Deloitte.

Grants & Incentives program updates

Global developments benefiting business

Global Tax and Legal, June 2016

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 leader of the respective program directly.

Central Europe

The fifth annual Deloitte R&D survey mapping the attitudes of companies in 10 Central European countries (Croatia, Czech Republic, Estonia, Hungary, Lithuania, Latvia, Poland, Romania, Slovakia, and Slovenia) towards investing in R&D has been released. More than 400 respondents took part in the survey.

Key findings

- A comparison of the 2016 results with the 2015 survey shows that companies are planning a greater increase in their R&D investments over the next one to two years (45%) and the next three to five years (57%).
- The principal drivers that would motivate companies to invest more in R&D include the availability of a wider range of benefits enabling them to use a combination of grants, tax deductions, etc. and an increase in the availability of skilled and experienced researchers.
- Most companies (71%) are continuing to collaborate with third parties, such as universities and research institutions, which is proving beneficial for both sides.
- The key concerns expressed by companies from all surveyed countries include the uncertainties when the tax authorities review subsidies and tax deductions, uncertainties in identifying R&D activities, and a current scarcity of qualified and experienced research personnel.
- Most companies use a “company secrets” policy to protect their know-how and intellectual property (69%), followed by patents and utility designs (40%) and trademarks (31%).

Interested in finding out more? Download the full report here.

Contact:

Contact name	Ludek Hanacek
Email	lhanacek@deloittece.com
Tel no.	+42 024 604 2108

Back to top

Greece

Draft Investment Law submitted to Parliament

A new draft investment law, which was submitted to the Greek parliament on 2 June 2016, provides the framework on which state aid schemes will be based. The basis of the law is the EU General Block Exemption Regulation 651/2014, thus guaranteeing ex-ante compliance with EU state aid rules and regulations. The draft law would provide incentives to the private sector with a view to encouraging innovation and the production of high value added goods and services, the development of networks, synergies, etc., enhancing the competitiveness of enterprises, facilitating mergers, creating jobs and reducing the ecological footprint, among others.

Common rules based on EU General Block Exemption Regulation 651/2014

- General state aid schemes
  - Machinery and equipment scheme
  - General entrepre-neurship scheme
  - New independent SMEs scheme
- Schemes for investments of innovative nature, synergies and networking
  - Innovative SMEs scheme
  - Synergies and networking scheme
- Financial intermediation and capital funds scheme
- Integrated spatial and sectoral plans scheme
- Major size investments scheme

Contact:

Contact name	Stylianos Sbyrakis: Principal
Email	ssbyrakis@deloitte.gr
Tel no.	+30 210 678 1196

Back to top

Germany – automotive, ICT, sensors, IT-security

IT-safety and autonomous driving

The scheme provides funding for innovative and risky concepts and solutions that protect autonomously functioning vehicles against unauthorized access, as well as methods and procedures for the validation of users. To qualify, a project must address one of the following technological priority topics:

- Methods and procedures to avert cyber-attacks on vehicles and infrastructure
- Methods and procedures for increasing IT safety (e.g. "Security and Privacy by Design")

All concepts should be validated in demonstrations and prototypes.

Scheme budget	• Forming an industry-led consortium generally is required (projects of a single company will be considered only in exceptional cases); the inclusion of SMEs is welcome • For companies, grants of up to 50% of eligible costs can be awarded, provided there is an own contribution of at least 50% • For universities and research institutions, grants of up to 100% of eligible costs can be awarded • Project duration of up to three years
Type of incentive	Non-repayable cash grant to a consortium
Deadline	Submission of project outline (first application step): 5 August 2016
Contact name	Isabel Antholz: Senior Manager or Teresa Stahl: Consultant
Email	iantholz@deloitte.de or tstahl@deloitte.de
Tel no.	+49 (0) 40 32080 4910 or +49 (0) 89 29036 7109

Back to top

Germany – robotics, ICT, sensors, medical technology

Autonomous robots for assistant functions: improved basic interaction skills

The government intends to fund innovative R&D projects within the framework of human-machine-interactions that aim to improve and optimize the basic interactive skills of robots. The program specifically focuses on robotic systems that support the interaction between humans and robots (e.g. in a medical environment or with regards to mobility and daily life) and excludes industrial robotic applications.

