



Global Tax and Legal | July 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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Czech Republic

Germany

Italy

Netherlands

Netherlands and the Republic of Korea

Poland

United Kingdom

United States

For more information

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# Czech Republic

## Environment Operational Programme (OPŽP)

The first calls have been announced under the Environment Operational Program and applications will be received from 14 August 2015 to 13 November 2015. The support may amount up to 85% of total eligible costs of the project.

The objective of the operational program is to protect and improve the quality of environment in the Czech Republic.

Examples of subsidized activities include the following:

- Construction and modernization of water treatment plants and increase in the quality of potable water sources;
- Construction and modernization of waste water treatment plants;
- Construction and modernization of facilities for collection, waste separation and waste treatment;
- Installation of boilers for the combustion of waste in heating plants;
- Replacement or renovation of combustion or other stationary pollution sources in order to reduce emissions;
- Acquisition of additional technologies and change in technology procedures leading to a reduction of emissions and level of pollution in combustion or other stationary sources; and
- Extension and renovation of centralized heat energy supplies.

**Scheme budget**

€2.637 billion

**Type of incentive**

Grants supported from EU Structural Funds

**Deadline**

14 August 2015–13 November 2015

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# Germany—automobile manufacturing/Industry 4.0/ICT/ all industry sectors

## Transport research program: innovative vehicle and system technologies

The framework program aims to strengthen the innovative capacity in the area of vehicle and system technologies by the development, prototyping and implementation of new technologies. The focus is on:

- Fast, safe and comfortable automated driving, including innovative sensors and actuation systems, localization, communication solutions, (sensor) data fusion and processing, man-machine-interaction; and
- Efficient, low emission and resource-saving innovative vehicles, including aerodynamics, lightweight design and material, drivetrain technologies and components.

### Scheme budget

- No overall budget published (30% of overall budget reserved for SMEs)
- Collaborative projects of at least two partners, participation of SMEs highly recommended
- For companies, grants of up to 50% of eligible costs can be awarded, appropriate own contribution of at least 50%
- Universities are eligible but should ideally be subcontracted
- There will be both open calls and calls with specific deadlines
- Projects must achieve a higher technology readiness level during the project duration
- Funding period of up to three years

### Type of incentive

Non-repayable cash grant to a consortium

### Deadline

Continuous application, next cut-off date 30 September 2015

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# Germany—bioeconomy/agriculture/food industry

## National research strategy Bioeconomy 2030: research for plant breeding

Funding of cross-disciplinary research projects in the following areas, e.g.:

- Functional biodiversity and its potential for plant breeding;
- The “system plant” in interaction with its environment (as a meta organism);
- Predictive breeding research, e.g. epigenetic markers, genome editing;
- Resource efficiency as the goal of breeding; and
- “Green” bio-informatics: biostatistics & data management as a knowledge base for an applied agricultural crop research.

### Scheme budget

- No overall budget published
- Innovation actions: Excellence-driven multi-phase program of up to three phases of 3 years each, interim goals must be achieved after 3 years, possible funding extension based on intermediate evaluation
- Application-oriented interdisciplinary collaborative projects, participation of industry partners desired but not required
- Funding rates depend on the availability of funding and the project requirements
- 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): 22 October 2015

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# Germany—material science/application in other industry sectors e.g. medical technology, automotive sector

## Innovative electrochemistry with new materials–InnoEMat

Support of high risk and application-oriented projects in the following areas:

- Electrochemical synthesis, e.g. anodic/cathodic synthesis, water treatment;
- Electrochemical surface technology/engineering, e.g. layer deposition;
- Facilities, components, tools, processes, e.g. simulation, sensors & analytics; and
- Functionalization of surfaces with bio-molecules and dual-productive processes at anodes and cathodes.

### Scheme budget

- No overall budget published
- Multidisciplinary approach of industry, research institutes and academia covering all aspects of the value chain, participation of SMEs desired
- Projects with a high degree of technical and economic risk and with high exploitation potential will be given priority
- Environmental aspects need to be taken into consideration during the production process
- For companies, grants of up to 50% of eligible costs can be awarded, contribution of the consortium partners of at least 40% of the overall project cost is expected; compensation payments between partners may therefore be necessary. Funding ratio for SMEs possibly higher
- For universities and research institutions, grants of up to 100% of eligible costs can be awarded
- Funding period of up to three years

### Type of incentive

Non-repayable cash grant to a consortium

### Deadline

Submission of project outline (first stage): 30 November 2015

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## Incremental R&D tax credit—in-depth analysis

The scheme is open to all applicants carrying out entrepreneurial activities.

