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[Home](#) > National profiles

Criteria

Type of search: Advanced search

Search level: National profiles

Content type: Support measures

Countries: All countries

Research policy priorities: Indirect support to business R&D (tax incentives and guarantees)

≠ United Kingdom - Support measure



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R&D tax credits for SMEs	
R&D tax credits for SMEs	
Keywords	R&D;SME;tax incentives;tax credits;tax relief
Overview (nature, goals)	The Research and Development (R&D) tax credit for Small and Medium-sized Enterprises (SMEs) scheme aims "to encourage greater R&D spending in order to promote investment in innovation" by providing tax relief to British SMEs conducting R&D. The tax relief can reduce a company's tax bill, by allowing the SME to deduct up to 175% of qualifying expenditure on R&D when calculating its taxable profit. Alternatively, under certain circumstances, the scheme provides for SMEs that have losses a cash sum that they can claim from the HM Revenue and Customs (HMRC) if they surrender the tax relief. The payable tax credit is about £24 for every £100 of qualifying R&D expenditure.
Background and rationale	<p>The scheme was introduced to provide a tax incentive in order to encourage Research and Development (R&D) by Small and Medium-sized enterprises (SMEs) based on the Government's belief that the creation of new high-value-added products, processes and services helps the profitability and growth of these companies, and the economy in general.</p> <p>The HM Treasury and the then Department of Trade and Industry (DTI) issued a joint Consultation Document in 1998 "Innovating for the Future: Investing in R&D" to investigate options to address R&D barriers. Based on the responses given the Government launched the R&D tax credit scheme for SMEs as part of a wide portfolio of new initiatives to support and encourage R&D in the UK. The scheme was announced in the Pre-Budget Report 1999. The Inland Revenue covered the first phase of the initiative in its technical note "Research and Development: Definition and Appeals" published in 1999. The SME scheme was officially launched after 1 April 2000.</p> <p>The scheme is now "the biggest single funding mechanism for business R&D provided by the Government". Even though initially introduced just for SMEs, it was extended in 2002 to include larger companies not included in the SME definition, introducing a separate scheme, the Large Companies Tax Credit. Another scheme introduced in 2003 based on the SME tax credit scheme is the vaccines research relief.</p>
List of policy priorities	2.3.2 Indirect support to business R&D (tax incentives and guarantees);1.2.2 Innovation strategies;2.2.2 Knowledge Transfer (contract research, licences, research and IPR issues in public/academic/non-profit institutes);2.2.3 R&D cooperation (joint projects, PPP with research institutes)
Targeting specific sector	Not sector specific
Selected research and technology fields	No specific thematic focus
Country	United Kingdom
Start date	2000
Expected end date	No end date planned
Relationship to other support measures	This programme is novel and has no relation to a previous programme
How does the measure relate to other measures?	Inspired by national policy debate (e.g study, consultation)
Additional details 2	The Treasury and the then Department of Trade and Industry (DTI) issued a joint Consultation Document in 1998 "Innovating for the Future: Investing in R&D" to investigate options to address R&D barriers. Based on the responses given the Government launched the R&D tax credit scheme for SMEs as part of a wide portfolio of new initiatives to support and encourage R&D in the UK.
Geographic coverage	National
Targets or beneficiaries of the measure	SMEs only

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Groups eligible for funding	SMEs only
More details on the target groups	The scheme is aimed at Small and Medium-sized companies (SMEs) spending more than £10,000 (€12,000) a year on R&D. For work undertaken after 1 August 2008 the SME scheme was extended to include companies with fewer than 500 employees which have an annual turnover not exceeding €100m and/or with an annual balance sheet total not exceeding €86m.
If more than one target group is eligible	Only proposals from single organisations are accepted
Aspect of innovation process addressed by the measure	Pre-competitive research;Applied industrial research
Type of Research Activities targeted	Problem driven (basic) research;Applied industrial research
Overall implementation structure of the measure	<p>Since November 2006 <u>HM Revenue and Customs</u> (HMRC) introduced seven local R&D Specialist Units to process the claims made in the frame of the scheme, as well as other tax credit initiatives. The Units also raise awareness about the scheme not only among eligible SMEs but also among other stakeholders such as business organisation and other business-related agencies (Chambers of Commerce, Regional Developments Agencies, Business Link offices etc.).</p> <p>SMEs claim R&D tax credits with their company tax return, by sending the relevant tax return forms with the R&D tax credit claims to the Specialist Unit responsible for their area, based on the postcode of the location of their main R&D activity. Each R&D Specialist Unit deals with a number of postcodes and it deals with all aspects of an SME's tax return if it includes R&D tax credit claims.</p> <p>The tax relief reduces the SMEs taxable profit so the company benefits on its usual corporation tax payment date for the accounting period. The tax credit is paid by HMRC to the SME after the corporation tax return containing the tax credit claim is received.</p>
Management structure	The scheme is administered by the <u>HM Revenue and Customs (HMRC)</u> , while its day-to-day operation is run by the local R&D Specialist Units.
Review of progress	<u>HM Revenue and Customs (HMRC)</u> annually monitors the number of companies benefiting from the scheme (number of claims made), as well as the cost of support claimed and publishes these national statistics.
Selection criteria	<p>To be eligible for the scheme SMEs must spend at least £10,000 (€12,000) a year on qualifying R&D. As qualifying R&D the scheme regards both 'brown collar' R&D and 'white collar' R&D. R&D that is subcontracted to third parties is also eligible, however, contributions to independent research cannot be claimed. The tax credit can be reduced if the R&D project is subsidised or has received a grant. Since the scheme is a 'Notified State Aid' an SME is not eligible if it gets support for the same R&D project through another notified state aid such as the Technology Programme or the Grant for R&D. Initially, the intellectual property stemming from the R&D project had to be owned by the SME but this was changed following the Pre-Budget Report 2009 where the Government announced that it removes this condition.</p> <p>For work undertaken after 1 August 2008 the SME scheme was extended to include companies with fewer than 500 employees which have an annual turnover not exceeding €100m and/or with an annual balance sheet total not exceeding €86m.</p> <p>The amount of relief per R&D project cannot exceed €7.5m. While from August 2008 onwards companies whose most recent accounts are not produced on a going concern basis will be unable to claim relief.</p> <p>Companies must make their R&D claim within two years after the end of the relevant accounting period.</p>
Openness to EU countries	The scheme is available to SMEs throughout the UK.
Openness to third countries	The scheme is available to SMEs throughout the UK.
Selection of projects/participants	SMEs claim R&D tax credits with their company tax return at the end of the accounting period.
What state aid framework is applied to the measure?	The SME R&D tax credits scheme is a 'notified State Aid' and there are limits on the total amount of aid that can be given for projects. A company cannot therefore receive the SME R&D tax credit if it gets another notified state aid for the same R&D project such as funding through the Technology Programme or the Grant for R&D.
Mode of funding	Tax incentives (including reduction of social charges)
Eligible costs	Labour costs (including overheads);External expertise (consultants, studies, etc.)
Overall budget	1,440,000,000
Exchange rate used	0.84
Year 1	2003: £210m
Year 2	2004: £190m
Year 3	2005: £190m
Year 4	2006: £180m
Year 5	2007: £200m

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Further Information	Exchange rate used is the average rate from October 2008 - December 2008 (1 Euro = £0.84). Since this is not a funding scheme but a tax relief scheme the amount provided represents the cost of the support based on the claims made. Specifically, from 2000/1 to 2006/7, 30,510 claims were made under the SME R&D tax credit scheme, amounting to £1.2b (€1.44b) of support. (Source: National Statistics on R&D Tax Credits, http://www.hmrc.gov.uk/stats/corporate_tax/menu.htm)
Overall budget in national currency	1,200,000,000
Indicators specified ex ante	No
Details on indicators specified ex ante	No specific indicators
Support measure evaluation	Ex-ante: No On-going / Mid-term: No Final / Ex-post: No
If no official evaluation has been undertaken is there any evidence which allows an appraisal of the success of the measure?	The HM Revenues and Customs (HMRC) monitors the progress made through the scheme and publishes National Statistics on R&D tax credit claims derived from company tax returns (administrative data). On average over 4,500 SMEs are claiming more than £250m each year in R&D tax relief. From 2000/1 to 2006/7, 30,510 claims were made under the SME R&D tax credit scheme, amounting to £1.2 billion of support. On the whole, the Government regards the measure as its "biggest single funding mechanism for business R&D". Following the success of the scheme changes have been made to include larger companies.
Results	See above.
Further developments	From 1 August 2008 and following approval from the European Commission changes were made to the scheme to include clinical trials to the eligible R&D categories, extend the scheme to medium-sized companies and finally increase the rate of the relief from 150% to 175% that it is today. Moreover, the Pre-Budget Report 2009 announced that in an attempt to enable more SMEs access the scheme the Government removed the condition that any Intellectual Property rights resulting from the R&D had to be owned by the company. In this way more SMEs will benefit from the R&D tax credit without "distorting their commercial arrangements in relation to IP".
Website in original language	http://www.hmrc.gov.uk
Website in English	http://www.hmrc.gov.uk
Legal basis	The legal basis of the R&D tax credit scheme for SMEs is the Finance Act 2000 (Schedule 20), while important changes have been introduced by Finance Act 2008.
Launching agency	HM Revenue and Customs
Agency administering	HM Revenue and Customs through local Specialised Units.
Funding Agency	HM Revenue and Customs
Manager responsible for the measure	Jones Helen - (HM Revenue and Customs)
This information was last updated on	2009-12-15

≡ Austria - Support measure



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Feasibility Studies	
Machbarkeitsstudien	
Keywords	feasibility;Feasibility Studies;Feasibility study
Overview (nature, goals)	Under this programme, the FFG funds feasibility studies carried out by research institutions and other qualified institutions for small and medium-sized enterprises. Funding is granted if a small or medium-sized enterprise can submit an idea worthy of greater consideration and an offer from an external service provider which can demonstrate the necessary specialist competence and experience to carry out a feasibility study.
Background and rationale	For small and medium-sized enterprises the estimation of risks and chances of new ideas is a difficult task. Therefore, feasibility studies carried out by research institutions or other qualified institutions can provide a basis for the decision whether a more cost intensive research project should be started or not.
List of policy priorities	2.3.1 Direct support of business R&D (grants and loans);2.2.2 Knowledge Transfer (contract research, licences, research and IPR issues in public/academic/non-profit institutes);2.2.3 R&D cooperation (joint projects, PPP with research institutes);2.3.2 Indirect support to business R&D (tax incentives and guarantees)

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Targeting specific sector	Not sector specific
Addressing innovation-related Lisbon guideline elements	The encouragement of cross-border knowledge transfer, including from foreign direct investment. Efficient and affordable means to enforce intellectual property rights.
Country	Austria
Start date	Before 1995
Expected end date	No end date planned
Relationship to other support measures	This programme is novel and has no relation to a previous programme
Targets or beneficiaries of the measure	SMEs only
Groups eligible for funding	SMEs only
Aspect of innovation process addressed by the measure	Awareness raising amongst firms on innovation; Pre-competitive research
Type of Research Activities targeted	Pre-competitive research; Applied industrial research
Overall implementation structure of the measure	Implemented within the General Programme division of the Austrian Research Promotion Agency
Sub-measure structure and activities	No subprogrammes
Management structure	Programme Manager
Review of progress	Evaluation according to defined criteria (number of new companies not funded before, number of different research institutions carrying out the studies, triggered R&D projects...)
Selection criteria	Technical quality of the idea, Feasibility nature, competence of the research institution carrying out the study, potential for commercialisation
Openness to EU countries	National programme
Selection of projects/participants	Board decision based on a technical and economical evaluation according to the described selection criteria
What state aid framework is applied to the measure?	FFG programme guidelines
Mode of funding	Subsidised loans (including interest allowances)
Eligible costs	Other: only costs of the research institution carrying out the study
Overall budget	aprox. 250.000
Year 1	2000: 156000; 2001: 152000
Year 2	2002: 343000; 2003: 279000
Year 3	2004: 229000
Year 4	2005: 199000
Year 5	2006: 335000; 2007: 409000
Overall budget in national currency	no more information available
Indicators specified ex ante	Yes
Details on indicators specified ex ante	Number of new companies, number of different research institutions, triggered research projects, reasons for rejection
Support measure evaluation	Ex-ante: No On-going / Mid-term: Yes Final / Ex-post: No

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Main conclusions of the evaluation(s)	Defined aims were reached, programme should be continued.
Website in original language	http://www.fff.co.at , www.ffg.at
Legal basis	Community framework for state aid for research, development and innovation, FFG programme guidelines
Launching agency	Austrian Research Promotion Agency (FFG)
Agency administering	Austrian Research Promotion Agency (FFG)
Funding Agency	Austrian Research Promotion Agency (FFG)
This information was last updated on	2008-07-07

— Bulgaria - Support measure



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Guarantee fund for Micro-crediting, Bulgarian Development Bank	
Keywords	Crediting;Finance;SMEs
Overview (nature, goals)	The aim of the measure is to facilitate access to finance of SMEs in Bulgaria. On April 23, 2008, the Bulgarian Parliament approved the law for the creation of a Bulgarian Development Bank (BDB). The act transforms the state-owned Encouragement Bank, which was created in 1999 to finance small and medium-sized enterprises and to promote Bulgaria's exports, into a Development Bank. It also created a National Guarantee Fund and a Capital Investment Fund. The purpose of the Development Bank is to improve, stimulate, and develop the total exports and technological potential of the small and medium-sized businesses, to assist them in their activity, and to enhance their access to funding. The BDB will start its work in 2009. One of the 3 programmes of the BDB is "High Technologies" Programme. The Bank will support every economically sound and environmental investment in the area of high technologies.
Background and rationale	Lack of appropriate funding sources is the biggest obstacle confronting company managers in the country, because investment in the creation of a new product, technology and their introduction to the production process is risky. SMEs suffer from a lack of sufficient information and the financial and human resources necessary to create innovative products and implement information and communication technologies. In order to stimulate investment and opportunities for developing R&D, measures and adequate approaches should be drawn up to provide easy access for SMEs to financial resources facilitating the introduction of information and communication technologies. EU practice shows that micro-financing is an appropriate way of funding innovation in SMEs. The National Innovation Strategy stipulates that the State policy should stimulate micro-financing for innovative activity by SMEs in areas lagging behind in their economic development. This would help overcome accumulated regional imbalances in economic and social development, as well as the concentration of production and employment in certain areas of the country. The creation of BDB is a tool for improving access to finance for SMEs in the country.
List of policy priorities	1.3.2 Horizontal measures in support of financing;2.3.2 Indirect support to business R&D (tax incentives and guarantees);4.2.3 Support to technology transfer between firms;5.3.2 Consultancy and financial incentives to the use of IPR
Targeting specific sector	Not sector specific
Targeted Research and Technology Fields	The applicant should have experience of min. 2 years in the field of high technologies.
Selected research and technology fields	No specific thematic focus
Addressing innovation-related Lisbon guideline elements	Better access to domestic and international finance.
Country	Bulgaria
Start date	2008
Expected end date	No end date planned
How does the measure relate to other measures?	Inspired by an existing measure of another country;Inspired by national policy debate (e.g study, consultation);Inspired by need to meet EU level policy objectives
Targets or beneficiaries of the measure	SMEs only
Groups eligible for funding	SMEs only

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Aspect of innovation process addressed by the measure	Promotion of entrepreneurship/start up (including incubators);Development/prototype creation;Co-operation promotion and clustering
Overall implementation structure of the measure	Bulgarian Development Bank
Selection criteria	Eligible financings/project costs: The total project cost for which financing is requested should not be less than EUR 30,000. The own participation of the Borrower in the project financing should not be less than 25% of its cost (VAT excluded). The minimum amount of each credit is EUR 25,000 and the maximum – EUR 1,000,000 or its BGN equivalent.
Mode of funding	Subsidised loans (including interest allowances)
Eligible costs	Infrastructure (buildings);Equipment;External expertise (consultants, studies, etc.)
Sources of co-financing	Other co-financing: No other than national sources of financing
Overall budget	250 000 000
Year 1	2009: 250 000 000
Year 2	----
Year 3	----
Year 4	----
Year 5	----
Indicators specified ex ante	No
Details on indicators specified ex ante	- Number of companies that benefited of loans; - Value of projects financed.
Support measure evaluation	Ex-ante: No On-going / Mid-term: No Final / Ex-post: No
Website in original language	http://www.nasbank.bg/opencms/opencms/menu/bg/
Legal basis	Act on SMEs
Manager responsible for the measure	Hristov Krasimir National Network for Micro Crediting
This information was last updated on	2009-09-25

■ Romania - Support measure



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Legislation on industrial and S&T Parks

Keywords	Industrial parks;S&T parks;Tax exemption
Overview (nature, goals)	<p>Government Ordinance 65/2001 regarding the set-up and functioning of industrial parks defines the industrial park as a precisely determined area where business scientific research, industrial production and service activities are performed with special incentives, for the purpose of optimizing the area's human and material potential. The creation of an industrial park is based on an agreement between public authorities, economic agents, universities, research-development institutes and/or other interested partners.</p> <p>Industrial parks are managed by companies, which will hold the 'industrial park' title and which may not be directly or indirectly controlled by any company that uses industrial park utilities and/or infrastructure.</p> <p>The industrial park's corresponding land, as well as the buildings and utilities infrastructure existing at the creation of the industrial park must cumulatively meet the following conditions:</p> <ul style="list-style-type: none"> (I) have access to a national or European road and existent connection to the public utilities infrastructure; (II) surface of at least 10 ha; (III) the joint venture own or hold rights of use over the land for at least 30 years; (IV) are free of any encumbrances; (V) are not subject of any pending litigations; (VI) meet the environment protection technical standards. <p>The industrial park title, which may be granted only by the Ministry of Home Affairs is valid for a period of at least 15 years, within the prescribed perimeter and conditions established by the Ministry of Home Affairs. The title may be obtained by filing with the ministry, all of the following documents: proof of fulfilling the conditions regarding the corresponding land feasibility study for the creation of the industrial park, approval from the local administrative</p>

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	<p>authority for the park's infrastructure and of its connection to the utilities networks together with the list of the entities involved in the park's creation.</p> <p>Law 50/January 2003 for the approval of Government Ordinance 14/2002 regarding the set-up and functioning of scientific and technological parks defines the scientific and technological park as a zone wherein activities of learning, research and technology transfer are performed. The scientific and technological park is set up based on a joint venture contract concluded between universities and/or a research and development organizations, on one hand, and regies autonomes, national companies, commercial companies, local public administration authorities, employers' or professional association, individuals, Romanian or foreign investors, on the other hand.</p> <p>The scientific and technological park is managed by the entity appointed by the joint venture partners and whose exclusive activity is the management of such a park.</p> <p>Among the objectives for the creation of a park are the following: technology transfer of research results to companies, and active participation of the private sector to the development of research and innovation activities, attracting foreign investors in technological transfer activities, etc.</p> <p>The land corresponding to the scientific and technological park must be free from any encumbrances and not be subject of any pending litigation.</p> <p>Only the Ministry of Education and Research (MER) may grant titles for scientific and technological parks.</p> <p>Incentives to industrial, scientific and technological parks</p> <p>1. Industrial parks</p> <p>Investments made within the industrial park enjoy the following incentives, granted to the joint venture holding the industrial park title:</p> <p>a) exemption from taxes for changing the destination of land underlying the industrial park or for its removal from the agricultural circuit;</p> <p>b) deduction from the taxable profit of 20% of the value of the investments injected in constructions or their refurbishment in the internal infrastructure and connection to the public utilities network;</p> <p>c) deferred payment of VAT, until the investment becomes operational, for raw material and equipment necessary for creating the utility network within the park as well as for connecting the park to the existing network over the investment period, as well as deferred right to deduct the VAT for the investors;</p> <p>d) tax reductions may be approved by the local public administration for the land and buildings destined for the use of the industrial park;</p> <p>e) other incentives may be approved by the local public administration.</p> <p>In case an investment may be subject to more than one incentives regime under different laws, the investor must explicitly choose an incentives regime provided by a single law.</p> <p>2. Scientific and technological parks</p> <p>Investments in the scientific and technological parks enjoy the following incentives:</p> <p>a) tax reductions approved by the local public administration for the land and buildings transferred for the use of the scientific and technological park, as well as other applicable under the law;</p> <p>b) exemption of taxes for changing the land destination or for its removal from the agricultural circuit;</p> <p>c) deferred VAT payment over the investment period, until the park becomes operational, for raw material, equipment and connections to the utilities network.</p>
Background and rationale	The two laws have been adopted in order to support the technology transfer between science and industry and contribute to regional development.
List of policy priorities	2.2.2 Knowledge Transfer (contract research, licences, research and IPR issues in public/academic/non-profit institutes);2.2.1 Support infrastructure (transfer offices, training of support staff);2.3.2 Indirect support to business R&D (tax incentives and guarantees);5.2.1 Fiscal incentives in support of the diffusion of innovative technologies, products and services
Targeting specific sector	Not sector specific
Country	Romania
Start date	2001
Expected end date	No end date planned
Relationship to other support measures	This programme is novel and has no relation to a previous programme
How does the measure relate to other measures?	Inspired by national policy debate (e.g study, consultation);Inspired by need to meet EU level policy objectives
Geographic coverage	National
Targets or beneficiaries of the measure	All companies;Consultancies and other private service providers (non-profit);Higher educations institutions research units/centres;Other non-profit research organisations (not HEI);Technology and innovation centres (non-profit);Business organisations (Chambers of Commerce...);New technology based firms/new knowledge intensive service firms
Groups eligible for funding	All companies;Consultancies and other private service providers (non-profit);Higher educations institutions research units/centres;Other non-profit research organisations (not HEI);Technology and innovation centres (non-profit);Business organisations (Chambers of Commerce...);New technology based firms/new knowledge intensive service firms

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If more than one target group is eligible	Co-operation/networking mandatory (e.g. cluster programme);Co-operation/networking optional (e.g. associating SMEs as users)
Aspect of innovation process addressed by the measure	Promotion of entrepreneurship/start up (including incubators);Awareness raising amongst firms on innovation;Pre-competitive research;Applied industrial research;Development/prototype creation;Commercialisation of innovation (including IPR);Industrial design;Co-operation promotion and clustering;Diffusion of technologies in enterprises;Innovation management tools (incl quality);Improving the legal and regulatory environment
Type of Research Activities targeted	Problem driven (basic) research;Pre-competitive research;Applied industrial research;Knowledge transfer (between researchers);Human resources development;International research collaboration;Networking
Selection criteria	See 1.4
Overall budget	not applicable
Year 1	----
Year 2	----
Year 3	----
Year 4	----
Year 5	----
Indicators specified ex ante	No
Support measure evaluation	Ex-ante: No On-going / Mid-term: No Final / Ex-post: No
If no official evaluation has been undertaken is there any evidence which allows an appraisal of the success of the measure?	No
Results	no
Website in original language	http://www.cdep.ro/pls/legis/legis_pc.k.htm_act?ida=31076 ; http://www.cdep.ro/pls/legis/legis_pck.htm_act_text?id=40020
Legal basis	Government Ordinance 65/2001 concerning the set up and functioning of industrial parks; Government Ordinance 14/24 January2002 concerning the set up and functioning of scientific and technological parks
This information was last updated on	2008-11-04

🇨🇦 Canada - Support measure



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Scientific Research and Experimental Development (SR&ED) Tax Incentive Programme

Scientific Research and Experimental Development (SR&ED) Tax Incentive Programme

Keywords	R&D;research;tax credit;tax incentive;experimental development
Overview (nature, goals)	<p>Canada has chosen to rely much more heavily on fiscal incentives than on direct support of R&D. Tax credits for scientific research were introduced in Canada in the late 1970s. Canada's current programme of fiscal incentives is generous by international standards.</p> <p>The Scientific Research and Experimental Development (SR&ED) Tax Incentive programme is the principal federal tax incentive programme, and it is the single largest expenditure by the Government of Canada in support of R&D. It is administered by the Canada Revenue Agency (CRA).</p> <p>SR&ED is designed to encourage businesses in Canada to conduct R&D in Canada. It provides claimants with cash refunds and/or tax credits for expenditures on eligible R&D work in Canada.</p> <p>Eligible expenses include wages, materials, machinery, equipment, SR&ED contracts, and some overhead. To qualify, projects must meet the programme's criteria of scientific research and experimental development, which broadly encompass basic and applied research, experimental development, and related support work.</p>

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	<p>Canadian-controlled private corporations (CCPC) are eligible for an investment tax credit of 35% up to the first \$2M (E 1.37M) of qualifying expenses, and 20% of any excess amount. Other Canadian corporations, trusts, partnerships, and proprietorships can earn a credit of up to 20% of eligible SR&ED expenses.</p> <p>SR&EDs are regulated by the Income Tax Act, by other Parliamentary legislation, and by administrative decisions of the Minister of Finance. The approximate cost in foregone revenues is CAD \$2.6B (E 1.4B).</p>
Background and rationale	<p>Prior to 1961, no R&D tax incentives existed in Canada, although R&D expenditures were deductible. Capital expenditures were subsequently made fully deductible. A programme of direct grants to industry, administered by the Department of Industry, Trade & Commerce under the Industrial Research and Development Incentives Act, was established in the mid 1960s. To replace this programme, R&D tax incentives were introduced by the federal government in 1977, and the SR&ED programme was introduced in its present form in 1985.</p> <p>The goal of the Scientific Research and Experimental Development Tax Credit programme is to increase the rate of investment in R&D in the business sector, leading to improved products or processes. This has been an enduring science policy preoccupation in Canada.</p> <p>The rationale for the abandonment of a direct R&D grants programme in favour of an R&D tax incentive program is in the greater administrative efficiency, greater political neutrality, and greater geographical neutrality of the latter.</p> <p>The SR&ED programme has been modified a number of times since its inception in order to increase administrative efficiency and clarify questions of eligibility of expenditures.</p>
Overview of policy priorities	<ul style="list-style-type: none"> - increase business investment in R&D in Canada - increase the impact of Government of Canada's investment in S&T (a policy goal expressed in Mobilizing S&T to Canada's Advantage)
List of policy priorities	2.3.2 Indirect support to business R&D (tax incentives and guarantees);1.3.2 Horizontal measures in support of financing
Targeting specific sector	Not sector specific
Targeted Research and Technology Fields	No targeted research and technology fields.
Selected research and technology fields	No specific thematic focus
Addressing innovation-related Lisbon guideline elements	Better access to domestic and international finance.
Country	Canada
Start date	Before 1995
Expected end date	No end date planned
Relationship to other support measures	This programme is novel and has no relation to a previous programme
How does the measure relate to other measures?	Inspired by national policy debate (e.g study, consultation)
Additional details 2	<p>Canada has chosen to rely much more heavily on fiscal support of R&D than direct government funding, and its R&D tax incentives are internationally generous.</p> <p>The rationale for the abandonment of a direct R&D grants programme in favour of an R&D tax incentive programme is in the latter's greater administrative efficiency, greater political neutrality, and greater geographical neutrality.</p> <p>These issues were no doubt raised in discussions between representatives of the Government of Canada and the business community, which usually advocates tax credits over direct grants.</p>
Geographic coverage	anywhere in Canada
Targets or beneficiaries of the measure	All companies
Groups eligible for funding	All companies
More details on the target groups	Benefits vary by the status of the firm. Canadian-controlled private corporations are eligible for an investment credit of 35% of qualifying expenses. Other Canadian corporations, trusts, partnerships, and proprietorships are eligible for a credit of up to 20% of eligible expenses.
Aspect of innovation process addressed by the measure	Pre-competitive research;Applied industrial research;Development/prototype creation;Commercialisation of innovation (including IPR);Industrial design;Diffusion of technologies in enterprises
Type of Research Activities targeted	Basic research;Problem driven (basic) research;Pre-competitive research;Applied industrial research

