



Global Tax and Legal | October 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.

Angola

Austria

Germany

Hungary

Netherlands

Poland

Portugal

United Kingdom

For more information

Angola—investment

New private investment law

A new private investment regime, created by Law No.14/15 of 11 August 2015, provides incentives and benefits to qualifying investors, i.e. foreign investment of USD 1 million or more (or its equivalent in national currency) and domestic investment of USD 500,000 or more (or its equivalent in national currency) are either granted by the ministry responsible for the investment area (for private investment proposals, up to USD 10 million) or by the head of government (for private investment proposals of USD 10 million or more). All projects are considered on a case-by-case basis.

The benefits consist of reductions in, or exemptions from, the industrial tax, property transfer tax and investment income tax, with the level of the benefit based on the “score” received by a private investment proposal by reference to specified criteria. The rate reductions/exemptions are available for periods of one to ten years. Benefits will terminate immediately if the investor has benefited from a tax savings equal to or higher than the investment made, upon expiration of the incentive or at the end of the 10-year period.

The government may grant additional benefits for investments of USD 50 million or more that are capable of creating at least 500 or 200 jobs for Angolan citizens in Development Zones A and B, respectively. The additional benefits are available by negotiation under the contractual regime for private investment.

Investors that do not seek to benefit from tax incentives are governed by the general rules applicable to trade and business, as well as the foreign exchange laws. Nevertheless, such investors must be registered under the new private investment regime.

Scheme budget

N/A

Type of incentive

Tax incentives

Deadline

N/A

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Austria—all sectors and industries

R&D tax credit

Austrian companies and foreign companies with a permanent establishment in Austria may apply for an R&D tax credit for R&D activities performed within the country. The credit was increased from 10% to 12% for eligible expenses as a result of a 2015 tax reform. Application for the R&D credit can be made at the time the corporate income tax return is filed for the relevant year. Unlike many cash grants, it is not necessary to apply for the credit before the project commences. The requirements to qualify for the R&D tax credit are based on requirements in the OECD Frascati Manual.

Scheme budget

Unlimited

Type of incentive

Tax credit, constituting a cash back incentive (instead of a super deduction of eligible expenses)

Deadline

Until the corporate income tax assessment for the relevant fiscal year is finalized

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Germany—bio-economy/agriculture/alternative energy/ consumer goods

Bio-economy as a social change

Funding of cross-disciplinary research projects that foster social, political and economic change with respect to the following:

- Alternatives to fossil fuels
- Activities counteracting climate change
- Activities for the sustainable use of renewable resources

Scheme budget

- No overall budget published
- Single and collaborative projects with at least two partners, participation of SMEs is recommended
- For companies, grants of up to 50% of eligible costs can be awarded; higher rates may be available for SMEs
- For universities and research institutions, grants of up to 100% of eligible costs can be awarded
- Funding period is a maximum of three years

Type of incentive

Non-repayable cash grant to a consortium and single participants

Deadline

Submission of project outline (first stage): 20 November 2015

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Germany—e-mobility/mechanical and plant engineering/ automotive

Compact and robust next generation power electronics

This call focuses on R&D by industry-driven, collaborative projects on next generation compact and robust power electronics that include, in particular, modules and systems based on semiconductor materials with a large band gap, the so-called wide-band gap (WBG) semiconductors silicon carbide (SiC) and gallium nitride (GaN) and highly integrated silicon-based power electronics systems.

Scheme budget

- No overall budget published
- Interdisciplinary collaborative projects of science and industry. Participation of SMEs is recommended
- Integration of end-users that are willing and capable of promoting a broad application, service providers, system manufacturers or providers
- For companies, grants of up to 50% of eligible costs can be awarded, provided there is a self-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 three years

Type of incentive

Non-repayable cash grant to a consortium

Deadline

Submission of project outline (first stage): 15 November 2015

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Hungary—all sectors

Promoting corporate R&D&I (no. GINOP-2.1.1–15)

For SMEs and large companies (either as part of a consortium involving SMEs, or independently, but providing SMEs with a share of the results and profits of the project) implementing R&D&I projects in Hungary outside the Central Hungary area. Projects must be completed within 24 months. Costs of applied research and experimental development also may be eligible.

