

Grants & Incentives program updates

The latest legislative developments from around the world



This update provides a summary of the latest developments affecting Grants and Incentives and Research & Development programs. For more information, please contact the local partner of the respective program directly.

Countries included

Australia

Israel

Italy

Russia

United Kingdom

Australia

Denying large business access to Australia's R&D tax incentive

There is legislation currently before the Australian Parliament that will deny large businesses access to the Australian R&D tax incentive where their worldwide Australian assessable income exceeds A\$20 billion. The legislation has now been referred to an economics Senate committee which will hold public hearings during February 2014 and report back by 17 March 2014.

If enacted, this would represent a global first where an entity is completely excluded from accessing R&D benefits purely on a threshold basis.

The threshold test will include the assessable income of certain related entities. Such legislation would mean that any R&D expenditure will forgo a 10% or 15% net tax benefit and instead only be eligible as a tax deduction from 1 July 2013.

Scheme budget	n/a
Type of incentive	R&D tax offset
Deadline	With effect from 1 July 2013
Contact name	Serg Duchini
Email	sduchini@deloitte.com.au
Tel no.	+61 3 9671 7376

Australia

Reversal of decision to allow quarterly access to Australia's R&D tax incentive

During 2013, before the federal election, legislation was brought before the Australian Parliament that would have allowed small and medium sized entities with an aggregated turnover of less than \$20 million to access their refundable R&D tax offsets on a quarterly basis, with effect from 1 January 2014.

However, in December 2013 the new government announced that this quarterly credit regime would not be going ahead.

Scheme budget	n/a
Type of incentive	R&D tax offset
Deadline	n/a
Contact name	Serg Duchini
Email	sduchini@deloitte.com.au
Tel no.	+61 3 9671 7376

[Back to top](#)

Israel (and other countries)

ManuNet.Net 2014 call for proposals in manufacturing research and engineering

The strategic objective of the MANUNET call for proposals is to foster the competitiveness of Europe's manufacturing industry by co-funding manufacturing research projects performed by enterprises (preferably SMEs) and their strategic partners. The funding objectives of the call are transnational, application oriented and high risk R&D projects related to manufacturing. Further information can be accessed at <http://www.manunet.net/call-for-proposals/participants>.

Scheme budget	Office of the Chief Scientist in Israel; VINNOVA in Sweden
Type of incentive	Cash grants according to the OCS (Israel) and VINNOVA (Sweden), respectively
Deadline	The deadline for the pre-proposal submission is 2h March 2014, 17:00 (CET). The deadline for full proposal submission is 10 July 2014
Contact name	Nadav Gil
Email	ngil@deloitte.co.il
Tel no.	+972 (52) 4732985

[Back to top](#)

Italy – all sectors

The new 50% R&D tax credit

For FYs 2014, 2015, and 2016, Italy offers a new R&D tax credit equal to 50% of the amount invested in eligible R&D activities. This is available up to €2.5 million per company annually, on an incremental basis, compared with the previous year.

The following R&D activities are eligible:

- experimental or theoretical works where a main objective is the acquisition of new knowledge on scientific phenomena and observable facts, even without any direct practical application;
- critical investigations or planned research to acquire new knowledge or skills for the development of new products, processes or services (bringing an improvement in products, processes or services); or the creation of complex systems' components, necessary for industrial research (except prototyping);
- acquisition, combination, shape and usage of existing, scientific, technological and commercial knowledge to

develop master plans, projects and designs for the improvement of new products, processes and services. Moreover, other activities regarding the development of new products, processes and services such as conceptual definition, planning and documentation might be included;

- d) construction of prototypes and pilot projects for technological or commercial experiments;
- e) production and testing of products, processes and services, which will not be used for any industrial application or commercialization.

R&D activities exclude any ordinary or periodical modifications of products, production lines, manufacturing processes, existing services and other operations already in progress, even if such changes could be considered as improvements.

The following expenses shall be considered eligible:

- costs of employees performing R&D activities;
- depreciation on machinery and instruments utilized in R&D activities;
- costs of R&D activities performed in cooperation with universities or research entities;
- contractual research, technical knowledge and patents acquired or licensed from third parties.

The tax credit must be claimed by filing a specific form. It must be indicated in the annual tax return and it contributes neither to the corporate income tax base nor to the local income tax base.

Scheme budget	€600 million (the assignment of an additional billion Euro is under discussion)
Type of incentive	Tax credit calculated on incremental basis
Deadline	30 September 2015 (for filing FY14)
Contact name	Ranieri Villa
Email	ravilla@sts.deloitte.it
Tel no.	+39-010-5317811

[Back to top](#)

Italy – all sectors

65% tax credit for energy efficiency: extension

A measure, provided through a tax relief equal to 65% of the eligible expenses for interventions aimed at improving the energy efficiency of existing buildings, is extended up to 31 December 2014, subject to the following limitations:

- €100,000 for the energy efficiency improvement of an existing building;
- €60,000 for energy efficiency through an improvement in a building's envelope or via solar plants;
- €30,000 for heating system replacement.