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Overall implementation structure of the measure	<p>The Scientific Research and Experimental Development tax credit programme is administered by the Canada Revenue Agency under the direction of the Minister of Finance. It applies only to corporate taxes, not individual income tax.</p> <p>Firms must apply to the Canada Revenue Agency for the tax credit (generally on an annual basis) and provide the requisite documentation regarding eligible expenses.</p> <p>Benefits are available as a cash refund or a credit on future tax.</p>
Management structure	<p>The Scientific Research and Experimental Development (SR&ED) tax incentive program is administered by the Canada Revenue Agency under the authority of the Minister of Finance, and in accordance with Parliamentary tax legislation, which is modified from time to time.</p> <p>The Canada Revenue Agency has offices in many locations across Canada, as well as on-line tax filing capabilities and an informative website. It offers public information and industry-specific seminars, a first-time claimant service, a preclaim project review service, and an account executive service (in which a claimant is given a designated contact person within the CRA). The Canada Revenue Agency has undertaken several consultative processes in order to improve the quality and availability of its services, and publishes quality of service standards, performance metrics, and results of client surveys on its website http://www.cra-arc.gc.ca/txcrdt/sred-rsde/menu-eng.html.</p> <p>Furthermore, many private tax accounting firms in Canada offer specialized services relating to the SR&ED tax incentive programme.</p>
Review of progress	<p>The Canada Revenue Agency (CRA) publishes the results of surveys Scientific Research & Experimental Development (SR&ED) tax incentive claimants on its website (http://www.cra-arc.gc.ca/txcrdt/sred-rsde/prts-eng.html). These documents provide quite detailed information about claimants' views of the quality of services provided.</p> <p>In addition, CRA has published an Action Plan regarding the improvement of quality and accessibility of SR&ED services to small businesses. The most recent update of the SR&ED Small Business Action Plan dates from November, 2008 (http://www.cra-arc.gc.ca/txcrdt/sred-rsde/whstnw/ppdt0811-eng.html)</p> <p>These measures provide a very credible degree of transparency and commitment to constant improvement of quality of service.</p>
Selection criteria	<p>Canadian-controlled private corporations (CCPC) are eligible for an investment tax credit of 35% up to the first \$2M (E 1.37M) of qualifying expenses, and 20% of any excess amount. Other Canadian corporations, trusts, partnerships, and proprietorships can earn a credit of up to 20% of eligible SR&ED expenses.</p> <p>Eligible expenses include wages, materials, machinery, equipment, SR&ED contracts, and some overhead. To qualify, projects must meet the programme's criteria of scientific research and experimental development, which broadly encompass basic research, applied, research, experimental development, and related support work.</p>
Openness to EU countries	Firms must be incorporated in Canada. Also, only R&D expenses incurred in Canada are eligible to receive the tax credit.
Openness to third countries	Firms must be incorporated in Canada. Also, only R&D expenses incurred in Canada are eligible to receive the tax credit.
Selection of projects/participants	Firms that participate in the SR&ED tax incentive programme are self-selected.
What state aid framework is applied to the measure?	not applicable
Mode of funding	Tax incentives (including reduction of social charges)
Eligible costs	Labour costs (including overheads);Infrastructure (buildings);Equipment;Training (including study trips);External expertise (consultants, studies, etc.);Other: eligible costs are defined in detail by the administering agency (Canada Revenue Agency). Best to consult CRA for detailed information.
Overall budget	1.4B
Exchange rate used	1.46
Year 1	2007: E 1.4B
Year 2	-----
Year 3	-----
Year 4	-----
Year 5	-----
Further Information	The numbers indicated represent "tax expenditures" or foregone revenue, not a programme budget per se.
Overall budget in national currency	\$2.6B
Indicators specified ex ante	No
Support measure evaluation	Ex-ante: No On-going / Mid-term: Yes Final / Ex-post: No
Main conclusions of the evaluation(s)	<p>As the result of stakeholder consultations and claimant surveys undertaken by the Canada Revenue Agency regarding the Scientific Research & Experimental Development tax incentive programme, the CRA has published an SR&ED Small Business Action Plan with the following objectives:</p> <ol style="list-style-type: none"> 1) ensure public awareness of the SR&ED Programme and Services 2) make the SR&ED publications easier to understand 3) Improve accessibility to the SR&ED pages on the CRA website 4) Introduce a simplified SR&ED claim form and an eligibility self-assessment <p>These measures refer to the operational aspects of the programme.</p>

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	At the same time, the Department of Finance has commissioned research to assess the the overall effectiveness of R&D tax incentives. A recent working paper by Parsons and Phillips (An Evaluation of the Federal Tax Credit for Scientific Research and Experimental Development, http://www.fin.gc.ca/wp/2007-08e.htm) finds net positive effects. It is, however, methodologically complex to determine the effects of an R&D tax incentive programme. Readers are referred to the original study for details on methods and assumptions.
Results	The question is whether R&D tax incentives provide a net gain in terms of increases in R&D spending or other spillovers, compared to alternative means of stimulating innovation such as direct grants or technology transfer from universities or public labs. Research commissioned by the Department of Finance suggests that the Scientific Research & Experimental Development tax incentive programme has net positive economic benefits. Please consult the study (Parsons and Phillips, An Evaluation of the Federal Tax Credit for Scientific Research and Experimental Development, http://www.fin.gc.ca/wp/2007-08e.htm) for further information regarding methodology and assumptions.
Website in original language	http://www.cra-arc.gc.ca/txcrdt/sred-rsde/prrt-s-eng.html
Legal basis	The Scientific Research & Experimental Development (SR&ED) tax incentive programme is administered by the Canada Revenue Agency under the direction of the Minister of Finance in accordance with tax legislation passed by Parliament.
Launching agency	Department of Finance
Agency administering	Canada Revenue Agency
Funding Agency	<u>Department of Finance</u>
This information was last updated on	2009-07-24

■ Turkey - Support measure



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Support for establishment of technology parks (the Law on Technology Development Zones)

Teknoloji Gelistirme Bolgeleri Kanunu

Keywords	Academic-industry co-operation;Mobility;Research and Development;Spin-off creation;Tax incentive
Overview (nature, goals)	The Law on Technology Development Zones (TDZs) aims to foster establishment of technoparks in universities and/or research centres. It stimulates the mobility of human resources for innovation and research between the research community and business by providing incentives for researchers to work with private companies located in technoparks. The measure also encourages establishment of NTBFs and spin-offs as it is only possible for an academician to start up a company in technoparks established in accordance with the Law. In addition, incomes out of the R&D activities of companies in the technoparks designated by the Ministry of Industry and Trade (MoIT) are exempted from income and corporate taxes, and income of the R&D staff working in those companies is exempted from all taxes until the end of 2013. With Supporting Research and Development Activities Law no 5746, dated 28.02.2008, R&D staff's insurance premium of half share of the employer, is to be paid by Ministry of Finance for 5 years.
Background and rationale	This measure was designed to bridge the gap between the industry and academic communities, and to increase the number of companies conducting R&D as well as raising the share of business in R&D spending in Turkey. It has been implemented since 2001 by the Ministry of Industry and Trade. An evaluation board composed of related public bodies and non-governmental organisations assists to the Ministry in implementation of the measure.
Overview of policy priorities	The measure targets increasing the level of cooperation between universities and companies by providing tax incentives to research companies which are established in Technology Development Zones, special areas close to the universities defined by law.
List of policy priorities	2.3.2 Indirect support to business R&D (tax incentives and guarantees);2.2.1 Support infrastructure (transfer offices, training of support staff);3.3.2 Recruitment of skilled personnel in enterprises
Targeting specific sector	Not sector specific
Targeted Research and Technology Fields	No targeted research and technology fields.
Selected research and technnology fields	No specific thematic focus
Addressing innovation-related Lisbon guideline elements	The creation and development of innovation poles, networks and incubators bringing together universities, research institutions and enterprises, including at regional and local level, helping to bridge the technology gap between regions.
Country	Turkey
Start date	2001
Expected end date	2013

ERAWATCH Research Inventory Customised Export

Relationship to other support measures	This programme is novel and has no relation to a previous programme
How does the measure relate to other measures?	Other: Technology Development Zones has been a longly debated topic after the success of the Silicon Valley in U.S.A.
Geographic coverage	The measure has no regional focus.
Targets or beneficiaries of the measure	All companies;Scientists / researchers (as individuals);Higher educations institutions research units/centres;Other non-profit research organisations (not HEI);Technology and innovation centres (non-profit);New technology based firms/new knowledge intensive service firms
Groups eligible for funding	Other: No funds provided for the companies located in technoparks. Funding is provided for Technopark management companies by MoIT
Aspect of innovation process addressed by the measure	Promotion of entrepreneurship/start up (including incubators);Pre-competitive research;Applied industrial research;Development/prototype creation;Commercialisation of innovation (including IPR);Industrial design;Co-operation promotion and clustering;Diffusion of technologies in enterprises
Type of Research Activities targeted	Basic research;Problem driven (basic) research;Pre-competitive research;Applied industrial research;Knowledge transfer (between researchers);Human resources development;International research collaboration;Networking
Overall implementation structure of the measure	A founding committee including at least one university or research center applies to MoIT with a feasibility study according to the format provided by MoIT. Once the zone has been approved as a TDZ, the founding committee establishes a management company. The management company takes all the necessary investment decisions and assesses the companies applying to the TDZ for renting space. The law states that the unaffordable part of the amount necessary for acquiring the land, and establishment of infrastructure and buildings can be provided by the MoIT within the limits of the Ministry's budget reserved for regional development actions. After declaration of the TDZ, management company may apply for grant support from the MoIT for the unavailable part of construction and establishment costs.
Management structure	The managing company, some of the shares of whom are owned by a University or a Higher Technology Institution, or a public R&D center or public institution are located within the zone or the province where the zone is located. The managing company is responsible for the planning and design; for carrying out all necessary infrastructure and superstructure services and all kinds of services required for the management of the zone in accordance with the purpose indicated in the Technology Development Zones Law and relevant regulations, for the prevention of entrepreneurs' and third persons' derogatory acts and for taking necessary precautions.
Review of progress	The activities and practices of the managing company and entrepreneurs within the zone are audited by the MoIT. The Ministry forewarns the managing company that performs activities which are not in line with the purpose stated indicated in the Law and assigns a certain period of time requesting the performance of the activities within the Zone to be realigned in accordance with the required purpose. At the end of this period, in the event that it is inferred that the managing company is not successful in the actualization of the purpose, MoIT may apply to the competent court requesting the suspension or annulment of the operations of the managing company. In the case of annulment of managing company, on the condition that the rights and liabilities of the company and the managers are reserved, MoIT expropriates the land under the property of managing company and as well as the immovables on the land, and may award the management of the zone to another managing company.
Selection criteria	Main criteria include the level of existent R&D and industrial potential in the region; capabilities of the cooperating university or research institute; technological fields to be covered in R&D activities; and contributions to be made in economic, technological, social and cultural developments of the region and the country.
Openess to EU countries	Closed to EU countries.
Openess to third countries	Closed to third countries.
Selection of projects/participants	For the purpose of assessing the applications pertaining to the technology development zone, an Assessment Board chaired by the Research and Development Director-General of the MoIT has been established with the participation of one representative each from the Ministry of Public Works and Resettlement, the State Planning Organization, the Council of Higher Education, the Presidency of Scientific and Technical Research Council of Turkey, the Union of Chambers and Commodity Exchanges of Turkey and a private institution that operates in the field of technology and that will be selected by the MoIT. The Zones shall be identified by the decree of the Council of Ministers upon the proposal of the Ministry of Industry and Trade and the approval of the Assessment Board and shall be published in the Official Gazette.
What state aid framework is applied to the measure?	Turkey is not a member state of European Union and Community State Aid Framework is not compulsory while the measures are designed.
Mode of funding	Tax incentives (including reduction of social charges);Other: When Managment Company can not cover some of the expenses, MoIT can subsidize it in a limited way.
Eligible costs	Infrastructure (buildings);Other: Management Costs
Sources of co-financing	Other co-financing: The land for the technology development zone shall be provided by university or public institutions.
Overall budget	€3.55m
Exchange rate used	1.85 TRY
Year 1	2008: €6.10m
Year 2	2007: €4.58m
Year 3	2006: €3.24m
Year 4	2005: €2.20m

ERAWATCH Research Inventory Customised Export

Year 5	2004: €1.65m
Further Information	The mean value of the last five years was used for calculating the overall budget of the measure.
Overall budget in national currency	6.57m TRY
Indicators specified ex ante	No
Support measure evaluation	Ex-ante: No On-going / Mid-term: No Final / Ex-post: No
Main conclusions of the evaluation(s)	No evaluations has been carried out as of December 2008.
If no official evaluation has been undertaken is there any evidence which allows an appraisal of the success of the measure?	Take up of the measure by the universities is quite high. There is also high demand by the private sector due to strong tax incentives. However, the need for establishing a systematic monitoring and evaluation mechanism for the measure is highlighted as an important issue in peer studies.
Further developments	By 2008, 31 Technoparks have been approved in Turkey by the MoIT with 18 of them currently active and housing 890 companies (of which 32 are foreign) that employ 7,437 R&D staff and 2,308 technical support personnel and implement 2,671 R&D projects (in ICT, electronics, defense, telecommunication, medical/bio-medical, advance materials, industrial design and environmental technologies) and account for some US\$250 million of export revenues (US\$144 million in 2006)
Website in original language	http://www.sanavi.gov.tr/webedit/go_zlem.aspx? savfano=2538
Legal basis	Based on the Law No. 4691
Launching agency	Ministry of Industry and Trade
Agency administering	Ministry of Industry and Trade
Funding Agency	Ministry of Industry and Trade
This information was last updated on	2009-04-27

Malta - Support measure



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Research & Development Tax Credit	
Research & Development Tax Credit	
Keywords	R&D tax credit; industrial research; experimental development; Intellectual property rights costs
Overview (nature, goals)	<p>The Research & Development (R&D) Tax Credit Scheme offers support to enterprises by providing tax credits on eligible expenditure incurred in running industrial research and experimental development projects. The R&D projects supported must be completed within three consecutive years from the date of approval. The eligible expenditure on which claims can be made includes personnel costs, equipment, materials and supplies and costs of contractual research.</p> <p>Moreover, the scheme awards tax credits to small and medium sized enterprises (SMEs) for the cost of intellectual property (IP) incurred as a result of industrial research and experimental development projects. Eligible expenditure can be claimed over two years upon approval of the project and covers costs preceding the grant of IP, translation costs and costs for defending the validity of the IP.</p> <p>The aid intensity for the scheme varies depending on the entity size and nature of the activity proposed. Generally, higher levels of aid are awarded for projects involving 1) collaboration between enterprises, where the collaboration involves at least one SME; also the research activity must be undertaken with at least one other European Member State and 2) collaboration between an entity and a research organisation.</p> <p>A beneficiary can claim the tax credit in its tax return from the year of assessment immediately following the year in which the relative expenditure is incurred.</p> <p>Malta Enterprise receives applications for R&D tax credits; it evaluates the eligibility of R&D projects, allocates the maximum eligible R&D expenditure and monitors completion of the projects.</p>
Background and rationale	<p>Business sector R&D (BERD) experienced a positive upward trend from 0.44% GDP in 2004 to 0.45% in 2006 and 0.39% GDP in 2007 (European Innovation Scoreboard). It still lies below the EU27 average of 1.17% GDP, with a low level of businesses innovating in-house.</p> <p>There is the realization that in order to support the competitiveness of local enterprise, in large part consisting of small and medium-sized enterprises (SMES) and micro-enterprises, there is the need to create an enabling environment for businesses to operate by alleviating unnecessary financial and administrative burdens.</p> <p>The tax credit scheme is part of a package of incentives intended to stimulate R&I in the private sector (including the EUREKA Programme and ERDF Research & Development Grant Scheme for Enterprise).</p>

ERAWATCH Research Inventory Customised Export

Overview of policy priorities	The key objective of the R&D Deductions and Tax Credit Scheme is to stimulate R&D activity in the private sector; and stimulate innovation through increasing patenting activity, especially amongst SMEs.
List of policy priorities	2.3.2 Indirect support to business R&D (tax incentives and guarantees);5.3.2 Consultancy and financial incentives to the use of IPR
Targeting specific sector	Not sector specific
Selected research and technology fields	No specific thematic focus
Addressing innovation-related Lisbon guideline elements	Better access to domestic and international finance.
Country	Malta
Start date	2009
Expected end date	2013
How does the measure relate to other measures?	Inspired by national policy debate (e.g study, consultation)
Replacing existing measure(s)	R&D Tax Credit 2005-2008
Additional details 2	The R&D Tax Credit scheme is inspired by the need to create an enabling financial and fiscal environment for enterprise to invest more in research and innovation. It is part of the government's strategy for enterprise to become more knowledge-intensive and reliant on innovative activities in the face of a fast-growing competitive economy.
Geographic coverage	The scheme has national coverage.
Targets or beneficiaries of the measure	All companies
Groups eligible for funding	All companies
If more than one target group is eligible	Co-operation/networking mandatory (e.g. cluster programme)
Aspect of innovation process addressed by the measure	Applied industrial research;Development/prototype creation;Commercialisation of innovation (including IPR);Industrial design
Type of Research Activities targeted	Applied industrial research
Overall implementation structure of the measure	<p>Applicants are required to complete an Application Form and submit this to Malta Enterprise (ME). ME reviews the applications to ensure these are in line with the objectives of the scheme and once an R&D project is approved, it issues an Incentive Entitlement Certificate that includes details on the eligible expenditure on which tax credits are calculated as well as on the aid intensity.</p> <p>A beneficiary can claim the tax credit in the tax return, submitted to the Inland Revenue Department, from the year of assessment immediately following the year in which the relative expenditure is incurred. The beneficiary is also required to submit an annual progress report to Malta Enterprise, together with audited financial statements, income tax return and original fiscal receipts, timesheets and any other documentation that refers to eligible expenditure.</p> <p>Once a project is completed, the beneficiary must submit a signed statement of completion to Malta Enterprise, detailing the date of completion together with a final annual report of the project and evidence that all project deliverables are met.</p>
Sub-measure structure and activities	The R&D tax Credit Scheme does not consist of sub-programmes.
Management structure	The Scheme is administered by Malta Enterprise (ME), as part of an R&D investment package for industry. ME receives applications for the R&D tax credit scheme from companies; it evaluates the applications on the basis of the eligibility criteria and monitors their progress by reviewing annual reports received from the beneficiaries.
Review of progress	Malta Enterprise monitors the successful undertaking and completion of the projects Annual progress report on eligible expenditure incurred in relation to the R&D project (including detailed documentation on incurred expenditure, proof of payments, original receipts, personnel timesheets etc. It may also undertake on-site checks during the implementation period in order to verify the implementation of the project.

ERAWATCH Research Inventory Customised Export

Selection criteria	The main evaluation criteria relate to the potential of the project to add value in terms of turnover, employment and investment. Applications for the R&D Tax Credit Scheme must include a detailed description of the project that describes its purpose and the nature of research and development to be undertaken; moreover, the application should contain a list and description of each item of qualifying expenditure in accordance with the categories of qualifying R&D expenditure listed in the guidelines of the incentive. Companies applying for the tax credit must be registered under the Companies Act; or registered as a co-operative; or registered as an overseas company.
Openness to EU countries	Companies applying for the tax credit must be registered under the Companies Act; or registered as a co-operative; or registered as an overseas company under the Laws of Malta.
Openness to third countries	The Scheme is not open to third countries.
Selection of projects/participants	Malta Enterprise (ME) evaluates the applications received on the basis of the eligibility criteria laid out in the guidelines of the scheme; and defines the aid intensity for each project. In the case of collaborations Malta Enterprise will also assess the contractual collaboration agreement between partners and the expected benefits to be attained by the applicant.
What state aid framework is applied to the measure?	The terms and conditions set out in these guidelines are in line with the <u>Community Framework for State Aid for Research and Development and Innovation</u> OJ C 323 of 30.12.2006 (R&D&I Framework)
Mode of funding	Tax incentives (including reduction of social charges)
Eligible costs	Labour costs (including overheads);Infrastructure (buildings);Equipment;External expertise (consultants, studies, etc.);Other: Contractual research, technological knowledge and patents; registration of intellectual property rights
Overall budget	0
Year 1	----
Year 2	----
Year 3	----
Year 4	----
Year 5	----
Further Information	The scheme is based on a tax credit that is claimed by the beneficiary in the income tax assessment following the year in which the eligible expenditure is incurred. It is difficult to estimate the budget.
Overall budget in national currency	0
Indicators specified ex ante	Yes
Details on indicators specified ex ante	One of the measures in the <u>Malta's National Reform Programme 2008-2010</u> relates to assisting SMEs to use IP such as by licensing rights or utilizing patent information (NRP Measure 6.1 p85).
Support measure evaluation	Ex-ante: No On-going / Mid-term: No Final / Ex-post: No
Main conclusions of the evaluation(s)	There has been no official evaluation of the Scheme.
If no official evaluation has been undertaken is there any evidence which allows an appraisal of the success of the measure?	The R&D Tax credit scheme is replacing a pre-existing scheme launched in 2005 by Malta Enterprise under the Deductions and Tax Credits (Research and Development) Rules. The latter focused mainly on SMEs and had a low take up (Source <u>Malta's National Reform Programme 2008-2010</u> , p10). The new R&D tax credit covers all types of enterprises, from large enterprises to SMEs and offers different levels of aid intensity depending on the type of activity undertaken, the size of the entity and extent of collaboration. Thus it is more tailored to the needs of the industry compared to the previous scheme.
Website in original language	http://support.maltaenterprise.com/RD/index_files/RD_Tax.htm
Website in English	http://support.maltaenterprise.com/RD/index_files/RD_Tax.htm
Legal basis	Article 8(3)(a) of the Malta Enterprise Act, Chapter 463 of the Laws of Malta, Legal Notice on the " <u>Assistance for Research and Development and Innovation Regulations, 2009</u> ".
Launching agency	The Scheme was launched by the Ministry of Finance, Economy and Investment.
Agency administering	Malta Enterprise administers the R&D Tax Credit Scheme.

ERAWATCH Research Inventory Customised Export

Funding Agency	The Tax credit Scheme operates on a tax rebate system
Manager responsible for the measure	Malta Enterprise http://www.maltaenterprise.com
This information was last updated on	2009-09-23

≠ United Kingdom - Support measure



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Corporate Venturing Scheme	
Keywords	corporate venture;support to SMEs;tax relief
Overview (nature, goals)	<p>The main objective of the measure is to provide tax relief to firms involved in corporate venturing, in order to encourage corporate venturing and the support and investment they can provide for SMEs. By doing this the measure further aims to support building relationships between otherwise unconnected companies</p> <p>The measure includes the following types of tax reliefs:</p> <ul style="list-style-type: none"> ■ investment relief - relief against corporation tax of up to 20% ■ deferral relief – deferral of tax on chargeable gains ■ loss relief - relief against income for capital losses <p>Many of the rules of this scheme are similar to the Enterprise Investment Scheme (EIS) (UK_61) rules for individual investors. This scheme provides an investment relief of 20% of the cost of the investment, against the investing company's liability to corporation tax.</p>
Background and rationale	<p>The scheme is introduced by the Finance Act 2001. It was further amended by the Finance Act 2001 and 2004. The measure targets the SMEs that could get any venture capital investment and those venture capital firms that could invest in such SMEs. The rationale of the measure is that the venture capital investment would enable SMEs to access (i) particular skills or knowledge that would not be possible to reach for them and also (ii) marketing channels and complementary technologies. In the same manner, the scheme would allow the venture capital firm to free up some of its resources as well as to gain access to R&D, skills and new ideas.</p> <p>The measure is designed to run between 1 April 2000 and 31 March 2010.</p>
List of policy priorities	1.3.2 Horizontal measures in support of financing;2.3.2 Indirect support to business R&D (tax incentives and guarantees);4.3.2 Support to risk capital;5.2.1 Fiscal incentives in support of the diffusion of innovative technologies, products and services
Targeting specific sector	Not sector specific
Selected research and technology fields	No specific thematic focus
Addressing innovation-related Lisbon guideline elements	Better access to domestic and international finance.
Country	United Kingdom
Start date	2000
Expected end date	2010
Relationship to other support measures	This programme is novel and has no relation to a previous programme
Targets or beneficiaries of the measure	All companies
Groups eligible for funding	All companies
More details on the target groups	Target groups are normally larger companies wishing to invest in smaller companies. There are rules applying to: (i) the investing company (the company making the equity investment); (ii) the issuing company (the company receiving the investment); (iii) the investment process (the issue of shares to the investing company by the issuing company); (iv) and the use of the money raised by it.
If more than one target group is eligible	Co-operation/networking mandatory (e.g. cluster programme)
Aspect of innovation process addressed by the measure	Pre-competitive research;Industrial design
Type of Research Activities targeted	Applied industrial research

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Overall implementation structure of the measure	The issuing company can ask for advance clearance before the investment occurs so that it could be more attractive to investing companies. After the investment, issuing company presents a compliance statement to HMRC. Then, if the application is in line with the legislation, HMRC issues a compliance certificate to the investing company. Once an investing company has a compliance certificate, it can claim investment relief in its company tax return for the relevant shares.
Sub-measure structure and activities	NA
Management structure	The scheme is managed by HMRC
Review of progress	Since it is a tax relief there is no progress review.
Selection criteria	-There are limits on the investing company such as: *not own more than 30% of the issuing company (the 'no material interest' requirement) * not control the issuing company * exist to carry on one or more non-financial trades, or be a member of a non-financial trading group and exist to carry on a non-financial trade or trades, or businesses other than trades; or be the parent company of such a group. -There are also limits on the issuing company such as: * unquoted status, and * gross assets. * independence * ownership: the 'individual-owners' requirement * membership of partnerships and joint ventures * subsidiaries * trading activities. -Finally the investment from the investing company to the issuing company must meet some other requirements relating to * the shares * use of the money raised * pre-arranged exits and investor protection, and * the purpose of the issue
Openness to EU countries	It is open to any company that invests in another company established in the UK.
Openness to third countries	It is open to any company that invests in another company established in the UK.
Selection of projects/participants	There is no selection of participants as it is a tax relief.
What state aid framework is applied to the measure?	No state aid framework is applicable for this tax relief.
Mode of funding	Grants
Eligible costs	Other: corporation tax
Overall budget	0
Year 1	----
Year 2	----
Year 3	----
Year 4	----
Year 5	----
Further Information	No direct funding is provided through the Corporate Venturing scheme (CVS) since it is a tax relief scheme. As an estimate of its effect, £74m have been raised / invested from 200/1 until 2006/7 in the frame of this scheme, according to official statistics published by the HM Revenue & Customs. Source: http://www.hmrc.gov.uk/stats/cvs/cvs.pdf
Indicators specified ex ante	No
Support measure evaluation	Ex-ante: No On-going / Mid-term: No Final / Ex-post: No
Main conclusions of the evaluation(s)	No evaluation has been made available to public.
If no official evaluation has been undertaken is there any evidence which allows an appraisal of the success of the measure?	NA
Website in original language	http://www.hmrc.gov.uk/guidance/cvs.htm
Relevant further information	
Legal basis	The provisions for the Corporate Venturing Scheme are in section 63 of, and Schedule 15 Schedule 16 to, the Finance Act 2000, and section 5 of, and Schedule 20 to, the Finance Act 2004 Money raised by issue of shares Schedule 15 to the Finance Act 2001
Launching agency	HM Revenue & Customs
Agency administering	HM Revenue & Customs

ERAWATCH Research Inventory Customised Export

Funding Agency	HM Revenue & Customs
Manager responsible for the measure	Meacock Gill HM Revenue & Customs
This information was last updated on	2009-12-16