Scheme budget

HUF 50 billion (approximately €167 million)
Maximum grant is about €3.3 million

Type of incentive

Non-refundable cash grant

Deadline

29 September 2017 (subject to availability of scheme budget)

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Hungary—manufacturing sectors

Grant for large Hungarian companies

Newly introduced funded cash grant for (primarily Hungarian owned) large companies that create jobs. The minimum eligible cost is about €0.3 million. Eligible costs include the purchase of assets, hardware, software and know-how, infrastructural development. Projects must be completed by May 2016 at the latest.

Scheme budget

HUF 3 billion (approximately €10 million) for 2015
Minimum grant is about €0.16 million, with no maximum or job creation requirement

Type of incentive

Non-refundable cash grant

Deadline

November 15, 2015 (call is expected to be relaunched in February 2016 for 2016–2017)

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Hungary—all sectors

R&D competitiveness and excellence collaboration (No. GINOP-2.2.1–15)

For consortia implementing R&D&I projects in Hungary outside the Central Hungary area. Consortium members may be SMEs, large companies, budgetary institutions or non-profit enterprises, implementing R&D activities or religious institutions. Costs of basic research, applied research and experimental development can be eligible as well as costs of purchase of assets, infrastructure and project management.

Scheme budget

HUF 50 billion (approximately €167 million)
Maximum grant amount is about €13.3 million

Type of incentive

Non-refundable cash grant

Deadline

30 November 2017 (subject to availability of scheme budget)

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Netherlands

R&D incentive

Improvement of WBSO/RDA regulation as from 2016

The R&D allowance (income tax and corporate income tax deduction for R&D) and the R&D wage tax reduction will be integrated by including all R&D costs and expenditure (including wages) in the wage tax reduction. As a result of this change, companies that do not pay corporate income tax will be able to benefit from the incentive.

Scheme budget

€1.1 billion (2016)

Type of incentive

R&D incentive – reduced wage tax and social security contributions
The reduction is 32% (up to 40% for start-up companies) (2015: 35%) for R&D costs and expenditure up to €350,000 (2015: €250,000). A reduction of 16% (2016) (2015:14%) will apply for R&D expenses and expenditure exceeding €350,000. There is no maximum per taxpayer. The current maximum of €14 million will be abolished.

Deadline

Yearly cut-off deadlines: November and May

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Poland—all

Support for industrial R&D carried out by large enterprises – fast track (Sub-measure 1.1.1 of the Smart Growth Operational Program)

Administered by the National Centre for Research and Development (NCR&D), the program supports industrial research and experimental development or experimental development carried out by large enterprises.

One requirement to benefits is that a project must fall within the scope of one of the funding priorities in the area of R&D&I, the “National Smart Specialization.”

Eligible costs include remuneration, costs of outsourcing (up to 50%), the purchase of R&D infrastructure and equipment (depreciation and lease), intangible assets, land and buildings, other operational costs, and indirect costs (up to 17%).

The NCR&D will make a decision on a grant request within 90 days of the call closing.

Scheme budget

€188 million for current call for proposals

Type of incentive

Project: A minimum of €3 million of eligible costs are required with a maximum threshold of €50 million of eligible costs per project.

Grants: The maximum level of funding (percentage of eligible costs):

- *Industrial research*: 50% and 65% for the wide dissemination of R&D results (scientific and technology conferences, publications in journals, databases available via open or common software).
- *Development works*: 25% and 40% for the wide dissemination of R&D results (scientific and technology conferences, publications in journals, databases available via open or common software).

Please note that in both cases above the basic assistance can be increased by 15% in the case of wide dissemination but the support is targeted to the R&D itself.

Maximum level of support:

- €20 million, if industrial research constitutes more than 50% of eligible costs, or
- €15 million if development works are more than 50% of eligible costs.

Deadline

30 November 2015

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Poland—all

Application projects (Sub-measure 4.1.4 of the Smart Growth Operational Program)

Program managed by National Centre for Research and Development (NCR&D) support projects conducted by research consortia consisting of at least one research unit and one entrepreneur, but no more than five entities, that intend to conduct R&D or only development activities. The project should involve product or process innovation and fall within the scope of one of the “National Smart Specializations.” The planned results of the project must have the characteristics of disruptive innovation and be novel.

Eligible costs include remuneration, costs of outsourcing (up to 50% of eligible costs incurred by a particular entrepreneur in the project), R&D infrastructure and equipment (depreciation and lease), intangible assets, land and buildings (up to 10% of eligible costs), other operational costs, and indirect costs (up to 17% of direct costs excluding costs of outsourcing).

