



Global Tax and Legal | April 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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EU

Germany

Poland

Portugal

United Kingdom

United Kingdom (Budget Announcements)

For more information

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## ECSEL JU (Electronics Components and Systems for European Leadership - Joint Undertaking)

Funding is available for research, development and innovation projects with unparalleled systemic and strategic impact for smart, sustainable and inclusive economic growth. The program can support public bodies, private commercial organizations and private non-commercial organizations (including NGOs).

Key applications include: smart mobility, smart society, smart energy, smart health and smart production. Essential capabilities include: semiconductor process equipment materials, design technology, cyber-physical systems and smart systems integration.

Projects are expected to last for two to four years. Funding rates per project vary according to country and type of action.

### Scheme budget

2015 budget: €95 million

### Type of incentive

Cash grant

### Deadline

Two concurrent calls are open in 2015:

- H2020-ECSEL-2015-1-RIA-two-stage - Research and Innovation Actions (RIA)
- H2020-ECSEL-2015-2-IA-two-stage - Innovation Actions (IA)

Project outline deadline: 12 May 2015.

Full project proposal deadline: 8 September 2015

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# Germany—CT/Industrie 4.0/all industry sectors

## Working in a digitized world

This arrangement is aimed at R&D activities which develop digital and application-oriented solutions for digital working environments that underline positive aspects of innovative approaches for work-system design, including:

- Digitization of work leading to social innovation
- Sharing economy, mobile and cloud computing as a trigger for innovations in the working environment
- Ergonomic and health-promoting work-system design in the digital age
- Interdisciplinary cooperative projects consisting of at least one scientific and one industry partner, participation of SMEs highly recommended

### Scheme budget

No overall budget published

- For companies, grants of up to 50% of eligible costs can be awarded, funding quota for SMEs is possibly 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

Submission of project outline (first stage): 15 July 2015

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# Germany—ICT/all industry sectors

## Detecting and solving cyber-security incidents

Funding of research and development activities focusing on techniques to:

- Detect IT attacks especially through anomaly analysis and to
- Solve IT incidents using innovative methods of IT forensics in complex and dynamic IT infrastructure

### Scheme budget

No overall budget published

- For companies, grants of up to 50% of eligible costs can be awarded, funding quota for SMEs possibly higher
- For universities and research institutions, grants of up to 100% of eligible costs can be awarded
- Funding period of two to three years

### Type of incentive

Non-repayable cash grant to a company or a consortium consisting of at least one company and one research institution

### Deadline

Submission of project outline (first stage): 5 June 2015

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# Germany—E-Mobility/Production/ICT

## E-Mobility—value chain positioning (ELEKTRO POWER II)

Grants for R&D projects which strengthen the value chain for electric mobility solutions from a macro/industrial political perspective focusing on:

- An integrated supply chain to ensure the efficient, flexible, robust, reliable and scalable production of electric vehicles
- Secure and protected data communication when charging, metering and billing electric vehicles
- Effective use of electric vehicles to stabilize the electric power grid
- Inductive charging systems in publicly accessible areas
- Joint projects of a maximum of five applicants with at least one German subsidiary covering the entire value chain; participation of at least one SME required

### Scheme budget

No overall budget published

- For companies, grants of up to 45% of eligible costs can be awarded, funding quota for SME higher
- For universities and research institutions, grants of up to 100% of eligible costs can be awarded
- Execution of the project in Germany, use of project results in Germany or EU
- Funding period up to three years

### Type of incentive

Non-repayable cash grant to a consortium

### Deadline

Submission of project outline (first stage): 29 April 2015

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# Poland—all

## Fast track (Polish: Szybka Ścieżka)

Support for projects that include industrial research and/or development works which fall within the National Smart Specializations (healthy society, agri-food, forestry-timber and environmental bioeconomy, sustainable energy, natural resources and waste management, innovative technologies and industrial processes, creative technologies). Projects from large enterprises must also include cooperation with an SME/research entity/NGO.

### Scheme budget

Maximum level of support for one project: €20 million.

Maximum level (depending on size of the company) of support for industrial research up to 70%\* and development works up to 45%\* of eligible costs.

\*Additionally, in certain cases the applicant may be granted a 15% bonus (but the total co-funding must not exceed 80%).

### Type of incentive

Cash grant

### Deadline

The ongoing call for proposals for SMEs will be announced in April 2015 and opened from 4 May to 31 December 2015. For large enterprises it will be opened in October and will close later in the 4th quarter of 2015.

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# Poland—all

## Demonstrator

The aim of the program is to enhance the transfer of research results to the economy (commercialization of research results) by supporting development works including the development of new technology and testing it on a demonstration scale. The project must fall within the National Smart Specializations and as for projects of large enterprises they must also include cooperation with an SME/research entity/NGO.

### Scheme budget

Minimum value of eligible expenditures for the project: PLN 5 M (SME) and PLN 20 million. Maximum subsidy for one project: €15 million

Maximum level (depending on size of the company) of support for development works are up to 40%\* of eligible costs.

\*Additionally, in certain cases the applicant may be granted a 15% bonus

### Type of incentive

Cash grant

### Deadline

The ongoing call will be announced in April 2015 and will be open from 7 May to 22 June 2015.

