

Additional Deduction of R&D Expenses

We help businesses implement investment projects and seek opportunities for external funding. Our clients include large multinational companies and small and medium-sized enterprises. Our team of professionals dedicated to the support of industrial production, research and development is ready to help from offices in Bratislava, Košice and Žilina.

Each year, businesses are spending more on R&D. Use the opportunity of tax savings by deducting R&D expenses from your corporate income tax base (super-deduction). At the current rate, an additional deduction of 100% of annual R&D expenses from the tax base represents net savings of 21% of R&D expenses.



How much can be saved?

- 100% of eligible R&D expenses incurred in the respective taxation period can be deducted from the tax base
- In addition, the deduction can be increased by the average y/y increase in the R&D expenses



What expenses are deductible?

- Wages and salaries and R&D employees' other costs of employment
- Consumption of raw materials and energy
- Depreciation and amortization of non-current assets (to the extent they are used for R&D)
- Software licenses (software directly used during the implementation of R&D project)
- Services and intangible R&D results from designated research institutions
- Certification of the R&D results



What is the approval procedure?

- No application or approval is required - the taxable entity is entitled to the deduction once defined criteria are met
- The taxable entity applies the deduction in its tax return



What are the taxable entity's duties?

- Preparation of a written R&D project
- Keeping separate records of R&D expenses



Can the entitlement to a deduction be carried forward to the next taxation period?

- Yes, the entitlement may be extended over five taxation periods

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Patent Box

The Patent Box is a new tool for the support of R&D in Slovakia. It exempts revenues generated by the provision of intangible assets (revenues from license fees) and revenues generated by the sale of products produced with the use of a patent or a utility model from corporate income tax up to 50% of such revenues.



What revenues are exempt from tax?

1. Revenues from the provision of intangible assets:
 - From inventions protected by a patent registered in the Slovak Republic and the EU which are the result of own R&D
 - From technical solutions protected by a utility model which are the result of own R&D
 - From software subject to copyright as a result of own development activity
2. Revenues from the sale of products produced with the use of a patented invention or a technical solution protected by a utility model that result from own R&D activity



How much can be saved?

1. 50% of revenues from the provision of intangible assets
2. 50% of revenues from the sale of products



Who can apply the tax relief?

- Legal entities subject to taxation in the Slovak Republic
- Foreign legal entities with a permanent establishment in the Slovak Republic, provided a functional connection between the intangible asset and the permanent establishment can be documented



When can the exemption be claimed?

- Only during the period of tax depreciation of the respective asset



What is the approval procedure?

- No application or approval is required – the taxable entity is entitled to the exemption once defined criteria are met
- The taxable entity applies the exemption in its tax return



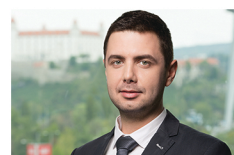
What are the taxable entity's duties?

- Keeping separate records to be submitted to the tax authority within eight days of the receipt of a request to do so
- If a taxable entity claims an exemption, it must claim the exemption in the following taxation periods in which it continues to include depreciation from intangible assets in its tax expenses

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