



INTERNATIONAL

COMPARISON

RESEARCH AND DEVELOPMENT TAX INCENTIVES

UPDATED INFORMATION
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Austria

SMEs	
Year initiated	2002
Relief	10% non taxable cash refund of unlimited qualified expenses; expenses for contract research amounting up to EUR 1.000.000,- p.a. max.
Tax rate on relief due	no tax but cash refund
Can the loss arising from the R&D Tax Relief be surrendered for a refund instead?	-
If so, what is the rate it can be surrendered at?	-
Type of R&D expenditure eligible for relief	R&D Staff costs Externally provided workers and costs related to R&D expenses directly related to R&D and investments related to R&D R&D financing Subcontractors
LARGE ENTERPRISES	
Year initiated	2002
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Bulgaria

	Tax incentives for regional development	Notes	Year initiated
Tax incentives for regional development	100% deduction	Remission of 100% of the Corporate Income Tax for undertakings engaging in manufacturing activities in municipalities with high unemployment (at least 35% higher than the country's average) under certain circumstances	2007
Tax incentive for licensed investment companies and companies with a special investment purpose	100% deduction	Exemption 100% of Corporate Income Tax	2004
Investment tax credits and aid	depend on the investment amount	Investment tax credits and aid are types of tax incentives for attracting foreign direct investment based on a percentage of the attracting foreign direct value or the whole value of the investments made.	2004
Tax incentives for creating jobs	100% deduction of the salary expenses (gross salary and employer insurances) for hiring of specific categories employees	Tax measures mainly orientated to the development of labour intensive industries or the creation of jobs for certain categories of people – young people, people with disabilities, long-term unemployed.	2007
Tax incentives for transfer of technologies	100% deduction	More orientated to the scientific investments	2004
Accelerated tax depreciation (100% per annum) for assets formed as a result of research and development activities	100% deduction	The tax incentive consists in recognition as tax expenditure of the historic cost of tangible long-term assets formed as a result of research and development activities once in the year in which it was formed, i.e. accelerated tax depreciation of 100%.	2004


Colombia

SMEs	
Year initiated	2009
Relief	Small: 17,5% of qualifying expenditure Medium: 26,25% of qualifying expenditure
Tax rate on relief due	up to 40% of the taxable income
Can the loss arising from the R&D Tax Relief be surrendered for a refund instead?	No
If so, what is the rate it can be surrendered at?	N/A
Type of R&D expenditure eligible for relief	Investigations should be conducted through researchers, Groups or research centers, Technological Development or Innovation companies, registered and recognized by Colciencias. Also, through programs created by institutions of higher education approved by the Colombian Institute of Higher Education -ICFES - which are non-profit entities and that benefit students in strata 1, 2 and 3 through full or partial scholarships study.
LARGE ENTERPRISES	
Year initiated	2009
Relief	122,5% of qualifying expenditure
Tax rate on relief due	up to 40% of the taxable income
Can the loss arising from the R&D Tax Relief be surrendered for a refund instead?	No
If so, what is the rate it can be surrendered at?	N/A
Type of R&D expenditure eligible for relief	Investigations should be conducted through researchers, Groups or research centers, Technological Development or Innovation companies, registered and recognized by Colciencias. Also, through programs created by institutions of higher education approved by the Colombian Institute of Higher Education -ICFES - which are non-profit entities and that benefit students in strata 1, 2 and 3 through full or partial scholarships study.



Spain

SMEs and LARGE ENTERPRISES	
Year initiated (current legislation)	2004
Relief	Expenses limited up to 50% of the Gross taxable quote. Excess deductible the following 18 years
Tax rate on relief due	25% up to the average of the two previous years 42% for the excess
Can the loss arising from the R&D Tax Relief be surrendered for a refund instead?	Yes
If so, what is the rate it can be surrendered at?	20%
Type of R&D expenditure eligible for relief	All expenses related to R+D
Additional tax relieves	ADDITIONALLY: 17%: Qualified staff costs, under labour contract exclusively dedicated 8%: amortization of intangible assets and plant and equipment directly affected to the R+D activity
Technological innovation tax relief	12%: Expenses on technological innovation



Cyprus

	Deduction	Amortisation	Year initiated
Expenses of a non capital nature incurred for scientific purposes	100% deduction		2003
Expenses of a non capital nature incurred for the acquisition or development of qualifying IP	100% deduction		2012
Expenses of non capital nature incurred for the acquisition or development of qualifying IP		Capitalised and amortised over a 5 year period (20%) on a straight line basis - accelerated amortisation	2012
Profit from exploitation of IP (internally developed or acquired)	80% deduction		2012
Profit from disposal of IP (internally developed or acquired)	80% deduction		2012

NOTES:

Cyprus greatly encourages foreign investment and strives to be a European Research and development.(R&D) leader. The country appeals to foreign investors because of its strategic geographical location as an export gateway, EU membership, modernized legal and financial system, strong telecommunications systems and low tax rates.