≡ Austria - Support measure



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Tax allowances for R&D	
Keywords	basic support for all R&D activities;reduce costs of R&D activities;tax allowance;tax credit
Overview (nature, goals)	Tax incentives for performance and investment in R&D was launched in 2000 in order to strengthen the financing of R&D activities and to promote investments. On general, it permits the deduction, from the tax base, of a percentage of the performed investment in R&D during the tax period. An older version of the tax incentives and allowances for R&D considered a tax allowances up to 35% but after the introduction of the Frascati Manual definition of R&D activities and processes, a new version of the definition of the tax exemption of R&D ("Forschungsfreibetrag") decreased to 25% of the R&D expenditures but encompasses at the same time the whole set of international acknowledged disbursements for R&D. An alternative tax allowance instrument is the R&D bonus ("Forschungsprämie"), whereby a part of the R&D expenditures is directly transferred to the state. R&D performing firms may choose between tax allowance for R&D or R&D bonus.
Background and rationale	Fiscal incentives (tax allowances and tax credits) are-besides direct R&D funding- the second pillar of the Austrian pecuniar R&D promotion system. Other than direct subsidies, indirect promotion aims at increasing the incentive to invest in R&D in a lump sum fashion. Naturally, mainly larger and R&D intensive firms benefit from the measure. In 2001 89% of all the firms that benefited from tax allowance were large companies with more than 500 employees. While the per se non discriminatory effect of the measure is sometimes interpreted as a strength, its incapability to focus on certain target groups and thus to channel outcomes, respectively, can be interpreted as intrinsic weaknesses. An evaluation of the tax allowance for R&D was performed in 2006 as a part of the "White Paper"- project launched by the European Commission. The analysis has shown that nearly 30% of all Austrian firms benefited from R&D exemption, which has been considered to be still relatively low. More than 2/3 of all beneficiary firms operate in the manufacturing sector, whereby the majority of firms is situated in three distinct sectors-Manufacturing of electrical machinery and apparatus n.e.c., Manufacturing of chemicals and chemical products and Manufacture of electronic valves and tubes and other electronic components. Nevertheless, a major weakness of the R&D tax allowances is that it cannot be established in the study a positive link between the R&D tax exemptions and the development of subsequent private R&D expenditures.
List of policy priorities	4.3.2 Support to risk capital;2.3.2 Indirect support to business R&D (tax incentives and guarantees);4.1.1 Support to sectoral innovation in manufacturing;4.1.2 Support to innovation in services
Targeting specific sector	Not sector specific
Country	Austria
Start date	Before 1995
Expected end date	No end date planned
Relationship to other support measures	This programme is novel and has no relation to a previous programme
How does the measure relate to other measures?	Other: self-contained Institution, independent from direct measures
Targets or beneficiaries of the measure	All companies
Groups eligible for funding	All companies
Aspect of innovation process addressed by the measure	Development/prototype creation
Type of Research Activities targeted	Basic research;Problem driven (basic) research;Pre-competitive research;Applied industrial research;Social sciences research;Knowledge transfer (between researchers);International research collaboration
Selection criteria	R&D tax allowances are awarded generally to all firms that have performed R&D projects independent of their sector affiliation. The international acknowledged broad definition of R&D expenditures by Frascati Manual give even a greater possibility to deduct all kinds of R&D expenditures. Moreover, especially firms that have produced an important invention or got a patent with a major economic value are eligible for support.
Mode of funding	Grants

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Eligible costs	Labour costs (including overheads);Infrastructure (buildings);Equipment
Sources of co-financing	Other co-financing: public budget, resulting in lower public budget income
Year 1	2005: 418,000,000
Year 2	2008: 500,000,000
Year 3	----
Year 4	----
Year 5	----
Further Information	There are no official figures. Figures reported are estimations Austrian Audit Court. However, estimates by WIFO differ from these numbers. "Fiscal support for R&D for assessment year 2005 cost slightly more than € 250 million when measured at constant prices of the year 2000. Measured in current prices, total cost of R&D funding for the year 2005 amounted to € 276.7 million. This falls far behind the forecast figures of the Austrian Court of Audit (€ 418 million)." Source: http://www.bmvit.gv.at/innovation/downloads/report4.pdf
Indicators specified ex ante	No
Support measure evaluation	Ex-ante: No On-going / Mid-term: Yes Final / Ex-post: No
Main conclusions of the evaluation(s)	The first evaluation of the R&D tax allowance system in Austria is being performed at the moment and expected evaluation results will be available until the end of 2009.
Website in original language	http://www.bmvit.gv.at/innovation/foerderungen/downloads/ftfg120506.pdf
Website in English	http://www.c.ata.ca/fil/es/PDF/Resource_Centres/SRED/CRA/AustriaR_Dtaxanalysts.pdf
Legal basis	&DThe R tax allowances are subject to the regulations of the Income Tax Law (§ 4 Abs. 4 Z 4a Income Tax Law).Further Information on http://www.steuerberater.at/gesetze/estg/ .
Manager responsible for the measure	Bogner Michael Federal Ministry of Economy, Family and Youth (BMWFJ)
This information was last updated on	2009-09-16

■ Belgium - Support measure



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Federal - Tax deduction for R&D investments and patents acquisition

Federal - Déduction pour investissement

Keywords	fiscal incentive;investment;tax;patents
Overview (nature, goals)	<p>The investment allowance permits the deduction, from the tax base, of a quota of the amount of investments made in the course of the tax period. Tangible and intangible investments in R&D or patents allow the application of an increased rate of deduction.</p> <p>The exemption from corporation tax for earnings and profits is set at a part of the investment or yield value of the tangible assets acquired as good as new or constituted as good as new and the new intangible assets, when such assets are allocated in Belgium to the professional activity exercise. This exemption is known as "deduction for investment".</p> <p>The assets considered as aiming at promoting research and development of new products and advanced technologies "not having effects on the environment or designed to reduce the negative effects on the environment" (namely investments for research and development which are environment-friendly) allow the taxpayer to choose either an increased investment deduction, or an increased spread investment deduction.</p> <p>The percentage of the increased deduction is fixed at 15.5% for the 2010 tax year (13.5% in 2009). This increased deduction is applied in one go. Beside the assets mentioned above, it also applies to patents.</p> <p>The percentage of the increased spread deduction is fixed at 22.5% for the 2010 tax year (20.5% in 2009). The deduction in that case is calculated on the depreciation admitted on the assets mentioned above for each taxable period included in the depreciation period.</p> <p>When there are insufficient or no earnings or profits in a taxable period for which the deduction for investment may be made, the exemption which is not granted for that taxable period is carried over successively, for an unlimited period, to the earnings or profits in the subsequent taxable periods. However, the deduction of the exemption carried over from the earnings or profits in each of the subsequent taxable periods may not exceed €821.380 per taxable period (2009 taxable period) or, when the total amount of the exemption carried over at the end of the previous taxable period exceeds €3.285.500 (2009 taxable period), 25% of that total amount.</p> <p>As of 2007 tax year, this measure has been complemented by an R&D Tax Credit measure with the objective of extending benefits to those businesses not yet generating enough profit to make use of a tax deduction. A taxpayer having irrevocably chosen for the R&D tax credit can no longer benefit from the deduction for R&D investments for the investments concerned.</p>

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Background and rationale	The main rationale of this measure is to improve the tax regime for companies to strengthen the financing of R&D activities and to promote investments in the country. The measure existed prior to the adoption of the Lisbon Strategy and Barcelona Objective but is clearly identified by the Belgian Government as one of the fiscal measures supporting innovation and the reversal of a negative trend of private sector investments in R&D (see here). A recently approved measure to introduce a complementary tax credit scheme in addition to this existing tax deduction measure follows the recommendations of a number of expert reports including those of the 3% High Level Group set up by the former federal research minister whose report was made available in August 2005 under the title Belgian R&D: The missing link '.
List of policy priorities	2.3.2 Indirect support to business R&D (tax incentives and guarantees);5.3.2 Consultancy and financial incentives to the use of IPR
Targeting specific sector	Not sector specific
Selected research and technology fields	No specific thematic focus
Addressing innovation-related Lisbon guideline elements	Efficient and affordable means to enforce intellectual property rights.
Country	Belgium
Start date	Before 1995
Expected end date	No end date planned
Relationship to other support measures	This programme is novel and has no relation to a previous programme
How does the measure relate to other measures?	Inspired by national policy debate (e.g study, consultation)
Additional details 2	The measure existed prior to the adoption of the Lisbon Strategy and Barcelona Objective but is clearly identified by the Belgian Government as one of the fiscal measures supporting innovation and the reversal of a negative trend of private sector investments in R&D (see here).
Geographic coverage	The measure covers Belgium.
Targets or beneficiaries of the measure	All companies
Groups eligible for funding	All companies
If more than one target group is eligible	Only proposals from single organisations are accepted
Aspect of innovation process addressed by the measure	Pre-competitive research;Applied industrial research;Development/prototype creation;Commercialisation of innovation (including IPR);Diffusion of technologies in enterprises
Type of Research Activities targeted	Pre-competitive research;Applied industrial research
Additional comments on the targeted fields	Tangible and intangible investments in R&D or patents allow the application of the deduction.
Overall implementation structure of the measure	Companies have to apply for the deduction when presenting their annual declaration to the tax office. They have to present a certificate for R&D activity, which is delivered by their respective regional executive organisation.
Management structure	The programme is managed by the Belgian Federal Science Policy Office on a continuous basis.
Review of progress	Tax incentives are not subject to review or monitoring.
Selection criteria	The investment allowance applies to investments in tangible or intangible fixed assets newly acquired or created during the tax period and which are assigned in Belgium for the exercise of a professional activity. The rates vary according to criteria relative to the number of employees, size of the investments, nature of the control on the society, etc. - SMEs are eligible for the base rate of 3.0% - other companies" base rate is 0%.
Openness to EU countries	Fiscal incentives are only open to companies which are paying taxes in Belgium.
Openness to third countries	Fiscal incentives are only open to companies which are paying taxes in Belgium.
Selection of projects/participants	Not applicable for tax incentives.
Mode of funding	Tax incentives (including reduction of social charges)

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Eligible costs	Other: The measure provides a tax relief on investment in Belgium for earning and operating profits.
Overall budget	n/a
Year 1	-----:
Year 2	-----:
Year 3	-----:
Year 4	-----:
Year 5	-----:
Further Information	No information available on the amount of tax subsidies awarded on an annual basis.
Indicators specified ex ante	No
Support measure evaluation	Ex-ante: No On-going / Mid-term: No Final / Ex-post: No
If no official evaluation has been undertaken is there any evidence which allows an appraisal of the success of the measure?	An evaluation of fiscal incentives for R&D in enterprises was carried out in 2003 at the request of the Federal Science Policy Office with a view to considering a future overhaul of the R&D tax system. However, it focused on the measure BE_4 (Tax deduction for increase in R&D personnel) and did not provide any detailed information on this measure. Since 2007 tax year, this measure has been complemented by a <u>R&D tax credit</u> measure with the view of extending benefits to those businesses not yet generating enough profit to make use of a tax deduction. The new measure aims at improving presentation in accounting terms of the cost price of R&D in Belgium so that by transforming it into a tax credit, which can be reimbursed over time, the fiscal advantage currently linked with the deduction for investment can be directly used to reduce the operational R&D costs. This should facilitate and clarify international comparisons of the cost of R&D within international groups, and thereby enable a better evaluation of the advantages linked with basing R&D activities in Belgium.
Results	There is no information on the outcomes of the tax incentives in Belgium.
Further developments	As of 2007 tax year, this measure has been complemented by a <u>R&D Tax Credit</u> measure with the objective of extending benefits to those businesses not yet generating enough profit to make use of a tax deduction. A taxpayer having irrevocably chosen for the R&D tax credit can no longer benefit from the deduction for R&D investments for the investments concerned.
Website in original language	http://www.belspo.be/belspo/fisc/public/Polit_Scien_en.pdf
Relevant further information	Document on fiscal measures in Belgium available <u>in English</u> , <u>in Dutch</u> and <u>in French</u> .
Legal basis	Article 68 to 77 of the income tax code (Code des impôts sur les revenus 92 - CIR 92). Article 47 and following of the AR/CIR92. As updated annually. See http://www.fisconet.fgov.be/
Launching agency	The measure has been launched by the <u>Belgian Federal Science Policy Office</u> .
Agency administering	The measure is administered by the <u>Belgian Federal Science Policy Office</u> .
Funding Agency	There is no funding involved but foregone revenue for the National Treasury.
This information was last updated on	2009-05-05

Sweden - Support measure



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Innovation in food	
Innovativa livsmedel	
Keywords	Food industry;Needs-driven multidisciplinary research;Collaboration between HEIs and industry/commerce
Overview (nature, goals)	One of the powerful driving forces behind the growth of innovative foodstuff is the increasing consumer demand for personal choice. An even more significant trend is a growing interest in the importance of food for health and well-being. Sweden has a strong research base in the fields of medicine, biology, biotechnology, and food science, together with a well-organised food industry with high technical standards, and hence a good potential for growth.
Background and rationale	A greater desire on the part of consumers to be able to make personal choices is a strong driving force in the field of innovative foodstuff. Interest in the important role that food plays for our health and well-being is clearly increasing. It is believed that there is good growth potential in this area internationally and in Sweden. Sweden has a key capacity in many of the areas of importance to healthy foodstuff; there is a strong basis in research fields such as medicine, biology and biotechnology as well as in food-related research areas. Sweden has an internationally advanced position when it comes to ethics, security and environmental concerns in food production. The capacity to develop products with a high knowledge content is an important prerequisite for the renewal and expansion of the Swedish food industry.

ERAWATCH Research Inventory Customised Export

Overview of policy priorities	The programme focuses on demand-driven multidisciplinary research leading to a better use of knowledge from the fields of biology, biotechnology and medicine in the food industry and in food research. The implementing agency <u>VINNOVA</u> also wishes to contribute to the establishment of a competence-driven innovation environment that can act as hub for the Swedish development of innovative foodstuff.
List of policy priorities	1.2.1 Strategic Research policies (long-term research agendas);1.2.2 Innovation strategies;1.3.3 Other horizontal policies (ex. society-driven innovation);1.3.1 Cluster framework policies;1.3.2 Horizontal measures in support of financing;2.1.1 Policy measures concerning excellence, relevance and management of research in Universities;2.1.2 Public Research Organisations;2.1.3 Research and Technology Organisation (private non-profit);2.1.4 Research Infrastructures;2.2.3 R&D cooperation (joint projects, PPP with research institutes);2.3.1 Direct support of business R&D (grants and loans);2.3.2 Indirect support to business R&D (tax incentives and guarantees)
Targeting specific sector	Not sector specific
Targeted Research and Technology Fields	The focus is on creating useful knowledge for the development of food for health and well-being. Among the examples of important research questions are studies analysing the correlation between a diet and health and illnesses or deficiencies of the heart, allergies, diabetes and cancer, as well as the identification of bio markers in humans that can be used to measure health effects of food. So far, the programme did not cover studies of the primary production in the food production chain, the development of bio processes in the food industry, or clinical studies. It is worth noting that those areas chosen, are those with particular growth potential. Choices are revised every three to five years.
Country	Sweden
Start date	2001
Expected end date	No end date planned
Relationship to other support measures	This programme replaces programme(s) being phased-out or discontinued
Replacing existing measure(s)	There was a smaller programme dedicated to collaboration between academia and the food industry that <u>Nutek</u> started in 1998. This programme was more generic in its scope, and did not have the clear focus on the needs of the business sector as the present programme has.
Geographic coverage	National
Targets or beneficiaries of the measure	All companies;Consultancies and other private service providers (non-profit);Higher educations institutions research units/centres;Other non-profit research organisations (not HEI);New technology based firms/new knowledge intensive service firms
Groups eligible for funding	All companies;Consultancies and other private service providers (non-profit);Higher educations institutions research units/centres;Other non-profit research organisations (not HEI);New technology based firms/new knowledge intensive service firms
If more than one target group is eligible	Co-operation/networking mandatory (e.g. cluster programme)
Type of Research Activities targeted	Problem driven (basic) research;Pre-competitive research;Applied industrial research
Overall implementation structure of the measure	The programme is coordinated and led by <u>VINNOVA</u> . The main idea is granting money to academic environments, where the actual implementation is carried out.
Sub-measure structure and activities	The programme is not divided into subprogrammes.
Management structure	The programme is managed by a triple helix programme council, consisting of representatives from industry, academia and the public sector. This council has been active in deciding and counselling on what projects to support. The mandate of the programme council finished in 2005.
Review of progress	The projects submit a report every six months, and the programme leader at <u>VINNOVA</u> visits the projects once a year.
Selection criteria	<u>VINNOVA</u> presented a list of nine criteria for selecting applications: <ol style="list-style-type: none"> 1. Relevance, both in relation to the programme and its intended effects, and in relation to industry. 2. Significance for sustainable development, including how the project helps to link or create a value chain, and its own place in this. 3. Scientific quality and participants' competence, including novelty of the project, theories and models, etc. and collaboration with international research environments. 4. Interaction between the players. Choice of participants and the quality of the interaction compared to the objectives of the call and the project. 5. Measures and methods for evaluation of effects. 6. Realism, in terms of resources vs. expected outcomes. 7. Communication within and outside the project. 8. Gender perspective. 9. Other effects, such as more general effects on industry and society.
Openness to EU countries	Participants from EU countries can participate as partners in projects, but are not eligible for funding
Openness to third countries	Participants from third countries can participate as partners in projects, but are not eligible for funding.
Selection of projects/participants	There are no fixed calls for proposal; proposals can be submitted at any time.
Mode of funding	Grants
Eligible costs	Labour costs (including overheads);Equipment;Training (including study trips)

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Sources of co-financing	Co-financed by the Structural funds (ERDF, ESF, etc.); Co-financed by the private sector; Other co-financing: The programme (and VINNOVA programmes in general) can match EU funding, and has done so in one case
Overall budget	14 041 909
Exchange rate used	1 EUR = 9,26 SEK
Year 1	----: SEK 20 million
Year 2	----: SEK 20 million
Year 3	----: SEK 15 million
Year 4	----: SEK 15 million
Year 5	----: SEK 12 million
Further Information	The VINNOVA money decreases over the years. The co-funding from industry is calculated to some 25% of the public funding (the demand was 20%).
Overall budget in national currency	SEK 130 million
Indicators specified ex ante	No
Support measure evaluation	Ex-ante: Yes On-going / Mid-term: Yes Final / Ex-post: Yes
Main conclusions of the evaluation(s)	There was an ex-ante evaluation done by national, independent experts, but this was not presented in the form of a proper evaluation document.
Further developments	The ambition is to start implementing on-going evaluations of projects during 2007.
Website in original language	http://www.vinnova.se/vinnova_templ_ates/Page_2024.aspx
Website in English	http://www.vinnova.se/vinnova_temp_lates/Page_10359.aspx
Launching agency	VINNOVA
Agency administering	VINNOVA
Funding Agency	VINNOVA
This information was last updated on	2007-05-31

Denmark - Support measure



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150 % Tax Deduction on Certain Research Expenditures	
150 % fradrag for forskningsudgifter	
Keywords	SME; tax deduction; Public-private Partnership; research collaboration
Overview (nature, goals)	<p>The primary aim was to increase private incentive to co-operate with public research institutions. The measure originates from the 2003 Action plan 'Strategy for Public-private Partnership on Innovation' (Nye veje mellem forskning og erhverv? Fra tanke til faktura).</p> <p>The Strategy focuses on how to improve co-operation between education, research and trade and business. The goal is that more enterprises, especially SMEs, shall have faster and easier access to knowledge.</p> <p>Two types of measures can be covered by the scheme: co-financed research projects and co-financed researcher schools. Persons, companies and Funds can achieve an extra 50 per cent depreciation the taxable income for expenses on certain research projects co-financed by enterprises and public research institutions. Such expenses are already 100 per cent deductible.</p> <p>To be approved as a project within the scheme it must apply with the following:</p> <ul style="list-style-type: none"> - The research project (or the researcher school) is co-financed by one or more firms and one or more public research institutions. - The firm commissions research from a public research institution in the range between DKK 0.5 and 5 million (EUR 0.7 mill). <p>The public institution contributes with own means. SMEs in particular are allowed to depreciate their wage costs paid in connection with these projects. The scheme ended in December 2006.</p>
Background and rationale	<p>Background for the programme was the need to strengthen the competitiveness of Danish companies. The Danish government started in 2002 an experimental scheme that gave companies the possibility to deduct expenditures for research that was done in collaboration with public Danish research institutions. The experimental scheme ended in 2003 and was revised.</p> <p>The new scheme (2004-2006) was more focused on SMEs which can additionally to the deduction of costs that the SMEs pay to the public research institutions in a collaborative research project also apply for a deduction of own labour costs related to collaborative projects. There was also the possibility to apply for deduction for costs related to collaboration with foreign public research institutions.</p>

ERAWATCH Research Inventory Customised Export

Overview of policy priorities	The scheme supported R&D investments especially in SMEs and private-public partnerships.
List of policy priorities	2.3.2 Indirect support to business R&D (tax incentives and guarantees);1.2.1 Strategic Research policies (long-term research agendas);2.2.3 R&D cooperation (joint projects, PPP with research institutes)
Targeting specific sector	Not sector specific
Targeted Research and Technology Fields	No specific themes or disciplines.
Selected research and technology fields	No specific thematic focus
Addressing innovation-related Lisbon guideline elements	Better access to domestic and international finance.
Country	Denmark
Start date	2004
Expected end date	2006
Relationship to other support measures	This programme replaces programme(s) being phased-out or discontinued
Replacing existing measure(s)	Experimental scheme for tax deduction on certain research expenditures
Additional details 2	2003 Action plan 'Strategy for Public-private Partnership on Innovation'
Targets or beneficiaries of the measure	All companies;SMEs only;Consultancies and other private service providers (non-profit);Higher educations institutions research units/centres;Other non-profit research organisations (not HEI);Technology and innovation centres (non-profit);New technology based firms/new knowledge intensive service firms
Groups eligible for funding	All companies;SMEs only;Consultancies and other private service providers (non-profit);Higher educations institutions research units/centres;Other non-profit research organisations (not HEI);Technology and innovation centres (non-profit);New technology based firms/new knowledge intensive service firms
More details on the target groups	Must be a cofinanced research project between companies and public research institutions. SMEs are a special target, but not only them.
If more than one target group is eligible	Co-operation/networking mandatory (e.g. cluster programme)
Aspect of innovation process addressed by the measure	Pre-competitive research;Applied industrial research
Type of Research Activities targeted	Problem driven (basic) research;Pre-competitive research;Applied industrial research;Social sciences research;Knowledge transfer (between researchers);Human resources development;International research collaboration
Overall implementation structure of the measure	Collaborative and co-financed research projects/researcher schools can get funding according to the criteria described in detail later. The Danish Agency for Research (DAR) - since the 1st of May 2006 the <u>Danish Agency for Science, Technology and Innovation (DASTI)</u> - has to approve project proposals from the collaboration partners.
Sub-measure structure and activities	
Management structure	Applications have to be sent to The Danish Agency for Research - now Danish Agency for Science, Technology and Innovation - continuously. There is no fixed date. It is only possible to get funded if the project has been approved by the Agency before the project has started!
Review of progress	The programme is reviewing continuously how the scheme has been used.
Selection criteria	To be approved as a project within the scheme it must apply with the following: - The research project (or a researcher school) is co-financed by one or more companies and one or more public research institutions. - The research project must be approved by the Danish Research Agency - The company must not get any other public funding for the project, including from the EU - The company pays between 0,5 and 5 million to the public research institution. - The public institution contributes with own means - SMEs in particular are allowed to deduct their wage costs paid in connection with these projects.
Openess to EU countries	The scheme is open for collaborative projects between Danish companies and foreign public research institutions.
Openess to third countries	The scheme is open for collaborative projects between Danish companies and foreign public research institutions.
Selection of projects/participants	There are no fixed calls, applications can be sent continuously.

ERAWATCH Research Inventory Customised Export

What state aid framework is applied to the measure?	No data available.
Mode of funding	Tax incentives (including reduction of social charges)
Eligible costs	Labour costs (including overheads);External expertise (consultants, studies, etc.);Other: Payments to public research institutions
Overall budget	67 007 505
Exchange rate used	7,462
Year 1	2004: 22 335 835
Year 2	2005: 22 335 835
Year 3	2006: 22 335 835
Year 4	----
Year 5	----
Further Information	These are budget appropriations, but there are only 25 mio DKK (3 350 308 €) in foregone tax revenues per year.
Overall budget in national currency	DKK 500 010 000
Indicators specified ex ante	No
Support measure evaluation	Ex-ante: Yes On-going / Mid-term: Yes Final / Ex-post: Yes
If no official evaluation has been undertaken is there any evidence which allows an appraisal of the success of the measure?	The programme has not been used optimal according to the official contact person and will be replaced after 2006.
Results	No information available.
Further developments	The programme will be replaced after 2006 by a grant based programme.
Website in original language	https://www.retsinformation.dk/Forms/R0710.aspx?id=29195
Relevant further information	Bekendtgørelse om forsoegsordning med 150 pct. fradrag for forskningsudgifter efter ligningslovens S 8Q (in Danish, nr. 597 af 15. juli 2002) Bekendtgørelse om forsoegsordning med 150 pct. fradrag for forskningsudgifter efter ligningslovens S 8Q (in Danish, nr. 339 af 10. maj 2004)
Legal basis	Parliamental Act nr 289 (27.04.2004) Parliamental Act nr 995 (07.10.2004) Public announcement nr 339 (10.05.2004), Ministry of Science, Technology and Innovation
Launching agency	The Danish Ministry for Science, Technology and Innovation
Agency administering	Danish Agency for Science, Technology and Innovation
Funding Agency	The Danish Ministry for Science, Technology and Innovation
This information was last updated on	2008-09-22

 Australia - Support measure



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Research and Development Tax Credit

R&D Tax Credit

Keywords

R&D;Incentive;Tax

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Overview (nature, goals)	On 12 May 2009 the Government announced the R&D Tax Credit to come into effect in the 2010-11 income year, and is expected to provide A\$1,400m (€826m.) of benefit to firms annually. The new scheme, which replaces the R&D Tax Concession, largely follows the recommendations of the Review of the Innovation System (VenturousAustralia). Perhaps the most significant part of the new programme is a major increase in support to smaller firms. Previously small firms that were not profitable, and hence did not pay tax, were able to benefit from the scheme in only a limited way - they were able to claim a cash refund for R&D up to A\$1m. The new program lifts the level of incentive benefit (from 125% to 150%), the size of firms that can claim the refundable credit (from a turnover of A\$5m to A\$20m- ie €3m to €12m) and the cap on expenditure is removed.
Background and rationale	The R&D tax concession programme, which has been in operation since 1985, has been the government's largest single innovation outlay, at over A\$500m pa.(€295m.) The program has been modified on a number of occasions. The new approach to providing incentives for R&D has been designed to address a range of problems that had developed in the existing scheme. One of these was the increasing complexity that had developed as the scheme had been modified over time with each 'bandaid' adding complexity and causing confusion. This complexity had served as a disincentive to firms and spawned an industry of consultants who specialise in assisting firms to prepare claims under the scheme. However, the reform of the scheme also related to a longer running policy stance. The previous government had reduced the level of tax concession for R&D, and had also reduced the corporate tax rate. The combined affect had significantly lowered the level of R&D subsidy. Specifically, an incentive rate of 150% at a corporate tax rate of 49% was worth a tax benefit of 24.5% of R&D expenditure. However, after corporate tax rates were reduced to 30% and the R&D incentive to 125% the after tax benefit fell to 7.5% of R&D expenditure - 7.5C in the dollar. . While the level of BERD had grown strongly in the early 1990s after the reduction in incentive the rate of growth slowed markedly, although strong growth subsequently resumed. The Rudd Government had indicated an intention to restore the incentive affect of the scheme. One other significant issue that the reforms addressed was the situation of particularly smaller firms that we were not yet generating profits and hence paying tax.
Overview of policy priorities	<p>The new R&D Tax Credit programme includes:</p> <ul style="list-style-type: none"> ■ a 45 per cent refundable tax credit (equivalent to a 150 per cent concession) for small firms with a turnover of less than A\$20 m. p.a.(€11.8m) [previously the tax credit for SMEs was restricted to a turnover limit of A\$5m. (€3m) and capped a A\$1m (€0.6m) of R&D expenditure]; ■ a 40 per cent tax credit (equivalent to a 133 per cent deduction to foreign-owned firms, and firms with a turnover of more than \$20 million per annum (€11.8m)). <p>The level of incentive is now decoupled from the corporate tax rate so there is certainty over the level of assistance. The refundable credit is available to firms in tax loss, which provides a significant benefit to high-tech start-up companies. However, under the new Tax Credit system the eligibility criteria will be tightened. The precise definition of what will be accepted as permissible R&D expenditure will be reviewed and this may be contentious.</p> <p>The R&D Tax Concession is currently accessed by around 7,000 firms of all sizes from all sectors. Over 5,500 small firms stand to benefit from the refundable 45 per cent credit. Firms undertaking R&D in Australia where the intellectual property is owned overseas will, for the first time, be eligible for the R&D Tax Credit.</p> <p>http://www.innovation.gov.au/General/Corporate/Pages/ResearchDevelopmentTaxCredit.aspx</p> <p>http://www.ausindustry.gov.au/InnovationandRandD/RandDTaxCredit/Pages/RandDTaxCredit.aspx</p>
List of policy priorities	2.3.2 Indirect support to business R&D (tax incentives and guarantees)
Targeting specific sector	Not sector specific
Selected research and technology fields	No specific thematic focus
Country	Australia
Start date	2010
Expected end date	No end date planned
Replacing existing measure(s)	R&D Tax Concession
Geographic coverage	Australia
Targets or beneficiaries of the measure	All companies
Groups eligible for funding	All companies
Aspect of innovation process addressed by the measure	Awareness raising amongst firms on innovation;Pre-competitive research;Applied industrial research;Development/prototype creation
Type of Research Activities targeted	Basic research;Problem driven (basic) research;Pre-competitive research;Applied industrial research;Social sciences research
Overall implementation structure of the measure	<p>Two levels of tax credit:</p> <ul style="list-style-type: none"> ■ a 45 per cent refundable tax credit (equivalent to a 150 per cent concession) for small firms with a turnover of less than A\$20 m. p.a. (€11.8m.) [previously the tax credit for SMEs was restricted to a turnover limit of A\$5m. (€3m.) and capped a A\$1m (€0.6m) of R&D expenditure]; ■ a 40 per cent tax credit (equivalent to a 133 per cent deduction to foreign-owned firms, and firms with a turnover of more than \$20 million per annum (€11.8m)).

