



Global Tax and Legal | November 2015

# Grants & Incentives program updates

## The latest legislative developments from around the world



# Countries included

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

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Germany

United Kingdom

United States

For more information

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# Germany—manufacturing/ICT/ measurement industry

## Energy Research Program—Energy efficiency in production processes

The Energy Research Program is aimed at R&D activities that seek to increase the energy efficiency in production processes:

- Innovative developments relating to thermal processes in production
- Increasing the efficiency of techniques for the use of industrial waste heat
- Innovative measurement and control systems for the optimization of energy usage in production
- Increasing material efficiency in the area of energy-intensive raw materials
- Energy-efficient process technology

### Scheme budget

- No overall budget published
- Collaborative projects with at least two partners. Participation of SMEs is recommended
- For companies, grants of up to 50% of eligible costs can be awarded, provided there is an own contribution of at least 50%. The funding ratio for SMEs may be higher
- For universities and research institutions, grants of up to 100% of eligible costs can be awarded

### Type of incentive

Non-repayable cash grant to a consortium

### Deadline

Ongoing submission

### Contact name

Isabel Antholz (Senior Manager) or Oliver Hasse (Senior Manager)

### Email

[iantholz@deloitte.de](mailto:iantholz@deloitte.de) or [ohasse@deloitte.de](mailto:ohasse@deloitte.de)

### Tel no.

+49 (0) 40 32080 4910 or +49 (0) 89 29036 7340

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# Germany–manufacturing/sensor technology/ADAS

## Transport Research Program: New vehicle and system technologies

The new transport research program, “New vehicle and system technologies” is aimed at R&D projects in the following areas:

**Automated driving:** including specifically innovative sensors and actuation systems; high-precision localization; fast, inter-vehicle and vehicle-to-back end communication solutions; (sensor) data fusion and processing; man-machine-interaction

**Innovative vehicles:** reduction of energy consumption and emissions in road and rail transport including specifically increase in energy efficiency by using light weight construction; optimized aerodynamic characteristics; reduced frictional resistance in the complete drive trains; innovative drive train technology

### Scheme budget

- No overall budget published
- Participation of SMEs is obligatory (a minimum of a 30% direct or indirect participation of SMEs is required)
- For companies, grants of up to 50% of eligible costs can be awarded, provided there is an own contribution of at least 50%. The funding ratio for SMEs may be higher
- Research institutions that are basically financed by the country in certain cases
- Funding period is two to three years

### Type of incentive

Non-repayable cash grant to a consortium

### Deadline

Submission of project outline (first stage): 31 March and 30 September each year

### Contact name

Isabel Antholz (Senior Manager) or Oliver Hasse (Senior Manager)

### Email

[iantholz@deloitte.de](mailto:iantholz@deloitte.de) or [ohasse@deloitte.de](mailto:ohasse@deloitte.de)

### Tel no.

+49 (0) 40 32080 4910 or +49 (0) 89 29036 7340

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# Germany—energy suppliers/grid operators/ ICT/manufacturing

## Kopernikus—project for energy revolution

The program is aimed at funding R&D projects that identify suitable technologies for the “Energiewende” (the transition by Germany to an energy portfolio dominated by renewable energy, energy efficiency and sustainable development) and develop them up to a demonstration level.

Focus areas are:

- New network structures (e.g. definition of communication standards)
- Flexible usage of renewable energy resources/Power-to-X (e.g. economical usage and storage concepts)
- Industrial processes and fluctuating energy supply (e.g. integration of energy intensive production in new energy supply scheme)
- Transformation and connection of energy supply (e.g. system integration and new market regulations)

### Scheme budget

- Cross- and interdisciplinary cooperation of scientific and technical institutions and companies with a project duration of at least three years is required
- Funding of up to EUR 10 million per year and project
- For companies, grants of up to 50% of eligible costs can be awarded, provided there is an own contribution of at least 50%. The funding ratio for SMEs may be higher
- For universities and research institutions, grants of up to 100% of eligible costs can be awarded
- Projects must achieve a higher technology maturity level during the project duration

### Type of incentive

Non-repayable cash grant to a consortium

### Deadline

Submission of project outline (first stage): 8 January 2016

### Contact name

Isabel Antholz (Senior Manager) or Oliver Hasse (Senior Manager)

### Email

[iantholz@deloitte.de](mailto:iantholz@deloitte.de) or [ohasse@deloitte.de](mailto:ohasse@deloitte.de)

### Tel no.

+49 (0) 40 32080 4910 or +49 (0) 89 29036 7340

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# United Kingdom—collaborative R&D (scheme 1)

## Cross-platform production in digital media

Competition run by Innovate UK to support projects that address convergence in digital media technologies. The competition covers film, television, online video, animation and video games, and covers pre-production, production and post-production processes, particularly for visual effects technologies.

