



Grants & Incentives program updates

Global developments
benefiting business

Global Tax and Legal, November 2016

Contents

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.

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Czech Republic

ICT and shared services programme

The programme aims to stimulate the creation of new information systems, ICT solutions and highly sophisticated ICT tools, cloud solutions and new software products and services, as well as implementation. It also applies to the establishment and operation of shared services centres and the construction and modernization of data centres. The programme support—in the form of a cash grant—is intended for enterprises of all sizes. The subsidy amounts to no more than 45% of eligible expenditure on the project, whereby the minimum amount of aggregate eligible expenses is approximately EUR 37,000 and the maximum project amount is approximately EUR 4.4 million.

Scheme budget	Minimum of EUR 128 million
Type of incentive	Cash grant
Deadline	16 February 2017
Contact name	Luděk Hanáček: Partner, Tax and Legal in Central Europe
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* All monetary amounts are converted using the current rate (CZK/EUR).

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Czech Republic

ICT and shared services programme for start-ups

This programme provides support for micro-enterprises to encourage the creation of new information systems, ICT solutions and highly sophisticated ICT tools, cloud solutions and new software products and services, including related implementation. The available cash grant amounts to no more than 60% of eligible expenditure on the project, whereby the minimum amount of aggregate eligible expenses is approximately EUR 18,500 and the maximum project amount is approximately EUR 148,000.

Scheme budget	Approximately EUR 11 million
Type of incentive	Cash grant
Deadline	16 February 2017
Contact name	Luděk Hanáček: Partner, Tax and Legal in Central Europe
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Czech Republic

Programme for support of business real property development projects

Participation in the programme is intended for small and medium-sized enterprises (SMEs) wishing to modernize their outdated buildings and sites that currently have insufficient space and infrastructure. The subsidy amounts to no more than 45% of eligible expenditure on the project, whereby the minimum amount of aggregate eligible expenses is approximately EUR 37,000 and the maximum project amount is approximately EUR 1.8 million.

Scheme budget	Minimum of EUR 35 million
Type of incentive	Cash grant
Deadline	21 February 2017
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* All monetary amounts are converted using the current rate (CZK/EUR).

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Germany

Reliable, intelligent, and efficient electronics for electric mobility (Ziel-eMobil)

The scheme provides funding for research on electronic components and concepts within electronic cars that significantly increase the energy efficiency of the drivetrain, promote cost-efficient modularization of relevant electrical/electronic components and ensure the highest reliability, in particular with regard to the introduction of automated driving functions.

The following areas are, amongst others, of interest:

- Silicon carbide (SiC)-based power electronics for highly efficient electric traction drives, including traction converters, circuit concepts, module setups, etc.
- Highly integrated and modular electronics for electric vehicles, e.g. modular concepts, scalable technical components or module systems for energy storage, inverter and actuators
- Concepts for the highest reliability of electronic vehicles, e.g. EMC-compliant concepts for electronic components, as well as EMV-robust vehicle systems
- Hardware developments for intelligent self-diagnosis, aging management, life-time forecasting and maintenance management of electric vehicles and components, such as batteries

Scheme budget	<ul style="list-style-type: none">• Forming of a consortium is required; 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 project costs can be awarded
Type of incentive	Non-repayable cash grant to a consortium
Deadline	Submission of project outline (first application step): 31 January 2017
Contact name	Isabel Antholz: Senior Manager or Teresa Stahl: Consultant
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Germany

Innovations for reduction of salt, fats, and sugars in food

The scheme provides funding for R&D projects that focus on reducing the levels of salt, saturated fats and sugars in foods without affecting taste or quality (e.g. date of expiry).

Projects of interest include:

- Innovative processes technologies, allowing for a reduction of added salt (e.g. in the form of sodium chloride), saturated fats and/or sugar in foods
- Natural or new substances replacing or reducing the level of salt, saturated fats and/or sugar in foods

Scheme budget	<ul style="list-style-type: none">• For large companies, grants of up to 50% of eligible costs can be awarded; a higher funding quota for SMEs is possible• For universities and research institutions, grants of up to 100% of eligible project costs can be awarded• Project duration of up to three years
Type of incentive	Non-repayable cash grant
Deadline	Submission of project outline (first application step): 10 January 2017
Contact name	Isabel Antholz: Senior Manager or Teresa Stahl: Consultant
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Germany

Customer-related services

This scheme focuses on R&D projects in the field of customer-related services in all industry sectors, except life science and health care. Customer-related services are considered services that are meaningful only with the (active or passive) participation of the customer and that can be adjusted to the specific needs and problems of each customer. Projects that generally are eligible for funding can focus, for example, on the promotion of co-production, smart-services, smart home, service robotics, internet of things or platform business models.

