



Global Tax and Legal | September 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.

Horizon 2020

Austria

Czech

Germany

Italy

Poland

United Kingdom

Knowledge and Learning

For more information

Horizon 2020 – major new funding round

The European Commission soon will be launching the next major round of funding under Horizon 2020 for the period 2016-2017. The actual timing of the launch is still to be confirmed, although it is expected to be at the end of September or the beginning of October.

What is Horizon 2020?

Horizon 2020 is the EU Framework Program for Research and Innovation and is open to academia, research, industry, and other stakeholder organizations. It contains a number of funding programs and mechanisms, and is based on a three-pillar structure (excellent science, industrial leadership, societal challenges) covering the entire innovation chain and all major areas of science and technology, from research to the market.

Areas covered include: Information and communication technology (ICT); biotechnology; energy; the environment; resource efficiency and raw materials; food safety; health; security; space; transport; nanotechnologies; advanced materials; advanced manufacturing and processing; agriculture and forestry; and marine, maritime and inland water.

Funding and eligibility

Beneficiaries can receive up to 100% of the total eligible costs incurred on a research project. For innovation projects (close-to-market activities, usually with a stronger industry focus), the grant is limited to a maximum of 70% of the total eligible costs (100% for not-for-profit entities).

Most projects require a minimum of three participants from three different EU member states or countries that are associated with Horizon 2020, although projects specifically for small and medium-sized enterprise (SMEs) can have a single applicant or be collaborative.

Calls for proposals

To apply for funding under Horizon 2020 a project proposal will need to be prepared and submitted in response to a Call for Proposals. Work Programs announce the specific research and innovation areas that will be funded and cover a two-year period.

Information on all Calls for Proposals is available on the European Commission's Research and Innovation Participant Portal:

ec.europa.eu/research/participants/portal/

The story so far...

An analysis of the first 100 Calls for Proposals¹ under Horizon 2020 has shown that Horizon 2020 is extremely popular and has attracted a significant number of newcomers (38% of successful applicants) that did not apply under the previous Framework Program (FP7). The participation of industry, in particular SMEs, has increased (the 20% budget target for SMEs has been achieved) and in general the process is simpler. The online portal for information and submission has been well received, the quicker time to grant of eight months was met in 95% of cases, and two-year work programs have helped with planning ahead.

For more information, contact Steve Conibear at stconibear@deloitte.co.uk or +44 29 20 264 325.

¹ https://ec.europa.eu/programmes/horizon2020/sites/horizon2020/files/horizon_2020_first_results.pdf

Austria—all industries

Bottom-Up R&D funding program (Experimental development)

The program aims to strengthen the competitiveness of companies based in Austria by funding the development of new products, processes, and materials. The funding strategy of the R is essentially based on the “bottom-up” principle, i.e. it is open to all branches of industries, research topics, companies and projects of all sizes. Cooperation with scientific partners and the involvement of young researchers is permitted.

Application and decision process:

- The program is continuously open with periodic cut-off deadlines. Applications may be submitted at any time. Evaluations are conducted via a swift approval process and are based on the Austrian Research Promotion Agency (FFG) scoreboard.

Scheme budget

EUR 200 million per annum

Type of incentive

Funding is up to 50% (up to 70% for start-ups) of total eligible project costs. The FFG uses a combination of several financing instruments:

- cash grants
- low-interest loans
- guarantees for bank loans, plus interest subsidies

Deadline

Cut-off deadlines: 21 October and 1 December 2015

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[Back to top](#)

Czech Republic (except for Prague)

Special industrial zones as investment incentives

The Czech government has approved the proposal of the Ministry of Trade and Industry and announced the establishment of special industrial zones for the private sector. The following zones have been selected to be pilot special industrial zones:

- Ostrava–Mošnov strategic industrial zone
- Holešov strategic industrial zone
- Most–Joseph strategic industrial zone

Scheme budget

25% of invested eligible costs, cash grants up to CZK 300,000 for newly created jobs, a subsidy in the form of a five-year exemption from property tax

Type of incentive

Investment incentives

Deadline

There is no application deadline, although the tax relief must be utilized within 10 years

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[Back to top](#)

Germany—electronics/mobility/ICT/automotive

Electronic systems for fully automated driving (ELEVATE)

This scheme aims at the development of innovative technological fundamentals of electronic systems for automated driving in urban environments and the use of synergies of electrical and automated driving, including electronic systems (low-cost sensor systems, technologies for environment detection in difficult conditions, highly integrated sensor designs, chip-based sensor data fusion and processing in real time, fast and energy-efficient computer architectures for electronic control units, low-energy board network topologies), and system concepts (board network topologies, hardware-based system concepts methodology development for validating automatic driving functions).