Scheme budget	• Forming an industry-led consortium is required; the inclusion of SMEs is welcome • For companies, grants of up to 50% of eligible costs can be awarded, provided there is an own contribution of at least 50% • For universities and research institutions, grants of up to 100% of eligible costs can be awarded • Project duration of up to three years
Type of incentive	Non-repayable cash grant to a consortium
Deadline	Submission of project outline (first application step): 5 August 2016
Contact name	Isabel Antholz: Senior Manager or Teresa Stahl: Consultant
Email	iantholz@deloitte.de or tstahl@deloitte.de
Tel no.	+49 (0) 40 32080 4910 or +49 (0) 89 29036 7109

Back to top

Germany – SMEs only: Industry 4.0, Internet of Things, manufacturing, ICT

Industry 4.0 – test environments – preparing SMEs for Industry 4.0

This funding scheme promotes SME-led projects in the area of industry 4.0 and the Internet of Things. The projects should focus on the testing and demonstration of new digital products, the adaptation of digital processes and the improvement of new network-based business models.

The funding program aims to support the rapid and prototype-based improvement of innovative cyber-physical systems (CPS) and an acceleration of networking and interoperability in heterogeneous CPS environments.

Scheme budget	Only SMEs (as defined in EU guidelines) located in Germany may apply. The maximum contribution is as follows: • For small companies, grants of up to 50% of eligible costs can be awarded, provided there is an own contribution of at least 50% • For medium-sized companies, grants of up to 40% of eligible costs can be awarded, provided there is an own contribution of at least 60% • Contribution of up to EUR 100,000 • Project period of up to 12 months
Type of incentive	Non-repayable cash grant to single-company projects
Deadline	Submission of project outline (first application step): Next deadline: 15 October 2016 (further deadlines: 17 January 2017, 15 April 2017, 15 July 2017, 15 October 2017, and 15 January 2018)
Contact name	Isabel Antholz: Senior Manager or Teresa Stahl: Consultant
Email	iantholz@deloitte.de or tstahl@deloitte.de
Tel no.	+49 (0) 40 32080 4910 or +49 (0) 89 29036 7109

Back to top

Latvia – manufacturing, ICT, health care

Introduction of new products into production

The aim of the scheme is to encourage companies to increase productivity and competitiveness through the development and introduction of new products and technologies into production, as well as increasing private R&D investments in accordance with the Smart Specialization Strategy.

The scheme provides funding for the production or acquisition of experimental technology, as well as installation and testing in a real manufacturing environment (TRL4 – TRL8). Experimental equipment or components should be at least 20% of the experimental technology' total eligible costs.

Eligible costs include machinery, equipment, materials, software, and license and patent acquisitions necessary for the production, installation and testing of experimental technology.

Scheme budget	Total available funding: EUR 60 million Minimum total eligible costs per project: EUR 1 million Maximum eligible costs per project: EUR 16 million Aid intensity: 35% of eligible costs Maximum funding available to a group of companies: EUR 4 million
Type of incentive	Cash grant
Deadline	Project submission should start in July 2016 and will be open for two months
Contact name	Kaspars Rumba: Senior Manager
Email	krumba@deloittece.com
Tel no.	+371 6707 4174 or +371 2947 3733

Back to top

Netherlands

Innovation box: proposed changes to apply from January 2017

Following the recommendations in action 5 of the OECD's BEPS project, a draft bill has been issued that would make changes to the innovation box. The proposed changes, in particular, would affect medium-sized and large businesses.

Although most companies would continue to be able to benefit from the innovation box regime, additional substance and documentation requirements would be introduced under the bill. The bill is expected to be presented to parliament in September 2016 with discussions taking place during the period October – December. If adopted, the revised rules would take effect on 1 January 2017.

Substance: The existing rules would be amended to ensure that the profits attributable to the innovation box have sufficient substance in the Netherlands.

R&D statement: For each qualifying intangible, the taxpayer would be required to prepare an R&D statement and submit it to the relevant authorities at least one month before the period in which the R&D activities are to be performed.

Additional requirement for medium and large-sized taxpayers: In addition to the R&D statement, medium and large-sized taxpayers would need to have an exclusive license to exploit a patent, plant variety or software program relating to the intangible.

