

In-house Research & Development (R&D) Innovation Incentivized

Fiscal Incentives for Innovation under Income-tax Act, 1961 ("the Act")

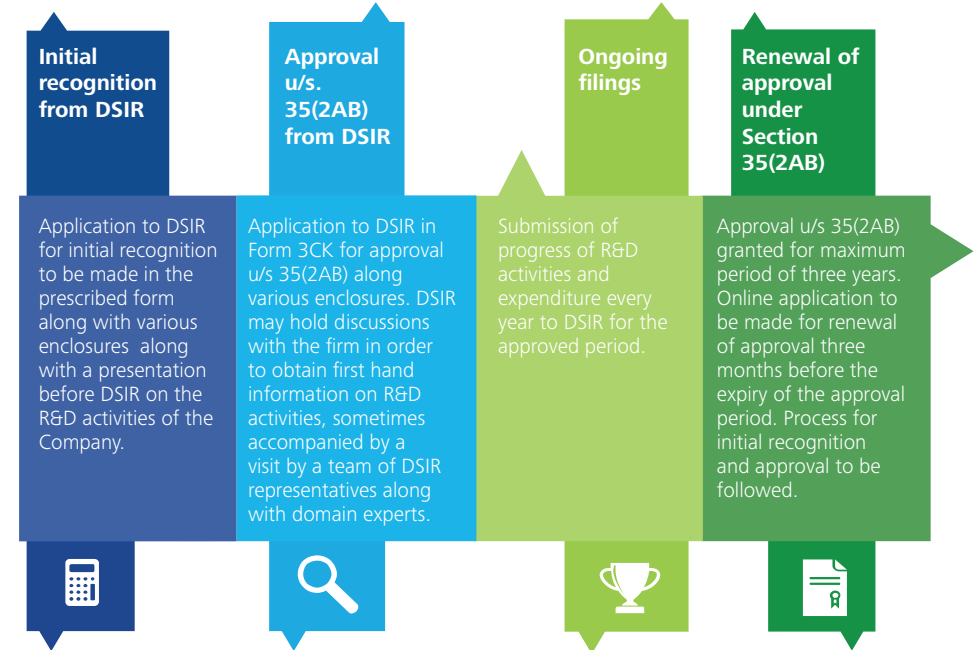
Innovation is the key to new Government's "Make in India" initiative. R & D activities apart from business advantage can bring tax efficiency to the tax payer. Complying with certain conditions may help in lowering the tax liability of the Company. R & D activities having following ingredients would be eligible for tax incentives

Beneficiary	Eligible tax payer	Categories	Benefit available as % of expenditure*
Companies undertaking in-house R&D	Companies undertaking in house R & D expenses	Not approved by DSIR	Normal deduction – 100% of the revenue expenses
		On obtaining approval of DSIR	Weighted deduction - 200%* of the expenses till 31st March, 2017
RA / Universities / College undertaking Scientific Research, Social Science or Statistical Research	Taxpayer who contributes / donates to such organization	On obtaining approval of income tax authorities	Weighted deduction - 175% / 125% of the contribution made
Companies having main object of undertaking Scientific Research	Taxpayer who gives contribution to such companies for scientific research activities	On obtaining approval of income tax authorities	Weighted deduction - 125% of amount given to such companies

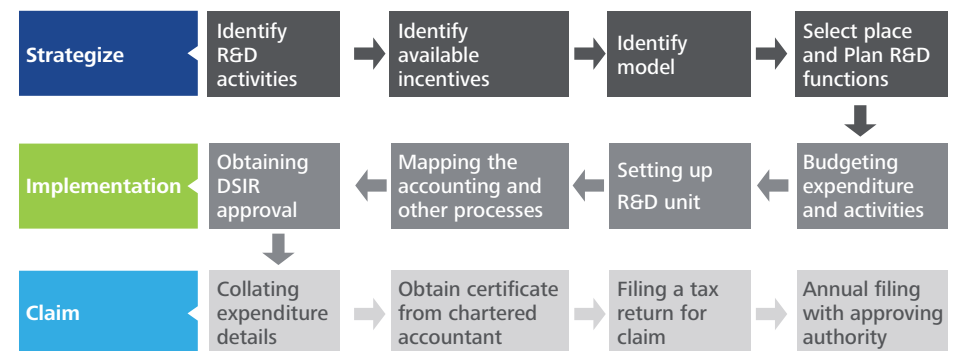
Benefit u/s 35(2AB) - Pre-requisites for claiming weighted (super) deduction

- 1 Company engaged into business of biotechnology or manufacture/production of article or thing other than those specified in the Eleventh Schedule.
- 2 Direct and Indirect tax benefits available on expenditure incurred by Company on 'in-house' R&D.
- 3 R&D Centre to have valid recognition by DSIR and maintain separate set of accounts for each R&D centre and reflect the expenditure in the Annual Report.
- 4 In-house R&D centre to be located in a separate earmarked area/building in India and has exclusive R&D manpower of its own.
- 5 R&D Facility not to relate to market research, quality control, testing, sales promotion, commercial production, etc.
- 6 Disposal of R&D Assets subject to DSIR Approval – Sale Proceeds thereof to be reduced from claim for weighted deduction

Phases of obtaining approval of DSIR



How Deloitte can help – end to end assistance



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