As per the Cyprus Income Tax Legislation the following incentives are applicable in terms of Research and Development:

According to Article 9(d), expenses of a non-capital nature incurred for scientific purposes are fully deductible.

According to Article 9(e) expenses of a non-capital nature incurred for the acquisition or development of Intellectual Property (i.e. patents, trademarks, copyrights) are fully deductible. Also, expenses of a capital nature incurred for the acquisition or development of IPs are capitalized and amortized over a five year period on a straight line basis resulting to an annual writing down allowance of 20%. The legislation also provides that there is a 80% deduction on profit arising from the exploitation of such IPs and on profit arising from their disposal. The above provisions are applicable as of 1st January 2012.



Italy

SMEs AND LARGE ENTERPRISES	
Year initiated	2012 (Law DL 83/2012)
Relief (tax credit)	tax credit of an amount of 35% (maximum 200.000 Euro each year) of the personnel expenses for employees with “high qualifications”; for the admittance, a form has to be presented to the Ministry for Economic Development (Ministero dello Sviluppo Economico)
Further conditions	Definition of employees with “high qualification”: Employees with certain university degrees (a detailed list of the admitted qualifications is contained in the law); Only personnel expenses for employees who have a contract of employment for an indefinite period of time are admitted.
Type of R&D expenditure eligible for relief	personnel expenses for: experimental work and theory work with the scope to acquire new knowledge research for new know how and new products Utilization of existing capacities in order to produce new projects, new plans or new services (The list of the admitted activities is contained in the law)



Romania

In Romania, the companies in R&D or those holding IP rights on some assets can benefit of 2 incentives:

- a) Accelerated depreciation for those assets (maximum 50% from tax value of assets in 1st year of use).
- b) Supplementary deduction for eligible expenses: 50%.



Serbia

Serbia still didn't legally regulate the issue of tax relief for Research and Development.

R&D costs are recognized for tax purposes and reduce taxable income in accordance with IAS but they do not have special treatment. At the moment, Serbia is preparing a program and legal base for giving special and higher tax reliefs for R&D expenditure.



Greece

At the Tax incentives are ready to encourage Research and Development. (“R&D”) and counter high corporate tax rates in Greece.

R&D expenses are fully deductible from taxable income within the year they are incurred or if they relate to fixed equipment in equal instalments over 3 years.

This is accordance to the general deduction fundamentals defined in the law.

An additional tax deduction of amounts equal to 50% of R&D expenses incurred up to 31 December 2014 is granted under conditions.

Greece does not currently offer an R&D credit as an incentive.



Argentina

There is no specific law that provides special tax incentives for investments destined to research and development. Below, we detail the incentives established by the general legislation for this type of expenditures.

Income Tax
Research and development investments done by corporations/legal entities can be deducted as an expenditure in 5 years, or be deducted completely in the year of its accrument.
The investments done by individuals that develop research activities from which they obtain goods that produce royalties, can deduce 25% of the royalties earned until the investment done is fully regained.
Minimum Assumed Income Tax
Although the law does not establish a specific treatment, the jurisprudence has accepted not to tax this investments.
VAT
The transference of brands, patents or similar assets is not taxable by VAT



Portugal

SMEs	
Name of Tax Incentive	SIFIDE II
Year initiated	2013 (until 2020)
Relief	32,5% of qualifying expenditure; Plus 50% of the increase of the year in relation to the average of the last 2 years' qualifying expenditure (until 1.500.000 Euros)
Tax rate on relief due	from 17% up to 23%
Can the loss arising from the R&D Tax Relief be surrendered for a refund instead?	No. However, expenses not deducted in the year can be deducted until the following 8 years
If so, what is the rate it can be surrendered at?	at the income tax rate of the deduction year
Type of R&D expenditure eligible for relief	Staff costs; Externally provided workers; Software and other fixed assets directly used in R&D; Functional expenses (until 55% of personal expenses); Subcontractors; Aquisition or register and maintenaince costs of patents for R&D activities
LARGE ENTERPRISES	
Name of Tax Incentive	SIFIDE II
Year initiated	2013 (until 2020)
Relief	32,5% of qualifying expenditure; Plus 50% of the increase of the year in relation to the average of the last 2 years' qualifying expenditure (until 1.500.000 Euros)
Tax rate on relief due	23%
Can the loss arising from the R&D Tax Relief be surrendered for a refund instead?	No. However, expenses not deducted in the year can be deducted until the following 8 years
If so, what is the rate it can be surrendered at?	at the income tax rate of the deduction year
Type of R&D expenditure eligible for relief	Staff costs; Externally provided workers; Software and other fixed assets directly used in R&D; Functional expenses (until 55% of personal expenses); Subcontractors; Register and maintenaince costs of patents for R&D activities