The following aspects should be addressed in each project (among others):

- Development, testing, and optimization of business models for specific customer-related services, taking into account the needs of customers
- Appropriate forms of process organization that enable an innovative design of the customer relationship
- Demonstration of a prototype solution across different industry sectors
- Addressing information and communication technologies that play an important role in the implementation of customer-related services

Scheme budget	<ul style="list-style-type: none">• Forming of a consortium is required; inclusion of SMEs is welcome• For large companies, grants of up to 50% of eligible costs can be awarded; higher funding quota for SMEs is possible• For universities and research institutions, grants of up to 100% of eligible project costs can be awarded
Type of incentive	Non-repayable cash grant to a consortium
Deadline	Submission of project sketch (first application step): 01 March 2017
Contact name	Isabel Antholz: Senior Manager or Teresa Stahl: Consultant
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Greece

General entrepreneurship scheme

The scheme offers state aid for investment plans executed in Greece. Eligible expenditure can include the following:

- Capital expenditure in tangible assets
- Capital expenditure in intangible assets
- Wage costs of new jobs created as a result of the implementation of the investment project, calculated over a period of two years from the creation of each position
- Studies and consultancy services
- Start-up costs
- Investment costs for energy efficiency measures
- Investment costs for high-efficiency cogeneration from renewable energy sources
- Costs for energy production from renewable sources
- Energy-efficient district heating and cooling
- Costs for the remediation of contaminated sites

Investment plans will be evaluated under a “comparative evaluation” procedure. On-site audits will be carried out for all aided investment plans.

Scheme budget	EUR 150 million for 2016
Type of incentive	Up to the rate of the maximum state aid intensities of the Regional Aid Map for Greece. Conditions apply. <ul style="list-style-type: none">• Tax exemption—EUR 80 million total budget• Cash grant and subsidy—EUR 70 million total budget
Deadline	20 December 2016
Contact name	Stylios Sbyrakis: Principal R&D/GI
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Greece

New independent SMEs scheme

The scheme offers state aid for investment plans executed in Greece by new and independent SMEs. Eligible expenditure can include the following:

- Capital expenditure in tangible assets
- Capital expenditure in intangible assets
- Wage costs of new jobs created as a result of the implementation of the investment project, calculated over a period of two years from the creation of each position
- Studies and consultancy services
- Start-up costs
- Investment costs for energy efficiency measures
- Investment costs for high-efficiency cogeneration from renewable energy sources
- Costs for energy production from renewable sources
- Energy-efficient district heating and cooling
- Costs for the remediation of contaminated sites

Investment plans will be evaluated under a “comparative evaluation” procedure. On-site audits will be carried out for all aided investment plans.

Scheme budget	EUR 150 million for 2016
Type of incentive	Up to the rate of the maximum state aid intensities of the Regional Aid Map for Greece. Conditions apply. <ul style="list-style-type: none">• Tax exemption – EUR 50 million total budget• Cash grant and subsidy – EUR 100 million total budget
Deadline	20 December 2016
Contact name	Stylios Sbyrakis: Principal R&D/GI
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Greece

Support for mechanical equipment scheme

The scheme offers state aid for investment plans executed in Greece; eligible expenditure only can include mechanical equipment, such as:

- Purchase and installation of new machinery
- Purchase and installation of used machinery not older than seven years from the date of first purchase (special conditions apply)
- Leasing rent for new machinery (equipment leases are eligible, but operating leases are not)
- Purchase of vehicles for on-site use

Investment plans will be evaluated under a “direct evaluation” procedure. Administrative audits will be carried out for all aided projects, with 20% subject to random on-site audits.

Scheme budget	EUR 150 million for 2016
Type of incentive	Tax exemption up to the rate of maximum state aid intensities of the Regional Aid Map for Greece. Conditions apply.
Deadline	28 April 2017
Contact name	Stylios Sbyrakis: Principal R&D/GI
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Greece

Large investments scheme

The scheme offers state aid for significant investment plans (plans exceeding EUR 20 million, generating two new jobs per EUR 1 million spent) executed in Greece; eligible expenditure can include the following:

- Capital expenditure in tangible assets
- Capital expenditure in intangible assets
- Wage cost of new jobs created as a result of the implementation of the investment project, calculated over a period of two years from the creation of each position
- Energy efficiency costs
- Investment costs for the production of energy from renewable energy sources
- Investment costs for the remediation of contaminated sites
- Investment plans will be evaluated under a “direct evaluation” procedure.

