



## **Global Investment & Innovation Incentives program updates**

Global developments benefiting business

Global Tax and Legal, February 2017

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This update provides a summary of the latest developments affecting Global Investment and Innovation Incentives programs. For more information, please contact the local leader of the respective programme directly.

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# Czech Republic

## The Potential Programme

The programme allows businesses to obtain a grant amounting to 50% of eligible costs for the establishment or development of centres for industrial research, development and innovation, regardless of the size of the enterprise and place of realization. Project grants are available in an amount ranging from EUR 74,000 to EUR 2.8 million, or EUR 5.6 million in economically distressed regions and areas with a high level of unemployment.

Scheme budget	EUR 93 million
Type of incentive	Cash grant
Deadline	17 April 2017
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\*Monetary amounts are converted using the current rate (CZK/EUR).

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# France

## Super depreciation measures extended

R&D and industrial investments can benefit from an exceptional extra depreciation equal to 40% of the original value of eligible assets (i.e. R&D and industrial materials and equipment) manufactured, purchased or acquired through leasing or rental with a call option before 15 April 2017. Eligible assets ordered before that date can benefit from the incentive if certain requirements are met (e.g. payment of a 10% deposit before 15 April 2017 and acquisition within two years of the order).

The depreciation start date is the date of the acquisition of the asset.

Scheme budget	Not applicable
Type of incentive	Increased income tax deduction
Deadline	14 April 2017
Contact name	Lucille Chabanel: Partner
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# France

## Young innovative company status “JEl” renewed

Companies with JEl status (a new and independent small and medium-sized enterprise (SME) established within the past eight years and whose R&D expenditure represents at least 15% of total expenditure) created before 31 December 2019 can benefit from the following:

- Exemption from corporate income tax for a two-year period, with 100% of the tax liability eliminated for the first profitable year and 50% of the tax liability eliminated for the second profitable year, subject to certain limits;
- Exemption from land tax and local tax contributions for up to seven years; and
- Capped exemption from the employer’s social insurance contributions on the remuneration of R&D staff for seven years (reducing the employer’s total social charges from 50%/40% to 20%/15%)

Scheme budget	N/A
Type of incentive	Tax exemptions/Reduction of social charges
Deadline	31 December 2019
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\* All monetary amounts are converted using the current rate (CZK/EUR).

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# France

## PIA3 “Future’s Investment Programme” launched

The third PIA investment programme, a national funding scheme, is open, with a total budget of EUR 10 billion, EUR 4.1 billion of which will support a company’s innovation and development. Actions that support a company’s modernization (priority to SME and collaborative projects) will mainly focus on:

- Modernization of industrial procedures (automatization, 3D printing, internet of things);
- Staff training actions; and
- Collaborative innovative projects.

The project calls will be competitive and should be presented in a collaborative framework. For a list of the selected topics, visit [PIA3 Gouvernement.fr](http://PIA3.Gouvernement.fr) and for the list of projects, visit [project calls](#).

Scheme budget	EUR 4.1 billion (over three years of project calls)
Type of incentive	Grants/Repayable advances/Allocations/Equity
Deadline	Dependent on project calls
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# France

## Improved tax credit on video games

As from 1 January 2017, companies that create original and certified video games can benefit from a tax credit of 30%, capped at EUR 6 million per fiscal year, if the following conditions are fulfilled:

- Development costs are more than EUR 100,000 per video game;
- The goal is to bring the games to commercialization; and
- The games are created by French, EU staff, or French residents (the latter comprising French nationals and non-French nationals residing in France).

The effective date of the measure will be set by decree.

Scheme budget	N/A
Type of incentive	Tax credit (30% rate, capped at EUR 6 million, is applicable for FYs starting on or after 1 January 2017 (previous rate was 20%, capped at EUR 3 million))
Deadline	N/A
Contact name	Lucille Chabanel: Partner
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# Germany

## Energy efficient and climate friendly production processes

This funding scheme focuses on investment projects that improve energy efficiency in industrial production processes, especially:

- Changes in production processes regarding energy-efficient technology;
- Efficient use of energy in production processes or production facilities, i.e. waste heat recovery; and
- Other measures to optimize production processes regarding energy efficiency.