Scheme budget

- No overall budget published
- Interdisciplinary collaborative projects between academia and industry; participation of SMEs is recommended
- For companies, grants of up to 50% of eligible costs can be awarded (own contribution of at least 50%); funding quota for SMEs may be higher
- For universities and research institutions, grants of up to 100% of eligible costs can be awarded
- The funding period is two to three years

Type of incentive

Non-repayable cash grant to a consortium

Deadline

Submission of project outline (first stage): 25 October 2015

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[Back to top](#)

Germany—multinational cooperation/neuroscience/ICT

Multilateral cooperation in Computational Neuroscience: Germany - US - Israel - France

The focus of this program is on innovative research and resources and to help to ensure that experts from the fields of theory, computational science, technology, mathematics and statistics, use and develop modern computational methods for processing dynamic and complex neuroscientific issues. Funded research in computational science must be based on biological processes and should lead to hypotheses that can be checked in biological studies.

Scheme budget

- No overall budget is published
- Grants between EUR 87,000 and EUR 225,000 per annum can be awarded
- Collaborative projects between science and industry; participation of SMEs is recommended
- For companies, grants of up to 50% of eligible costs can be awarded
- The funding period is up to three years

Type of incentive

Non-repayable cash grant to a consortium

Deadline

Submission of project outline (first stage): 29 October 2015

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[Back to top](#)

Germany—health care/ICT

Innovative stem cell technologies for personalized medicine

Funding interdisciplinary research collaborations geared to unlocking the full potential of novel reprogramming technologies and induced pluripotent stem (IPS) cells for application. A pooling of expertise from applied basic and close clinical research is needed. Areas in which projects can focus include:

- Therapy: clinically appropriate methods for reprogramming or strategies for the genetic modification of IPS or other reprogrammed cells, preparation of appropriate cellular and tissue constructs, upscaling methods
- Model and test systems: optimization and standardization of methods and technologies for reprogramming, process for the preparation of suitable in vitro tissues, procedures for the use of disease-specific drug screening, clinical trials

Scheme budget

- No overall budget published
- Interdisciplinary research projects combining clinical and basic research expertise, participation of SMEs is recommended
- Large industrial players can participate only in certain circumstances
- Applicants must have a proven track record in relevant fields of research
- For companies, grants of up to 50% of eligible costs can be awarded (own contribution of at least 50% of total expenses is required); funding quota for SMEs is higher
- For universities and research institutions, grants of up to 100% of eligible costs can be awarded
- The funding period is up to three years

Type of incentive

Nonrepayable cash grant to a consortium

Deadline

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

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[Back to top](#)

Settlement Contract – Budget increase

An additional EUR 300 million is allocated to the implementation of highly innovative, competitive and energy-efficient settlement contracts in relatively underdeveloped areas (Campania, Basilicata, Puglia, Calabria, Sicily). To date, more than 100 projects have been submitted.

Scheme budget

Overall: EUR 550 million

Type of incentive

Grants, subsidized loans and interest-rate subsidies may be provided, or combined up to 75% of the gross grant equivalent of eligible expenses

Deadline

Opening of the program: 10 June 2015
Resources are distributed among claimant companies based on the time a claim is submitted

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[Back to top](#)

Ministerial decree on the patent box regime

The patent box scheme is open to all applicants carrying out entrepreneurial activities. The incentive, designed to encourage the development of intellectual property (IP) in Italy, is an elective regime (irrevocable for five years) that provides a 50% exemption from corporate income tax and the local tax on productive activities (IRAP) for net income derived from the direct exploitation or licensing of a broad range of intangible assets (e.g. software, patents, brands, designs and trademarks, know-how, formulas and processes), as well as a full exemption for capital gains arising from the disposal of such assets. Both the holders of IP and those that have the rights of economic exploitation of IP can benefit from the patent box.

Income eligible to benefit from the patent box regime must be derived from R&D activities substantially incurred for the maintenance, increase or development of the IP (in line with the OECD “modified nexus approach”). Fundamental, applied research, design, brand promotion, and other IP-related activities qualify and the R&D activities can be performed outside Italy.

The patent box scheme is applicable as from FY 2015, but for FYs 2015 and 2016 the exemption is limited to 30% and 40%, respectively, of qualifying net income.

Scheme budget

Approximately EUR 150 million for 2015

Type of incentive

Patent box regime (tax exemption)

Deadline

For FY15 and FY16, companies interested in obtaining benefits under the patent box regime should contact the Italian tax authorities within deadlines yet to be published.

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[Back to top](#)

Poland

Support for investment in R&D infrastructure (Measure 2.1 of the Smart Growth Operational Program)

Administered by the Ministry of Economy, this program supports the set up or development of R&D infrastructure through investment in equipment, devices, and technology with the goal of conducting R&D to create innovative products and services.

The incentive will be available to enterprises. Key to obtaining support will be a research agenda that contains plans and expected results of R&D work to be carried out by the entrepreneur in the newly created or developed R&D center.