The incentive is an incremental R&D tax credit scheme available for FY 2015 through 2019 and is equal to 25-50% (depending on expenditure “group”) of the annual R&D incremental expenditures exceeding the average value of the R&D expenditures incurred in FYs 2012, 2013 & 2014.

The average value must be compared with the “overall” annual R&D incremental expenditure exceeding it and then that amount has to be split into the incremental expenditure arising in each expenditure “group” to which the 25-50% is applied.

Eligible costs are those costs incurred for R&D projects. In particular:

- highly-qualified researchers cost (both employees and collaborators): 50% applied;
- depreciation of machineries and instruments acquired or acquired under financial/non-financial lease: 25% applied;
- cost of R&D activities contracted to universities, research entities, companies; those resident in a EU member state for tax purposes shall be eligible unless the costs are incurred with related parties: 50% applied;
- the cost of purchased technical knowledge/patents: 25% applied.

**Maximum benefit:** €5 million per year, provided a minimum expenditure amount equal to €30k per year.

This is an automatic incentive (no prior approval required). Appropriate documentation is needed to be certified and the certification cost could be eligible up to €5k (if certain conditions are met).

Scheme budget

€ 2.3 billion

Type of incentive

Tax credit

Deadline

30 September 2016

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# The Netherlands

## Stimuleren Duurzame Energieproductie (SDE+): an incentive for the production of renewable energy in the Netherlands

The SDE+ is aimed at companies and (non-profit) organizations that want to produce renewable energy. The cost price of renewable energy is higher than that of grey (fossil) energy and the production of renewable energy is not always profitable. The SDE+ compensates for the difference between the cost price of grey energy and that of renewable energy, over a period of 5, 12 or 15 years, depending on the relevant technology.

In 2015, the SDE+ is available for the production of:

- Renewable electricity;
- Renewable gas;
- Renewable heat or a combination of renewable heat and power (CHP).

### Scheme budget

The SDE+ is an incentive for the production of renewable energy in the Netherlands with a budget of €3.5 billion in 2015. Renewable energy is generated from clean, inexhaustible sources.

### Type of incentive

The SDE+ is an operating (feed-in-tariff) subsidy whereby producers receive a subsidy for the production of renewable energy and not for the acquirement of production installations, such as with investment subsidies.

The budget is distributed according to the principle of "first come, first served".

### Deadline

In 2015, the SDE+ is open until 17 December

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# The Netherlands and the Republic of Korea

## Eurostars: a promotional call for joint R&D projects

The Netherlands and the Republic of Korea have launched a promotional call for joint R&D projects within the Eurostars program. Companies and research organizations from both countries are invited to submit joint project proposals for collaborative industry-led R&D projects aimed at creating innovative products, processes and services for civilian applications.

This joint call is open to all technological areas, with a special focus given to the following fields of research and development: IT and convenient life; healthy society into action; safe and secure societies of tomorrow; sustainable living for a greener future.

Key criteria:

- The partners should include at least one Dutch and one Korean organization, of which at least one is a R&D performing SME;
- At least 50% of the project must be performed by the participating R&D performing SMEs;
- The project should comply with the goals of the Eurostars program;
- One country cannot represent more than 75% of the project budget.

The maximum funding of eligible costs for SMEs is 45%, up to a ceiling of €500,000 for all Dutch participants in the project.

**Scheme budget**

€18 million in The Netherlands

**Type of incentive**

Cash grant

**Deadline**

17 September 2015 at 20:00 CET

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# Poland—agriculture and food production

## Natural environment, agriculture and forestry - BIOSTRATEG

The program is carried out by National Research and Development Center supporting R&D works, as well as business implementation of their results in environment, agriculture and forestry areas, within the scope of five defined strategic fields:

- food safety and food security;
- rational management of natural resources with particular reference to water management;
- counteraction and the adaptation to the climate change, with particular reference to farming;
- protection of biodiversity and the sustainable development of the agricultural production space; and
- forestry and wood industries.

Applications should consist of two phases:

- Phase A – R&D phase, during which fundamental research, industrial research and development works are carried out; and
- Phase B – preparation of the results of research and development to be applied in practice (social/economic research, drawing up necessary documentation, developing procedures related to the market use of the product, granting industrial property rights).

Beneficiaries will be **research consortia consisting of at least three entities** (at least one enterprise and at least one research unit), performing economic activities or research and development in Poland.

### Scheme budget

€50m for current call for proposals. Program budget: €125m

### Type of incentive

Grants – minimum requested funding €2.5 M.