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Management structure	The Programme is administered by the programme delivery arm of the Department of Innovation, Industry, Science and Research, AusIndustry and is also overseen by the Tax Department. http://www.au.industry.gov.au/InnovationandRandD/RandDTaxCredit/Pages/RandDTaxCredit.aspx
Selection criteria	The scheme is in principle open to all firms. However, they must register for the scheme and then submit annual claims based on the detailed criteria set out regarding permissible expenditure. In the past there has been a good deal of controversy about some types of expenditure claimed as R&D. The most contentious have been software and experimental pilot/production. In relation to software, firms can classify software development as R&D if it can be substantiated that the software development was for commercial sale. Where plants are run under experimental conditions the cost of operations, including consumables can, in principle, be considered as R&D costs. For large plants the claims can be very substantial.
Openness to EU countries	The scheme is for R&D conducted in Australia, but for the first time can be for R&D where the IP will be owned outside of Australia.
Openness to third countries	The scheme is for R&D conducted in Australia, but for the first time applies to R&D where the IP will be owned outside Australia.
Selection of projects/participants	The scheme is in principle open to all firms. However, they must register for the scheme and then submit annual claims based on the detailed criteria set out regarding permissible expenditure.
Mode of funding	Tax incentives (including reduction of social charges)
Overall budget	826m (estimated tax foregone) pa
Exchange rate used	1.69 A\$
Year 1	2010: €826m (estimated tax foregone)
Year 2	----
Year 3	----
Year 4	----
Year 5	----
Further Information	The actual expenditure/tax income foregone depends on the claims by firms. This depends on the overall state of the economy and the extent of stimulation that the new incentives actually provide. It also depends on the precise definition of those R&D expenditures that can be claimed. There has been a perception that some firms were seeking large benefits from expenditures that involved little or no risk. There have been many complex court cases between firms and the tax office in relation to disputes over the interpretation of claimable expenditures.
Overall budget in national currency	A\$1400m. (estimated tax foregone) pa
Indicators specified ex ante	Yes
Details on indicators specified ex ante	The scheme aims to increase BERD and all debate will be informed by BERD performance and the interpretations of that performance.
Support measure evaluation	Ex-ante: No On-going / Mid-term: Yes Final / Ex-post: No
Main conclusions of the evaluation(s)	The evidence on the programme's effectiveness was most recently reviewed through the overall review of the national innovation system - see Venturous Australia , Chapter 8. This review commented: "The evidence base around the scheme which has operated for 25 years is astonishingly poor. This paucity of data is largely caused by the legal and probity barriers to open disclosure of taxation data and the lack of progress in producing longitudinal data around matched data sets." The most recent systematic review is that of the Productivity Commission report on Public Support for Science and Innovation . This review, which also discusses previous reviews, concluded that the programme was likely to have a marginal positive impact. This was primarily, they argued, because at least 80% of the R&D for which tax benefits were claimed, would have taken place without the incentive.
Results	The assessments of the impacts of the previous programme are noted in Section 4.3 above. The new program introduces significant differences, particularly the substantially increased support through cash rebates for small firms not paying tax, and hence the outcomes will only be evident over time.
Website in original language	http://www.au.industry.gov.au/InnovationandRandD/RandDTaxCredit/Pages/RandDTaxCredit.aspx
Legal basis	The fundamental legal basis is the Tax Act of Parliament, as amended from time to time. The Act is also supported by a range of regulatory provisions and by case law as disputes over the interpretation of the Act are resolved in court cases between firms and the Tax Office.
Launching agency	The R&D tax concession is jointly administered by AusIndustry, part of the Department of Innovation, Industry, Science and Research (DIISR), and the Tax Office. It's promotion is through AusIndustry.
Agency administering	The R&D tax concession is jointly administered by AusIndustry, part of the Department of Innovation, Industry, Science and Research (DIISR), and the Tax Office.
Funding Agency	The 'funding' is of two types: tax revenue foregone and cash credits to small firms. Both are managed through the Australian Tax Office.

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Manager responsible for the measure	See: AusIndustry: http://www.au_sindustry.gov.au/InnovationandRandD/RandDTaxCredit/Pages/RandDTaxCredit.aspx Tax Office: http://www.ato.gov.au/tax_professionals/content.asp?doc=/content/00189551.htm
This information was last updated on	2009-09-14

■ Poland - Support measure



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Status of R&D Centres	
Status centrum badawczo-rozwojowego	
Keywords	Private R&D centres;Co-operation between R&D and industry;Fiscal incentives
Overview (nature, goals)	A private entity can gain a possibility to apply for the status of R&D Centre. An entrepreneur who receives such status will be exempted from various taxes i.e. agricultural tax, forestry tax, property tax and duties of perpetual lease. The R&D Centres can also establish the Innovation Fund to finance their R&D-related activities. The tax allowance is calculated on annual basis from the capital accumulated on the Innovation Fund on monthly basis not exceeding 20% of monthly turnover. This instrument is targeted at the private research centres and not at companies implementing innovation. The two eligibility criteria are: turnover at least €1.2m and 20% of net sales resulting from R&D activities.
Background and rationale	The main rationale is to increase private R&D investments. The original idea was to put in place a mechanism that would encourage foreign companies to set up their research centres and provide support mechanisms to the newly commercialised Branch research institutes. In the course of 2008, the Act on Some forms of support for innovation activities was amended and entered into force on 17 July. As a result, one of the eligibility criteria (i.e.% of net sales resulting from R&D-related services) was lowered from 50% to 20%. Due to the lack of interest from foreign investors, this instrument will be used by local research institutes.
List of policy priorities	2.3.2 Indirect support to business R&D (tax incentives and guarantees)
Targeting specific sector	Not sector specific
Selected research and technology fields	No specific thematic focus
Addressing innovation-related Lisbon guideline elements	Better access to domestic and international finance.
Country	Poland
Start date	2006
Expected end date	No end date planned
Relationship to other support measures	This programme is novel and has no relation to a previous programme
How does the measure relate to other measures?	Inspired by national policy debate (e.g study, consultation)
Additional details 2	The idea to launch such measure emerged during the preparatory work of the Act on Some forms of supporting innovation activities, which came into force on 1 January 2006 with subsequent changes.
Geographic coverage	National
Targets or beneficiaries of the measure	All companies;Other: Branch research institutes
Groups eligible for funding	All companies;Other: Branch research institutes
Aspect of innovation process addressed by the measure	Applied industrial research;Diffusion of technologies in enterprises
Type of Research Activities targeted	Applied industrial research
Overall implementation structure of the measure	The Status of R&D Centre allows R&D intensive private enterprises to use a monthly deduction of 20% of revenues from their research activities. The R&D Centres will be also exempted from tax on real estate, agriculture and forest tax. The enterprise applies for the Status to the Ministry of Economy, which grants the status through the administrative decision.

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Management structure	The Minister of Economy plays a role of the managing authority, which in practice means that decides whether to grant a status of R&D centre or not. The decisions are publised in Official Journal of Poland.
Review of progress	The first positive decision was delivered on 15 October 2008 to the Institute of Innovation and Information Society, which is an R&D centre of ABG Group specialised in carrying out research and implementing their results in the field of ICT and information society. So far the progress has been slow. During the period when 50% of net sales related to R&D activities was required no single status was granted. As a result of lowering this requirement to 20%, 11 applications were submitted in 2008. Until 6 March 2009, the Ministry of Economy granted the status of R&D centre to eight entities.
Selection criteria	The two main eligibility criteria are at least €1.2m overall turnover and 20% of net sales resulting from R&D-related services.
Openess to EU countries	This measure is practically open to other foreign companies interested in opening up their R&D centres in Poland, although in practice the experience of implementation shows that foreign companies while enjoying other incentives, do not find the advantages which the Status offers worthwhile the efforts.
Openess to third countries	Legally, there are no such restrictions.
Selection of projects/participants	The Status is granted to those companies, which meet the eligibility criteria, i.e. €1.2m of overall turnover and 20% of net sales resulting from R&D-related activities.
What state aid framework is applied to the measure?	The State Aid cannot exceed 50% of eligible costs in applied research and 25% in case of development activities. The decree issued by the Ministry of Economy was notified to the European Commission on 1 December 2006 (No. 8006/2006).
Mode of funding	Tax incentives (including reduction of social charges)
Eligible costs	Labour costs (including overheads);Infrastructure (buildings);Equipment;External expertise (consultants, studies, etc.);Other: Operational costs, including the material and energy consumption
Sources of co-financing	Co-financed by the private sector
Overall budget	0
Year 1	----
Year 2	----
Year 3	----
Year 4	----
Year 5	----
Further Information	Due to the nature of this measure there is no annual budget. According to the feasibility study (2005), the impact of this measure of the State budget was neutral. The provided explanation was that the costs of this measure would be compensated by reduction of Branch research institutes, which enjoyed previously similar tax incentives.
Indicators specified ex ante	No
Support measure evaluation	Ex-ante: No On-going / Mid-term: No Final / Ex-post: No
If no official evaluation has been undertaken is there any evidence which allows an appraisal of the success of the measure?	The uptake of the measure was very weak at the beginning especially among the foreign companies, but now the situation is slowly improving. According to the most recent information, 11 applications were submitted in 2008 and the first positive decision was taken mid-October.
Website in original language	http://www.pi.gov.pl/polityk_a_innowacyjna_w_polsce/ustawodawstwo/1465.html
Legal basis	The Act on Some forms of support for innovation activities of 30 May 2008
Launching agency	Ministry of Economy
Agency administering	Ministry of Economy
Funding Agency	Ministry of Economy
This information was last updated on	2009-06-01

— Netherlands - Support measure

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WBSO: Research and Development (Promotion) Act	
Wet bevordering speur- en ontwikkelingswerk (WBSO)	
Keywords	fiscal incentive;research and development;wage costs reduction
Overview (nature, goals)	<p>The objective of the WBSO Act is to stimulate R&D by alleviating the wage burden for companies through tax reduction. This Act provides a fiscal facility for companies, knowledge centres and self-employed persons who perform R&D work. In this context, R&D means technical/scientific research, the development of technologically new physical products or physical production processes (or parts thereof) and the development of technologically new software (or parts thereof). Non-companies qualify only if they perform R&D on the instructions and at the expense of a Dutch company. Under the Act, a contribution is paid towards the wage costs of employees directly involved in R&D. The contribution is in the form of a reduction of payroll tax and social security contributions and an increase in the tax deductions available to self-employed persons. Applications must be received four weeks before the start of the period for which these facilities are required. In 2005, WBSO was broadened. Since then, R&D includes:</p> <ul style="list-style-type: none"> ■ The analysis of the technical feasibility of an R&D project. ■ Development of technically new physical products, physical production processes, software programmes or parts thereof. ■ Technical scientific research which can provide explanations for phenomena in areas like physics, chemistry, biotechnology, production technology and ICT. <p>As from 2009 WBSO is also applicable for the development of technology that combines existing ICT-components in an innovative way. In 2010 €69m from the WBSO budget will be available for this, in 2011 this will be €115m.</p> <p>With a budget over €450m per year, WBSO is a major instrument to stimulate research (and development). In March 2009 the government announced to temporarily increase the WBSO budget with €150m for both 2009 and 2010. This is in light of the current economic situation. The extra money is used to increase the fiscal advantage of the WBSO Act: companies can pay less tax over wage costs. This means increased liquidity for all companies and stimulates keeping R&D personnel.</p>
Background and rationale	The intensity of business expenditure on R&D in the Netherlands is relatively low in international comparison. The WBSO Act has been introduced to broaden the base of businesses that undertake R&D. This type of measure was chosen to stimulate R&D in firms due to the fact that wage costs form a bottleneck for the take-up of R&D. A fiscal form was chosen so it could easily merge with private spending on R&D. Also the low threshold and generic and broad coverage of a fiscal form fits well with the aim of the measure.
Overview of policy priorities	The measure was developed to increase the expenditure on research and technological innovation personnel in enterprises
List of policy priorities	2.3.2 Indirect support to business R&D (tax incentives and guarantees)
Targeting specific sector	Not sector specific
Targeted Research and Technology Fields	The WBSO Act has no specific thematic orientation, but since it is a fiscal measure, it supports industrial R&D.
Selected research and technology fields	No specific thematic focus
Country	Netherlands
Start date	Before 1995
Expected end date	No end date planned
Relationship to other support measures	This programme is novel and has no relation to a previous programme
How does the measure relate to other measures?	Other: stimulate private sector to invest in new products and services
Geographic coverage	national
Targets or beneficiaries of the measure	All companies;Higher educations institutions research units/centres;Other: Three categories of groups are eligible: (1) Entrepreneurs with personnel that performs R&D; (2) Non-entrepreneurs that perform (contract) R&D for a Dutch business; and (3) Self-employed persons that perform R&D or have personnel that perform R&D.
Groups eligible for funding	All companies;Higher educations institutions research units/centres;Other: Three categories of groups are eligible: (1) Entrepreneurs with personnel that performs R&D; (2) Non-entrepreneurs that perform (contract) R&D for a Dutch business; and (3) Self-employed persons that perform R&D or have personnel that perform R&D.
More details on the target groups	The Act provides a fiscal facility for companies, knowledge centres and self-employed persons who perform R&D work. Non-companies qualify only if they perform R&D on the instructions and at the expense of a Dutch company.
If more than one target group is eligible	Only proposals from single organisations are accepted
Aspect of innovation process addressed by the measure	Pre-competitive research;Applied industrial research;Development/prototype creation
Type of Research Activities targeted	Pre-competitive research;Applied industrial research

ERAWATCH Research Inventory Customised Export

Additional comments on the targeted fields	WBSO is targeted at organisations performing R&D. R&D means technical/scientific research, the development of technologically new physical products or physical production processes (or parts thereof) and the development of technologically new software (or parts thereof).
Overall implementation structure of the measure	The WBSO is a fiscal measure, administered by SenterNovem, the Netherlands Innovation Agency (under the ministry of economic Affairs). The Netherlands Tax Administration reduces the payroll tax and social security contributions, based on an official document that is provided by SenterNovem. Afterwards, SenterNovem checks to see whether the R&D activities were actually performed.
Sub-measure structure and activities	There are no sub-programmes
Management structure	An entrepreneur can apply for WBSO support every month (whilst before there were two moments for submitting applications annually). A maximum of three applications per year is allowed (this maximum does not apply to self-employed persons). A project that is submitted lasts at least three and at most six months. Overlap between projects is not allowed. The application has to be submitted at least one month before the project starts. A web-based programme will be made available for submitting the applications.
Review of progress	The WBSO measure was evaluated (2002) and simplified (2006). The main reason for the simplification was the involvement of two agencies (SenterNovem and the Belastingdienst (Netherlands Tax Administration)). Currently the only administering agency is SenterNovem. WBSO was evaluated again in 2006/2007. The evaluation report was published in May 2007. The act was evaluated positively, but recommendations for (small) improvements were made, which were carried out in 2008.
Selection criteria	<ul style="list-style-type: none"> ■ R&D should be organised by applicants themselves and carried out within their own company (projects may be assigned by third parties); ■ R&D should be carried out as part of projects or programmes; ■ R&D should be carried out in the Netherlands or in the EU; ■ Software R&D activities should be technically not functionally new software (excluded are functionally new software, software maintenance, adapting software to a new hard- or software platform); ■ The technological development should be new for the organisation; ■ There should be technical bottlenecks; ■ WBSO should be applied for in advance.
Openess to EU countries	WBSO can be applied for by companies who's employees work within the Netherlands tax-system. The research can be performed in other EU countries.
Openess to third countries	WBSO can be applied for by companies who's employees work within the Netherlands tax-system. The research can be performed in other EU countries.
Selection of projects/participants	An entrepreneur can apply for WBSO support every month (before there were two moment for submitting applications annually). A maximum of three applications per year is allowed (this maximum does not apply to self-employed persons). A project that is submitted lasts at least three and at most six months. Overlap between projects is not allowed. The application has to be submitted at least one month before the project starts. The selection criteria for projects are described in legal documents (Afbakeningsregeling Speur- en Ontwikkelingswerk).
What state aid framework is applied to the measure?	No data available
Mode of funding	Tax incentives (including reduction of social charges)
Eligible costs	Labour costs (including overheads)
Overall budget	€616m
Year 1	2009: €466m + €150m
Year 2	2008: €425m
Year 3	2007: €425m
Year 4	2006: €415m
Year 5	2005: €389m
Further Information	This tax reduction measure has no 'overall budget'. It exists in this form since 1994, the budgets are set annually and planned a few years ahead (usually for the duration of a government coalition). Budget in previous years 1997: €285m, 1998: €375mn, 1999: €355m, 2000: €298m, 2001: €324m, 2002: €361m, 2003: €319m, 2004: €367m.
Indicators specified ex ante	No
Support measure evaluation	Ex-ante: No On-going / Mid-term: Yes Final / Ex-post: Yes
Main conclusions of the evaluation(s)	In 2001 the effectiveness of the Law was evaluated by independent evaluators. The main indicators used are indicators for: <ul style="list-style-type: none"> - R&D efforts of firms - innovation, e.g. sales of new products as a percentage of total sales - broad economic effects <p>The 2002 evaluation found the following effects of the WBSO:</p> <ul style="list-style-type: none"> - First order effects: 1 euro spent on WBSO gives 1.02 euro in R&D effort. Total R&D spending rises with total of the WBSO tax credit. Outcome of survey: size does matter (larger compnies can take more risks, have a lower threshold, faster time to market, side effects: better planning and administration) - Second order effects: found significant effect for firms with < 50 employees. If tax credit rises with 1%, effect on sales of new products as % of total sales for an average firm is 0.19 percent points. WBSO is important for reaching goals of innovation, like introduction of new products, lowering cost of innovation, acquisition of fundamental & implementation of technological knowledge, higher quality products and innovation

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	<p>process, raising speed of innovation process.</p> <p>- The use and scope of the measure: the WBSO is considered to be easy accessible for companies (low administrative burdens) and therefore attractive for SMEs. In 1998 60% of the budget went to SMEs. Other positive elements are the efficiency of its implementation and the effectiveness of the measure.</p> <p>In 2003 the WBSO was further examined. Some figures presented in the 2003 examination (WBSO Beschouwd) are:</p> <p>- Between 1994-2001 73145 proposals were made from 24750 businesses.</p> <p>- WBSO has had a macro effect - increasing the structural level of R&D spending by business; 50% of WBSO users said that it had some influence on undertaking R&D, 18% of users said it had decisive influence for undertaking R&D, 31% (with a large proportion being businesses with more than 200 employees) said it had no influence on undertaking R&D projects, 58% of users said that the level of R&D expenditure would have been reduced if the measure was not available to them. In regards to target group 75% of businesses with in house R&D during 96-98 have applied for WBSO benefits. For the Industrial sector this is higher at 86%, and lower at 51% in the service sector. For businesses with 10-15 employees the percentage was 61% using WBSO, while larger businesses participated more (76%).</p> <p>In 2006/2007 the WBSO was evaluated again:</p> <p>Key-data: The number of applications has grown to 15200 in 2005, with over 10000 different companies applying. In 2005 69% of the budget ended up at SMEs, SMEs constituting over 95% of the users. The share of services-sector in WBSO is about 25%.</p> <p>Main findings: WBSO-users use the fiscal advantage fully for R&D and invest own means on top of that. The effect on R&D expenditure depends on the size of companies: effect is larger in small companies. Revenues (extra private investments in R&D) are larger than costs of the act. Other positive effects are changes in the kind of R&D and in the behavior of users: increase in willingness to take risks and knowledge use in organisations. Duration of projects and project planning has also improved. In general more turnover increases as consequence of new products, leading to growth of companies.</p> <p>Recommendations: Some options for improvements were identified. The act doesn't work well for contract-research performed by knowledge-institutes. This is because only a limited part of the fiscal advantage is passed on to the companies buying the research. It is suggested to have a look at a separate facility within WBSO for self-employed persons. Finally it is noted that the fiscal advantage which is offered by WBSO is not very attractive for larger, international companies.</p>
Results	<p>Next to the stimulation of R&D through the increase in R&D wage costs, the WBSO measure has, for many users, had other positive effects. Undertaking R&D with higher risks, faster execution of R&D, improvement in the quality of the execution of R&D, extra investment in apparatus and space for R&D, undertaking more in-house R&D, and better planning of R&D activities.</p> <p>A paper about the social costs and benefits of the WBSO scheme can be found here.</p>
Further developments	<p>The minister has planned to make extra budget available during the coming years (to 2011). This budget will be used for some structural changes in WBSO, which should make the act more attractive and increase its use. Suggested changes:</p> <ul style="list-style-type: none"> ■ review of the hour-criterium for self-employed persons ■ extra stimuli for companies that are performing R&D for the first time ■ widening the definition of eligible R&D with services based on ICT ■ increasing the amount on which companies can use the highest deduction rate ■ increasing the maximum tax-reduction per company from €8 million to €8.5 million
Website in original language	http://www.senternovem.nl/wbso/
Website in English	http://www.senternovem.nl/wbso/English.asp
Legal basis	Uitvoeringsregeling S&O-afdrachtvermindering 2006 (Staatscourant 23 December 2005, nr. 250, p. 15) http://www.senternovem.nl/mmfiles/uitvoeringsregeling%20S%26O-afdrachtvermindering%202006_tcm24-1744_16.pdf
Launching agency	The launching agency is the Ministry of Economic Affairs (EZ)
Agency administering	The innovation agency SenterNovem is administering WBSO.
This information was last updated on	2009-05-12

Israel - Support measure



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Magneton	Magneton
Keywords	Partnership;Technology Transfer;Academia;Industry;Knowledge
Overview (nature, goals)	The Magneton is a Technology Transfer program, intended to transfer existing knowledge from the academia to the industry. The program acknowledges that the academic knowledge needs adaptation and further work before it can be transferred to the industry. That kind of applied research for validation is allowed. The program duration is maximum 2 years with a maximum budget of about 640,000 euro.
Background and rationale	The program addresses the problem of technology Transfer from the academia to the industry. The transfer of knowledge created within the academia without the awareness or involvement of the industry, an therefore not always adequately protected, or developed according to industrial needs, but rather according to scientific curiosity. The program does not intend to create new knowledge, but provide for the utilization of knowledge already developed. The precondition is that the knowledge be transferred to the industry if the industry so wishes, under pre-determined conditions.
Overview of policy priorities	The Magneton is intended to encourage the industry to seek solutions to its technical problems in the academia and to increase the cooperation between the two regarding the transfer of knowledge from the academia to the industry.
List of policy priorities	2.2.3 R&D cooperation (joint projects, PPP with research institutes);2.1.1 Policy measures concerning excellence, relevance and management of research in Universities;2.3.2 Indirect support to business R&D (tax incentives and guaranteees)
Targeting specific sector	Not sector specific

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Targeted Research and Technology Fields	Research under the programme encompass almost the entire spectrum of current technological fields; there is no specific research theme, and even middle and low tech are eligible for support.
Country	Israel
Start date	Before 1995
Expected end date	No end date planned
Relationship to other support measures	This programme is novel and has no relation to a previous programme
Additional details 2	The programme came to fill a gap in the existing support programmes and to answer a need that seemed to arise from the other programmes. There was no specific pre-launch public debate, but there was a two year trial period before the final formulation of the programme and the official launch.
Geographic coverage	ISRAEL
Targets or beneficiaries of the measure	All companies;Scientists / researchers (as individuals);Higher educations institutions research units/centres;Other non-profit research organisations (not HEI)
Groups eligible for funding	All companies;SMEs only;Scientists / researchers (as individuals);Higher educations institutions research units/centres;Other non-profit research organisations (not HEI);Technology and innovation centres (non-profit)
Type of Research Activities targeted	Pre-competitive research;Applied industrial research;Knowledge transfer (between researchers)
Overall implementation structure of the measure	The Magneton offers support for validation of technology and the transfer of that technology from Academia to Industry. The duration of a project is between 12-24 months, and the maximum over all budget is 3.4 million NIS (about 640,000 euro). The support is dependent on a signed agreement setting the terms for the Knowledge transfer in case of success.
Management structure	The Industry and the Academia apply for support for the duration, the maximum budget can be up to 3.2 Million NIS (about 640,000 euro), of which 66% is a grant paid by the Ministry of Industry Trade and Employment. The Industry is the main applicant with the Academy as chief sub-contractor. The 66% support is for the overall budget, and the industry pays the Academia the full approved budget. Once the proposal is approved the applicants have to present a signed contract setting the terms for the technology Transfer (sale or licensing) in the case of success. Most such contracts take the form of a Research and Licensing Agreements. The form is open for negotiations by the partners, but the obligatory terms are published by the Authority in charge.
Review of progress	Due to the short term of the projects there are not too many reviews. There is a requirement for at least one milestone within the first 12 months, and the budget is divided into two periods, the first 12 months and the rest. At the end of the first 12 months, and under the obligation to have reached the milestone, the second term is approved after both a technical review (by ministry experts) and financial review (same experts).
Selection criteria	<p>The selection criteria is divided into two parts – eligibility to the programme (or pre-conditions) and selection criteria.</p> <p><u>Eligibility Criteria (Pre-Conditions)</u></p> <ol style="list-style-type: none"> 1. A laboratory level technology validation exists in the Academia before the proposal to the Magneton is submitted. 2. The project exhibits a technological un-certainty that prevents the industry from making the decision to enter the product development process. 3. An interested industrial corporation with interest in the project exists, and is ready to complete the required funding from its own resources (the chief Scientists of the Ministry of Industry Trade and Employment grants cover up to 66% of the approved budget). 4. The industrial firm has the human resources with the scientific/engineering capabilities to assimilate the project and continue with the product development independently. 5. The research group in the research organisation has the knowledge and capabilities to perform the main part of the research, and has no commercial link to the industrial firm. 6. The project has well defined end targets within the time frame and budget of the programme. 7. The proposal to the Magneton is the first time the project is submitted to the chief scientist office. 8. The realization of the project may promote the product in international markets 9. The technology does not exist / not developed in another firm active in the Israeli market. 10. The industrial firm has the capability to realize the commercial potential of the products developed based on the technology transferred. <p><u>Selection criteria</u></p> <ul style="list-style-type: none"> ■ Fulfilling the pre-conditions ■ The firms ability to translate technological success of the project into a commercial success ■ The nature of the relationship between the researcher in the academia and the industry. Preference for new relations. ■ The added value of the results of the work to the firms future products – preference for high added value. ■ The evaluation of projects fulfilling the pre-conditions is according to the criteria of – technological innovation, market size, competitive advantage, export potential and firm capabilities.
Openess to EU countries	Magneton projects are restricted to Israeli Industry firms and academic research institutions.
Openess to third countries	Closed to non Israeli entities.
Selection of projects/participants	Industrial firms with their base of operation in Israel in cooperation with a local research organisation are eligible for funding according to the criteria mentioned above. They fill the forms and can submit proposals twice a year (deadlines 15 April, and 15 October each year). The proposals are evaluated according to the above mentioned criteria without reference to the industrial sector. However, only technology based proposals are eligible. The evaluation prefers first time partnerships.
Mode of funding	Grants
Eligible costs	Labour costs (including overheads);Other: Materials
Sources of co-financing	Co-financed by the private sector

