



Innovation Box

The Innovation Box has been introduced with the aim to encourage successful innovations in The Netherlands. Therefore companies deploying innovative activities in The Netherlands can apply for the Innovation Box.

Innovation Box advantage

As of 2018 the box offers an effective tax advantage of approximately 70% (up to 2017 80%) on profit derived from innovation. Qualifying innovative profits are effectively taxed against 7% instead of the regular 25% (21% in 2021) corporate income tax.

Qualifying profits

Qualifying profit must be generated from self-developed intangibles for which one or two entry tickets have been obtained. The Dutch R&D statement (WBSO) forms the heart of the Innovation Box without which no entry will be granted. The WBSO is a wage tax credit and offers great benefits on its own rather than being just a requirement needed in order to qualify for the innovation box.

Entry tickets

The list of qualifying intangibles has been expanded with several new options:

- R&D statement assets (WBSO)
- Patents (granted or requested);
- Plant variety rights (granted or requested);
- Software (as developed in WBSO ICT projects);
- Licenses for bringing to market medicines;
- Additional protection certificates;
- Registered utility models;
- Biological pesticides;
- Exclusive licenses for using the above mentioned tickets.

Smaller vs larger taxpayer

Different rules regarding entry tickets apply depending on the size of the company. Smaller taxpayers will only need a Dutch R&D statement (WBSO) to qualify. For the larger taxpayer the so-called double requirement has been introduced. Hence, in addition to the R&D statement (WBSO) the proof of innovation requires at least one of the additional legal tickets stated before.

Taxpayers meeting one of the two criteria are deemed to be qualified as a larger taxpayer for the purpose of the Innovation Box:

1. Revenue criterion: revenues worldwide at group level over a 5-year period > 250 million, or
2. Benefit criterion: gross benefit from all qualifying profit for which the taxpayer has been issued an R&D statement > 37.5 million over a 5-year period.

Innovation box application

Rulings are concluded with the Dutch tax authorities for a period of four to six years, prior to filing the Innovation Box position in the corporate income tax return and can be applied retroactively as long as the tax assessment has not become final.

Phase-in

First time applicants need to phase-in the profits eligible for the innovation box due to the fact that part of the R&D costs and therefore R&D profit are attributable to more than one year. Depending on how long it takes to renew the product portfolio or introduce updated versions the phase-in period varies from three to nine years.

Contact

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