Maximum level of funding (% of eligible costs):

- research units – up to 100%
- industrial research by enterprises – from 65% to 80%
- development works by enterprises – from 40% to 60%
- preparation to implementation – 90%

### Deadline

24 July 2015. Third edition of the program envisaged in 2016.

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# United Kingdom—collaborative research and development

## Low carbon vehicles: propulsion technologies

Cash grants of up to £1 million are available to support projects which accelerate the commercialization of highly innovative technologies for civil aerospace.

Proposals are sought for projects which offer solutions to key aerospace industry challenges, including ones that bring in technologies and capabilities from outside the traditional aerospace sector.

Successful collaborative R&D projects will be expected to directly contribute to an end product and be aligned with the following key technology themes:

1. New manufacturing solutions that enhance cost effectiveness and affordability and/or support increasing rates of production;
2. Improved competitiveness through novel or advanced materials and associated processing technologies;
3. Technologies that enable improvements to overall vehicle performance and efficiency;
4. Reduced cost of vehicle ownership through novel technologies or process solutions; and.
5. New modelling and simulation techniques.

Proposals must be collaborative and business-led. The competition is open to companies of any size. However, the participation of SMEs and organisations from outside the traditional aerospace sector is particularly encouraged. Universities and research organizations are also encouraged to participate where they add value. Projects are expected to involve mainly industrial research in which a business partner will generally attract up to 50% public funding for their project costs (70% for small and 60% for medium-sized companies). Projects should last up to 36 months. Project costs should range in size from £250,000 to £1.5 million.

Scheme budget

£10m

Type of incentive

Cash grant

Deadline

Competition deadline 16 September 2015; Registration deadline 9 September 2015

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# United States—Utah

## Tax credit to eligible high cost infrastructure development projects

Utah SB 216 as signed into law creates a tax credit for entities developing high-cost infrastructure projects, provides eligibility criteria, and directs the Office of Energy Development to administer the credit.

“High cost infrastructure project” means: (a) (i) a project that expands or creates new industrial, mining, manufacturing, or agriculture activity in the state, not including a retail business; or (ii) new investment of at least \$50,000,000 in an existing industrial, mining, manufacturing, or agriculture entity, by the entity; (b) that requires or is directly facilitated by infrastructure construction; and (c) for which the cost of infrastructure construction to the entity creating the project is greater than: (i) 10% of the total cost of the project; or (ii) \$10,000,000.

### Scheme budget

Tax credit is an amount equal to: (A) 50% of the cost of the infrastructure construction associated with the high cost infrastructure project; or (B) if the high cost infrastructure project is a fuel standard compliance project, 30% of the cost of the infrastructure construction associated with the high cost infrastructure project.

### Type of incentive

Fiscal Incentives

### Deadline

Effective for taxable years beginning on or after 1 January 2016

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# United States—California

## California Competes Tax Credit for fiscal year 2015–2016

The California Competes Tax Credit (“CCTC”) is a competitive negotiated and applied for income tax credit available to businesses that want to locate, expand, or retain operations in California. The credit is based on some of the following factors: number of net new jobs created and retained, amount of investment after application submission deadline, and economic impact. The amount of CCTC incentives available in the 2015–2016 fiscal year is \$200 million. The credit has a 5 year carry forward starting the year the credit is utilized. The next application period opens 20 July 2015 through 17 August 2015 with \$75 million available in this round. There will two additional applications rounds beginning in 2016.

### Scheme budget

First round: \$75 million  
Second round: \$75 million  
Third round: \$50.9 million plus any remaining unallocated amounts from the previous application periods

### Type of incentive

Fiscal Incentives

### Deadline

Initial deadline 17 August 2015

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# United States—Colorado

## Tax credit measure for new businesses in distressed locations

Colorado Gov. John Hickenlooper signed legislation providing tax benefits to approved new businesses that locate inside “jump-start” zones in distressed counties. The legislation provides a mix of tax credits and tax exemptions for new businesses and their new-hire employees.

Colorado counties that meet the criteria for being designated “highly distressed” can offer enterprise zone-like tax benefits and incentives to any new business that brings at least five new jobs to the county. The program will be directed by the Economic Development Commission and coordinated locally by post-secondary institutions in each region.

### Scheme budget

New businesses that establish a relationship with a state institution in a rural jump-start zone will receive the following state tax benefits on top of any county or municipal incentives:

- an income tax credit equal to 100% of the income taxes imposed on the income derived from the new business activities in the tax-friendly zone, and
- a sales and use tax refund on the purchase of all tangible personal property acquired by the new business and used exclusively within the tax-friendly zone.

In addition, new employees of the business are entitled to receive an income tax credit equal to 100% of the income tax on their wages from the business.

### Type of incentive

Fiscal incentives

### Deadline

Not applicable

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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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