Scheme budget	€150 million
Type of incentive	Tax credit
Deadline	30 September 2015 (for filing FY 2014)
Contact name	Ranieri Villa
Email	ravilla@sts.deloitte.it
Tel no.	+39-010-5317811

[Back to top](#)

Italy – all sectors

Revaluation of intangibles fixed assets

A one-time opportunity has been introduced by the 2014 Financial Act for Italian companies (implementing ITA-GAAP) aiming to subsidize R&D intensive activities and innovation. The law allows companies to reevaluate intangible assets, like industrial patents and original works, exploitation rights, paying a substitutive tax of 12% or 16%. The tax relief applies only on assets already registered in their 2012 financial statements.

Scheme budget	N/A
Type of incentive	Tax relief
Deadline	Depends on deadline for financial statement approval
Contact name	Ranieri Villa
Email	ravilla@sts.deloitte.it
Tel no.	+39-010-5317811

[Back to top](#)

Russia – tax incentives

New law for regional tax incentives for investors in Far Eastern and Siberian regions, Russia

A new law introduces the possibility for investors in certain Far Eastern and Siberian regions to reduce the tax rate on profits and mineral resources extraction tax. The investors can benefit from these incentives from 1 January 2014.

Until now, regional tax incentives for investors in Russia consisted on a reduction in the tax rate on profit from 20% to 15.5%. The new law removes the federal part of the tax rate for ten years and sets up a minimum rate of 0% for 5 years after an investment project earns its first revenue (but not taxable profit), and 10% for the next 5 years. This applies if a region adopts such changes.

The investor must meet certain requirements:

- Be a Russian legal entity registered in one of the specified regions, without any subdivisions located in other regions;
- Be a producer of goods (except oil & gas industry and excisable goods). Please note that passenger vehicle and motorcycle producers are eligible;
- Make the minimum investments (CapEx) of RUB50 million over 3 years up to a maximum of RUB500 million over 5 years max. Investments for the modernization of current assets also qualify.

To benefit from this tax regime investors must prepare certain documents proving the investor's compliance with the requirements, including an investment declaration (the official form has not been specified yet), to be included in the register of investors and investment projects.

Scheme budget	Not quoted
Type of incentive	Tax incentive
Deadline	For tax years beginning on 1 January 2014
Contact name	Anna Vorontsova
Email	avorontsova@deloitte.ru
Tel no.	+ 7 (495) 787 0600 ext 8371

[Back to top](#)

United Kingdom – Collaborative research and development

Data exploration – creating new insight and value

The Technology Strategy Board is to invest up to £4.5 million in collaborative research and development that addresses the technical challenges and business opportunities presented by the huge growth in data.

Sectors identified as having specific challenges in exploring data include:

Bioscience and bioinformatics; creative industries; defense and intelligence; engineering and manufacturing; financial services; healthcare; oil and gas exploration; space and physical sciences; telecommunications and transport networks and services.

This competition focuses on innovations in the data exploration techniques of analytics, modelling and visualization to generate new insight and value from large amounts of complex data. All projects must contain a significant and identifiable element of technology innovation and risk.

Proposals must be collaborative and business-led and include at least one small or medium-sized enterprise (SME).

Projects should last between 12 and 24 months.

Scheme budget	£4.5 million. Project costs are likely to be between £100,000 and £500,000. The funding will be split between industrial research and experimental development. Levels of funding will depend upon the category of research, and the type of partner in the consortia involved. For example, a business would attract 50% public funding of project costs for industrial research (60% for SMEs).
Type of incentive	Cash grant
Deadline	Competition deadline: 5 March 2014 (full application) with registration deadline 26 February 2014.
Contact name	Alistair Davies
Email	aldavies@deloitte.co.uk
Tel no.	+44 (0) 2920 264272

[Back to top](#)

For more information

For more information on any of the programs listed above please contact:

Sérgio Oliveira

E-mail: seoliveira@deloitte.pt

Tel No: +351 210 427 527

Susana Enes

E-mail: senes@deloitte.pt

Tel No: +351 225 439 256

Jorge Nadais

E-mail: jnadais@deloitte.pt

Tel No: +351 225 439 227

[Back to top](#)

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Deloitte provides audit, tax, consulting, and financial advisory services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries and territories, Deloitte brings world-class capabilities and high-quality service to clients, delivering the insights they need to address their most complex business challenges. Deloitte's more than 200,000 professionals are committed to becoming the standard of excellence.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the "Deloitte network") is, by means of this communication, rendering professional advice or services. No entity in the Deloitte network shall be responsible for any loss whatsoever sustained by any person who relies on this communication.

© 2014. For information, contact Deloitte Touche Tohmatsu Limited.

[Deloitte Tax Homepage](#) | [Add Deloitte as a safe sender](#)



To no longer receive emails about this topic please send a return email to the sender with the word "Unsubscribe" in the subject line