Administrative requirements: New documentation requirements would be introduced, increasing the administrative burden on taxpayers.

Grandfathering: Taxpayers with qualifying intangible assets developed on or before 30 June 2016 would be entitled to benefit from the current innovation box regime for five years, i.e. until fiscal years that start on or after 1 July 2021. Assets developed after 30 June 2016 will fall within the scope of the new rules.

Scheme budget	N/A (dependent on fiscal profit of the taxpayer)
Type of incentive	Tax incentive
Deadline	The tax authorities can agree to issue a ruling for the taxpayer at any time during the fiscal year
Contact name	C.E. de Jong: Partner
Email	cedejong@deloitte.nl
Tel no.	+31 (0)8 8288 7910

Back to top

Turkey–All sectors

R&D definition expanded and new Incentives in effect

Turkey has a regime that provides for a 100% deduction of R&D expenditure for qualifying R&D projects, as well as an additional deduction of 50% of the R&D expenditure increase over the prior year (Turkey's council of ministers will prescribe the conditions that must be satisfied to qualify for the super deduction.)

Changes to the regime, which included an expanded definition of R&D and the introduction of new incentives became effective on 1 March 2016.

The main changes are:

- Design activities and employment expenditure related to such activities now are included within the scope of the incentives.
- To qualify for the additional 50% deduction, the company must increase its R&D and design expenditure as compared with the prior year. Companies meeting this requirement no longer need to have at least 500 full-time equivalent R&D personnel to benefit from the super deduction. This change was introduced to ensure that smaller businesses with increasing levels of R&D activity can qualify for the incentive.
- Goods imported for qualifying R&D projects are exempt from customs duties and documents relating to R&D projects (including documents relating to the import of goods) are exempt from stamp duty and fees.
- The Council of Ministers is authorized to reduce the minimum number of R&D personnel required to set up an R&D center from 30 to 15.
- The government will finance the salaries of qualifying employees for a two-year period by paying an amount corresponding to the monthly minimum wage for each employee who holds at least an undergraduate degree in fundamental sciences.
- The rates of exempt income tax on wages of employees have been increased (to 95% for personnel with a Ph.D., 90% for personnel with a masters degree and 80% for other personnel)
- Order-based R&D and design project's expenditures conducted in R&D or design centers will be in the scope of CIT deduction at the rate of 50% for the R&D or design centers moreover the company giving the order has also right to benefit from the CIT deduction at the rate of 50%.

Scheme budget	No pre-determined budget
Type of incentive	Tax deductions, employee withholding tax exemptions
Deadline	There is no specific deadline
Contact name	Burak İnam: Senior Manager
Email	binam@deloitte.com
Tel no.	+90 312 295 4768

Back to top

United Kingdom – R&D grants

Materials and manufacturing

Innovate UK will fund projects that support innovation in manufacturing and materials and that lead to improvements in productivity, competitiveness and growth. The funding is competitive and can be used to support feasibility studies, industrial research and experimental development; projects may span more than one category of research.

Priority will be given to projects that include one of the following:

- Take an innovative step in addressing the manufacturing readiness of growing sectors;
- Develop flexible or efficient processes;
- Seek greater customization of products to fit diverging consumer needs;
- Diversify product and service lines to serve new markets; or
- Develop novel services that open up new sources of revenue from manufacturing.

Projects must be led by a business and include at least one SME. Project costs are expected to range in size from GBP 50,000 to GBP 2 million. Projects must last from six months to three years.

Up to 70% of project costs for feasibility studies and industrial research is available, and up to 45% for experimental development–this is dependent on the size of the entity.

Scheme budget	GBP 15 million
Type of incentive	Cash grant
Deadline	The deadline to register is 6 July 2016. The competition deadline is 13 July 2016.
Contact name	Nina Barton: Manager
Email	nbarton@deloitte.co.uk
Tel no.	+44 (0) 117 921 1622

Back to top

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:

Natan Aronshtam
Global Managing Director—R&D and GI, DTTL
naronshtam@deloitte.ca
+1 416 643 8701

David Cobb
Partner, R&D and Government Incentives, Deloitte UK
dcobb@deloitte.co.uk | Twitter: @davidfcobb
+44 20 7007 2996

Back to top