



Grants & Incentives program updates

Global developments
benefiting business

Global Tax and Legal, January 2017

Contents

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

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Czech Republic

Energy Savings Programme

The programme aims to decrease energy consumption and increase energy efficiency in the business sector. Companies of all sizes implementing such projects outside Prague are eligible for the subsidy, which can amount to up to 50% (small businesses), 40% (medium-sized businesses), and 35% (large enterprises) of eligible costs. The subsidies available, per project, are subject to a minimum of EUR 18,500 and a maximum EUR 9.2 million.

Scheme budget	EUR 406.5 million
Type of incentive	Cash grant
Deadline	30 March 2018
Contact name	Luděk Hanáček: Partner, Tax and Legal in Central Europe
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Tel no.	+420 606 654 304

* All monetary amounts are converted using the current rate (CZK/EUR).

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Czech Republic

Innovation programme

The goal of this programme is to support the purchase of production technology, equipment, know-how and licences for implementing projects following completed R&D. The subsidy is intended for the launch of new or innovated products and processes into operation and on the market. Companies of all sizes implementing their projects outside Prague are eligible for the subsidy. An eligible project may claim a subsidy of up to 45% (small businesses), 35% (medium-sized businesses), and 25% (large enterprises) of eligible costs. The subsidies available per project, are subject to a minimum of EUR 37,000 and a maximum of EUR 3.7 million.

Scheme budget	EUR 184.7 million
Type of incentive	Cash grant
Deadline	30 April 2017
Contact name	Luděk Hanáček: Partner, Tax and Legal in Central Europe
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* All monetary amounts are converted using the current rate (CZK/EUR).

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Czech Republic

Application Programme

The programme aims to support the implementation of industrial research and experimental development projects. Companies of all sizes implementing their projects outside Prague are eligible for the subsidy. The amount of the subsidy is based on the company's size, type of project activity (industrial research or experimental development) and efficient cooperation with other R&D institutions, but is restricted to 70% of eligible costs. The subsidies available, per project, are subject to a minimum of EUR 37,000 and a maximum of EUR 3.7 million.

Scheme budget	EUR 166.3 million
Type of incentive	Cash grant
Deadline	2 April 2017
Contact name	Luděk Hanáček: Partner, Tax and Legal in Central Europe
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* All monetary amounts are converted using the current rate (CZK/EUR).

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Germany

Individualized medical technology

This funding scheme focuses on R&D projects that allow for a great degree of individualization of treatment methods in diagnostics and/or therapeutic intervention by using patient data. The project can be (among others) related to individualized and computer-based intervention, model-based therapy planning tools, IT-based assistant systems or active (diagnostically) implants.

Scheme budget	No information available at this time
Type of incentive	Non-repayable cash grant to a consortium; inclusion of SMEs is welcome Project duration of up to three years For large companies, grants of up to 50% of eligible costs can be awarded; higher funding quota for SME is possible For universities and research institutions, grants of up to 100% of eligible project costs can be awarded
Deadline	Submission of project outline (first application step): 31 March 2017
Contact name	Isabel Antholz: Senior Manager or Teresa Stahl: Consultant
Email	iantholz@deloitte.de or tstahl@deloitte.de
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Germany

Promoting innovation in plant cultivation as a contribution to climate protection

This call for proposals aims to support innovative industrial research and experimental development projects that effectively reduce greenhouse gas emissions through plant cultivation in accordance with climate protection plans. Innovative, resource-efficient, technical and non-technical procedures and products for the adaptation of crop plants to changed climatic conditions may be developed within the scope of the funded projects.

Scheme budget	No information available at this time
Type of incentive	Non-repayable cash grant to a consortium; inclusion of SMEs is welcome Project duration of up to three years For large companies, grants of up to 50% of eligible costs can be awarded; higher funding quota for SMEs is possible For universities and research institutions, grants of up to 100% of eligible project costs can be awarded
Deadline	Submission of project outline (first application step): 30 March 2017
Contact name	Isabel Antholz: Senior Manager or Teresa Stahl: Consultant
Email	iantholz@deloitte.de or tstahl@deloitte.de
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Germany

Energetic use of biomass

This scheme focuses on R&D projects that aim to create a more cost-effective and energy-efficient use of biomass. The scheme specifically targets the following:

- Development of technologies for efficient heat generation from biomass;
- R&D and innovation activities for electricity generation from biomass; and
- Development and demonstration of new and advanced technologies for the efficient use of biomass in combined heat and power plants.

