

Breaking Tax News

Change to EU Rules on State Grants from January 2014

In contrast to our monthly Tax News+, in our Breaking Tax news you will be informed immediately of regulatory changes affecting your business but without commentary by our experts.

Development tax incentive and state grants based on individual government decision available only until 2013 year-end

According to currently available draft regulations and dominant regulatory trends, the **rules of receiving state grants by large corporations will be tighter in several respects** in the EU 2014–2020 programming period. The new regulatory environment might change, or even terminate, particular grant programmes.

For instance, the **European Commission's approval of the regime of state grants based on individual government decisions** or that of the **development tax incentive** among others **will expire on 31 December 2013**. It has not been decided when these funding schemes might be extended based on the new rules underway and such an extension may only be effective until mid-next year at the latest. Therefore, companies wishing to receive grants based on individual government decisions (EKD) and/or development tax incentive in the coming years, even for the implementation of projects which have not been finalised, should

- in the case of EKD, submit a so-called request list in the following 1-2 months (which makes it possible that grant contracts are signed and grant decisions are made, i.e. the rights are acquired, before 2013) and
- make claims for development tax incentives before December 2013 at the latest and submit applications in a way to leave sufficient time for the ministries to decide.

The scheduling of investment or R&D projects which require the preliminary approval of the European Commission due to their scale will be designed separately.

Grant opportunities in the new programming period to fund projects which drive research, technology development, innovation, environmental protection and energy efficiency and increase employment levels **will be available from early next year**. That means that projects and investments planned for the EU 2014–2020 programming period should be reviewed and preparations should be started in the months coming.

If you have any questions or comments concerning the above, please contact one of our tax experts:

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