Uruguay

SMEs	
Year initiated	2008
Relief	150% of qualifying expenditure
Tax rate on relief due	up to 25%
Can the loss arising from the R&D Tax Relief be surrendered for a refund instead?	No
If so, what is the rate it can be surrendered at?	-
Type of R&D expenditure eligible for relief <i>For this benefit the companies must submit an investment project to declare national interest</i>	Information technology and communication Logistics Biotechnology Nanotechnology Environmental management
LARGE ENTERPRISES	
Year initiated	2008
Relief	150% of qualifying expenditure
Tax rate on relief due	up to 25%
Can the loss arising from the R&D Tax Relief be surrendered for a refund instead?	No
If so, what is the rate it can be surrendered at?	-
Type of R&D expenditure eligible for relief <i>For this benefit the companies must submit an investment project to declare national interest</i>	Information technology and communication Logistics Biotechnology Nanotechnology Environmental management



United Kingdom

SMEs	
Year initiated	2000
Relief	225% of qualifying expenditure
Tax rate on relief due	up to 21.25%
Can the loss arising from the R&D Tax Relief be surrendered for a refund instead?	Yes
If so, what is the rate it can be surrendered at?	14,5%
Type of R&D expenditure eligible for relief	Staff costs Externally provided workers Software directly used in R&D Consumable items Subcontractors
LARGE ENTERPRISES	
Year initiated	2002
Relief	130% of qualifying expenditure
Tax rate on relief due	up to 21.25%
Can the loss arising from the R&D Tax Relief be surrendered for a refund instead?	Yes
If so, what is the rate it can be surrendered at?	10% - above the line credit
Type of R&D expenditure eligible for relief	Staff costs Contributions to a university or a charity Certain subcontractors


The Netherlands

Reduction of wage taxes on R&D activities	
Year initiated	1994
Relief	Reduction of the wage taxes of personnel conducting qualifying activities.
Tax rate on relief due	35% reduction of the wage taxes to the extent the total wage tax is limited to € 250,000. On the exceeding amount a reduction of 14% can be applied.
Can the loss arising from the R&D Tax Relief be surrendered for a refund instead?	N/A
If so, what is the rate it can be surrendered at?	N/A
Type of R&D expenditure eligible for relief	Staff costs
Additional deduction for R&D activities	
Year initiated	2012
Relief	Additional deduction for income tax purposes of 60% of qualifying expenditure.
Tax rate on relief due	10%
Can the loss arising from the R&D Tax Relief be surrendered for a refund instead?	Yes
If so, what is the rate it can be surrendered at?	maximum 25%
Type of R&D expenditure eligible for relief	All costs connected to R&D activities, other than staff costs.
Innovation box - special CIT rate	
Year initiated	2010
Relief	A special corporate income tax rate of 5% for income from qualifying innovation.
Tax rate on relief due	5%
Can the loss arising from the R&D Tax Relief be surrendered for a refund instead?	Yes
If so, what is the rate it can be surrendered at?	5%
Type of R&D expenditure eligible for relief	N/A; The regulation applies to income from qualifying innovation and not to expenditure.


Germany

Tax Relief	100% (no specific tax reliefs) R&D support is not regulated in tax law. Many programs für direct subventions instead.
Tax rate on relief due	normal tax rate (approx. 30% for corporations).
Can the loss arising from the R&D Tax Relief be surrendered for a refund instead?	No
If so, what is the rate it can be surrendered at?	N/A
Type of R&D expenditure eligible for relief	N/A (no specific tax rules for R&D expenditure)
But many other incentives:	governmental grants (up to 100% of the personnel costs can be reimbursed) low interest loans For SMEs standard programs, for large companies: individual applications.



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