Scheme budget	No information available at this time
Type of incentive	Non-repayable cash grant to a consortium; inclusion of SMEs is welcome Project duration of up to three years For large companies, grants of up to 50% of eligible costs can be awarded; higher funding quota for SMEs is possible For universities and research institutions, grants of up to 100% of eligible project costs can be awarded
Deadline	Submission of project outline (first application step): 31 September 2017 and 2018
Contact name	Isabel Antholz: Senior Manager or Teresa Stahl: Consultant
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Greece

Greece–Germany bilateral research and innovation cooperation programme

This bilateral programme aims to enhance cooperation between Greek and German partners (research institutions, universities and commercial companies) in science and industry. Particular attention will be paid to the involvement of young researchers on both sides. The priority research areas are: health, agrofood-bioeconomy, energy, culture-tourism, materials, and optical technologies.

Scheme budget	Overall budget of EUR 9 million per country, with a maximum contribution of up to EUR 350,000 per project from both countries
Type of incentive	Cash grant
Percentage of aid	100% for research institutions 50%-80% for industrial research undertaken by companies 25%-60% for experimental development undertaken by companies
Deadline	Submission of proposals: 15 February 2017
Contact name	Stylios Sbyrakis, Principal
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Greece

Greece–Russia bilateral research and innovation cooperation programme

This bilateral programme aims to strengthen scientific cooperation between research institutions, universities and commercial companies in Russia and Greece. The first call is focused on collaborative projects relating to research, development and innovation in quantum technologies (quantum nanoelectronics, quantum computing and communication, quantum metamaterials and nanophotonics).

Scheme budget	Overall budget of EUR 2 million per country, with a maximum contribution of up to EUR 500,000 per project per country
Type of incentive	Cash grant
Percentage of aid	100% for research institutions 50%-80% for industrial research undertaken by companies 25%-60% for experimental development undertaken by companies
Deadline	Submission of proposals: 21 February 2017
Contact name	Stylios Sbyrakis: Principal
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Greece

Greece–Israel bilateral research and innovation cooperation programme (announcement)

The expected bilateral programme will promote fields of mutual interest that have been agreed through consultations between the competent authorities of the two countries. The expected call for proposals will focus on priority research areas in:

- agrofood,
- life sciences and health—pharma,
- information and communication technologies,
- energy,
- environment and sustainable development,
- transport and logistics,
- materials, construction,
- culture-tourism,
- cultural and creative industries.

Scheme budget	Overall budget of EUR 9 million per country, with a maximum contribution of up to EUR 400,000 per project per country
Type of incentive	Cash grant
Deadline	Within two months of the expected call for proposals
Contact name	Stylios Sbyrakis: Principal
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Greece

Greece–China bilateral research and innovation cooperation programme (announcement)

The expected bilateral programme will promote fields of mutual interest that have been agreed through consultations between the competent authorities of the two countries. The expected call for proposals will focus on priority research areas in:

- agrofood,
- life sciences & health—pharma,
- information and communication technologies,
- energy,
- environment and sustainable development,
- transport and logistics,
- materials—construction,
- culture—tourism—cultural and creative industries,
- emerging fields of interest (blue bio-economy, space technologies).

Scheme budget	Overall budget of EUR 10 million per country, with a maximum contribution of up to EUR 400,000 per project per country
Type of incentive	Cash grant
Deadline	Within two months of the expected call for proposals
Contact name	Stylios Sbyrakis: Principal
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Italy

Budget Law 2017—R&D tax credit extended/increased

Italy's budget law 2017 extended the R&D tax credit to 31 December 2020 and increased it to 50% (previously, 25% or 50%, depending on the type of cost) of the annual R&D incremental expenditure exceeding the average spend for fiscal years 2012, 2013, and 2014. The annual cap increased from EUR 5 million to EUR 20 million per year.

As from 1 January 2017, the benefit also may apply to resident companies (and Italian permanent establishments of nonresident companies) that carry out R&D activities through contracts with entities that are resident for tax purposes in EU/European Economic Area (EEA) countries or in other countries and territories that allow an adequate exchange of information with Italy.