Projects must be business-led, collaborative and focus on industrial research.

Projects are expected to last nine to 18 months and to range in size from GBP 300,000 to GBP 750,000.

### Scheme budget

GBP 4 million

### Type of incentive

Cash grant  
Reimbursement rates (eligible project costs):  
Small businesses: Up to 70%  
Medium-sized businesses: Up to 60%  
Large businesses: Up to 50%

### Deadline

Two-stage process: 23 December 2015 (registration) and 6 January 2016 (stage 1 applications); 10 March 2016 (stage 2 for invited applications).

### Contact name

Steve Conibear

### Email

[stconibear@deloitte.co.uk](mailto:stconibear@deloitte.co.uk)

### Tel no.

+44 29 20264325

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# United Kingdom-India–collaborative R&D (scheme 2)

## UK-India collaborative industrial R&D competition: Clean-tech, affordable healthcare and ICT

Joint Innovate UK and the Indian government competition to support projects that propose new commercial solutions to critical challenges impacting the socio-economic growth and development of India in relation to its clean-tech, healthcare and ICT sectors. India must be the principal market.

Projects must be collaborative and involve a UK and an Indian lead business, but other businesses and research organizations can collaborate in the consortium.

Projects are expected to range in size from GBP 350,000 to GBP 450,000 (UK project costs) and last for up to 24 months.

**Scheme budget**

GBP 3.4 million

**Type of incentive**

Cash grant  
For UK participants, small or micro businesses could receive up to 70% of their eligible project costs, medium-sized businesses 60% and large businesses 50%

**Deadline**

13 April 2016 (registration); 20 April 2016 (applications)

**Contact name**

Steve Conibear

**Email**

[stconibear@deloitte.co.uk](mailto:stconibear@deloitte.co.uk)

**Tel no.**

+44 29 20264325

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# United Kingdom-China–collaborative R&D (scheme 3)

## UK-China research and innovation bridges competition

Joint competition with Innovate UK, the Research Councils UK (RCUK) and the Ministry of Science and Technology (MoST) for the People's Republic of China to support projects that propose new commercial solutions to critical challenges impacting the socio-economic growth and development of China in relation to energy, healthcare, urbanization and agri-food. China must be the principal market.

Projects must be collaborative, involving both UK and Chinese participants, with both a UK lead partner and a Chinese lead partner. On the UK side, projects can be led by a business or a research organization.

Projects are expected to range in size from GBP 800,000 to GBP 1 million (UK project costs) and last for up to 24 months.

### Scheme budget

GBP 16 million

### Type of incentive

Cash grant

For UK participants, small or micro businesses may receive up to 70% of their eligible project costs, medium-sized businesses 60% and large businesses 50%.

### Deadline

Two-stage process: 23 March 2016 (registration) and 30 March 2016 (stage 1 applications); 24 August 2016 (stage 2 for invited applications).

### Contact name

Steve Conibear

### Email

[stconibear@deloitte.co.uk](mailto:stconibear@deloitte.co.uk)

### Tel no.

+44 29 20264325

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# United States/North Carolina

## Job Development Investment Grant Program (JDIG)

The JDIG is a discretionary incentive that provides sustained annual grants to new and expanding businesses measured against a percentage of withholding taxes paid by new employees. JDIG grants can result in payments to a business for up to 12 years, or 20 years for a high-yield project. A "high-yield project" is defined as a project for which the agreement requires that a business invest at least \$500 million in private funds and create at least 1,750 eligible positions. The sunset date is extended to 1 January 2019.

### Scheme budget

The maximum amount of total annual liability for grants awarded in any single calendar year is USD 20 million for a year in which no grants are awarded for a high-yield project and USD 35 million for a year in which grants are awarded for a high-yield project.