Scheme budget	EUR 100 million for 2016
Type of incentive	Tax exemptions (10% of the investment cost) or a fixed corporate income tax rate for 12 years. Conditions apply.
Deadline	28 April 2017
Contact name	Stylianos Sbyrakis: Principal R&D/GI
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Poland

Regional Operational Programme, Measure 1.2 Research and development in enterprises

Entrepreneurs may obtain grants for the creation or development of R&D infrastructure, including the purchase of equipment. To benefit, a project must fall within the scope of one of the R&D&I funding priorities in the “Regional Smart Specialization”.

Costs that are eligible for a grant include amounts spent for property, materials and construction, fixed or intangible assets, certificates, other laboratory equipment and the cost of preparing a research agenda, including the cost of advice.

Scheme budget	EUR 20 million
Type of incentive	Grants up to 55% of eligible costs, depending on the location and size of the enterprise
Deadline	4 January 2017
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Poland

Regional Operational Programme, Measure 1.2 Research and development in enterprises

Entrepreneurs may obtain grants for the execution of R&D. To benefit, a project must fall within the scope of one of the R&D&I funding priorities in the “Regional Smart Specialization”.

Costs that are eligible for a grant include remuneration, depreciation of research equipment and intangible assets, costs for buildings and land, subcontracting and other operating costs.

Scheme budget	EUR 5 million
Type of incentive	Grants up to 80% of eligible costs
Deadline	4 January 2017
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Poland

Regional Operational Programme, Measure 1.2 Industrial Research, experimental development and implementations

Entrepreneurs may obtain grants for the creation or extension of R&D infrastructure, including purchase of equipment. To benefit, a project must fall within the scope of one of the R&D&I funding priorities in the "Regional Smart Specialization".

Costs that are eligible for a grant include costs for property, materials and construction, fixed and intangible assets, certificates, other laboratory equipment and the cost of preparing a research agenda, including the cost of advice.

Scheme budget	EUR 80 million
Type of incentive	Grants up to 70% of eligible costs, depending on the size of the enterprise
Deadline	29 December 2016
Contact name	Dominika Orzolek: Manager
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South Korea

Foreign investment tax exemption for high-tech business

A comprehensive reform of the foreign investment tax exemption for high-tech businesses was proposed on 28 July 2016:

- The scope of businesses eligible for foreign investment tax incentives (which currently includes 497 types of high-tech businesses and 153 types of industry-supporting service businesses) would be expanded to include (and focus on) new growth-engine industries
- The tax exemption would be based on the total tax base if a certain requirement is satisfied, e.g. if the income from the business using new growth-engine technologies accounts for 80% or more of the total tax base (currently, the exemption is based on the proportion of income from the qualified high-tech business to the total tax base)
- The tax exemption would increase to 100% of the foreign investment amount (currently 90%)
- A foreign investor would be subject to new minimum investment requirements

The eligible scope of new growth-engine technology would be determined through consultations with relevant committees as specified by the presidential Decree.

Scheme budget	N/A
Type of incentive	N/A
Deadline	N/A
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United Kingdom

Innovate UK: Manufacturing and materials round 2

Innovate UK will fund projects that support innovation in manufacturing and materials and 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.

Projects can include one or more of the following:

- Take an innovative step in addressing the manufacturing readiness of growing sectors
- Develop flexible or efficient processes
- Diversify product and service lines to serve new markets
- Develop materials for targeted performance specifications
- Develop materials for ease of manufacture
- Develop novel services that open up new sources of revenue from manufacturing

Projects must focus on a manufacturing or materials innovation, rather than a product innovation; the main challenge and risk in the project must be in the manufacturing process or materials development.

Projects must be led by a business and include at least one SME* working alone or in collaboration with other organisations. Project costs are expected to range in size from GBP 50,000 to GBP 2 million and projects must last from six months to three years. Projects lasting longer than 12 months or with costs of GBP 100,000 or more must involve working with other partners.

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

Scheme budget	GBP 15 million
Type of incentive	Cash grant
Deadline	The deadline to register is 18 January 2017. The competition deadline is 25 January 2017.
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*European Commission definition: Must have <250 employees and either <EUR 50 million turnover or <EUR 43 million balance sheet total.

For more information

For more information on any of the programmes 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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