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Overall budget	4.6 Million Euro
Exchange rate used	5 NIS
Year 1	2008: 4.6 million Euro
Year 2	-----:
Year 3	-----:
Year 4	-----:
Year 5	-----:
Further Information	In the Year 2008 4.6 million Euros were granted to 25 projects
Overall budget in national currency	23 million NIS
Indicators specified ex ante	No
Details on indicators specified ex ante	The partners have to submit a deliverable in the form of a project milestone before the end of the first 12 months and an annual report. Both are evaluated as a pre-condition for the approval of the rest of the research project. They also have to submit a final report in order to get the final part of the grant. The link to future products is not monitored directly.
Support measure evaluation	Ex-ante: Yes On-going / Mid-term: Yes Final / Ex-post: Yes
Main conclusions of the evaluation(s)	The programme was evaluated by interviews with the pilot projects before the official launch (2001). It has since been un-officially monitored vis-à-vis the Academy (2004) to identify problems, and modified once in view of the proposals submitted to it (2006).
If no official evaluation has been undertaken is there any evidence which allows an appraisal of the success of the measure?	The fact that since 2001 over 200 projects have been approved, seems to be one indication of success. Another indication is that more research organisations participate in this programme than in other collaborative programmes with the industry.
Further developments	The programme was updated in 2006 to allow more basic research applications, were the Academia does not have the knowledge but rather the expertise in the field, and would need to develop the basic knowledge.
Website in original language	http://www.magnet.org.il/default.asp?id=16
Relevant further information	The General Manager Instruction number 8.6 establishing the programme: http://www.tamas.gov.il/cmsTamat/InternalPage.aspx?NRORIGINALURL=%2fNR%2fexeres%2f4447B8A4-74DD-40FA-BA6D-D04629345710%2ehmt&FRAMELESS=false&NRNODEGUID=%7b4447B8A4-74DD-40FA-BA6D-D04629345710%7d&am.p:NRCACHEHINT=Guest#a1 The Programme Summary introduction: http://www.magnet.org.il/index_files/det3/?????%202006%20-%20?????%20?????.doc
Legal basis	Instruction 8.6 (2003) of the General manager of the Ministry of Industry Trade and Employment
Launching agency	Chief Scientist Office in the Ministry of Industry Trade and Employment
Agency administering	Chief Scientist Office in the Ministry of Industry Trade and Employment
Funding Agency	Chief Scientist Office in the Ministry of Industry Trade and Employment
This information was last updated on	2009-05-31

Malta - Support measure



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EUREKA Programme	
EUREKA Programme	
Keywords	commercialization of research;innovation;R&D financing;Small and micro enterprises

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Overview (nature, goals)	<p>Malta became a member of the EUREKA Programme in 2006. The Programme provides financing for enterprises and industry engaged in collaborative applied R&D projects that lead to commercialization. EUREKA is seen to spur the right momentum for the setting up of private-public partnerships locally and stimulating collaboration with research institutions and partners abroad.</p> <p>Malta Enterprise (ME) is the national programme coordinator for Eureka and has successfully facilitated the participation of a number of companies including Maltese small and medium-sized enterprises (SMEs) in the programme in sectors of activity including environment, clean energy and engineering.</p> <p>ME provides co-finances circa of €150,000 that represent 40% of the total budget costs of a project spread over three years. It also offers advisory services on the Programme and facilitates partner searches.</p> <p>In 2006-2008, Malta Enterprise committed €350,000 to leverage around €1.2m worth of local research and development.</p>
Background and rationale	<p>As Malta meets up to the challenge of increasing business expenditure on R&D, it is seeking to improve the business environment for SMEs to innovate, both through the simplification of legislative and administrative procedures, as well as through enhancing access of SMEs to financing. The latter emerges as a critical factor in the undertaking of innovation-oriented activities. The EUREKA Programme provides an opportunity for mobilizing investments in enterprise and increasing the number of SMEs undertaking <u>Research, Technological Development and Innovation Measures under Priority Axis 1 – Enhancing Knowledge & Innovation of the Cohesion Policy 2007-2013</u> with a commercialization potential whilst also stimulating networking with counterpart organisations in the European Union.</p> <p>As indicated in Measure 3.3 of <u>Malta's National Reform Programme 2008-2010</u>, Eureka participation is expected to contribute to increasing the level of research and innovation by enterprise.</p>
List of policy priorities	2.3.1 Direct support of business R&D (grants and loans);2.2.1 Support infrastructure (transfer offices, training of support staff);2.3.2 Indirect support to business R&D (tax incentives and guarantees)
Targeting specific sector	Not sector specific
Selected research and technology fields	No specific thematic focus
Addressing innovation-related Lisbon guideline elements	The creation and development of innovation poles, networks and incubators bringing together universities, research institutions and enterprises, including at regional and local level, helping to bridge the technology gap between regions.[Better access to domestic and international finance.
Country	Malta
Start date	2006
Expected end date	No end date planned
Relationship to other support measures	This programme is novel and has no relation to a previous programme
How does the measure relate to other measures?	Inspired by need to meet EU level policy objectives
Additional details 2	Participation in the Eureka programme aims to boost research and innovation expenditure in the business sector and help draw Malta closer to achieving its Lisbon targets.
Geographic coverage	Eureka is a network of European and associated countries.
Targets or beneficiaries of the measure	All companies
Groups eligible for funding	All companies
If more than one target group is eligible	Co-operation/networking mandatory (e.g. cluster programme)
Aspect of innovation process addressed by the measure	Applied industrial research;Development/prototype creation;Commercialisation of innovation (including IPR)
Type of Research Activities targeted	Applied industrial research
Overall implementation structure of the measure	Prior to applying for aid under this programme, enterprises are advised to contact Malta Enterprise for guidance on the application process, identifying adequate partners and preparing a project proposal.
Sub-measure structure and activities	Apart from the Eureka Programme, Malta Enterprise also manages a pre-Eureka Preparatory/Pilot Support Programme that assists SMEs and also start-ups in preparing for smaller R&D projects (not exceeding €20,000). This scheme attracted a good success rate of participation with seven projects running so far. It is being transformed into the Technical Feasibility Studies Programme that is furthering assistance to companies in R&I capacity building.

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Management structure	<u>Malta Enterprise</u> is the national programme coordinator for Eureka and represents Malta on the international Eureka network.
Review of progress	In 2006-2008, Malta Enterprise committed €350,000 to leverage around €1.2m worth of local research and development. Nine local companies successfully participated and benefited from Eureka funding in this period.
Selection criteria	Applications for EUREKA Funding must be submitted to Malta Enterprise, together with a proposal that specifies the technology area being targeted by the proposal. The project must be undertaken with at least two EUREKA Member participants and must have a clear market-oriented value. The project must exhibit technological Novelty (project results in a product, process or service representing a significant advance in their sector). The partners must demonstrate project management capability and have the necessary resources to co-fund the project.
Openness to EU countries	Eureka is a network of European and associated countries.
Openness to third countries	Eureka is a network of European and associated countries.
What state aid framework is applied to the measure?	No state aid framework is applied to the Programme.
Mode of funding	Grants
Eligible costs	Labour costs (including overheads);Equipment;Training (including study trips)
Sources of co-financing	Co-financed by the private sector
Overall budget	350,000
Year 1	-----
Year 2	-----
Year 3	-----
Year 4	-----
Year 5	-----
Further Information	In 2006-2008, €350,000 worth of public funds were disbursed for Eureka projects; the share of private funds was of circa €870,000.Malta Enterprise provides a co-financing of €150,000 per participant over a period of three years.
Indicators specified ex ante	No
Support measure evaluation	Ex-ante: No On-going / Mid-term: No Final / Ex-post: No
If no official evaluation has been undertaken is there any evidence which allows an appraisal of the success of the measure?	Two Maltese proposed projects are currently participating in Eureka. Malta Enterprise also runs a preparatory programme for Eureka – the Technical Feasibility Studies Programme – that supports and prepares small and medium-sized companies to build some capacity to be able to participate in fully-fledged Eureka Projects. The latter has attracted successful participation of seven SMEs. In financial terms, Malta Enterprise committed €350,000 to leverage €1.2m worth of local research and development.
Further developments	Malta Enterprise is also seeking to support the participation of Maltese enterprises in the <u>Eurostars</u> programme.
Website in original language	http://www.eureka.be/contacts/member.do?memI_d=MT
Website in English	http://www.eureka.be/contacts/member.do?memI_d=MT
Legal basis	Malta Enterprise Act, Article 8 (3a).
Launching agency	Malta Enterprise (ME) launched the scheme. ME is the national innovation agency promoting enterprise development and is responsible for implementing the Enterprise Aid Schemes that are co-financed through the European Regional Development Fund (ERDF) over the period 2007-2013.
Agency administering	Malta Enterprise is the National Programme coordinator for Eureka.
Funding Agency	Malta's participation in the Eureka programme is part funded by Malta Enterprise (through public funds) and by private funds originating from the industry/enterprise participating in the R&D development project.
Manager responsible for the measure	<u>Malta Enterprise</u> , Enterprise Centre Industrial Estate San Gwann SGN 3000 Malta

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This information was last updated on	2009-09-23
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Spain - Support measure



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Public Venture Capital to New Technology Based Firms (NTBF s) by ENISA participation	
Capital riesgo para empresas de base tecnológica aportado por la Empresa Nacional de Innovación (ENISA)	
Keywords	Equity loans;New Technology Based Firms;venture capital
Overview (nature, goals)	In order to encourage creation and expansion of New Technology Based Firms (NTBF,s) the Ministry of Industry, Tourism and Trade(MITYC) establishes an agreement with the National Enterprise of Innovation (ENISA). The main goal of this action line is to support entrepreneurial projects carried out in NTBF's by mean of equity loans. ENISA will receive funds from the MITYC, with preference conditions and this entity will give loans to NTBF's. The most important aspect of this measure is that risk is assumed by the MITYC and if NTBF's can not reimburse loans, funds reimbursed by ENISA to the MITYC will be reduced in these amounts.
Background and rationale	<p>Policies for innovative start-ups have been developed for many reasons. One of these is the relatively low position of Spain in the rank of global competitiveness, as a result of the loss of some industries in favour of Eastern European countries, India or China. Another reason is the specialisation of industries in medium low and low technology. Innovative start-ups have been supported through bank loans, tax incentives, venture capital and legal reforms. The policy framework has evolved over time as new measures have been added and legal reforms have been adapted to emerging needs. These measures were designed in a way to tackle the main barriers for the establishment of innovative start-ups (and, generally, any kind of business project). These barriers include:</p> <ol style="list-style-type: none"> (1) Scant spirit of entrepreneurship amongst the Spanish population; (2) the higher number of administrative formalities required to start entrepreneurial activities; (3) the preference of entrepreneurs for non-technology based companies; (4) low likelihood for new companies to grow; (5) scarce internationalisation of companies.
List of policy priorities	4.3.2 Support to risk capital;1.3.2 Horizontal measures in support of financing;2.3.1 Direct support of business R&D (grants and loans);2.3.2 Indirect support to business R&D (tax incentives and guaranteees)
Targeting specific sector	Not sector specific
Selected research and technnology fields	No specific thematic focus
Addressing innovation-related Lisbon guideline elements	Better access to domestic and international finance.
Country	Spain
Start date	2001
Expected end date	No end date planned
How does the measure relate to other measures?	Inspired by national policy debate (e.g study, consultation)
Targets or beneficiaries of the measure	SMEs only
Groups eligible for funding	SMEs only
More details on the target groups	Participative loans will be given to support entrepreneurial projects developed by NTBF's.
Aspect of innovation process addressed by the measure	Promotion of entrepreneurship/start up (including incubators)
Overall implementation structure of the measure	The investment strategy of ENISA is based primarily on following assumptions: 1. Co-financing will be necessary to provide for the financing of financial requirements associated with the strategic plan of the company. 2. Limit relative funding ENISA will always be equal or less than the equity of the applicant. 3. Absolute limit: The financing of ENISA will be between 100,000 and 1,000,000 euros. Higher amounts may be considered exceptional. The characteristics of the equity loans of ENISA are listed below: (1) A long maturity (between 5 and 10 years). (2) Long grace period to repay the loan (between 3 and 8 years). (3) Interest rate based on the results of the firm, with a minimum and maximum. (4) Range due subordinated to any other claim or obligation of the borrower, standing in front of partners. (5) No requesting any additional guarantees to provide their own entrepreneurial ventures.

ERAWATCH Research Inventory Customised Export

Selection criteria	The basic criteria for project selection are: (1) Quality and viability of the business project. (2) Professionalism of management experience in the business sector, training and technical coverage of all areas of company management. (3) Competitive Advantages: the product or products developed by the company will have an advantage against competitors. (4) The company should be directed toward growth markets with significant current and long term. (5) The project will have a financial plan that demonstrates the company's ability to meet their needs and commitments. (6) The project will provide an adequate return for risk.
Openess to EU countries	The measure is not open to other EU Countries
Openess to third countries	The measure is not open to third countries
Mode of funding	Subsidised loans (including interest allowances)
Eligible costs	Labour costs (including overheads);Infrastructure (buildings);Equipment;Training (including study trips);External expertise (consultants, studies, etc.)
Sources of co-financing	Co-financed by the private sector
Overall budget	83,773,000
Year 1	2004: 7,400,000
Year 2	2005: 13,300,000
Year 3	2006: 22,410,000
Year 4	2007: 21,408,000
Year 5	2008: 31,255,000
Further Information	Overall budget for the period 2004 2008
Overall budget in national currency	83,773,000
Indicators specified ex ante	No
Details on indicators specified ex ante	Information has not been produced by the implementing agency (ENISA).
Support measure evaluation	Ex-ante: No On-going / Mid-term: No Final / Ex-post: No
Main conclusions of the evaluation(s)	At this moment, any official evaluation has not taken place.
Website in original language	http://www.enisa.es
Legal basis	Law 6/2000 (13/12/2000) of Urgent Fiscal Measures to stimulate familiar saving and SMEs. Art. 20 Royal Degree Law 7/1996, 7th June Law 10/1996, 18th December
This information was last updated on	2009-05-28

✂ United Kingdom - Support measure



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Research and Development (R&D) Tax Credits for Larger Companies

Research and Development (R&D) Tax Credits for Larger Companies

Keywords	large firms;R&D;tax credits;tax relief
Overview (nature, goals)	The 2002 Budget extended the R&D Tax Credit scheme already introduced in 2000 for SMEs (UK_35) to larger companies. The scheme is designed to help improve the quantity and quality of R&D undertaken by British firms. The tax credit for larger companies also targets R&D carried out in the UK by multinational enterprises in order to encourage inward investment into R&D and relocation to the UK. The tax relief can reduce a company's UK corporation tax bill, by allowing the larger company to deduct up to 130% of qualifying expenditure on R&D when calculating its taxable profit. Unlike, the SMEs R&D Tax Credit scheme the scheme for larger companies does not allow for a payable credit.

ERAWATCH Research Inventory Customised Export

Background and rationale	<p>Despite the potential for growth provided by Research and Development (R&D) investment, the existence of wider spillover effects to society means that companies can under-invest in R&D, as the public returns exceed the gains to companies themselves. The R&D tax credit is part of the Government's strategy to tackle this under-investment.</p> <p>The <u>R&D Tax Credit scheme</u> was initially introduced in 2000 to provide a tax incentive in order to encourage R&D by Small and Medium-sized enterprises (SMEs) based on the Government's ambition to support the profitability and growth of companies, and the economy as a whole, through the creation of new high-value-added products, processes and services.</p> <p>The <u>HM Treasury</u> and the then Department of Trade and Industry (DTI) issued a joint Consultation Document in 1998 "Innovating for the Future: Investing in R&D" to investigate options to address R&D barriers. Based on the responses given the Government launched in 2000 the <u>R&D tax credit scheme for SMEs</u> as part of a wide portfolio of new initiatives to support and encourage R&D in the UK. The scheme, even though initially introduced just for SMEs, was extended in 2002 to target larger companies not included in the SME definition introducing the Larger Companies Tax Credit scheme. This decision was based on the consultation "Increasing Innovation: A consultation Paper" launched along with the 2001 Budget by the HM Treasury / Inland Revenue.</p> <p>The R&D Tax Credit scheme is now "the biggest single funding mechanism for business R&D provided by the Government".</p>
List of policy priorities	2.3.2 Indirect support to business R&D (tax incentives and guarantees);2.3.1 Direct support of business R&D (grants and loans);4.2.1 Support to innovation management and advisory services;5.2.1 Fiscal incentives in support of the diffusion of innovative technologies, products and services
Targeting specific sector	Not sector specific
Selected research and technology fields	No specific thematic focus
Country	United Kingdom
Start date	2002
Expected end date	No end date planned
Relationship to other support measures	This programme is novel and has no relation to a previous programme
How does the measure relate to other measures?	Other: Inspired by similar measure already in existence for small and medium sized firms (UK_35 R&D Tax Credits for SMEs)
Additional details 2	The Larger Companies R&D Tax Credit scheme builds upon the <u>R&D Tax Credit scheme for SMEs</u> launched in 2000, following a joint Consultation Document issued by the Treasury and the then Department of Trade and Industry (DTI) in 1998 "Innovating for the Future: Investing in R&D" to investigate options to address R&D barriers. Based on the responses given the Government launched the R&D tax credit scheme for SMEs in 2000 as part of a wide portfolio of new initiatives to support and encourage R&D in the UK. In 2002 following the success of the existing scheme, and based on the consultation "Increasing Innovation: A consultation Paper" launched along with the 2001 Budget by the HM Treasury / Inland Revenue, a decision was taken to extend the scheme to larger firms leading to the introduction of the Large Companies R&D Tax Credit scheme.
Geographic coverage	National.
Targets or beneficiaries of the measure	All companies
Groups eligible for funding	All companies
More details on the target groups	The scheme is aimed at large companies not included in the SMEs definition.
If more than one target group is eligible	Only proposals from single organisations are accepted
Aspect of innovation process addressed by the measure	Applied industrial research;Development/prototype creation
Type of Research Activities targeted	Problem driven (basic) research;Applied industrial research
Overall implementation structure of the measure	Since November 2006 <u>HM Revenue and Customs (HMRC)</u> introduced seven local R&D Specialist Units to process the claims made in the frame of the R&D Tax Credit scheme. The Units also raise awareness about the scheme not only among eligible companies but also among other stakeholders such as business organisation and other business-related agencies (Chambers of Commerce, Regional Developments Agencies, Business Link offices etc.). Each R&D Specialist Unit deals with a specific area. The Units normally deal with all aspects of the eligible company's tax return if it includes R&D tax credit claims, however in the case of a small number of very large companies or groups, due to the complexity of their tax affairs, their main tax office remains responsible, handling the R&D tax credit claim with the assistance of the appropriate Specialist Unit. The tax relief reduces the company's taxable profit so the company benefits on its usual corporation tax payment date for the accounting period.
Management structure	The scheme is administered by the <u>HM Revenue and Customs (HMRC)</u> , while its day-to-day operation is run by the local R&D Specialist Units.

ERAWATCH Research Inventory Customised Export

Review of progress	<p>To be eligible for the scheme a company must be large, namely not included in the SMEs definition, and spend at least £10,000 (€12,000) a year on qualifying research and development (R&D). As qualifying R&D the scheme regards both 'brown collar' R&D and 'white collar' R&D. Generally, an activity will qualify as R&D for tax purposes if it would be treated as R&D under normal accounting practice for companies in the UK (Statement of Standard Accountancy Practice 13, SSAP13). Companies spending money on R&D, including those which subcontract work to universities, charities, scientific research organisations, NHS bodies and certain Government funded research establishments are eligible. Contributions to independent research carried out by these organisations is also eligible. The company must own the intellectual property arising out of the R&D.</p> <p>The tax credit is not reduced if the R&D project is subsidised or has received a grant. No upper limit on the amount of a claim applies. Companies must make their R&D claim within two years after the end of the relevant accounting period.</p>
Openess to EU countries	The scheme is available to large companies throughout the UK, including multinational companies carrying out R&D in the country in order to encourage inward investment into R&D and relocation to the UK
Openess to third countries	The scheme is available to large companies throughout the UK, including multinational companies carrying out R&D in the country in order to encourage inward investment into R&D and relocation to the UK
Selection of projects/participants	Companies claim R&D tax credits with their company tax return at the end of the accounting period.
What state aid framework is applied to the measure?	Unlike the <u>SMEs R&D Tax Credit scheme</u> the Tax Credit scheme for large companies is not a 'notified State Aid'. The scheme is a horizontal measure aiming to incentivise larger companies increase R&D in all sectors and also attract foreign investment in R&D.
Mode of funding	Tax incentives (including reduction of social charges)
Eligible costs	Labour costs (including overheads);Other: Power, water, fuel and computer software, consumable or transformable materials used directly in carrying out R&D.
Overall budget	2,160,000,000
Exchange rate used	0.83
Year 1	2003: £200m
Year 2	2004: £340m
Year 3	2005: £400m
Year 4	2006: £450m
Year 5	2007: £460m
Further Information	<p>Since this is not a funding scheme but a tax relief scheme the amount provided represents the cost of the support based on the claims made. From 2002/3 to 2006/7, 6,120 claims were made under the Larger Companies R&D Tax Credit scheme, amounting to £1.8 billion of support.</p> <p>(Source: National Statistics on R&D Tax Credits, http://www.hmrc.gov.uk/stats/corporate_tax/menu.htm)</p> <p>Exchange rate used is the average rate from October 2008 - December 2008 (1 Euro = £0.84).</p>
Overall budget in national currency	1,800,000,000
Indicators specified ex ante	No
Details on indicators specified ex ante	Not applicable yet
Support measure evaluation	Ex-ante: No On-going / Mid-term: No Final / Ex-post: No
If no official evaluation has been undertaken is there any evidence which allows an appraisal of the success of the measure?	<p>The <u>HM Revenue and Customs (HMRC)</u> monitors the progress made through the Tax Credit scheme and publishes National Statistics on the claims made based on administrative data of company tax returns. From 2002/3 to 2006/7, 6,120 claims were made under the Larger Companies R&D Tax Credit scheme, amounting to £1.8 billion of support.</p> <p>On the whole, the Government regards its Tax Credit scheme as its "biggest single funding mechanism for business R&D". The Larger Companies Tax Credit scheme was introduced following the success of the SMEs scheme.</p>
Results	See above
Website in original language	http://www.hmrc.gov.uk
Website in English	http://www.hmrc.gov.uk
Legal basis	The legal basis of the scheme is the Finance Act 2002 (Schedule 12). The scheme was announced in the 2001 Budget following a consultation launched by the HM Treasury/Inland Revenue "Increasing Innovation: A Consultation Paper".

ERAWATCH Research Inventory Customised Export

Launching agency	<u>HM Revenue and Customs (HMRC)</u>
Agency administering	<u>HM Revenue and Customs (HMRC)</u> through local R&D Specialised Units.
Funding Agency	<u>HM Revenue and Customs (HMRC)</u>
Manager responsible for the measure	<u>Barber Jeremy - (HM Revenue & Customs)</u>
This information was last updated on	2009-05-28

Portugal - Support measure



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Tax Incentives for Company Investments in R&D (SIFIDE)	
SIFIDE - Sistema de Incentivos Fiscais em Investigação e Desenvolvimento Empresarial	
Keywords	Tax incentives;Company R&D;Research expenditures
Overview (nature, goals)	SIFIDE is aimed at encouraging R&D activities by Portuguese companies. It consists of a tax credit granted to companies that perform or contract R&D activities. There is an element of stimulus for companies already undertaking R&D activities to increase their commitment. This measure has been put into force again in 2005, after being eliminated in the 2005 budget, presented by the former Government. SIFIDE has been underlined by the present Government as a very important instrument for encouraging business firms R&D expenditures and for contributing towards to the Barcelona 3% objective.
Background and rationale	Specific tax incentives for R&D activities have been launched some ten years ago, already with the code name of SIFIDE. After the decision of the previous Government to discontinue SIFIDE, one of the first measures of the new government was to put the system into force again. The main purpose of SIFIDE is to promote R&D activities by business firms. Tax incentives are considered as an important instrument for promoting firms' R&D activities. SIFIDE enables firms to deduct 20 per cent of their R&D expenditures from their taxable revenues. There is also the possibility to deduct up to 50 per cent of the increase in R&D expenditures with regard to the two last tax years average. Research expenditures are defined as those incurred for acquiring new scientific or technological knowledge. Development expenditures correspond to those concerned with the exploitation of research results with a view to get new (or to significantly improve) raw materials, products, services or manufacturing processes.
Overview of policy priorities	The main priority is the increase in R&D expenditures, in line with Barcelona 3% objective.
List of policy priorities	2.3.2 Indirect support to business R&D (tax incentives and guarantees)
Targeting specific sector	Not sector specific
Targeted Research and Technology Fields	General tax incentives, not dependent on specific themes or disciplines.
Country	Portugal
Start date	1997
Expected end date	2010
Relationship to other support measures	This programme is novel and has no relation to a previous programme
How does the measure relate to other measures?	Inspired by an existing measure of another country;Inspired by national policy debate (e.g study, consultation);Inspired by need to meet EU level policy objectives
Additional details 2	The revision of SIFIDE in 2005 was influenced by national policy debate, insofar it corresponds to reaction to a previous decision of eliminating tax incentives to R&D. SIFIDE has also benefited from the analysis of the experience of tax incentives in other countries, namely Spain. In fact, the idea of having an incremental rate to encourage the increase of R&D expenditures with regard to previous years seems to be inspired by the Spanish experience. Finally, SIFIDE is also very much in line with the need to strengthen business R&D expenditures in connection with the Barcelona 3% target.
Geographic coverage	National
Targets or beneficiaries of the measure	All companies
Groups eligible for funding	All companies
Type of Research Activities targeted	Basic research;Problem driven (basic) research;Pre-competitive research;Applied industrial research;Knowledge transfer (between researchers);International research collaboration;Networking

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Overall implementation structure of the measure	The programme is managed by Adindex.cfm?fuseaction=org.document&uuiid=7D87D213-CE97-11D0-455907C4200BE15E1. Companies should submit their R&D expenditures in the previous year to AdI, in order to get the tax deduction provided by SIFIDE. All companies that have confirmed their R&D expenditures will be granted the tax deduction. The only exceptions are firms whose tax benefit is defined by indirect methods and those which have debts towards the State or Social Security.
Management structure	The programme is managed by the Innovation Agency (AdI).
Selection criteria	Eligible expenditures include the following: - acquisition of new hardware, except buildings, provided that it is assigned to R&D activities; - expenditures incurred with human resources assigned to R&D activities; - expenditures related to involvement of executives in the management of R&D organisations; - expenditures concerning R&D contracts with external S&T organisations; - participation in S&T organisations equity as well as the contribution towards investment funds dedicated to support R&D companies; and - expenditures regarding patent registration and maintenance, as well as the acquisition of patents required for R&D activities.
Openness to EU countries	SIFIDE is open to all companies established in Portugal irrespectively of the origin of their equity.
Openness to third countries	See above
Selection of projects/participants	All companies are eligible, provided that they fully confirm their R&D expenditures, and don't have debts to the State or the Social Security
Mode of funding	Tax incentives (including reduction of social charges)
Eligible costs	Labour costs (including overheads);Equipment;Training (including study trips);External expertise (consultants, studies, etc.);Other: Patents
Overall budget	Not available
Year 1	-----
Year 2	-----
Year 3	-----
Year 4	-----
Year 5	-----
Further Information	Since SIFIDE corresponds to a tax incentive, there are no budget assigned to it.
Indicators specified ex ante	No
Details on indicators specified ex ante	Number of projects supported Ratio of R&D expenditures supported under SIFIDE to overall business enterprise R&D expenditures in a given year
Support measure evaluation	Ex-ante: Yes On-going / Mid-term: Yes Final / Ex-post: Yes
If no official evaluation has been undertaken is there any evidence which allows an appraisal of the success of the measure?	SIFIDE appears to be combined with other incentive systems for carrying out R&D projects. It is argued that SIFIDE has contributed to encourage new firms to launch R&D activities as well as to increase R&D expenditures by companies with already existing in house R&D infrastructures.
Further developments	No further developments are envisaged. SIFIDE is expected to be in force until 2010. Nevertheless, COTEC is developing a project with the objective to show that innovation expenditures (which significantly exceed R&D expenditures) should also benefit from tax incentives.
Website in original language	http://www.adi.pt
Legal basis	Law-Decree no. 40/20005, of 3 August 2005 (on the revision of SIFIDE)
Launching agency	Innovation Agency
Agency administering	Innovation Agency
Funding Agency	Ministry of Finance
This information was last updated on	2007-10-12

Malta - Support measure



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Investment Aid Tax Credits	
Investment Aid Tax Credits	
Keywords	job creation;regional development;tax credits
Overview (nature, goals)	<p>Through the Investment Aid Tax Credits Scheme, eligible enterprises can benefit from tax credits calculated as a percentage of the value of the investment project for qualifying expenditure, including the value of wage costs for jobs directly created by the initial investment project. Businesses eligible to participate in the scheme may fall in the following areas of activity:</p> <ul style="list-style-type: none"> • Information and Communications Technology (I.C.T.) developmental activities, software development, Information Technology (IT) enabled services including call centres and e-commerce • research and development, and innovative start-ups; • eco-innovations, waste treatment and environmental solutions; • biotechnology; • Facilities for Filming and Audiovisual productions; • Provision of Tertiary Education in the fields of 'science and technology'; • Provision of health care services. <p>Qualifying expenditure includes that incurred in acquiring tangible assets (industrial buildings, plant and machinery) and intangible assets (transfer of knowledge through the acquisition of patent rights, licences, know-how or unpatented technical knowledge).</p> <p>Tax Credits are set at the following aid intensities:</p> <ul style="list-style-type: none"> • 30% for Large Enterprises • 40% for Medium sized Enterprises • 50% for Small Enterprises <p>The tax credits which are not utilised during a particular year are carried forward to subsequent years. The scheme is administered by Malta Enterprise.</p>
Background and rationale	This incentive aims to stimulate investment and job creation by attracting new investment projects and promoting expansion or diversification of existing enterprises, especially in high growth sectors such as information and communication technologies (ICT). The use of intelligent logistics is seen as an efficient way of ensuring that costs at the Maltese sites of production remain competitive. To this regard, an open and competitive market of electronic communication is also important.
List of policy priorities	4.2.2 Support to organisational innovation incl. e-business, new forms of work organisations, etc.;2.3.2 Indirect support to business R&D (tax incentives and guarantees);4.3.1 Support to innovative start-ups incl. gazelles
Targeting specific sector	Not sector specific
Targeted Research and Technology Fields	eco-innovations; film and audio-visual productions.
Selected research and technology fields	ICT;Biotechnology;Health;Environment (including climate change)
Country	Malta
Start date	2009
Expected end date	2013
Relationship to other support measures	This programme is novel and has no relation to a previous programme
How does the measure relate to other measures?	Inspired by national policy debate (e.g study, consultation);Inspired by need to meet EU level policy objectives
Additional details 2	National Regional Investment aid is designed to assist in Malta's development by supporting investment and job creation. This aid promotes the expansion and diversification of undertakings located in Malta and to encourage other entities to set up new establishments.
Targets or beneficiaries of the measure	All companies
Groups eligible for funding	All companies
If more than one target group is eligible	Only proposals from single organisations are accepted
Aspect of innovation process addressed by the measure	Diffusion of technologies in enterprises;Improving the legal and regulatory environment
Overall implementation structure of the measure	First time applicants may submit an application for determination of eligibility under this incentive at any time of the year to Malta Enterprise. The company shall only be entitled to benefit from the investment tax credits if for every year of assessment in respect of which it claims such tax credits, it submits the following documents: • Audited financial accounts • Income Tax Return • Final settlement system forms for claims against personnel wages. Malta Enterprise evaluates whether a company is entitled to the aid based on the company's activities and on an analysis of the company's satisfying the conditions set out in the Guidelines of the scheme. Upon satisfied the required criteria, the company is issued with an Incentive Entitlement Certificate that entitles it to claiming the tax credits.
Sub-measure structure and activities	The Scheme does not consist of sub-measures.