### Type of incentive

Grant program

### Deadline

Sunset date has been extended to 1 January 2019.

### Contact name

Douglas Tyler

### Email

[dtyler@deloitte.com](mailto:dtyler@deloitte.com)

### Tel no.

+1 212 436 3703

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# United States/New York City

## New York City biotechnology tax credit

For taxable years beginning on or after 1 January 2010, and before 1 January 2019, a taxpayer that is a qualified emerging technology company that engages in biotechnologies, and meets certain additional criteria can claim the following three New York City tax credits:

1. A credit of 18% of the cost or other federal income tax basis of research and development property and certain other costs and fees
2. A credit of 9% of qualified research expenses
3. A credit of 100% of its training expenses, up to USD 4,000 per employee per calendar year.

The credit may be claimed against the general corporation tax and unincorporated business tax for amounts paid or incurred for certain facilities, operations, and employee training in New York City. It generally is limited to companies with 100 employees or less, 75% of which are located in New York City, in addition to certain other eligibility criteria. Application and approval is required to claim the credit.

### Scheme budget

The total amount of credit allowable to a taxpayer cannot be more than USD 250,000 per year and USD 3 million for all companies combined.

### Type of incentive

Tax credit

### Deadline

New York City's authorization to allow a biotechnology credit against the general corporation, unincorporated business and banking corporation taxes has been extended for three years, through taxable years beginning before 2019.

### Contact name

Douglas Tyler

### Email

[dtyler@deloitte.com](mailto:dtyler@deloitte.com)

### Tel no.

+1 212 436 3703

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# United States/Rhode Island

## Rhode Island New Job Creation and Real Estate Incentives

Rhode Island has launched two new incentive programs: Qualified Jobs Incentive Tax Credit and The Rebuild Rhode Island Tax Credit.

The Qualified Jobs Incentive Tax Credit provides a base tax credit for (1) companies relocating to the state and creating a minimum number of new jobs, and (2) for current Rhode Island companies growing their in-state workforce by a threshold percentage. The Qualified Jobs Incentive Program's annual base tax credit is USD 2,500 for each new full-time job created or up to USD 7,500 per job if specific criteria are met.

The Rebuild Rhode Island Tax Credit provides a tax credit of up to 20% of project costs to qualified real estate projects of USD 5 million or more that demonstrate a financing gap.

### Scheme budget

The Rebuild Rhode Island Tax Credit has a cap of USD 15 million per development project.

### Type of incentive

Fiscal incentives

### Deadline

Effective 30 June 2015. The credit sunsets on 31 December 2018.

### Contact name

Douglas Tyler

### Email

[dtyler@deloitte.com](mailto:dtyler@deloitte.com)

### Tel no.

+1 212 436 3703

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# United States/New York City

## New York City Relocation and Employment Assistance Program and Lower Manhattan Relocation and Employment Assistance Program

The Relocation and Employment Assistance Program and Lower Manhattan Relocation and Employment Assistance Program offers business income tax credits for relocating jobs from outside of New York City or below 96<sup>th</sup> Street in Manhattan to designated locations above 96<sup>th</sup> Street in Manhattan or in one of the other four boroughs and eligible areas of Lower Manhattan. The amount of these credits can range from USD 1,000 - USD 3,000 per year per job for 12 years tied to employment growth in an eligible area.

Credits may be refundable for the year of relocation and the next four years, if they meet certain requirements. Unused credits from subsequent years may be carried forward for five years.

Scheme budget

N/A

Type of incentive

Fiscal incentives

Deadline

Sunset has been extended to 1 July 2017

Contact name

Doug Tyler

Email

[dtyler@deloitte.com](mailto:dtyler@deloitte.com)

Tel no.

+1 212 436 3703

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# For more information

For more information on any of the programs 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:



**Natan Aronshtam**

Global Managing Director—R&D and GI, D TTL

[naronshtam@deloitte.ca](mailto:naronshtam@deloitte.ca)

+1 416 643 8701



**Alistair Davies**

Director, Deloitte UK

[aldavies@deloitte.co.uk](mailto:aldavies@deloitte.co.uk)

+44 (0) 2920 264272

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