

Qualified Contract Research Allowed

Country	Explanation
Australia	Fees paid to contractors to perform research on the taxpayer's behalf is a qualified research expense as long as the work performed by the contractor is directly related to the R&D activities.
Austria	Subcontracted research expenses may be claimed by the party funding the research up to a credit cap of EUR 1M per year. The subcontractor must be a qualifying EU/EEA institution and not a related party.
Brazil	Contractor payments for technical services may be qualified if the taxpayer does not participate in the research. Payments made to small businesses for the implementation of research projects qualify.
Canada	80% of the fees paid to contractors to perform qualified research qualify for the research credit.
China	Contract research expenses qualify for the super deduction.
Croatia	Costs incurred for contractors who provide research services are eligible expenses.
Czech Republic	Qualified contract research expenses are limited to R&D services provided by public universities and public research institutions.
France	There is a cap on private subcontracted research equal to three times the other qualifying expenses (up to EUR 10M in subcontract expenses). If the contracted parties are related, the expenses that can be taken into account are limited to EUR 2M.
Greece	Contract research is allowed by General Secretariat of Research and Technology (GSRT) approved organizations, such as public institutes, labs and research organizations.
Hungary	Contract expenditure is a qualified expense.
India	A super deduction of 125% to 200% is permitted for specified payments made to prescribed entities carrying out R&D in India.

Qualified Contract Research Allowed (cont.)

Country	Explanation
Ireland	A fee paid to a contractor to perform research on the taxpayer's behalf is a qualified research expenditure if the contractor is not related to the taxpayer. For periods starting on or after 1 January 2014, fees paid to third-party contractors are limited to the greater of EUR 100K or 15% of the total qualified research expenditures. Where the R&D activities are contracted to a university or research institution, the limit is 5% of the total qualified research expenditures.
Italy	Contract research expenses paid for conducting research generally are eligible for the incremental research credit.
Japan	Contract expenditure is a qualified expense for SMEs and large companies.
Latvia	Contract research is allowed, but only where it is provided by publicly recognized scientific institutions in Latvia or similar institution within the EU/EEA.
Lithuania	Purchased services, such as consultation services related to research activities, are qualified expenditure.
Malaysia	Contract expenditure is a qualified expense if incurred directly for the conduct of qualified research.
Netherlands	Contract expenditure is a qualified expense for the RDA incentive.
Portugal	Expenses incurred for contract research qualify for research incentives as long as the entity is recognized as possessing R&D capabilities. (There are some limited exceptions).
Russia	Contract expenditure is a qualified expense.
Singapore	Singapore offers a variety of super deductions and contract research expenses qualify for certain specified deductions. For example, payments are made to a R&D organization for R&D performed outside Singapore qualifies for the Section 14(DA)(2) 300% enhanced super deduction provided that: (i) the R&D expenditure is related to the entity's existing trade or business, (ii) the benefits from the R&D accrue to the taxpayer, and (iii) the taxpayer bears the financial risk of loss in the event the research is unsuccessful. Moreover, qualifying R&D expenditure also includes payments made under any cost-sharing agreement.
Slovakia	Fees paid for subcontracted R&D services are qualifying expenses if the work is subcontracted to public universities or public research institutes. Fees paid to certified private R&D organizations are also eligible as long as the organization does not also claim the super deduction for the costs it incurred in providing the qualified services.
South Korea	Contract expenditure is a qualified expense if paid to university or other research institutions.
Turkey	Contract expenditure (outsourced benefits and services) is a qualified expense.
United Kingdom	SMEs can claim 65% of subcontracted costs. Large companies only can claim subcontracted expenses if paid to university, health authority, charity, scientific research organization, individuals, or a partnership of individuals.
United States	65% of the amount paid to contractors to perform research on the taxpayer's behalf within the United States are QREs if: (i) the taxpayer bears the risk of loss in the event the research is unsuccessful e.g., time-and-materials contracts and (ii) the taxpayer retains a right to the research results.