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Review of progress	Malta Enterprise is able to monitor that the company's activities are in line with those declared by reviewing relevant documentation including audited financial accounts and income tax returns and subsequently assessing eligibility of claimed expenditure against the financial portfolio of the company.
Selection criteria	Eligible applications must fall in the following areas of activity: • Information and Communications Technology (I.C.T.) developmental activities, software development, Information Technology (IT) enabled services including call centres and e-commerce • research and development, and innovative start-ups; • eco-innovations, waste treatment and environmental solutions; • biotechnology; • Facilities for Filming and Audiovisual productions; • Provision of Tertiary Education in the fields of 'science and technology'; • Provision of health care services. Applicants must provide full financial documentation on their company's activities as well as fiscal forms pertaining to the year in which the claim is being made.
Openess to EU countries	The scheme is open to EU entities.
Openess to third countries	The company must be duly incorporated under the Company's Act, Chapter 386 of the Laws of Malta or a limited liability company.
Selection of projects/participants	Applications are selected on the basis of 1) the eligible areas of activity; 2) submission of complete financial and fiscal information as required by the regulations of this incentive.
What state aid framework is applied to the measure?	This Incentive Guideline is in line with Commission Regulation (EC) No. 800/2008 of 6 August 2008 declaring certain categories of aid compatible with the common market in application of Articles 87 and 88 of the Treaty (General Block Exemption Regulation).
Mode of funding	Grants
Eligible costs	Labour costs (including overheads);Infrastructure (buildings);Equipment;Other:
Overall budget	0
Year 1	----
Year 2	----
Year 3	----
Year 4	----
Year 5	----
Further Information	The Scheme does not have a specific budget as it operates on the basis of a tax credit scheme.
Indicators specified ex ante	No
Support measure evaluation	Ex-ante: No On-going / Mid-term: No Final / Ex-post: No
Website in original language	http://support.maltaenterprise.net/index_files/TaxCredits.htm
Website in English	http://support.maltaenterprise.net/index_files/TaxCredits.htm
Legal basis	Article 8(3)(a) of the Malta Enterprise Act, Chapter 463 of the Laws of Malta
Launching agency	Malta Enterprise
This information was last updated on	2009-05-26

■ ■ Belgium - Support measure



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Federal - Tax deduction for patent income	
Déduction pour revenus de brevets / Belastingaftrek voor octrooi-inkomsten	
Keywords	Fiscal measure;Licensing;Patent exploitation
Overview (nature, goals)	<p>Belgium has introduced a special tax deduction of 80% on the tax base for patent income in a new programming law in April 2007. As a result of this deduction, patent income is subject to an effective Belgian tax rate of 6.8% in Belgium (i.e., one-fifth of the Belgian statutory tax rate) as of tax year 2008. The main purpose of this federal fiscal incentive is to develop patents, to stimulate ownership of (or usufruct on) patents, as well as to promote the production of goods which are based on these patents, perhaps encouraging more R&D activities in Belgium. All these elements combined make Belgium more attractive as a preferred location for R&D activities and serve as a major incentive for R&D-intensive industries in Belgium.</p> <p>This 6.8% effective Belgian tax rate on income derived on beneficially owned (and even certain licensed) patents is substantially lower than the rates available for patent income in most other European jurisdictions, even those with a very favourable status (See the International Tax Alert of Ernst and Young, 16 March 2007).</p> <p>The regime applies not only to self-developed patents but also to certain patents acquired and licensed from third parties. There is no cap on the amount of deduction that can be claimed. It can be combined with other important features of Belgian domestic tax law.</p>

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	<p>For the eligible patents, a tax deduction is available for income generated through the licensing to a related or unrelated party and for income derived from the use of these patents in the production process of patented products, either by the Belgian company or branch or on its behalf.</p> <p>For patents that are licensed to related or unrelated parties by Belgian companies or branches, the deduction is equal to 80% of the patent income received, to the extent the income is at arm's length, resulting in an effective tax rate of 6.8% (this is without regard to any other available planning).</p> <p>For patents that are used in the production process by or on behalf of Belgian companies or branches, a deemed deduction is applied on the profits of the Belgian company or branch, equal to 80% of an at arm's length royalty the Belgian company or branch would have received, had it licensed the patents used in the production process to unrelated third parties.</p>
Background and rationale	<p>Even if Belgium performs well in knowledge production (e.g. in terms of publications) and has a strong knowledge base, this is not turned into a reinforced technological specialisation, notably as measured by patents. In particular there appears to be a significant problem in turning the considerable investment in research into commercially viable innovations. The number of EPO patents per million inhabitants was of 138.55 in Belgium in 2004, which is above the EU27 average of 108.4 but well below the German or Dutch performance. Moreover, the Belgian results demonstrate strong regional disparities (in 2002: 109 in Wallonia against 161 in Flanders). In terms of high-tech patents, the result of Wallonia is particularly worrying (8.7 in 2002 against 18.1 for EU27), with a steep decline from 1999 to 2002. Given the limited scope for action in favour of enterprise level investments in innovation of the Federal authorities the orientation of this measure is coherent and responds to a long running criticism of the ineffectiveness of fiscal measures for R&D and innovation in Belgium. This measure was particularly welcome by the large pharmaceutical enterprises, which despite carrying out research in Belgium rarely applied for patents due to tax implications.</p>
List of policy priorities	5.3.2 Consultancy and financial incentives to the use of IPR;2.3.2 Indirect support to business R&D (tax incentives and guarantees);4.2.3 Support to technology transfer between firms
Targeting specific sector	Not sector specific
Selected research and technology fields	No specific thematic focus
Addressing innovation-related Lisbon guideline elements	Efficient and affordable means to enforce intellectual property rights.
Country	Belgium
Start date	2007
Expected end date	No end date planned
Relationship to other support measures	This programme is novel and has no relation to a previous programme
How does the measure relate to other measures?	Inspired by national policy debate (e.g study, consultation)
Additional details 2	In particular a strong debate on the need of such measure has been initiated by the pharmaceutical companies, which invest considerably in R&D in the country (see for instance l'Echo, 18/07/2007) .
Targets or beneficiaries of the measure	All companies
Groups eligible for funding	All companies
More details on the target groups	Companies paying corporation taxes (resident and non-resident). It requires the existence of a R&D centre within the company which is involved, even partly, in the development of the patents or of the products and services directly linked to it.
If more than one target group is eligible	Only proposals from single organisations are accepted
Aspect of innovation process addressed by the measure	Development/prototype creation;Innovation management tools (incl quality)
Overall implementation structure of the measure	Companies have to apply for the deduction when presenting their declaration to the tax office. The regime applies not only to self-developed patents but also to certain patents acquired and licensed from third parties. There is no cap on the amount of deduction that can be claimed. It can be combined with other important features of Belgian domestic tax law. For the eligible patents, a tax deduction is available for income generated through the licensing to a related or unrelated party and for income derived from the use of these patents in the production process of patented products, either by the Belgian company or branch or on its behalf. For patents that are licensed to related or unrelated parties by Belgian companies or branches, the deduction would be equal to 80% of the patent income received, to the extent the income is at arm's length, resulting in an effective tax rate of 6.8% (this is without regard to any other available planning). For patents that are used in the production process by or on behalf of Belgian companies or branches, a deemed deduction will be applied on the profits of the Belgian company or branch, equal to 80% of an at arm's length royalty the Belgian company or branch would have received, had it licensed the patents used in the production process to unrelated third parties.
Management structure	The programme is managed by the Belgian Federal Science Policy Office.
Review of progress	Tax incentives are not subject to review or monitoring.
Selection criteria	The regime is automatically applicable and does not require a special ruling or election. All societies paying corporate taxes are eligible. It is applicable for Belgian companies and Belgian branches of foreign companies and applies to three types of patents, specifically: - self-developed patents by Belgian companies (or branches), developed in R&D centres in Belgium or abroad; or - patents acquired by Belgian companies (or branches) from related or unrelated parties, provided they are being further developed in R&D centres in Belgium or abroad (independent of whether or not such developments lead to additional patents); or - patents licensed from related or unrelated parties by Belgian companies (or branches), provided they are being further developed in R&D centres in Belgium or abroad (independent of whether or not such developments lead to additional patents).

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Openess to EU countries	Fiscal incentives are only open to companies which are paying taxes in Belgium.
Openess to third countries	Fiscal incentives are only open to companies which are paying taxes in Belgium.
Selection of projects/participants	Not applicable for tax incentives.
Mode of funding	Grants
Eligible costs	Other: This regime only applies to patents and additional protective certificates, Other intellectual property rights such as copy rights, trademarks, designs, models, plan, secret formulas or processes, information concerning industrial, commercial or scie
Year 1	-----
Year 2	-----
Year 3	-----
Year 4	-----
Year 5	-----
Further Information	This tax deduction is applicable as of 2008 tax year. According to L'écho (14/03/2007, p.9), the budgetary impact of the measure can only be positive. Indeed, by reducing taxes, the country renounces to receipts that, in any case, it would not have received whereas it can benefit from supplementary investments.
Indicators specified ex ante	No
Support measure evaluation	Ex-ante: No On-going / Mid-term: No Final / Ex-post: No
Website in original language	http://www.ecosubsibru.be/index.cfm?fuseaction=aides.aides_one&aide_id=222&language=FR or http://www.ecosubsibru.be/index.cfm?fuseaction=aides.aides_one&aide_id=222&language=NL
Legal basis	Programming law of 27 April 2007, published in Moniteur Belge of 8 May 2007, modified on 11 January 2009 Article 205/1-205/4 of the Income tax code
This information was last updated on	2009-04-21

Norway - Support measure



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The Norwegian tax credit scheme	
SkatteFunn	
Keywords	cooperation;research;tax allowance
Overview (nature, goals)	SkatteFunn is a measure that gives tax allowances for investments in R&D. 20% of expenses for R&D projects in SMEs, and 18% in large companies, may be deducted. The basis for deduction is R&D expenses of up to NOK 4 mill (approximately EUR 530 000) for internal projects, and another NOK 4 mill for co-operative projects (or NOK 8 mill for co-operative projects alone). The R&D projects should aim at generating new knowledge, information or experience which is of value to the development of new products, services or production processes. As part of the latest financial crisis package, presented by the government 26th January 2009 the maximum deductible support amounts under the R&D tax credit scheme are raised from € 0.4 to € 0.55 mill for intramural R&D and from € 0.8 to €1.1 mill for extramural R&D expenses.
Background and rationale	The FUNN measure was established in 2001 based on the political consensus that measures was needed in order to raise private sector R&D (BERD). FUNN was targeted at SMEs only, and had a set upper limit for the size of deductible reserach projects. This was in 2002 replaced by the larger-scale arrangement skatteFUNN, the rationale again being the need to increase BERD. As of 2003 the measure was expanded to include all private sector firms, not only SMEs.
Overview of policy priorities	Increase private sector R&D.
List of policy priorities	2.3.2 Indirect support to business R&D (tax incentives and guaranteees)
Targeting specific sector	Not sector specific
Selected research and technnology fields	No specific thematic focus
Country	Norway
Start date	2002

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Expected end date	No end date planned
How does the measure relate to other measures?	Inspired by national policy debate (e.g study, consultation)
Replacing existing measure(s)	SkatteFUNN replaced the FUNN-scheme, a support measure established in 2001.
Geographic coverage	National.
Targets or beneficiaries of the measure	All companies
More details on the target groups	Tax-eligibility define funding eligibility.
Aspect of innovation process addressed by the measure	Applied industrial research
Type of Research Activities targeted	Applied industrial research
Overall implementation structure of the measure	The measure is administered by the Norwegian Research Council and Innovation Norway. A company is eligible for the tax deduction if the R&D project is approved by the Norwegian Research Council. For that purpose, enterprises have to submit an application to the Norwegian Research Council, which will examine whether the conditions for tax deduction are met, <i>i.a.</i> that the project is covered by the definition of R&D projects laid down in the Regulation, and that the project has an incentive effect.
Sub-measure structure and activities	No sub measure exists.
Management structure	The measure is administered by the Norwegian Research Council and Innovation Norway.
Review of progress	According to the recent evaluation of Skattefunn, companies are In general satisfied with the scheme, and a relatively higher number of Norwegian businesses use the SkatteFUNN scheme compared to corresponding initiatives in other countries.
Selection criteria	As of 2003 the scheme applies to all companies, regardless of size etc.
Openess to EU countries	Not open to EU countries.
Openess to third countries	Not open to third countries.
Selection of projects/participants	<p>Under the SkatteFUNN scheme all enterprises subject to taxation in Norway are eligible for a tax deduction for R&D expenses in approved projects.</p> <p>In order to qualify under the scheme, a project must be limited and focused, and must be aimed at generating new knowledge, information or experience which is presumed to be of use for the enterprise in developing new or improved products, services or manufacturing/processing methods.</p> <p>For enterprises with more than 250 employees, eighteen per cent of the expenses related to an approved R&D project may be deducted in assessed taxes.</p> <p>For smaller enterprises, twenty per cent deduction is possible if the following conditions are fulfilled:</p> <ol style="list-style-type: none"> 1) fewer than 250 employees 2) an annual turnover not exceeding EURO 40 million or an annual balance sheet total not exceeding EURO 27 million 3) less than 25 per cent of the company is owned by a large enterprise. <p>The maximum allowable sum for R&D projects conducted by the enterprise itself, is NOK 4 millions. In cases where enterprises collaborate with an approved R&D institution, the maximum sum is NOK 8 millions.</p> <p>Enterprises that are not currently liable for taxation are also eligible under the scheme. These enterprises will be paid an amount corresponding to the tax deduction directly from the tax authorities.</p>
What state aid framework is applied to the measure?	The programme has been notified. The notification is available here
Mode of funding	Tax incentives (including reduction of social charges)
Eligible costs	Other:
Overall budget	0
Exchange rate used	7,8
Year 1	----
Year 2	----
Year 3	----

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Year 4	----
Year 5	----
Further Information	<p>If the Research Council of Norway approves the R&D project, a tax deduction can be given for a certain share of the project costs up to a limit or cap of euro 512 820 (NOK 4 million). Where the project work is carried out by a research institute approved by the Research Council of Norway, the deduction is limited to euro 1 025 641 (NOK 8 million) in project costs, but the purchase of R&D services exceeding euro 512 820 must be linked in their entirety to an approved R&D institute. A firm can thereby receive a maximum tax deduction of euro 512 820 for R&D carried out in-house.</p> <p>As a response to the current financial crisis the government presented a crisis package in January 2009. One of the measures was to raise the maximum deductible support amounts under the R&D tax credit scheme from EUR 0.4 to EUR 0.55 million for intramural R&D, and from EUR 0.8 to EUR 1.1 million for extramural R&D expenses.</p> <p>Estimated net tax reductions for applicant firms in 2002-2005.</p>
Overall budget in national currency	0
Indicators specified ex ante	Yes
Details on indicators specified ex ante	Increasing private sector R&D spending
Support measure evaluation	Ex-ante: No On-going / Mid-term: Yes Final / Ex-post: No
Main conclusions of the evaluation(s)	<p>The evaluation indicates potential areas of improvement, including in relation to the deduction ceiling and the monitoring and control of project costs.</p> <p>While the overall picture is a positive one, Statistics Norway recommends a restructuring of the scheme from a qualification-based tax credit scheme into a qualification-based grant scheme. According to the evaluation, the SkatteFUNN scheme essentially works like a grant scheme already, since many of the participating companies are not subject to tax and thus receive cash payments instead of tax deductions. In the view of the Research Council, however, it is important to safeguard the level of predictability that the scheme currently provides for companies. Therefore, it would not be beneficial if the SkatteFUNN initiative became linked to a specific item in the National Budget, as would be required if it were transformed into a grant-based scheme.</p> <p>Read more under "Results".</p>
Results	<p>The Government Agency for Financial Management evaluated part of the SkatteFunn programme in 2006. The evaluation was mainly focusing on the effectiveness of the administration and of the financial management of the programme. The evaluation shows that the overall administration is effective but that there are some weaknesses regarding the financial management of the programme.</p> <p>The whole scheme was evaluated by Statistics Norway in 2007 and the final report was published in January 2008. The evaluation shows that the SkatteFUNN scheme is most effective for small businesses, in companies where education levels among the workforce are relatively low, and in companies with low R&D intensity. The scheme also has a greater impact on businesses located in more outlying areas of the country. The likelihood that these groups will initiate R&D activity has increased since the scheme was introduced in 2002.</p>
Further developments	As part of the latest financial crisis package, presented by the government 26th January 2009 the maximum deductible support amounts under the R&D tax credit scheme are raised from euro 0.4 to euro 0.55 mill for intramural R&D and from euro 0.8 to euro 1.1 mill for extramural R&D expenses.
Website in original language	http://www.skattefunn.no/
Relevant further information	SkatteFUNN evaluation , english summary (2008).
Legal basis	Parliamentary resolution of June 15th 2001, regarding the establishment of a tax incentive New paragraphs (16-40) to Act of March 26th 1999, No 14 Changes in Odelsting Proposition No 1 (2002-2003) (Ot.prp. Nr. 1 (2002-2003), Skatteloven (Norwegian taxation legislation).
Launching agency	The Norwegian Government.
Agency administering	The Norwegian Research Council and Innovation Norway.
Funding Agency	The Norwegian Rsearch Council (the SkatteFUNN secretariat) approves the firms business plan.
This information was last updated on	2009-05-26

■ ■ Belgium - Support measure



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Federal - R&D Tax Credit	
Crédit d'impôt R&D	
Keywords	all enterprises;R&D costs;tax credit

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Overview (nature, goals)	<p>A tax credit for research and development in favour of companies has been introduced in December 2005. This tax credit came into force from 2007 tax year onward.</p> <p>This tax credit applies only to patents and assets tending to promote the research and development of new products and advanced technologies which have no effects on the environment or aim at reducing the negative effects on the environment.</p> <p>The tax credit represents 4.58% of the investments costs (rate of 13.5% applied to corporate tax of 33.99%) and 6.97% if the tax credit is spread (20.5% applied to corporate tax of 33.99%).</p> <p>This measure aims in practice at offering companies the possibility of choosing irrevocably, as from a fixed tax period, for a new tax credit for R&D, instead of the current <u>deduction for investment</u>, which offers the same tax saving as the tax credit for R&D. Like the deduction for investment, this tax credit may be applied in one go or spread.</p> <p>A taxpayer having irrevocably chosen for the tax credit can no longer benefit from the deduction for investment for the investments concerned.</p>
Background and rationale	<p>The measure aims at improving presentation in accounting terms of the cost price of R&D in Belgium so that by transforming it into a tax credit, which can be reimbursed over time, the fiscal advantage currently linked with the <u>deduction for investment</u> can be directly used to reduce the operational R&D costs. This should facilitate and clarify international comparisons of the cost of R&D within international groups, and thereby enable a better evaluation of the advantages linked with basing R&D activities in Belgium.</p>
Overview of policy priorities	<p>Key priority is to reduce the costs of carrying out industrial R&D activities in Belgium.</p>
List of policy priorities	<p>2.3.2 Indirect support to business R&D (tax incentives and guarantees)</p>
Targeting specific sector	<p>Not sector specific</p>
Targeted Research and Technology Fields	<p>The measure has no specific thematic focus.</p>
Selected research and technology fields	<p>No specific thematic focus</p>
Addressing innovation-related Lisbon guideline elements	<p>Better access to domestic and international finance.</p>
Country	<p>Belgium</p>
Start date	<p>2006</p>
Expected end date	<p>No end date planned</p>
Replacing existing measure(s)	<p>Federal - Tax deduction for R&D investments and patent acquisition</p>
Geographic coverage	<p>This measure has a national coverage.</p>
Targets or beneficiaries of the measure	<p>All companies</p>
Groups eligible for funding	<p>All companies</p>
If more than one target group is eligible	<p>Only proposals from single organisations are accepted</p>
Aspect of innovation process addressed by the measure	<p>Pre-competitive research;Applied industrial research;Development/prototype creation;Commercialisation of innovation (including IPR)</p>
Type of Research Activities targeted	<p>Pre-competitive research;Applied industrial research</p>
Overall implementation structure of the measure	<p>This measure is a tax credit implemented through the usual tax declarations of companies.</p>
Sub-measure structure and activities	<p>Not applicable.</p>
Management structure	<p>The programme is managed by the Belgian Federal Science Policy Office on a continuous basis.</p>
Review of progress	<p>No information available</p>
Selection criteria	<p>This tax credit applies only to patents and assets tending to promote the research and development of new products and advanced technologies which have no effects on the environment or aim at reducing the negative effects on the environment. All companies are eligible.</p>

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Openness to EU countries	This measure applies to companies having R&D activities in Belgium.
Openness to third countries	This measure applies to companies having R&D activities in Belgium.
Selection of projects/participants	Not applicable.
Mode of funding	Tax incentives (including reduction of social charges)
Eligible costs	Other: Tax credit against R&D related expenditures including patents
Sources of co-financing	Co-financed by the private sector
Overall budget	0
Year 1	----
Year 2	----
Year 3	----
Year 4	----
Year 5	----
Further Information	The tax credit for R&D applies only as of the 2007 tax year. No data is collected to date on the financial impact of the measure.
Indicators specified ex ante	No
Support measure evaluation	Ex-ante: No On-going / Mid-term: No Final / Ex-post: No
If no official evaluation has been undertaken is there any evidence which allows an appraisal of the success of the measure?	Too early to appraise the success of the measure. The Advisory Council for Scientific Policy in a memorandum issued in May 2007 claims that the deduction for investment and the tax credit for R&D are redundant, since they have the same financial impact for the users. Furthermore, it only applies to expenses that can be considered as assets in the budget, what is rarely the case for fundamental research and applied research that is not advanced enough to generate incomes for the company (see also l'Echo 13,06.2007, p.12). According to them, the scope of application of this fiscal measure may therefore be reduced by the Belgian accountancy rules. Finally, it is also claimed that all European countries that have a comparable financial measure apply higher rates than Belgium (100% at least in comparison to 13.5% and 20.5% in Belgium).
Results	It appears too early to appraise the success of the measure.
Website in original language	http://www.belspo.be/belspo/fisc/index_fr.stm
Website in English	http://www.belspo.be/belspo/fisc/public/Polit_Scien_en.pdf
Relevant further information	Document on fiscal measures in Belgium available in French at http://www.belspo.be/belspo/fisc/public/Polit_Scien_fr.pdf and in English at http://www.belspo.be/belspo/fisc/public/Polit_Scien_en.pdf
Legal basis	Articles 120 to 132 of the law of 23 December 2005 (New articles 289 quater to 289 novies, Income Tax Code 1992) Measure introduced by Amendment of the House of Representatives, doc 51-2128/003, pp.14-24
Launching agency	Belgian Federal Science Policy Office (BELSPO)
Agency administering	Belgian Federal Science Policy Office (BELSPO)
This information was last updated on	2009-05-29

— Hungary - Support measure



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200% of R&D expenditures deductible	
Keywords	increase BERD;promote R&D activities of companies;tax incentives
Overview (nature, goals)	The main goal of this scheme is to promote R&D activities of companies, and thus they can deduct 200% of their R&D expenditures from their taxable income. A 300% RTD tax allowance is applicable from 2004 if a company lab is located at a university or public research institute

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Background and rationale	R&D expenditures of companies are generally low in Hungary, and this has been identified as one of the central challenges of the Hungarian NIS by various analyses (e.g. the annual Inno-Policy Trendchart Appraisal Reports, and the OECD Review of Hungarian Innovation Policy). One of the declared priorities of the Hungarian government's mid-term STI policy strategy is to foster business RTDI (by stimulating an increase of BERD) and also to promote academia-industry co-operation. These tax incentives address all of these challenges.
List of policy priorities	2.3.2 Indirect support to business R&D (tax incentives and guarantees);2.2.3 R&D cooperation (joint projects, PPP with research institutes)
Targeting specific sector	Not sector specific
Country	Hungary
Start date	1996
Expected end date	No end date planned
Relationship to other support measures	This programme is novel and has no relation to a previous programme
How does the measure relate to other measures?	Inspired by national policy debate (e.g study, consultation)
Geographic coverage	National
Targets or beneficiaries of the measure	All companies
Groups eligible for funding	All companies
Aspect of innovation process addressed by the measure	Pre-competitive research;Applied industrial research;Development/prototype creation
Type of Research Activities targeted	Basic research;Problem driven (basic) research;Pre-competitive research;Applied industrial research
Overall implementation structure of the measure	The direct costs of R&D can be deducted from the taxable corporate income. Therefore this scheme is implemented by the Tax and Financial Control Administration (APEH).
Sub-measure structure and activities	Not applicable.
Management structure	The measure is managed by the Tax and Financial Control Administration (APEH) which is the central bureau responsible for registration of companies' annual tax declarations and for collecting the tax revenues.
Selection criteria	All companies registered in Hungary, and conducting R&D activities.
Openness to EU countries	Eligible companies must be registered in Hungary.
Selection of projects/participants	Not applicable.
What state aid framework is applied to the measure?	In case the 300% tax allowance is applied (i.e. if a company laboratory is located at a university or public research institution), the maximum amount of deductible costs is EUR 200,000. In this case, de minimis rules apply.
Mode of funding	Tax incentives (including reduction of social charges)
Eligible costs	Other: Only the direct costs of R&D activities (defined in the applicable Act on Corporate Tax and Divident Tax) are eligible.
Overall budget	0
Year 1	----: 0
Year 2	----:
Year 3	----:
Year 4	----:
Year 5	----:
Further Information	Not applicable, as this is not a funding scheme. Very little data available regarding number of companies taking advantage and the volume of indirect support. According to statistics by the tax authority (APEH), the number of companies deducting direct R&D costs from taxable income was 413 (roughly EUR 500m) in 2005.