Scheme budget	EUR 0.5 billion (FY16); EUR 1.3 billion (FY17)
Type of incentive	Tax credit
Deadline	30 September 2017 (FY16); 30 September 2018 (FY17)
Contact name	Ranieri Villa: Partner
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Italy

Budget Law 2017—Tax relief for investments in “R&D-intensive start-up companies” (ISTs) and R&D-intensive SMEs

Italy's budget law 2017 makes the temporary tax relief for investments in ISTs permanent. As from FY 2017, corporations investing in an IST may be entitled to an immediate tax deduction equal to 30% of the invested amount (up to an annual maximum eligible investment is EUR 1.8 million). Individuals investing in an IST are eligible for a 30% tax credit (up to an annual maximum total investment of EUR 1 million).

The maximum amount of total investments received by an IST from external investors (whether corporations or individuals) for each fiscal period is EUR 2.5 million. Moreover, most of the incentives granted to ISTs have been extended to “R&D-intensive SMEs”. To qualify as an R&D-intensive SME, the annual turnover may not exceed EUR 50 million (the turnover limit for an IST is EUR 5 million).

Scheme budget	N/A
Type of incentive	Deduction (corporations)/Tax credit (individuals)
Deadline	Permanent incentives
Contact name	Ranieri Villa: Partner
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Italy

Budget Law 2017—140% Super depreciation—Additional depreciation for certain assets

Italy's budget law 2017 extends the super depreciation applicable to newly purchased and financially leased assets to include purchases made between 15 October 2015 and 31 December 2017 (previously 31 December 2016) to encourage new Capex. Investments in new assets, such as equipment, machinery and vehicles, are eligible but real estate purchases are not. All businesses carrying on an entrepreneurial activity in Italy can benefit from this incentive, which provides an additional 40% tax deduction for the depreciation of the newly purchased assets. This will increase the asset's tax value by 40% compared to the book value for the entire depreciation period.

Scheme budget	N/A
Type of incentive	Super depreciation
Deadline	31 December 2017
Contact name	Ranieri Villa: Partner
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Italy

Budget Law 2017—250% “Hyper” depreciation—Extra depreciation for certain high-technology assets

Italy's 2017 budget law introduces a 250% hyper depreciation (additional depreciation of 150%) for new plant, equipment or machinery purchased before 31 December 2017 whose operation is controlled by computer systems and/or operated by suitable sensors and drives interconnected to the computer systems. It is expected that there also will be a 140% super depreciation for purchased software that is utilized with such plant, equipment, or machinery.

Scheme budget	N/A
Type of incentive	Hyper depreciation
Deadline	31 December 2017
Contact name	Ranieri Villa: Partner
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Italy

Budget Law 2017—Smart and Start refunding

Italy's 2017 budget law allocates a further EUR 95 million of funds to “smart and start refunding,” which is intended to enhance the creation and development of innovative start-ups. Eligible projects (with budgets ranging from EUR 100,000 to EUR 1.5 million) can benefit from a subsidized loan covering up to 80% of eligible expenses. In addition, a grant equal to 20% of the subsidized loan amount can be awarded to an R&D IST located in certain southern regions of Italy (Basilicata, Calabria, Campania, Apulia, Sardinia, Sicily, and Aquila).

Scheme budget	EUR 95 million
Type of incentive	Subsidized loan and cash grant
Deadline	N/A
Contact name	Ranieri Villa: Partner
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Poland

Fast Track

Entrepreneurs carrying out innovative projects may obtain grants for industrial research (up to 80% of eligible costs) and experimental development (up to 60% of eligible costs).

To qualify, a project must fall within the definition of “National Smart Specialization”, which covers a broad spectrum of industries.

Costs that are eligible for a grant include remuneration and subcontracting costs, depreciation and leasing costs for R&D infrastructure and equipment, intangible assets, land and buildings, other operating costs and indirect costs.

Scheme budget	EUR 320 million
Type of incentive	Grants
Deadline	1 March 2017–30 June 2017
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Poland

Sectoral R&D programmes

Entrepreneurs or consortia carrying out innovative projects in the chemical, pharmaceutical, resources/recycling, and forestry/wood/furniture sectors may obtain grants for industrial research (up to 80% of eligible costs) and experimental development (up to 60% of eligible costs).