Scheme budget	<ul style="list-style-type: none"><li>• Funding ratio: Up to 20% of eligible project costs</li><li>• Total period of approval: 24 months</li><li>• Within a period of 36 months, a company may apply for grants for up to three measures</li></ul>
Type of incentive	Non-repayable cash grant
Deadline	Continuous application; valuation dates: 31 March, 30 June, 30 September, and 31 December 2017
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# Germany

## Strategies to prevent spread of antibiotic-resistant germs

This scheme focuses on R&D projects that develop new concepts to increase intervention and prevent the spread of antibiotic-resistant germs in the healthcare, agriculture, and food sectors.

The following topics are of major interest:

- Assessment of new methods to improve and improve hygiene and sanitation standards to reduce infections in healthcare settings;
- Comparative effectiveness and economic evaluation of the implementation of new and/or more cost-effective methods for rapid detection and diagnosis of infections; and
- Investigations of the efficacy and effectiveness of behavioral intervention strategies and public awareness strategies.

Scheme budget	<ul style="list-style-type: none"><li>• Forming of an international consortium is required</li><li>• Grants for large companies are up to 50% of eligible project costs, but there is a maximum EUR 300,000 per project partner</li><li>• A total funding budget of EUR 3 million is available</li><li>• Project duration of up to three years</li></ul>
Type of incentive	Non-repayable cash grant to an international consortium
Deadline	Submission of project outline (first application step): 21 March 2017
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# Germany

## City-rural relations

This scheme focuses on R&D projects that aim to strengthen city-rural relations and achieve an integrated sustainable development of regions.

The scheme focuses on:

- Joint sustainable developments of urban and rural areas;
- Development of a sustainable regional “circle” economy; and
- Improving the joint information and knowledge-based decision-making of urban and rural actors.

Scheme budget	<ul style="list-style-type: none"><li>• Forming of an international consortium is required; inclusion of SMEs is welcome</li><li>• Grants for universities and R&amp;D organizations are up to 100% of eligible costs</li><li>• Research projects at universities: A flat-rate of 20% per project is granted in addition to the eligible costs</li><li>• Grants for companies are up to 50% of eligible project costs</li><li>• Project duration of up to three years</li></ul>
Type of incentive	Non-repayable cash grant to consortium
Deadline	Submission of project outline (first application step): 31 March 2017
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# Turkey

## Attraction Centre Programme

The aim of this programme is to develop the eastern Anatolia and south-eastern Anatolia regions of the country. Investments in predetermined cities can benefit from this incentive (Adıyaman, Ağrı, Ardahan, Batman, Bayburt, Bingöl, Bitlis, Diyarbakır, Elazığ, Erzincan, Erzurum, Gümüşhane, Hakkâri, Iğdır, Kars, Malatya, Mardin, Muş, Siirt, Şanlıurfa, Şırnak, Tunceli, Van). The basic areas within the scope of this programme are:

- Consultancy service support;
- Free land allocation for investment;
- Turnkey factory construction;
- Interest-free investment loans;
- Reduced interest working capital loans;
- Transportation of manufacturing facility support;
- Call centre and data centre investment support and energy support for data centres; and
- Other support elements.

Different requirements apply to benefit from each of the ch support offerings.

Scheme budget	Approximately TLL 900 million for 2017
Type of incentive	Interest-free loans, reduced interest working capital loans, grants, land allocation, energy support, etc.
Deadline	First call: 27 February 2017; dates will be announced for subsequent calls
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# United Kingdom

## Collaborative R&D: APC7, anchoring low carbon technology

Up to GBP 35 million in collaborative R&D funding is available in the latest round of Advanced Propulsion Centre (APC) competition funding. This is delivered in partnership with the Department for Business, Energy and Industrial Strategy (BEIS) and Innovate UK.