Announcement of the evaluation results will be made within 90 days of the call closing.

Scheme budget

€50 million for current call for proposals

Type of incentive

Project: At least €0.5 million of eligible costs are required.

Grants: The maximum level of funding (percentage of eligible costs):

- *Industrial research*: 70% for micro and small enterprises, 60% for medium-sized enterprises and 50% for large enterprises.
- *Development work*: 45% for micro and small enterprises, 35% for medium-sized enterprises and 25% for large enterprises.
- Up to 100% for research units.

Please note that the basic assistance can be increased by 15% in the case of wide dissemination but the support is targeted to the R&D itself.

Maximum level of support for one project: €2.5 million

Deadline

19 November 2015

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Portugal

Rural development program 2014–2020 (Measure 3.2 Investment in Agricultural Exploration)

Support investments in agricultural exploration that have the following objectives: (i) enhancing the viability and competitiveness of agricultural exploration, promoting innovation, training, organizational training, and resizing companies; or (ii) preserving and improving the environment, ensuring compatibility of investments with environmental standards and health and safety at work.

Scheme budget

€30 million

Type of incentive

Non-repayable cash grant of up to €2 million per beneficiary, followed by a repayable cash grant for the additional amount, up to €2 million.
The base support rate is 30%.

Deadline

31 December 2015

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Portugal

Rural Development Program 2014–2020 (Measure 3.3 Investment in the Processing and Marketing of Agricultural Products)

Support investment projects that have the following objectives: (i) promoting the expansion and renovation of agro-industrial production structures, enhancing value creation, innovation, quality, and food safety, the production of tradable goods and internationalization of the sector; or (ii) preserving and improving the environment, ensuring compatibility of investments with environmental standards and health and safety at work.

The investment projects must be carried out by entities that operate within the secondary agricultural sector and contribute to the development of production or to the added value of agricultural production.

Scheme budget

€24 million

Type of incentive

Non-repayable cash grant of up to €3 million per beneficiary, followed by a repayable cash grant for the exceeding amount.
The base support rate is between 35% (less developed regions) and 25% (other regions).

Deadline

31 December 2015

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Portugal

Incentives for Technology Research and Development (contractual regime)

Support technology research and development (TR&D) projects promoted by companies if the following conditions are fulfilled: (i) the TR&D project has an eligible investment amount of at least €10 million and is of special interest to the Portuguese economy; (ii) the TR&D project is recognized by the Portuguese government as having strategic interest (irrespective of the eligible investment amount).

Scheme budget

No overall budget published (except for the Algarve region that has a budget of €4 million).

Type of incentive

Non-refundable cash grant on the first €1 million per beneficiary and any incentive in excess of €1 million will be applied in the proportions of 75% non-refundable incentive and 25% of refundable incentive, without interest.

Deadline

31 December 2015

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United Kingdom

Eurostars

This European funding program is dedicated to support R&D-performing SMEs in any technological area that aims to develop an innovative new product, process or service that will be rapidly commercialized.

Applications must include at least two independent partners established in at least two of the 34 participating Eurostars countries.

Projects must be completed in 36 months or less and market introduction of the project results should be within 24 months of the completion of the project.

Innovate UK will fund up to 60% of eligible costs up to a maximum grant of €360,000 (on eligible project partner costs of €600,000 per UK partner). A SME must have been registered as a UK company for 12 months, have PAYE staff and been trading for 12 months before the application deadline.

Scheme budget

€1.15 billion (2014–2020)

Type of incentive

Cash grant

Deadline

18 February 2016

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United Kingdom

Innovate UK – materials for demanding environments

Support for technical feasibility studies to demonstrate radical or novel improvements in the performance of materials in demanding, extreme and/or aggressive environments.

The scope of this competition does not include materials that can already be embedded into products, the development of new material manufacturing technologies, or process optimization projects.

Projects must be led by a business and be collaborative, involving a partner with a future route to market.

Small businesses could receive up to 70% of their eligible project costs, medium-sized businesses 60% and large businesses 50%.

Projects are expected to last 6 to 12 months and range in size from total costs of £100,000 to £150,000, although projects outside this range may be considered.

Scheme budget

£2 million

Type of incentive

Cash grant

Deadline

25 November 2015 (Registration closes: 18 November 2015)

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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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