



Global Tax and Legal | March 2016

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.

China

Germany

Greece

Italy

Netherlands

For more information

China–High New Technology Enterprises (HNTEs)

New rules issued for recognition of HNTE status

Companies that are eligible for HNTE status are subject to a 15% enterprise income tax rate, rather than the standard 25% rate. The rules governing HNTEs, originally issued in 2008, have been considered somewhat out of step with the global economy, so new measures have been introduced to:

- Lower certain thresholds for a company to be recognized as an HNTE;
- Streamline the application process;
- Update the list of state-encouraged high-new technologies; and
- Enhance the post-recognition audit process, which determines whether a company continues to qualify as an HNTE.

More companies (SMEs, in particular) likely will be able to obtain HNTE status and enjoy the tax benefits. However, companies still need to consider whether to apply for HNTE status, since HNTE status results in various ongoing compliance obligations and the company must ensure that the associated IP arrangement is aligned with the group strategy. It is expected that post-recognition scrutiny and audits will be enhanced following the issuance of the new rules.

Scheme budget

N/A

Type of incentive

Reduction in the enterprise income tax rate

Deadline

Retroactively as from 1 January 2016

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Germany–microelectronics

Framework program “Microelectronics – Technologies for the Future”

The scheme focuses on the improvement of microelectronics in the following fields:

- Electronic systems with various functions (e.g. innovative integration technologies on a wafer and substrate level)
- Power electronics for the efficient use of energy (e.g. innovative circuit technology solutions based on new power semiconductor materials)
- Innovative tools for chip and system design (e.g. testing and verification methods for mixed analogue-digital systems and 3-D integrated systems)
- The full list of eligible fields can be found here:

https://www.bmbf.de/pub/Rahmenprogramm_Mikroelektronik.pdf

Scheme budget

Overall budget: EUR 400 million for all projects until 2020
The following ratios of funding are expected, with further details to be announced in specific calls:

- Funding of group or single projects to be determined on a call-by-call basis
- For companies, grants of up to 50% of eligible costs can be awarded, provided there is a contribution by the company of at least 50%; the funding ratio for SMEs may be higher (to be stated in individual calls)
- 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 company or consortium (to be determined on a call-by-call basis)

Deadline

Submission of project outline: Application based on published call; calls expected during Q3 2016. Deadlines to be set in individual calls

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Germany–battery, manufacturing, materials, all industries

Battery 2020 – battery materials for future electric cars and stationary applications

The scheme focuses on innovative material-based solutions for new battery systems that aim to improve qualities, such as energy and power density. Topics include:

- Material and process technology for battery systems (e.g. new and cost-efficient synthesis routes; new binding systems for micro electrodes and nanostructures)
- Material for secondary high-energy and high-performance battery systems (e.g. development of new active materials, such as water-based material systems, 3-D structured electrodes and multi-layer systems)
- Future battery systems (e.g. further development and exploitation of the potential of metal ions, metal sulphur and metal oxygen batteries)

Scheme budget

- No overall budget published
- For companies, grants of up to 50% of eligible costs can be awarded, provided there is an own contribution of at least 50%; the funding ratio for SMEs may be higher
- For universities and research institutions, grants of up to 100% of eligible costs can be awarded
- Funding period of up to three years
- Forming a consortium of at least one company and one university/research institution required

Type of incentive

Non-repayable cash grant to a consortium

Deadline

Submission of project outline: 31 May 2016

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Greece–tourism

Strengthening tourism SMEs through modernization and service improvements

The main objective of this action is to support the investment projects of existing micro, small and medium-sized enterprises in the tourism sector. The projects should aim to modernize the enterprise's infrastructure and operation, improve services, and upgrade any products. The enterprise should aim to improve its position in the domestic and international tourism markets.

Scheme budget

EUR 70 million.

The project budget for each proposal may range between EUR 15,000 and EUR 150,000, but for existing companies with a completed accounting period, the budget cannot exceed the FY 2015 turnover. Projects with budgets over EUR 150,000 will be funded up to those limits.

Type of incentive

Non-repayable cash grant up to 50% of eligible expenditure, but with a cap that follows the EU de minimis rule limiting companies to EUR 200,000 of state aid received within the last three years before approval

Deadline

- First stage submission period: 29 March 2016-17 May 2016
- Second stage submission: To be announced with the list of successful applicants from the first stage
- Eligible expenses can incurred on or after 2 November 2016. The duration of each project can be up to 24 months

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Italy–Patent Box

Patent box regime: forms, instructions, and clarifications

Italy's new patent box regime, which is based on the OECD "nexus approach," grants a partial exemption from corporate income tax and the local tax on productive activities for income derived from certain intangible assets. A range of IP falls within the scope of the patent box regime, including trademarks and, know-how.

After publishing the form and instructions for electing into the regime on 1 December 2015, the Italian tax authorities have published their first clarifications, which include instructions for filing a ruling request (which is mandatory where the IP is used directly) and require that the request include basic information, with more detailed data required within 120 days from filing (simplified rules apply to SMEs).

Scheme budget

N/A

Type of incentive

Patent box regime

Deadline

To elect into the regime for 2016, taxpayers must file the election form and the ruling request (if applicable) by the end of 2016

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Netherlands

Energy Investment Tax Credit (EIA)

The EIA is a program that allows companies that invest energy-saving processes, equipment and sustainable energy to deduct an additional 58% of investment costs (increased from 41.5% in 2015) incurred in 2016 from their taxable profits, which results in a net tax benefit of 14.5% of the investment.

Investments must be related to specific described techniques (such as cooling, lighting), but there also is an open category where the relationship between energy savings and the level of investment is used to determine whether the investment will qualify.

Scheme budget

EUR 161 million

Type of incentive

Tax credit

Deadline

Application must be submitted within three months after the investment contract is signed

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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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