Smart Growth-PBSE

Enterprises and consortia consisting of enterprises can apply for grants for carrying out R&D in the second phase of the sectoral PBSE programme (Measure 1.2 OP Smart Growth). The research results must improve the competitiveness of the Polish power sector. It also is.. possible to obtain financing for pre-implementation work.

Scheme budget	<p>Budget: EUR 28.2 million Eligible costs range from EUR 470,000–EUR 9.4 million Eligible costs: Remuneration, costs of outsourcing (up to 60%); and R&D infrastructure and equipment (depreciation and leasing), intangible assets, land and buildings, other operational costs, indirect costs (up to 25% of direct costs, excluding costs of outsourcing)</p> <p>Support level:</p> <ul style="list-style-type: none"> • Industrial research: 50% (65%*) for large enterprises, 60% (75%*) for medium-sized enterprises, 70% (80%*) for small/micro enterprises • Development: 25% (40%*) for large enterprises, 35% (50%*) for medium-sized enterprises, 45% (60%*) for small/micro enterprises <p>*Higher percentages apply if there is broad dissemination of R&D results</p>
Type of incentive	Cash grant
Deadline	2 October–1 December 2017
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Poland

Submeasure 1.2 of the Operational Program Smart Growth-InnoStal

Enterprises and consortia consisting of enterprises can apply for grants for carrying out R&D in the second phase of the sectoral INNOSTAL programme (Measure 1.2 OP Smart Growth). The research results must improve the competitiveness of the Polish steel sector. In this phase, It is also.. possible to obtain financing for pre-implementation work and for a higher level of indirect costs.

Scheme budget	<p>Budget: EUR 22.3 million Eligible costs range from EUR 470,000 – EUR 7 million Eligible costs: Remuneration, costs of outsourcing (up to 70%); and R&D infrastructure and equipment (depreciation and lease), intangible assets, land and buildings, other operational costs, and indirect costs (up to 25% of direct costs, excluding costs of outsourcing)</p> <p>Support level:</p> <ul style="list-style-type: none"> • Industrial research: 50% (65%*) for large enterprises, 60% (75%*) for medium-sized enterprises, 70% (80%*) for small/micro enterprises • Development: 25% (40%*) for large enterprises, 35% (50%*) for medium-sized enterprises, 45% (60%*) for small/micro enterprises <p>* Higher percentages apply if there is broad dissemination of R&D results</p>
Type of incentive	Cash grant
Deadline	9 October–8 December 2017
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Poland

Submeasure 2.1 of the Operational Program Smart Growth Support for investment in R&D infrastructure

Companies carrying out R&D projects will have an opportunity to apply for support for investment costs associated with the establishment or development of R&D centers (i.e. equipment purchase or construction works), as well as development works (i.e. remuneration, depreciation, and subcontracting).

Scheme budget	<p>Budget: EUR 35 million Eligible costs range from EUR 500,000–EUR 50 million Eligible costs: R&D equipment – tangible assets acquisition or purchase, construction works and materials, intangible assets (patents, licenses), buildings, real estate installment lease payment/purchase of real estate, costs of technical knowledge and consultancy, materials and products used for R&D activities</p> <p>Support level:</p> <ul style="list-style-type: none">• Regional investment aid, according to the regional aid map – 15%–70%• Development: Up to 45%• De minimis aid – Up to EUR 200,000 over a rolling three-year period (25%–45% for materials and products directly related to project implementation)
Type of incentive	Cash grant
Deadline	20 November 2017–19 January 2018
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For more information

For more information on any of the programmes listed above, please contact the in-country representative or your usual contact. For further information on how Deloitte can assist with available grants and incentives, please contact:



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