The aim of the competition is to take demonstrated on-vehicle technologies towards commercialization in either on-road or off-road vehicles. Grant-funded projects must:

- Develop technologies that will lead to significant reductions in vehicle CO<sup>2</sup> or other emissions;
- Align with Automotive Council Technology Group Roadmaps; and
- Develop the UK's supply chain capability in low carbon vehicle propulsion or light weight systems technology.

Projects are expected to range in size from total costs of GBP 5 million to GBP 40 million and should last between 18 and 42 months. Projects must be collaborative, and must include at least one vehicle manufacturer and/or a tier 1 supplier as part of the consortium and at least one SME partner.

Up to 50% of project costs for industrial research is available, and up to 25% for experimental development for a large company. For a SME, the incentive could be worth an extra 20% or 10%, respectively, depending on the size of the company.\*

Scheme budget	GBP 35 million
Type of incentive	Cash grant
Deadline	Registration: 29 March 2017; Application: 5 April 2017
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\* European Commission definition of a SME: A small company must have fewer than 50 employees and either turnover not exceeding EUR 10 million or a balance sheet not exceeding EUR 10 million; and a medium-sized company must have fewer than 250 employees and either turnover not exceeding EUR 50 million or a balance sheet not exceeding EUR 43 million total.

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# United Kingdom

## SME R&D: Biomedical Catalyst 2017 round 1

The aim of this competition is to develop innovative healthcare technologies and processes that will help provide:

- Disease prevention and proactive management of health and chronic conditions;
- Earlier and better detection and diagnosis of disease, leading to better patient outcomes; and/or
- Tailored treatments that either change the underlying disease or offer potential cures.

The competition will support R&D in the form of a “primer award” to conduct a technical evaluation of the project idea through to proof-of-concept in a model system.

Projects are expected to range in size from total project costs of GBP 200,000 to GBP 1.5 million. Projects should last up to two years, and must start by 1 August 2017 and end by 1 August 2019.

An SME must lead the project and can apply individually or in collaboration with another entity (business, research base or third sector). The project must be carried out in the UK.

The Biomedical Catalyst supports innovative solutions to healthcare challenges. Innovate UK, the Medical Research Council and Scottish Enterprise fund Biomedical Catalyst awards.

Up to 70% of project costs for small companies is available, and up to 60% for medium-sized companies is available.

Scheme budget	GBP 8 million
Type of incentive	Cash grant
Deadline	Registration: 22 March 2017; Application: 29 March 2017
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# United Kingdom

## Collaborative R&D: Commercialisation of quantum technologies 3

Innovate UK are to invest up to GBP 13 million in quantum technologies.

The aim of this competition is to encourage collaborative R&D projects and feasibility studies that will:

- Develop prototype devices and demonstrators of quantum technologies or their component technologies; or
- Improve the understanding of the technical, business or market challenges of taking a new device or service to market.

The devices may be:

- Clocks;
- Sensors;
- Imaging;
- Communications;
- Computing; or
- Other devices that use quantum effects of superposition or entanglement.

Proposals must be collaborative and a UK-based business must lead the project. There are two streams of support available:

- Feasibility studies: Projects should last between six and 12 months with costs ranging from GBP 50,000 to GBP 500,000; and
- Collaborative R&D: Projects should last between 12 and 18 months with costs ranging from GBP 500,000 to GBP 2 million.

Up to 50% of project costs for industrial research is available, and up to 25% for experimental development for a large company. For a SME, the incentive could be worth an extra 20% or 10%, respectively, depending on the size of the company.

Scheme budget	GBP 13 million
Type of incentive	Cash grant
Deadline	Registration: 29 March 2017; Application: 5 April 2017
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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 information on how Deloitte can assist with available Global Investment and Innovation Incentives please contact:



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