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# Portugal

## Portugal 2020–business innovation and entrepreneurship

Support projects promoted by non SME or SME in all economic activities, particularly those that aim at the production of tradable and exportable goods and services and that fulfil the following objectives:

- i. Strengthen non SME and SME investments in innovative activities,
- ii. contribute to the internationalization of the Portuguese economy, creation of qualified employment as well as the spill over effect on SME,
- iii. and promotes qualified and creative entrepreneurship.

### Scheme budget

€357 million

### Type of incentive

Refundable incentive, free of interest. Possibility of exemption of the reimbursement up to 50% of the refundable incentive. However, gross grant equivalent cannot exceed the maximum rates, according to regional state aid maps for 2014-2020 periods.  
The base support rate is 35%.

### Deadline

24 April 2015

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# Portugal

## Portugal 2020–contractual regime for investment

Support projects of all economic activities, in particular those that aim at the production of tradable and exportable goods and services, namely:

- (i) Special interest projects - large projects with eligible expenditure exceeding EUR25 million and of special interest for the development, diversification and internationalization of the Portuguese economy,
- (ii) Strategic interest projects - projects of strategic importance for national or regional economy.

Scheme budget

N/A

Type of incentive

Refundable incentive, free of interest. Possibility of exemption of the reimbursement up to 50% of the refundable incentive.

Projects are subject to a specific negotiation process in relation to the maximum incentive to be granted. However, gross grant equivalent cannot exceed the maximum rates, according to regional state aid maps for 2014-2020 periods.

Deadline

31 December 2015

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# Portugal

## Incentives for Rechnology Research and Development (contractual regime)

Supports Technology Research and Development (TR&D) projects promoted by companies with the following conditions:

- i. TR&D projects with an eligible investment amount of at least €10 million and of special interest for the development, diversification and internationalization of the Portuguese economy;
- ii. TR&D projects recognized by the Portuguese government as of strategic interest (irrespective of the eligible investment amount).

### Scheme budget

No overall budget published (except for the Algarve region that has a budget of €4 million)

### Type of incentive

Non-refundable incentive up to €1 million per beneficiary. For the incentive above €1 million, the following portions are applied: 75% will be non-refundable incentive and 25% will be refundable incentive, free of interest.

### Deadline

31 December 2015

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# United Kingdom

## Enhancing user experience in retail

Innovate UK has launched a new funding competition for businesses, data scientists and designers to explore ways in which knowledge and insights gained from analysis of personal data can be used to enhance the user experience for customers, while creating commercial gains for retailers.

Key criteria:

- Projects must be collaborative and led by a business.
- Each consortium must include at least two organizations.
- Projects are expected to involve mainly industrial research with up to 50% funding of project costs for large companies and up to 60% for small and medium-sized companies (SMEs).
- Projects should last between 1 and 2 years and should range in size from total costs of £400,000 to £1 million, although projects outside this range may be considered.

Scheme budget

£4 million

Type of incentive

Cash grant

Deadline

All applicants must register by 6 May 2015. There is a two stage application process:

- Stage One - expression of Interest deadline: 13 May 2015
- Stage Two - deadline for invited applicants: 3 September 2015

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# United Kingdom

## Budget announcements (R&D)

The UK budget was held on 18 March 2015 and the government continued to pledge its support to incentivizing innovation. Measures announced to further boost R&D activity in the UK are an increase in the rate of relief, both for SMEs and large companies, as well as new guidance aimed at smaller companies to raise awareness and access to the relief.

- Increased rates

The super deduction rate will increase from 225% to 230% of qualifying revenue expenditure for SMEs for expenditure incurred on or after 1 April 2015. Coupled with the change in the main corporation tax rate to 20%, the relief now reduces the corporation tax liability of an SME by up to 26% of the R&D spend. Loss making SMEs can claim a repayable cash credit. From 1 April 2015, this is worth up to 33.35% of R&D revenue expenditure.

Likewise, from 1 April 2015, the R&D expenditure credit (RDEC) rate will increase from 10% to 11% of qualifying revenue expenditure for large companies. This results in a net benefit of 8.8% of the R&D spend for companies submitting an R&D claim under this regime. This benefit will either reduce the company's corporation tax liability (and in some cases other tax liabilities due to HMRC) or, for loss making companies, is available as a repayable tax credit.

- R&D access for small business

The UK government continues to focus on increasing awareness of R&D tax relief amongst smaller businesses. After a period of consultation, it was announced that new guidance and measures will be introduced in the summer of 2015. These will include the introduction of a voluntary advance assurance scheme for smaller businesses making their first R&D claim, a reduction in the time taken to process a claim for such companies from 2016 and a publicity campaign to increase awareness of the relief.

One further announcement was a new restriction on the consumable expenditure that qualifies for relief, which is applicable to all R&D schemes. From 1 April 2015, the UK government will restrict the cost of materials which are incorporated into products which are sold. The impact of these changes will be different for different industry sectors depending on how prototypes and the output from trials are used.

It is estimated that, when taken together, the above measures will cost the Treasury an estimated net £80m in further support for R&D by April 2020.

Scheme budget

N/A

Type of incentive

Tax relief that reduces a company's UK corporation tax liability or, in the case of loss making companies, may generate a repayable cash credit

Deadline

Two years from the end of a company's accounting period

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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:



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