Scheme budget

EUR 115 million for current call for proposals

Type of incentive

Project: A minimum of EUR 0.5 million of eligible costs are required with a maximum threshold of EUR 50 million of eligible costs per project.

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

- Costs incurred to purchase land, fixed and intangible assets, construction works – in compliance with the regional aid map (up to 70% of eligible costs)
- Costs incurred to obtain technical knowledge and costs of consultancy and equivalent services used for the project (25% to 45% of such costs)
- Costs incurred to purchase materials and products directly related to the implementation of the project (up to EUR 200,000 for enterprises operating in the road and transport sectors up to EUR 100,000)

Deadline

30 October 2015

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[Back to top](#)

Poland

INNOMED – Support for medical innovation (Measure 1.2 of the Smart Growth Operational Program)

Administered by the National Research and Development Center, this program supports projects that include industrial research and/or experimental development work. To qualify, a project must be in line with the National Smart Specializations in the areas of:

- Medical engineering technology, including medical biotechnology in oncology
- Diagnosis and therapy, including personalized therapy in cancer
- Manufacturing of pharmaceutical products for use in oncology

The project must be completed within five years, but no later than 31 December 2023.

Beneficiaries will be enterprises and consortia of enterprises consisting of at least two entities. Each enterprise may be an applicant or member of a consortium in maximum of two projects submitted within the call for proposals.

Scheme budget

EUR 23.75 million for current call for proposals

Type of incentive

Grants – Requested funding of EUR 0.25 million up to EUR 2.5 million
The maximum level of funding (percentage of eligible costs):

- Industrial research: 50% to 80%
- Development work: 25% to 60%

Deadline

1 October 2015

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[Back to top](#)

Poland

Commercialization of research (Measure 3.2.1 of the Smart Growth Operational Program)

The program is administered by the Agency for Enterprise Development and supports the implementation of conducted or acquired R&D. The program focuses on making enterprises more innovative through conducting and implementing R&D works, which in turn should result in actual products or services that can be introduced onto the market.

In addition to reimbursement of key investment costs incurred by beneficiaries, the operational costs of research activities and advisory works provided by external partners may qualify for funding.

As a result of the program, entrepreneurs can finance expenses necessary to implement new or significantly modified products and services as an outcome of conducted or outsourced R&D work.

To obtain funding, a project must be innovative on a national scale and must be completed within three years and not later than 31 December 2023.

Beneficiaries are SMEs located in Poland.

Scheme budget

EUR 125 million for current call for proposals

Type of incentive

Grants – minimum level of eligible costs EUR 2.5 million with the maximum requested funding EUR 5 million.

Maximum level of funding (% of eligible costs):

- Experimental development works – from 35% to 45%, up to €112,500
- Advisory – 50%, up to €125,000
- Investment costs – in compliance with the regional aid map (up to 70% of eligible costs)

Deadline

30 September 2015

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[Back to top](#)

United Kingdom—Collaborative research and development (R&D)

Developing advanced lightweight vehicles

GBP 1 million, plus cash grants are available to support collaborative R&D projects that aim to significantly reduce the weight of road vehicles. This competition will support the following categories of projects:

- Development of cost-effective manufacturing processes for advanced lightweight materials for use in medium—and high—volume vehicles
- Innovative development of light-weight on-vehicle componentry
- Development of new components that will replace a number of other components to enable vehicle weight reduction

Funded projects will have the opportunity for follow-on support via the Advanced Propulsion Centre (APC) to further develop the products and processes for commercialization.

Proposals must be collaborative and be led by a UK-based business organization. Consortia need to include at least one vehicle manufacturer or Tier 1 supplier.

Projects are expected to involve mainly industrial research in which a business partner generally will attract up to 50% public funding for their project costs (70% for small companies and 60% for medium-sized companies). Projects are expected to last between 18 and 36 months. Project costs should range from GBP 2 million to GBP 5 million, although projects outside these ranges will be considered.

Scheme budget

GBP 20 million

Type of incentive

Cash grant

Deadline

Competition deadline 14 October 2015; registration deadline 7 October 2015

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[Back to top](#)

Knowledge and Learning

Global Deloitte G&I Conference Berlin, 29 to 30 October 2015

Innovation, international expansion, investment projects, and environmental measures – do you know where and how your company can use government incentives or subsidies to finance its activities?

If you would like to hear from Deloitte's specialists from around the world about their experience in this area, please join us at our R&D and Government Incentives conference in Berlin on 29 and 30 October 2015. The conference will include contributions from, and interactions with, German government officials and sessions with Deloitte's country specialists that provide updates on recent developments regarding incentives in your geographies of interest (subject to availability).

If you would like more information, please contact Oliver Hasse or your regular Deloitte contact.

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[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:



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[Back to top](#)

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