ERAWATCH Research Inventory Customised Export

Overall budget in national currency	0
Indicators specified ex ante	No
Support measure evaluation	Ex-ante: No On-going / Mid-term: No Final / Ex-post: No
If no official evaluation has been undertaken is there any evidence which allows an appraisal of the success of the measure?	No official evaluation of the measure has taken place. Sporadic evidence (e.g. surveys conducted by the GKI Economic Research Institute, or analyses of APEH data by a study prepared for the so-called Science and Technology Policy Advisory Board in 2007) suggests that the number of companies deducting direct R&D costs is rather low (below 500 until 2005). The number and share of companies benefiting from the scheme were significantly higher among large companies than among SMEs. The results indicate both the low number of firms conducting R&D, the complicated and strict rules applied and the fact that many companies do not have high enough taxable corporate income to benefit from the scheme.
Results	According to APEH statistics, the number of companies deducting direct R&D costs from taxable income was 413 (roughly EUR 500m) in 2005.
Website in original language	http://www.n.kth.qov.hu /ugyfelszolgalat/f-adoalap-kedvezmeny/f-adoalap-kedvezmeny
Legal basis	Corporate and Capital Return Taxes Act LXXXI of 1996 (modified by Act CXIII of 2001)
Launching agency	Tax and Financial Control Administration (APEH)
Agency administering	Tax and Financial Control Administration (APEH)
This information was last updated on	2009-05-29

Italy - Support measure



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tax credit for R&D	
credito d'imposta per le attivita di ricerca e sviluppo	
Keywords	automatic incentives;pre-competitive development;R&D;tax credit
Overview (nature, goals)	<p>Tax credit for R&D</p> <p>The automatic incentive consists in a credit tax for enterprises that invest in research and pre-competitive development. The 2007 budget law foresaw a bonus of 10% of eligible expenditures (15% if research contracts are assigned to universities and public research centres) for a maximum of 15 million euro/year. The 2008 budget law has raised the ceiling from 15% to 40% for research contracts assigned to universities and public research centres and the maximum amount from 15 million € to 50. The increase from 15% to 40% has the objective to promote closer networking between the business and science communities and it is expected to have an important impact.</p> <p>The anti-crisis decree (Legislative decree 185/2008) has just introduced a reform that consists on the need to "book" the access to be able to apply the tax credit, which unfortunately cancels the automatism of the instrument. In the decree the government has also introduced the following fixed ceilings: €375,2 million for the year 2008, €533,6 million for the year 2009,€654 million for the year 2010 and €65,4 million for the year 2011.</p>
Background and rationale	The Italian system of support to enterprises has been thoroughly revised and reformulated over the past two years. As a result, a new policy approach has been developed along two major strategic lines: 1. generalised support system; 2. sectoral interventions in selected key areas. The tax incentive is the horizontal automatic support instrument chosen to address all companies.
List of policy priorities	2.3.2 Indirect support to business R&D (tax incentives and guarantees)
Targeting specific sector	Not sector specific
Selected research and technology fields	No specific thematic focus
Country	Italy
Start date	2007
Expected end date	2009
Relationship to other support measures	This programme is novel and has no relation to a previous programme
How does the measure relate to other measures?	Inspired by national policy debate (e.g study, consultation)

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Additional details 2	The incentive system in Italy called for an urgent reform and the tax incentive given to enterprises engaged in R&D and pre-competitive development seemed the best automatic instrument to increase expenditure and investments in R&D and innovation. This measure has been promoted and greatly supported by Confindustria
Targets or beneficiaries of the measure	All companies
Groups eligible for funding	All companies
Aspect of innovation process addressed by the measure	Pre-competitive research;Applied industrial research;Development/prototype creation
Type of Research Activities targeted	Basic research;Problem driven (basic) research;Pre-competitive research;Applied industrial research
Additional comments on the targeted fields	The incentive system in Italy called for an urgent reform and the tax incentive given to enterprises engaged in R&D and pre-competitive development seemed the best automatic instrument to increase expenditure and investments in R&D and innovation. This measure has been promoted and greatly supported by Confindustria
Overall implementation structure of the measure	Since it is an automatic measure the tax credit must be only indicated in the annual tax declaration
Review of progress	The Ministry of Economic and Finance may exert controls on the beneficiaries to verify the correct functioning
Selection criteria	all firms operating in all sector can make use of it except those companies that have run into difficulties (2004/C 244/2)
What state aid framework is applied to the measure?	Since the Tax credit is not classified as state aid (Decision of the EC of December 11, 2007 C(2007) 6042), it does not enter in the field of application of art. 87, par. 1 Treaty EC.
Mode of funding	Grants
Eligible costs	Labour costs (including overheads);Infrastructure (buildings);Equipment;External expertise (consultants, studies, etc.)
Overall budget	na
Year 1	-----
Year 2	-----
Year 3	-----
Year 4	-----
Year 5	-----
Indicators specified ex ante	No
Support measure evaluation	Ex-ante: No On-going / Mid-term: No Final / Ex-post: No
Website in original language	http://www.sviluppoeconomico.gov.it
Legal basis	Credito d'imposta per le attivita di ricerca e sviluppo, Art. 1 commi 280-284 Legge 27 Dicembre 2006 no. 296
Launching agency	Ministero dello Sviluppo Economico (Ministry of Economic Development)
This information was last updated on	2009-03-31

☰ United States - Support measure



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Small Business Innovation Research Program (Multi-Agency)

Small Business Innovation Research Program

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Keywords	small business;commercialization;R&D;SBIR
Overview (nature, goals)	The Small Business Innovation Research (SBIR) programme encourages small business to commercialise technologies. The programme seeks to stimulate entrepreneurial startups in scientific and technological areas by providing funding for early stage work. Agencies with R&D budgets of \$100 million or more must reserve a percentage of that funding for this programme. Eleven federal agencies currently offer SBIR awards: the Departments of Education (ED), Agriculture (USDA), Commerce (DOC), Defense (DOD), Energy (DOE), Health and Human Services (DHHS), Homeland Security (DHS), and Transportation (DOT); the Environmental Protection Agency (EPA), the National Aeronautics and Space Administration (NASA), and the National Science Foundation (NSF).
Background and rationale	SBIR targets the entrepreneurial sector of small and mid-size enterprises to stimulate innovation. However, the risk and expense of conducting R&D are often beyond the means of many small businesses. By reserving a percentage of federal R&D funds for small business, SBIR enables these firms to develop their ideas.
Overview of policy priorities	The key policy priority is to stimulate small technology companies to develop their ideas to enhance US competitiveness and security.
List of policy priorities	2.3.1 Direct support of business R&D (grants and loans);2.1.3 Research and Technology Organisation (private non-profit);2.3.2 Indirect support to business R&D (tax incentives and guarantees);5.2.1 Fiscal incentives in support of the diffusion of innovative technologies, products and services
Targeting specific sector	Not sector specific
Targeted Research and Technology Fields	The programme has no thematic orientation. Research themes are determined by the participating agencies.
Country	United States
Start date	Before 1995
Expected end date	2009
Relationship to other support measures	This programme is novel and has no relation to a previous programme
How does the measure relate to other measures?	Inspired by national policy debate (e.g study, consultation)
Additional details 2	This programme was inspired by a national policy debate about the ability of small firms to participate in federal R&D.
Geographic coverage	United States
Targets or beneficiaries of the measure	SMEs only
Groups eligible for funding	SMEs only
If more than one target group is eligible	Co-operation/networking optional (e.g. associating SMEs as users)
Type of Research Activities targeted	Basic research;Problem driven (basic) research;Pre-competitive research;Applied industrial research
Overall implementation structure of the measure	Funding comes from eleven participating federal departments and agencies. The agencies designate R&D topics through requests for proposals and accept submissions. SBIR awards are based on small business/nonprofit research institution qualification, degree of innovation, and future market potential.
Sub-measure structure and activities	Information is not available.
Management structure	Applicants to the SBIR programme may receive up to various levels of support that correspond to the degree of development of the idea. Phase I awards provide funding of up to \$100,000 for approximately one year to support the exploration of the scientific, technical and commercial feasibility of an idea or technology. Phase II awards provide funding of up to \$750,000 for as long as two years to expand Phase I results. It is anticipated that technologies will move into a Phase III for which no programme support is provided but which will attract private sector or other funding as a Phase II innovation moves from the laboratory into the marketplace.
Review of progress	The NSF SBIR Phase II awardees are asked to provide a commercialisation report after the conclusion of the award. The NSF SBIR has developed a telephone interview process to gather this information on the 3rd, 5th and 8th anniversary of the end of the award.
Selection criteria	Small businesses must meet certain eligibility criteria to participate in the SBIR programme. They must be American-owned and independently operated, for-profit. The principal researcher must be employed by the business and the company size must be limited to 500 employees or less.
Openness to EU countries	Participants from EU countries are eligible to the extent that American ownership comprises at least 51% of the company and it is independently operated. The small business must be physically located in the United States. All other criteria applied to participants from the US are also applied to those in EU countries.
Openness to third countries	The same criteria apply to participants from third countries as to those from EU countries.
Selection of projects/participants	There are fixed calls from the eleven specific agencies, but the calls from the different agencies occur at different times.

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Mode of funding	Grants
Eligible costs	Labour costs (including overheads);Equipment
Sources of co-financing	Co-financed by the private sector
Overall budget	77692308
Exchange rate used	1 EUR = 1.3 USD
Year 1	2001: 15538462
Year 2	2002: 15538462
Year 3	2003: 15538462
Year 4	2004: 15538462
Year 5	2005: 15538462
Further Information	For budget data see: http://www.cbo.gov/ftpdocs/19xx/doc1941/hr2392.pdf
Overall budget in national currency	101000000
Indicators specified ex ante	No
Details on indicators specified ex ante	Outcome measurement varies by funding agency, but in general SBIR recipients are expected to submit regular (e.g. monthly) reports on progress and final reports. For example, Phase I final reports generally are requested to include a description of the research carried out, the research findings or results, potential applications of the research, and commercialisation plans.
Support measure evaluation	Ex-ante: Yes On-going / Mid-term: Yes Final / Ex-post: Yes
Main conclusions of the evaluation(s)	There have been numerous evaluations and reviews of SBIR, including several studies by the US Government Accountability Office (GAO). A GAO study in 1999 (GAO/RCED-99-114) raised concerns about the effectiveness of SBIR's commercialisation goals and recommended improvements in evaluation. In 2006, the National Academies of Science began a Congressionally-mandated study of the SBIR program. This study is titled "Capitalizing on Science, Technology, and Innovation: An Assessment of the Small Business Innovation Research Program". Individual federal agency SBIR programmes are also assessed by the OMB's Program Assessment Rating Tool (PART). The findings are mixed. For example, the 2003 OMB PART of the Commerce Department's SBIR programme found it to be generally well-managed, but lacking adequate outcome-oriented performance measures. [http://www.whitehouse.gov/omb/expectmore/summary.10001023.2005.html]. The Department of Commerce reports that it is now working to develop and implement interim annual performance measures to improve processing times of proposals, and is working with the Small Business Administration to develop long-term outcome-oriented measures.
Results	The National Academies to conduct an assessment of the SBIR programme. Results of this assessment were issued in 2007 and 2008. These include: <ul style="list-style-type: none"> ■ Maintain current phased approach as awards that bypass Phase 1 (feasibility) and go directly to Phase 2 (development) are not as effective, ■ Raise the highest threshold funding levels for Phase 1 and Phase 2 awards which were last established in 1995, ■ Prompt agencies to create some type of funding mechanism in conjunction with private sector contractors to provide post-Phase 2 commercialisation funding, ■ Shorten cycle times for release of solicitations and decision making, and ■ Reserve funding for management and ongoing evaluation. <p>Source: http://www7.nationalacademies.org/sbir/</p>
Further developments	There is no information available.
Website in original language	http://www.sba.gov/sbir
Website in English	http://www.sba.gov/sbir
Legal basis	The SBIR programme was established under the Small Business Innovation Development Act of 1982 (P.L. 97-219), reauthorized until September 30, 2000 by the Small Business Research and Development Enhancement Act (P.L. 102-564), and reauthorized again until September 30, 2008 by the Small Business Reauthorization Act of 2000 (P.L. 106-554). It has been extended again for another period.
Launching agency	US Small Business Association (SBA)
Agency administering	US Small Business Association (SBA)
Funding Agency	The SBIR programme is funded by several government agencies, including the Departments of Health and Human Services (DHHS), Agriculture (USDA), Commerce (DOC), Defense (DOD), Education (DoED), Energy (DOE), Homeland Security, and Transportation (DOT); the Environmental Protection Agency (EPA), the National Aeronautics and Space Administration (NASA), and the National Science Foundation (NSF).
This information was last updated on	2009-05-27

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- Japan - Support measure



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Small Business Innovation Research (SBIR)	
Keywords	Innovation;SMEs;Technological Reform
Overview (nature, goals)	The Small Business Innovation Research (SBIR) programme was established in 1999 to promote new technological product activities including research and exploitation by Japanese small and medium sized enterprises. The programme expands the opportunities for SMEs to access governmental funding through loan guarantees and payment of expenses. The programme is based on the Small Business Innovation Research Programme which operates in the United States and is operated by different ministries and agencies, each of which have their own objectives for the programme.
Background and rationale	The Small Business Innovation Research (SBIR) programme is based on the New Business Promotion Law (Law 152, 1998) and is implemented by the Ministry of Economy, Trade and Industry (MEXT) and various ministries and Independent Administrative Institutions (IAIs). The Programme is also similar to the Small Business Innovation Research Programme implemented in the United States of America (USA).
List of policy priorities	2.3.1 Direct support of business R&D (grants and loans);1.2.2 Innovation strategies;2.2.2 Knowledge Transfer (contract research, licences, research and IPR issues in public/academic/non-profit institutes);2.3.2 Indirect support to business R&D (tax incentives and guarantees)
Targeting specific sector	Not sector specific
Targeted Research and Technology Fields	The types of research or relevant disciplines for the Small Business Innovation Research (SBIR) programme are set by each Ministry or Agency involved in implementing the programme (1). Areas covered include: <ul style="list-style-type: none"> - Energy - The Environment - Information Technology and Communications - Medical devices - Agriculture and Foods - Bio and Medical Sciences
Country	Japan
Start date	Before 1995
Expected end date	No end date planned
Relationship to other support measures	This programme is novel and has no relation to a previous programme
How does the measure relate to other measures?	Inspired by an existing measure of another country;Inspired by national policy debate (e.g study, consultation);Other:
Additional details 2	The Small Business Innovation Research (SBIR) programme is modelled on the SBIR programme in the United States of America. The programme also reflects national policy debate in the late 1990s which addressed concern over financing of small and medium sized enterprises during the economic downturn during the 1990s, and absence of viable credit for SMEs or businesses. The SBIR programme was completed
Targets or beneficiaries of the measure	SMEs only
Groups eligible for funding	SMEs only
Aspect of innovation process addressed by the measure	Pre-competitive research;Applied industrial research;Development/prototype creation;Commercialisation of innovation (including IPR)
Type of Research Activities targeted	Pre-competitive research;Applied industrial research;Knowledge transfer (between researchers);Human resources development
Additional comments on the targeted fields	The Small Business Innovation Research (SBIR) programme is modelled on the SBIR programme in the United States of America. The programme also reflects national policy debate in the late 1990s which addressed concern over financing of small and medium sized enterprises during the economic downturn during the 1990s, and absence of viable credit for SMEs or businesses. The SBIR programme was completed
Overall implementation structure of the measure	The Small Business Innovation Research (SBIR) is implemented by the following Ministries and Agencies (1): <ul style="list-style-type: none"> - Ministry of Education, Culture, Sports, Science and Technology (MEXT) - Ministry of Agriculture, Forestry and Fisheries (MAFF) - Ministry of Economy, Trade and Industry (METI) - Ministry of the Environment (MOE) - National Institute of Information and Communications Technology (NICT) - Japan Science and Technology Agency (JST) - Pharmaceuticals and Medical Devices Agency (PMDA) - National Agriculture and Food Research Organisation (NARO) - New Energy and Industrial Technology Development Organisation (NEDO) - Information Technology Promotion Agency (IPA) - Organization for Small and Medium Enterprises and Regional Innovation (SMRJ) - National Federation of Small Business Associations (NFSBA) -

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Sub-measure structure and activities	Subprogrammes within the Small Business Innovation Research (SBIR) programme vary depending upon operating institution (1).
Management structure	The Small Business Innovation Research (SBIR) programme is managed by the Small and Medium Enterprise Agency within the Ministry of Economy, Trade and Industry (METI). Each Ministry and Agency involved in implementing the SBIR programme operates its own procedures and cycle of operation(1). Delivery is decided on an annual basis in May by the Cabinet (2).
Review of progress	Each ministry or agency involved in implementing the Small Business Innovation Research (SBIR) Programme reviews their own funded projects.
Selection criteria	Selection for participation in the Small Business Innovation Research (SBIR) programme is determined by each ministry and agency involved in implementing the programme. A listing of the ministries and agencies involved in implementing the programme can be found at this link . Basic guidelines are set by the Ministry of Economy, Trade and Industry (METI) which concern application procedures, evaluation, and budgetary allocation (1).
Openness to EU countries	Not Relevant.
Openness to third countries	Not Relevant.
Selection of projects/participants	Selection of projects for the Small Business and Innovation Research (SBIR) programme are made by each ministry and agency charged with implementing the programme in accordance with guidelines set by the Ministry of Economy, Trade and Industry (METI).
What state aid framework is applied to the measure?	The Small Business Innovation Research (SBIR) programme is a horizontal policy for small and medium sized enterprises.
Mode of funding	Subsidised loans (including interest allowances)
Eligible costs	Other: Varies by programme
Overall budget	238m
Exchange rate used	1 Euro = 163.76Yen
Year 1	2007: EUR 238m
Year 2	----
Year 3	----
Year 4	----
Year 5	----
Overall budget in national currency	39bn
Indicators specified ex ante	No
Details on indicators specified ex ante	The implementing guidelines for the Small Business Innovation Research (SBIR) programme set out by the Ministry of Economy, Trade and Industry (METI) require each ministry and agency involved in implementing each programme to submit each application to external evaluation (pt. 5).
Support measure evaluation	Ex-ante: Yes On-going / Mid-term: Yes Final / Ex-post: Yes
Main conclusions of the evaluation(s)	No information on evaluations of the Small Business Innovation Research (SBIR) Programme could be located.
If no official evaluation has been undertaken is there any evidence which allows an appraisal of the success of the measure?	A listing of Small Business Innovation Research (SBIR) projects for 2004 can be located at this link . Details of other results could be not be located.
Results	A listing of Small Business Innovation Research (SBIR) projects for 2004 can be located at this link . Details of other results could be not be located.
Further developments	Not Relevant.
Website in original language	http://www.jcci.or.jp/sbir/
Website in English	http://www.chusho.meti.go.jp/s me_english /outline/04/01_04.html
Relevant further information	Not Relevant.
Legal basis	The Small Business Innovation Research (SBIR) programme is derived from the New Business Promotion Law (Law 152, 1998)

ERAWATCH Research Inventory Customised Export

Launching agency	The launching agency for the Small Business Innovation Research (SBIR) programme is the Ministry of Economy, Trade and Industry (METI).
Agency administering	13 Ministries and Agencies are involved in administering the Small Business Innovation Research (SBIR) programme
Funding Agency	The funding agency for the Small Business Innovation Research (SBIR) Programme is the Ministry of Economy, Trade and Industry (METI)
This information was last updated on	2009-05-29

— Hungary - Support measure



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Research and Technological Innovation Fund	
Kutatási és Technológiai Innovációs Alap	
Keywords	Business R&D;Funding;Taxing
Overview (nature, goals)	<p>The Act XC of 2003 on the "Research and Technological Innovation Fund" was approved by the Hungarian Parliament on November 10, 2003, creating a stable and reliable financial ground for research, technological development and innovation activities. The Act set up the Research and Technological Innovation Fund (hereafter: Fund).</p> <p>The two most important revenue sources of the Fund are the central budget (as legal successor of the previous Technological Development Programme [KMúFA] and National Research and Development Programmes [NKFP] expenditures), and the contribution paid by enterprises (except micro- and small enterprises). The so-called innovation contribution is charged on the basis of the adjusted net revenues of the previous year: medium-sized and large enterprises had to pay 0.2% of that amount in 2004, and the rate is gradually increasing to 0,3% by 2006. Small companies were required to pay 0.05% in 2004, and have been exempted from 2005.</p> <p>As an incentive to conduct research and development activities, the contribution to the Fund should be reduced with the amount of direct costs of in-house research and development activities, as well those of commissioned from a public research institution or from a non-profit research organisation, financed by own sources.</p>
Background and rationale	<p>There are two major features of the Fund. First, it helps re-orienting private sector resources towards R&D innovation activities, assisted by matching public funds. Second, contributions to the Fund do not disappear in the state budget: instead, their use in the transparent, dedicated RTDI Fund can be monitored, and should directly or indirectly benefit the private sector, as stipulated in the legislation creating the Fund. It is also a legal requirement that resources of the Fund be spent through competitive calls.</p> <p>This mechanism is seen as a rather novel instrument to foster private sector RTDI. However, there have not been (publicly available) studies analysing the expected impact of this funding mechanism, and thus it is not possible to establish whether it is the appropriate instrument to achieve the objectives.</p>
List of policy priorities	1.3.2 Horizontal measures in support of financing;2.3.1 Direct support of business R&D (grants and loans);2.3.2 Indirect support to business R&D (tax incentives and guarantees);5.2.1 Fiscal incentives in support of the diffusion of innovative technologies, products and services
Targeting specific sector	Not sector specific
Country	Hungary
Start date	2004
Expected end date	No end date planned
Relationship to other support measures	This programme is novel and has no relation to a previous programme
How does the measure relate to other measures?	Inspired by national policy debate (e.g study, consultation)
Additional details 2	This funding mechanism is generally considered as a rather novel type of instrument with the aim of fostering private sector RTDI. However, there are no publicly available studies or documents which would allow an assessment of the policy-making process.
Targets or beneficiaries of the measure	All companies;Consultancies and other private service providers (non-profit);Scientists / researchers (as individuals);Higher educations institutions research units/centres;Other non-profit research organisations (not HEI);Technology and innovation centres (non-profit)
Groups eligible for funding	All companies;Consultancies and other private service providers (non-profit);Scientists / researchers (as individuals);Higher educations institutions research units/centres;Other non-profit research organisations (not HEI);Technology and innovation centres (non-profit);Business organisations (Chambers of Commerce...)
Aspect of innovation process addressed by the measure	Promotion of entrepreneurship/start up (including incubators);Awareness raising amongst firms on innovation;Pre-competitive research;Applied industrial research;Development/prototype creation;Commercialisation of innovation (including IPR);Industrial design;Co-operation promotion and clustering;Diffusion of technologies in enterprises;Innovation management tools (incl quality);Improving the legal and regulatory environment
Additional comments on the innovation processes supported	The large number of individual schemes financed from the Fund covers practically all aspects of the innovation process.
Type of Research Activities targeted	Basic research;Problem driven (basic) research;Pre-competitive research;Applied industrial research;Social sciences research;Knowledge transfer (between researchers);Human resources development;International research collaboration;Networking
Additional comments on the targeted fields	This funding mechanism is generally considered as a rather novel type of instrument with the aim of fostering private sector RTDI. However, there are no publicly available studies or documents which would allow an assessment of the policy-making process.

ERAWATCH Research Inventory Customised Export

Management structure	The Fund is managed by the National Office for Research and Technology (NKTH), a government agency supervised originally by the Minister of Education (later the Minister of Economy and Transport, and as of May 2008, the Minister without portfolio for R&D). The mandate of the NKTH has changed several times since 2004, entailing changes in the degree of independence the President of the NKTH enjoyed with regard to individual funding decisions. The Research and Technological Innovation Council makes strategic decisions concerning the use of Fund: what sorts of technology policy schemes to be launched, and how much funding to be allocated to the specific schemes. In these matters, it possesses the right of preliminary consent. The Council, a 15-strong body, consisting of 7 high-ranking government officials (secretaries or under-secretaries of state) nominated by various ministers, and 8 members representing the business and STI communities (at least 4 of these should be business people).
Review of progress	The Fund has continued to be a more or less stable financial source, although the compulsory central budget contribution was not fulfilled in the first year.
Selection criteria	Not applicable, as this is not a funding scheme.
Openness to EU countries	Not applicable, as this is not a stand-alone funding scheme. However, most of the measures are open to enterprises registered in Hungary, or another EEA country (with a branch office in Hungary).
Openness to third countries	Not applicable, as this is not a stand-alone funding scheme. However, most of the measures are open to enterprises registered in Hungary, or another EEA country (with a branch office in Hungary).
Selection of projects/participants	Not applicable, as this is not a stand-alone funding scheme.
What state aid framework is applied to the measure?	As detailed in the Commission's resolution regarding state aid within the Research and Technological Innovation Fund (notified to the Commission in 2007), RDI state aid rules (or the de minimis rule) apply to the enterprises financed by the Fund. Applicable funding intensities thus depend on the type of research activity to be carried out (basic, applied etc.), the size of the company and the type of research co-operation involved. In case of investment support, regional and other criteria set out in state aid rules apply.
Mode of funding	Grants; Venture capital (including subordinated loans); Guarantees; Tax incentives (including reduction of social charges); No direct funding provided
Eligible costs	Other: Not applicable, as this is not a funding scheme. (Eligible costs vary by the schemes financed by the Fund.)
Sources of co-financing	Co-financed by the private sector
Overall budget	780,000,000
Exchange rate used	250
Year 1	2005: 110,000,000
Year 2	2006: 105,000,000
Year 3	2007: 160,000,000
Year 4	2008: 180,000,000
Year 5	2009: 225,000,000
Further Information	It is not possible to establish the overall budget, as this is not an individual funding scheme. Furthermore, resources of this Fund should not be "added" to individual funding schemes, as this is in principle a funding source and thus it would entail double counting. The overall budget figure above is an artificial one created simply by adding up the annual allocations for the period 2005-9. The amounts distributed from the fund in the given years was smaller than originally intended, since the NKTH was not authorised to use resources not allocated in the given (preceding) budgetary year. By the end of 2007, this amounted to approximately EUR 120m of unused resources. In 2008 steps have been taken to open up these resources for the Fund's purposes, so that the Fund can operate independently as originally intended. Therefore, the amounts for 2005-6 below refer to the amounts actually committed, whereas for 2007-9 (for which no official ex post data is available as of yet) the figures refer to the amounts available from the Fund.
Overall budget in national currency	195,000,000,000
Indicators specified ex ante	No
Details on indicators specified ex ante	Not applicable, as it is not a specific scheme.
Support measure evaluation	Ex-ante: No On-going / Mid-term: No Final / Ex-post: No
Website in original language	http://www.nkth.gov.hu/hivatal/beszamolok
Legal basis	Act XC of 2003 on the "Research and Technological Innovation Fund"
Launching agency	Not applicable as this is not a funding scheme.
This information was last updated on	2009-05-27

■ France - Support measure



This information is part of the [European Inventory on Research and Innovation Policy Measures](#). The inventory is jointly implemented by the European Commission's Directorates General for [Enterprise and Industry](#), [Research and Joint Research Centre](#). For questions and feedback please [contact ERAWATCH](#).