To benefit, a project must fall within the thematic scope of the programme.

Costs that are eligible for a grant include remuneration and subcontracting costs, depreciation and leasing costs for R&D infrastructure and equipment, costs incurred on intangible assets, land and buildings, other operational costs and indirect costs.

Scheme budget	Chemical: EUR 41 million Pharmaceutical: EUR 42 million Resources/recycling: EUR 20.5 million Forestry/wood/furniture: EUR 27 million
Type of incentive	Grants
Deadline	Chemical: 1 March 2017–28 April 2017 Pharmaceuticals: 22 February 2017–7 April 2017 Resources/recycling: 28 February 2017–21 April 2017 Forestry/wood/furniture: 14 March 2017–28 April 2017
Contact name	Dominika Orzolek: Manager
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Poland

Implementation of R&D results

Micro, small and medium-sized enterprises implementing innovative projects may obtain grants for development work, consulting and investments up to 70% of eligible costs.

Costs that are eligible for a grant include:

- Investments: Cost of land and construction or purchase of buildings (including instalments), purchase of tangible assets, purchase of intangible assets,
- Development work: Remuneration, research and consulting costs, OPEX directly relating development works,
- Consulting services.

Scheme budget	EUR 170 million
Type of incentive	Grants
Deadline	13 March 2017–26 April 2017
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Poland

Programme to support investments of major importance to Polish economy for period 2011–2023

Grant for creation of new jobs: Up to EUR 3,700 for each new job (increased by 20% for investments in eastern Poland)

Grant for new investments: Up to 7.5% of eligible costs (increased by 5 percentage points for investments in eastern Poland) and up to 10% of eligible costs for R&D centres

Minimum requirements:

- Priority sectors (automotive, biotechnology, electronics, aviation, agricultural, and food processing require) require at least 250 new jobs and EUR 9.5 million in investment expenditure or 50 new jobs and EUR 38 million in investment expenditure, respectively;
- Significant investments (any sector) require at least 200 new jobs and EUR 179 million in investment expenditure or 500 new jobs and EUR 119 million in investment expenditure, respectively;
- Modern services (Business Support Systems) require at least 250 new job places and EUR 0.36 million in investment expenditure; and
- R&D centres require at least 35 new jobs and EUR 0.24 million in investment expenditure.

Scheme budget	EUR 50 million
Type of incentive	Grants
Deadline	Ongoing (in the first half of 2017)
Contact name	Dominika Orzolek: Manager
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Tel no.	+48 881 950 969 or + 48 223 483 572

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Romania

R&D tax incentive

An additional 50% super deduction is allowed for eligible R&D expenditure.

The R&D tax incentive provides an additional 50% corporate tax deduction for eligible costs, i.e. depreciation, salary costs, maintenance and repairs, services rendered by third parties, materials, utilities, etc.). At the current tax rate of 16%, this provides a net benefit of 8%. Additionally, taxpayers can claim accelerated tax depreciation for equipment used in the R&D activity.

Scheme budget	N/A
Type of incentive	Corporate income tax exemption
Deadline	N/A
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Romania

Reinvested profit tax incentive

Profit reinvested in certain new assets (e.g. equipment, software, etc.) used for business purposes can be exempt from corporate income tax within certain limits. The exemption is calculated by reference to the cumulated gross profit of the tax year in which the assets are commissioned and is limited to the corporate income tax due for a tax period (i.e. quarter, year).

Scheme budget	N/A
Type of incentive	Corporate income tax exemption
Deadline	N/A
Contact name	Silviu Sandache: Tax Director
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Romania

Salary income tax exemption for employees carrying out software development activities and eligible R&D activities

Qualifying employees carrying out software development activities and certain R&D activities are exempt from the related salary income tax (16%) provided certain conditions are satisfied.

The software development activities incentive may be claimed starting with the second year of the company's activities in Romania, provided all other criteria are met.

Certain criteria must be met to apply the tax exemption for R&D activities (e.g. R&D is one of the business activities of the Romanian employer, the activities are included in an R&D project, etc.).

The employer has the option to apply for the tax exemptions and no specific confirmation from tax authorities is needed.

Scheme budget	N/A
Type of incentive	Salary income tax exemption
Deadline	N/A
Contact name	Silviu Sandache: Tax Director
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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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