



New VIP cash grant scheme

We would like to inform our Clients that, favorable changes, including new grant opportunities, shall be introduced in the VIP cash grant scheme (grant received based on an individual government decision) as of January 1, 2017. In addition to the new grant opportunities, several other provisions of the underlying rules will be amended.

New grant opportunities

- **Grant for R&D projects:** Under the new opportunity R&D projects realized by large companies anywhere in Hungary (including Budapest) with minimum eligible R&D costs of EUR 3 million will be eligible for grant if they will be completed within 1 to 3 years. Eligible costs are the personnel costs, depreciation of intangible assets and rent fees. The beneficiary should create minimum 25 new R&D jobs, of which minimum 75% has higher education qualification. The aid intensity is maximum 25% and the maximum available grant amount in HUF is equivalent of EUR 15 million.
- **Grant for technology-intensive investments:** Grant would be available without job creation in certain municipalities of Pest County or outside the Central Region of Hungary for investments with minimum EUR 30 million of eligible costs, if the investor employed more than 250 employees during the 12-month long period preceding the start of the investment. Maintaining the existing number of employees is mandatory; moreover, the aid beneficiary can commit to 30% increase of the annual wage cost or 30% increase of the net sales revenue. Intangible assets could be maximum 15%, while land acquisition costs could be 25% of eligible cost. The aid intensity is different from region to region, but maximum 25% of the maximum regional aid intensity in the given geographical location (i.e. in a 50% aid intensity region, the maximum aid intensity is 12.5%).
- As a favorable change, for investments located in **Békés, Nógrád, and Szabolcs-Szatmár-Bereg counties**, the VIP cash grant will be available if the investment creates minimum 50 new jobs and the eligible costs reach the EUR 5 million threshold.
- For investments aiming the **processing of agricultural products** the VIP cash grant would be available for a wider range of projects.

Our Expert



Csaba Márkus

Partner

+36-1-428-6793

csmarkus@deloittece.com

Other amendments

- Non-eligible **personnel costs** have been clearly listed.
- Activities, which could be carried out by **regional shared service centers** in the frame of the grant, have been specified.
- In the case of **investment is implemented in several locations**, if different eligibility criteria are prescribed for different locations, the stricter criteria should be applied for the entire investment.
- For present value calculation purposes, the **discount rate** applicable on the day of the grant decision would be used instead of the discount rate applicable on the last day of the month preceding the date when the aid application is submitted.
- **The definition of start of works** has been simplified, fewer choices are provided for the beneficiary.

Should you have any remarks or questions regarding the above, please contact our experts.



Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please see www.deloitte.com/about for a more detailed description of DTTL and its member firms.

In Hungary, the services are provided by Deloitte Auditing and Consulting Limited (Deloitte Ltd.), Deloitte Advisory and Management Consulting Private Limited Company (Deloitte Co. Ltd.) and Deloitte CRS Limited (Deloitte CRS Ltd.), (jointly referred to as "Deloitte Hungary") which are affiliates of Deloitte Central Europe Holdings Limited. Deloitte Hungary is one of the leading professional services organizations in the country providing services in four professional areas - audit, tax, risk and advisory services - through more than 400 national and specialized expatriate professionals. (Legal services to clients are provided by cooperating law firm Deloitte Legal Szarvas, Erdős and Partners Law Firm.)

These materials and the information contained herein are provided by Deloitte Hungary and are intended to provide general information on a particular subject or subjects and are not an exhaustive treatment of such subject(s).

Accordingly, the information in these materials is not intended to constitute accounting, tax, legal, investment, consulting, or other professional advice or services. The information is not intended to be relied upon as the sole basis for any decision which may affect you or your business. Before making any decision or taking any action that might affect your personal finances or business, you should consult a qualified professional adviser.

These materials and the information contained therein are provided as is, and Deloitte Hungary makes no express or implied representations or warranties regarding these materials or the information contained therein. Without limiting the foregoing, Deloitte Hungary does not warrant that the materials or information contained therein will be error-free or will meet any particular criteria of performance or quality. Deloitte Hungary expressly disclaims all implied warranties, including, without limitation, warranties of merchantability, title, fitness for a particular purpose, non-infringement, compatibility, security, and accuracy.

Your use of these materials and information contained therein is at your own risk, and you assume full responsibility and risk of loss resulting from the use thereof. Deloitte Hungary will not be liable for any special, indirect, incidental, consequential, or punitive damages or any other damages whatsoever, whether in an action of contract, statute, tort (including, without limitation, negligence), or otherwise, relating to the use of these materials or the information contained therein.

If any of the foregoing is not fully enforceable for any reason, the remainder shall nonetheless continue to apply.