ERAWATCH Research Inventory Customised Export

Research Tax Credit	
Crédit d'Impôt Recherche	
Keywords	R&D tax credit;research expenses;company R&D;PhD employment
Overview (nature, goals)	<p>The Research Tax Credit is a key measure to support R&D investments within companies. The Research Tax Credit is a horizontal measure, non-discriminatory across sectors of activity, and aimed at supporting corporate R&D investments by means of tax incentives.</p> <p>On the basis of a simple declaration, companies can benefit from a tax reduction for a large range of research-related spending, including R&D personnel expenses, R&D subcontracting, patenting costs, etc. Eligible expenses for which firms apply to the Research Tax Credit are mainly associated with the human and technical resources allocated to research and subcontracting. The 2004 and 2006 finance bills have improved the measure, the aim was to make easier for companies the calculation of the amount of their Research Tax Credit.</p> <p>A new scheme for the Research Tax Credit was implemented in 2004 and modified several times since, as follows:</p> <ul style="list-style-type: none"> ■ 2004 <ol style="list-style-type: none"> 1) new calculation of the Research Tax Credit. One part is based on the volume of R&D investments which offers a tax credit equal to 5 % (10% since 2006) of the undertaken expenditures; another part is based on the increase of R&D investments which offers a tax credit equal to 45 %. 2) New categories of expenses are taken into consideration : expenses related to the protection of patents (up to €120,000 in the 2006 finance bill) and those which are related to technological innovations. 3) Expenses for research made by public research organisations, universities, and technical centres with a public interest mission are counted twice their actual cost. 4) Increase of the tax credit limit from €6.1m to €8m (€10m since 2006). ■ 2006: <ol style="list-style-type: none"> 1) Immediate reimbursement of tax credit to companies less than five years old (three years old in the past); this allows SMEs that do not pay taxes yet to immediately benefit from the tax credit. 2) Expenses related to the first year of employment of a Ph-D holders are counted twice their actual cost in the calculation of the credit. ■ 2008: <ol style="list-style-type: none"> 1) The fraction calculated over the spending increase disappears and the tax credit rate applied to the spending volume raises to 30% of R&D expenditure up to €100m (50 % the first year and 40% the second). Above that amount, businesses are eligible for a 5 % tax credit without cap. 2) Expenses related to Ph-D holders are counted twice the two first years of their employment. ■ 2009 <p>Companies can obtain the immediate refund of their research tax credit of 2005, 2006, 2007 and 2008 not yet used or mobilised.</p>
Background and rationale	The Research Tax Credit was adopted back in 1983 with the objective of promoting research activities by firms across sectors, without discrimination. It is a specific response to an identified weakness characterising the French research and innovation system, namely traditionally weak private R&D expenditures. It underwent significant changes in 2004 when it was renewed for an undefined period of time to include a volume component in its calculation.
Overview of policy priorities	<p>This measure essentially addresses three priorities:</p> <ul style="list-style-type: none"> ■ Increase rates of expenditure on research and technological innovation in enterprises; ■ Facilitate access of enterprises to skilled personnel; ■ Favour the protection and optimise the exploitation of intellectual property as a driver for innovation.
List of policy priorities	2.3.2 Indirect support to business R&D (tax incentives and guarantees);2.2.2 Knowledge Transfer (contract research, licences, research and IPR issues in public/academic/non-profit institutes);3.2.1 Recruitment of researchers (e.g. fiscal incentives);5.3.2 Consultancy and financial incentives to the use of IPR
Targeting specific sector	Not sector specific
Targeted Research and Technology Fields	<ul style="list-style-type: none"> ■ Pre-competitive research ■ Applied industrial research ■ Development/prototype creation ■ Commercialisation of innovation (including IPR) ■ Industrial design
Selected research and technology fields	No specific thematic focus
Country	France
Start date	Before 1995
Expected end date	No end date planned
Relationship to other support measures	This programme is novel and has no relation to a previous programme
How does the measure relate to other measures?	Inspired by national policy debate (e.g study, consultation)

ERAWATCH Research Inventory Customised Export

Additional details 2	The measure was developed in 1983 with the view of improving the competitiveness of national enterprises on national and international markets. The revisions of the measure in 2004 and 2008 are partially a consequence of the European Lisbon guidelines, aiming at developing innovation and knowledge society in Europe.
Geographic coverage	The programme is national.
Targets or beneficiaries of the measure	All companies
Groups eligible for funding	All companies
More details on the target groups	Industrial, commercial and agricultural enterprises subject to taxation on corporate earnings. But novel firms or firms in deficit not subject to taxation on corporate earnings can be eligible as well.
Aspect of innovation process addressed by the measure	Pre-competitive research;Applied industrial research;Development/prototype creation;Commercialisation of innovation (including IPR);Industrial design
Type of Research Activities targeted	Problem driven (basic) research;Pre-competitive research;Applied industrial research
Overall implementation structure of the measure	The tax reduction is implemented on the annual tax to be paid by enterprises. If the tax's amount is not important enough, the French State gives a refund to the enterprise or mobilizes the equivalent amount through a funding agency.
Sub-measure structure and activities	not relevant
Management structure	The programme is managed by the <u>Ministry Delegate of Higher Education and Research</u> .
Review of progress	Each year, the <u>Ministry Delegate of Higher Education and Research</u> publishes a review presenting the main results of the Research Tax Credit (overall budget, number of beneficiaries, breakdown between sectors, companies' sizes, ...) for the year n-2. Last review (for 2005) is available (in French) here .
Selection criteria	Since the last reform of the Research Tax Credit in 2008, the following expenditures are eligible for the tax credit: <ul style="list-style-type: none"> ■ Depreciation allowances ■ Staff expenses (researchers and technicians allocated to R&D) ■ Operating costs ■ R&D subcontracting in France, in other EU and EEA Member States to private companies or to individual experts and to public organisations ■ Fees for patent filing, patent maintenance and plant variety protection certificates ■ Depreciation allowances of patents or plant variety protection certificates acquired with a view to carry out R&D activities ■ Expenses incurred for the protection of patents and plant variety protection certificates ■ Standardisation expenses ■ Technology watch expenses
Openess to EU countries	The programme is for companies or associations paying tax in France.
Openess to third countries	One of the objectives of the measure is to attract large foreign enterprises since it is dedicated to any company that respect the eligible criteria.
Selection of projects/participants	not relevant
Mode of funding	Tax incentives (including reduction of social charges)
Eligible costs	Labour costs (including overheads);Equipment;External expertise (consultants, studies, etc.)
Overall budget	€6,600,000,000
Year 1	2009: 2,000,000,000
Year 2	2008: 3,000,000,000
Year 3	2007: 1,600,000,000
Year 4	-----
Year 5	-----
Further Information	The overall budget relates to 2007-2009. The research tax credit stands for the first fiscal incentive dedicated to research financed by the Ministry. Actual expenses linked to the research tax credit for the French State seem however more important: around €1,5bn in 2007, and €2bn in 2009.
Indicators specified ex ante	No

ERAWATCH Research Inventory Customised Export

Support measure evaluation	Ex-ante: No On-going / Mid-term: Yes Final / Ex-post: Yes
Main conclusions of the evaluation(s)	<p>The Research Tax Credit (CIR) was evaluated in 2006. Based on interviews with beneficiaries as well as non beneficiaries of the measure, the <u>evaluation report</u> lists three types of effects that could be originated by the measure, depending on the enterprise's behaviour related to the incentive:</p> <ul style="list-style-type: none"> ■ an explicit impact: the level of tax credit is explicitly taken into account by the company that increases its overall R&D expenditures according to the tax credit it will benefit from. ■ an indirect impact: the tax credit is not explicitly calculated by the company when it designs its R&D budget. However, the company is keen on financing more research that it would have done without the research tax credit. As it is the case for the JEI, the CIR also has a positive impact on the recruitment of researchers by private companies. ■ no impact on the level of enterprise's research expenses. For the company, the tax credit does not impact on its R&D budget in nominal terms. Namely, without the tax credit, this level would have been the same. However, in some cases, the projects that are funded may be influenced by the tax credit in the sense that the company will fund the ones that will provide the highest tax credit. <p>Overall, the evaluation concluded that even if the CIR has impacts on private R&D expenditures, the measure could be improved and simplified. In 2007 the French National Accounting Office (Cour des comptes) also published a report on the Research Tax Credit. The conclusions underlined the necessity to simplify the system and to enhance legal safety for companies. Most of the recommendations issued by this report and by the 2006 evaluation were included in the 2008 reform. As a consequence, the budget act for 2008 radically simplified the mechanism by abolishing the fraction calculated over the spending increase and significantly raising the tax credit rate applied to the spending volume from 30 % of R&D expenditure up to €100m (50 % the first year and 40 % for the second). Above that amount, businesses are eligible for a 5 % tax credit without cap. Since January 2009, companies can even obtain the immediate refund of their research tax credit for 2005, 2006, 2007 and 2008 not yet used or mobilised.</p> <p>Moreover, in April 2008 the French association of Life Sciences has published results of a national survey on the reform of the CIR. The reform aimed to make easier the calculation of the amount of their CIR for companies. Results of the survey underline that young innovative companies are negatively impacted by the fact that the CIR does not consider anymore the increase in R&D spending. Innovative start-ups are characterised by an increase in their R&D spending during their first decade of existence, consequently 57% of young companies (under 5 years old) in the sector of Life Sciences are negatively impacted while large companies with fixed R&D amounts fully benefit from the reform. Moreover, companies benefiting from a refundable loan allocated by OSEO are disadvantaged because the amount of the refundable loan is now deducted from the base of its CIR.</p>
Results	<p>In September 2009, the Ministry for Research and Higher Education released the first quantitative results analysing the reform of the CIR. The <u>paper</u> highlights the ability of the measure to act as a shock absorber during the economic crisis and as a springboard in the post crisis period.</p> <p>According to the Ministry for Research, thanks to the CIR, the level of business R&D investment remained stable in 2008 (about €15bn). The 2008 reform has been valued by enterprises. Indeed, the number of registered enterprises clearly increased since the end of 2007 (+24%). In 2009, the number of registration has doubled compared to 2008 and the research expenses declared have clearly increased. Therefore, the CIR simplified mechanism results in the increased use of the credit by enterprises.</p> <p>Moreover, the study shows that a lot of businesses (53%) increased their R&D expenditures, particularly thanks to the CIR. Except the automotive (-20%) and the aviation (-20%) sectors (particularly affected by the economic crisis from 2008), other sectors have increased their expenditures (+2%).</p> <p>According to a survey led in 2008 the CIR has also a number of positive impacts:</p> <ul style="list-style-type: none"> ■ 58% of businesses consider that the reformed CIR encourages the increase of R&D expenditures ; ■ 34% recognize that the CIR fosters joint research ; ■ 29% that it encourages the hiring of PhDs.
Further developments	not relevant
Website in original language	http://www.enseignementsup-recherche.gouv.fr/cid20358/le-credit-d-impot-recherche-cir.html
Website in English	http://media.enseignementsup-recherche.gouv.fr/file/CIR/18/1/CIRanlais08_33181.pdf
Relevant further information	<p>General information:</p> <ul style="list-style-type: none"> ■ http://www.oseo.fr/votre_projet/creation/guides_et_conseils/credit_d_impot_recherche_cir ■ http://www.recherche.gouv.fr/cid20358/le-credit-d-impot-recherche-cir.html <p>2009 study by the Ministry of research and Higher education (French only): http://www.enseignementsup-recherche.gouv.fr/cid49080/le-cir-un-amortisseur-pendant-la-crise-et-un-tremplin-pour-l-apres-crise.html</p> <p>CIR 2008 Guide: http://media.education.gouv.fr/file/CIR/83/8/cir2008_22838.pdf</p> <p>2007 report of the National Accounting Office: http://www.ccomptes.fr/CC/documents/RPA/Suite3-credit-impot-recherche.pdf</p> <p>2006 evaluation report:</p> <ul style="list-style-type: none"> ■ Summary: http://www.enseignementsup-recherche.gouv.fr/technologie/mesur/cir/impactCIR2006resume.pdf ■ Full report: http://www.enseignementsup-recherche.gouv.fr/technologie/mesur/cir/impactCIR2006.pdf
Legal basis	Finance Bill 2004 Art. 87 Finance Bill 2006 Art. 15
Agency administering	The programme is administered by the <u>Ministry in charge of Research and Higher Education</u> .
This information was last updated on	2010-01-07

Israel - Support measure



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MAGNET TUFHTkVUIC0gR2VuZXJpYyBSZXNlYXJjaCBhbmQgRGV2ZWxvcG1lbnQgcHJvZ3JhbQ==	
Keywords	Generic Research;Research Infra-structure;Industry Academia cooperation
Overview (nature, goals)	This program is the basic program supporting research infra-structure operated by the ministry of Industry Trade and Employment. The program was officially inaugurated in 1994. The special character of the program is the efficient exploitation in directed R&D of the national resources allocated for this purpose. This advantage is maintained by the creation of real cooperation and partnership between industrial firms and research organizations in the R&D of pre-competitive technologies and their industrial implementation. The industrial firms and research organizations cooperate in the creation and realization of a combined vision in defining the new technologies that will give them the competitive advantage in the future. The program is based on sharing some of the existing knowledge of the partners and the development of new knowledge. The combined work is performed via a special legal entity, created specifically for a specific project.
Background and rationale	The program addresses the need for developing the technological infra structure for the development of future products. It acts as an early stage for the R&D fund for the development of export oriented products. The main rationale of the program is to base such products on advanced technologies developed in cooperation with research organizations. The follow up can be performed via several alternative support programs or by private funding.
Overview of policy priorities	Magnet Consortia are intended for the development of long term sustainable technological competitive advantage for the Israeli industry. The formed Research organizations (Academia) and industry clusters have to be in fields of importance in world markets, where the Israeli industry could have a relative advantage.
List of policy priorities	2.3.2 Indirect support to business R&D (tax incentives and guarantees);2.2.2 Knowledge Transfer (contract research, licences, research and IPR issues in public/academic/non-profit institutes);2.2.3 R&D cooperation (joint projects, PPP with research institutes)
Targeting specific sector	Not sector specific
Targeted Research and Technology Fields	Research encompasses almost the entire spectrum of current technological fields; there is no specific research theme.
Country	Israel
Start date	Before 1995
Expected end date	No end date planned
Relationship to other support measures	This programme is novel and has no relation to a previous programme
How does the measure relate to other measures?	Inspired by an existing measure of another country
Additional details 2	The External examples inspiring the program where the US program – Engineering Research Centers (ERC) started in 1985, and the Australian derivative: Cooperative Research Centers (CRC) started in 1990. It is parallel to the Competence Centers in Sweden which started in 1995, and is very similar. There was a recognized need to bring together the Academia and industry for long term Generic cooperation, to maintain the competitive advantage of the Israeli high-tech industry.
Geographic coverage	Originally only Israel - but since 2000 open (without financial support) to foreign organizations
Targets or beneficiaries of the measure	All companies;New technology based firms/new knowledge intensive service firms
Groups eligible for funding	All companies;Higher education institutions research units/centres;Other non-profit research organisations (not HEI);Technology and innovation centres (non-profit);New technology based firms/new knowledge intensive service firms
If more than one target group is eligible	Co-operation/networking mandatory (e.g. cluster programme)
Type of Research Activities targeted	Pre-competitive research;Applied industrial research
Overall implementation structure of the measure	The Consortium forms a legal entity, an association with no profit intentions, and gets an over-all approval for three years, including a budget frame. It has to submit a joint work plan yearly, present milestones and deliverables, and is monitored financially by external CPAs and technically by ministry evaluators. After three years the association can apply to up to three additional years. After the end of the entire research period the association is dissolved, even though some obligation remains in force after the dissolution for a pre-defined period. The membership in the association for the academia and the industry depends on an approved yearly work program.
Management structure	The budget frame for the three years is around 16 million euros. From that over-all budget, the Ministry will fund 66% of the industrial budget and 80% of the academia budget, according to the limits set for eligible costs (Max. Salary, fixed 20% overhead on salary and materials etc.). The industrial partners complete the academia budget (20%) from their financing and also all the central consortium costs – financial and business managers, legal adviser and others. Each year the consortium will present a yearly work plan and budget, set within the three year budget plan. Expenses can cover also equipment and Intellectual Property protection. The program will assign in addition to technical evaluators from the ministry also a program manager to accompany the consortium in its daily work, participating in the technical meetings, approving the quarterly reports - technical and financial and the yearly work plan and deliverables.
Review of progress	The annual approval of work plan and budget as well as the initial approval for the consortium is done by the Magnet committee which is a public body comprised by ministry officials and public figures. The technical evaluators submit their work plan and budget recommendations to the committee. There are two review processes working in parallel. The technical review which is done quarterly, annually and over the approval period is done by technical evaluators working for the ministry. They also perform the financial review of the bills submitted quarterly. A early financial review is done by an external CPA who submits recommendations to the ministry regarding the final payments. In addition the association is required by law to have its books audited by another external CPA.

ERAWATCH Research Inventory Customised Export

Selection criteria	<p>The following criteria are used in the evaluation of proposals to the program (source – Magnet summary in the Magnet website www.magnet.org.il)</p> <ul style="list-style-type: none"> ■ Is the technology Generic and innovative – the nature of the proposal deliverables, how many local firms could use or need these products in the long run? In which future products will the proposals results be incorporated? ■ Is the technology vital for the firms involved and to which level? ■ On the strategic level – the survival capabilities of the firms, competitive advantage, ability to enter world markets ■ On the operational level – availability, cost, the ability to purchase abroad under normal business conditions ■ Advantages to the local economy – commercialization/export potential of future products based on the proposal results within the next 5 years. The ability to consummate the development locally. ■ Existing capabilities and resources (quality and commitment of partners) – Are there enough capabilities and resources within the proposing consortium to perform the work proposed? Are the firms committed to dedicating the required resources ? Financial robustness of participating firms? ■ Civilian market – what are the world markets for the intended future products, considering civilian markets as primary. ■ List of priorities: to help select between eligible proposals <ul style="list-style-type: none"> ■ Economic benefits to the local economy mainly viewed as export potential ■ Innovation of the technologies involved ■ How essential is it for the firms survival ■ The level of cooperation between the industrial firms and the academy ■ The reciprocal relations with the academy and it contribution to the industry
Openess to EU countries	Open to EU entities since 1998 - participation without funding
Openess to third countries	Open to third countries (within the diplomatic limitations of Israel) since 2000 - without funding
Selection of projects/participants	Research organizations with economic viability to carry out the work-plan are approved. Industrial firms have to demonstrate that the R&D plan proposed does not exceed 30% of their total R&D program. The above under the criteria mentioned above.
Mode of funding	Grants
Eligible costs	Labour costs (including overheads);Equipment;External expertise (consultants, studies, etc.);Other: Materials, technical management and sub-contracting
Sources of co-financing	Co-financed by the private sector
Overall budget	5 Million
Year 1	-----
Year 2	-----
Year 3	-----
Year 4	-----
Year 5	-----
Further Information	Depends on the budget allocated yearly within the ministry to the program
Overall budget in national currency	250 Million NIS
Indicators specified ex ante	No
Details on indicators specified ex ante	<p>Centers are required to submit an annual report that includes the following:</p> <ul style="list-style-type: none"> ■ Major accomplishments (e.g., scientific and technological developments, lists of deliverables); ■ Research goals for the current year; ■ A short description of the processes used to interact and communicate with centre members (e.g. the project selection process, reports generated) ■ Operating budget and total funding broken down by type of expenses – compatible with the annual approved budget. <p>At the end f the research budget a final report with chapters for each entity participating, each project and specific sections relating to management and additional benefits.</p>
Support measure evaluation	<p>Ex-ante: Yes On-going / Mid-term: Yes Final / Ex-post: Yes</p>
Main conclusions of the evaluation(s)	<p>The program was evaluated in 2001 with a report published in March 2002 (source : http://www.magnet.org.il/index_files/forms/????%20???/magnet%20-%20final%20final%20report-CD.doc)</p> <p>The program was found to be especially efficient in fulfilling the following targets:</p> <ul style="list-style-type: none"> ■ Development of new generic technologies ■ Speeding R&D process within the core business of industrial firms ■ Notable contribution to assembling and improving knowledge ■ Creation of cooperation among industrial firms <p>The program palyed an important role in encouraging the firms to take technological risks and enter new markets. The program opend other financing sources for firms. The cooperation between firms is normally between pairs, and the cooperation with the academy was dependent upon the participants but was successful in most cases.</p>
Website in original language	http://www.magnet.org.il/default.asp?id=14
Legal basis	Based on instruction 8.5 of the general manager of the ministry

ERAWATCH Research Inventory Customised Export

Launching agency	Magnet Authority within the Chief scientist Office of the ministry
Agency administering	Magnet Authority within the Chief scientist Office of the ministry
Funding Agency	Magnet Authority within the Chief scientist Office of the ministry
This information was last updated on	2006-12-19

■ Germany - Support measure



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ERP Innovation Programme	
ERP Innovationsprogramm	
Keywords	market-oriented R&D;SMEs;VC investment
Overview (nature, goals)	The programme provides financing of market-oriented R&D (i.e. applied research and technological development; Programme Part I) and expenditures for market introduction of innovations (both products and services; Programme Part II) including fixed investment for innovation activities in firms (for programme part II: only SMEs). Both programme parts can be used independently from each other, but it is also possible to combine the two. The programme offers SMEs a loan which typically consists of two tranches: a classical bank loan (though offering below market-rate interest rates) and a subordinate loan (50 to 60 percent of the total loan, depending on the size of the total loan). There are especially low interest rates for very small firms. As for the subordinate loan, no collaterals are needed. The loan is delivered through the house bank of the SME, which receives the money to finance the loan from the state-owned KfW Banking group. Repayment of the loan typically starts after 2 years for the bank loan tranche and after 7 years for the subordinated loan tranche.
Background and rationale	SMEs suffer from a lack of access to credit financing of innovations while at the same time they have limited in-house resources to finance R&D and innovation, particularly in case of a high minimum size of R&D and innovation projects. The financing situation is particularly unfavourable for R&D intensive small firms with a high risk exposure. There are several market failures responsible for this lacking access to credit financing: First, information asymmetries over the technical and commercial potential of R&D projects of small firms restrict banks in accurately assessing the likely risk of these projects. Secondly, many R&D intensive SMEs do not have sufficient collaterals to offer, or they would have to offer collaterals from the non-innovative parts of business, meaning that a failure in a credit financing R&D project backed with collaterals from their current business will jeopardise the current business. Thirdly, moral hazard and adverse selection add to the resistance of commercial banks to credit finance innovations. Fourthly, high risk exposure of R&D and innovation projects rates will lead to very high interest rates for loans to finance these activities which often go beyond the financial capacities of SMEs. In order to open-up a market for loans to finance R&D and innovation in SMEs, the Federal government has launched the ERP innovation programme a long time ago. Since then, the programme is regularly adjusted to changes in the financial market and the way SMEs tend to organise the innovation projects, as well as their specific financing needs.
List of policy priorities	1.3.2 Horizontal measures in support of financing;2.3.1 Direct support of business R&D (grants and loans);2.3.2 Indirect support to business R&D (tax incentives and guarantees)
Targeting specific sector	Not sector specific
Selected research and technology fields	No specific thematic focus
Addressing innovation-related Lisbon guideline elements	Better access to domestic and international finance.
Country	Germany
Start date	Before 1995
Expected end date	No end date planned
Relationship to other support measures	This programme is novel and has no relation to a previous programme
How does the measure relate to other measures?	Inspired by national policy debate (e.g study, consultation)
Additional details 2	Several studies on innovation performance in the German business enterprise sector reveal that financing of innovation is a main issue, particularly for SMEs (see the reports on www.technologische-leistungsaehigkeit.de or www.e-fi.de). Stakeholder involvement in policy debates also stresses the importance of the financing issue.
Targets or beneficiaries of the measure	All companies
Groups eligible for funding	All companies;Other:
More details on the target groups	Firms must be older than 2 years. For Programme Part II, only firms that meet the EU SME criteria are eligible. For Programme Part I, typically firms should have an annual turnover of less than 150 mill. Euro, except the innovation to be funded is new for Germany. In the latter case, also firms with an annual turnover of up to 500 mill. Euro are eligible.

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If more than one target group is eligible	Only proposals from single organisations are accepted
Aspect of innovation process addressed by the measure	Awareness raising amongst firms on innovation;Pre-competitive research;Applied industrial research;Development/prototype creation;Commercialisation of innovation (including IPR);Co-operation promotion and clustering;Diffusion of technologies in enterprises
Type of Research Activities targeted	Pre-competitive research;Applied industrial research
Additional comments on the targeted fields	Several studies on innovation performance in the German business enterprise sector reveal that financing of innovation is a main issue, particularly for SMEs (see the reports on www.technologische-leistungsfahigkeit.de or www.e-fi.de). Stakeholder involvement in policy debates also stresses the importance of the financing issue.
Overall implementation structure of the measure	The programme is managed by KfW Banking Group, a large, state-owned bank with a long-standing experience in financing the business sector. The loans offered by the ERP Innovation Programme are delivered by private banks to SMEs, typically by their house bank. SMEs have to apply for these loans through this private bank, which receives the funds for delivering the loan to the SME from the KfW. KfW uses the European Recovery Programme (ERP) funds to finance the programme.
Sub-measure structure and activities	no subprogramme
Management structure	The programme is administered by the KfW Banking Group to which applications have to be sent. Applications have to include a number of filled in standard forms (incl. financial details of the SME and the innovation project to be financed) and are evaluated by KfW. Loans are delivered through private banks to SMEs.
Review of progress	The progress of the programme is regularly reviewed by the KfW banking group and reported to the Federal government.
Selection criteria	For Programme PartI (R&D): Firms with an annual turnover of less than Euro 125 mill. (Euro 500 mill. if the innovation is new for Germany). For Programme PartII (marketing): SMEs according to EU definition. Moreover, innovation projects must be new for the firm applying for support. Firms need to exist for at least two years.
Openness to EU countries	yes
Openness to third countries	not known
Selection of projects/participants	Evaluation of the innovation project with respect to its degree of novelty, to its contribution to increased competitiveness of the firm, financial status of the firm, availability of collaterals for the bank loan part of the total loan financing.
What state aid framework is applied to the measure?	not known
Mode of funding	Grants
Eligible costs	Labour costs (including overheads);Infrastructure (buildings);Equipment;Training (including study trips);External expertise (consultants, studies, etc.);Other: Marketing of new products
Sources of co-financing	Co-financed by the private sector;Other co-financing: ERP fund
Year 1	2008: 880000000
Year 2	-----
Year 3	-----
Year 4	-----
Year 5	-----
Further Information	since there is not end date of the programme, no overall budget is available
Indicators specified ex ante	No
Details on indicators specified ex ante	No indicators mentioned.
Support measure evaluation	Ex-ante: No On-going / Mid-term: No Final / Ex-post: Yes
Main conclusions of the evaluation(s)	An evaluation of all ERP programmes (i.e. all programmes funded out of the ERP fund) by Prognos AG in 2001 said that all these programmes, including the ERP innovation programme, were successful in terms of meeting the goals and using the money efficiently.
Website in original language	http://http://www.kfw-mittelstandsbank.de/DE_Home/Kredite/Die_Foerderprogramme_im_Einzelnen/ERP-Innovationsprogramm/index.jsp
Relevant further information	the programme is likely to be expanded in terms of funding volume to tackle the ongoing financial crises

ERAWATCH Research Inventory Customised Export

Legal basis	Richtlinie ERP-Innovationsprogramm ERP-Nachrangkapital für kleine und mittelständische Unternehmen zur Förderung der Innovationsdynamik in der deutschen Wirtschaft, May 28th, 2008.
Launching agency	KfW Banking Group
Manager responsible for the measure	Brandkamp Monika Kreditanstalt für Wiederaufbau - KfW Haas - Federal Ministry of Economy and Technology (BMWi)
This information was last updated on	2009-05-15

■ Belgium - Support measure



This information is part of the [European Inventory on Research and Innovation Policy Measures](#). The inventory is jointly implemented by the European Commission's Directorates General for [Enterprise and Industry, Research and Joint Research Centre](#). For questions and feedback please [contact ERAWATCH](#).

Federal - Young Innovative Company	
Young Innovative Company	
Keywords	small businesses;Tax exemption;young innovative companies
Overview (nature, goals)	<p>This measure is part of the set of measures developed by the Belgian Federal Government since 2003 which provide a partial exemption of tax deducted at source on wages of personnel involved in R&D for small businesses qualifying as 'Young Innovative Company'.</p> <p>In practice, the advance payment to be levied on the remuneration paid to the researchers concerned continues to be calculated according to the scales usually applicable, and the amount thus calculated is the one which is to be recorded on their tax form. The law provides that employers are exempt from paying the Belgian Treasury part of the advance payment they deduct each month from the remuneration paid to the researchers they employ.</p> <p>This exemption gives the institutions employing researchers more financial resources which they can immediately use in whatever way they deem the most economically appropriate to boost their efforts in terms of employing researchers, launching new research programmes or investing in new R&D material.</p> <p>The measure came into effect as of 1 July 2006.</p>
Background and rationale	This measure was inspired by an EU level debate on state aid for innovation and financing newly created, innovative SMEs for which the risk of failure render access to other modes of financing more difficult. Belgium is the second country to introduce such measure after France. The ongoing EU level debate is summarised in a Commission Staff working paper following a consultation which took place in november 2005: http://ec.europa.eu/comm/competition/state_aid/others/action_plan/rdi_en.pdf
List of policy priorities	4.3.1 Support to innovative start-ups incl. gazelles;2.3.1 Direct support of business R&D (grants and loans);2.3.2 Indirect support to business R&D (tax incentives and guarantees);3.2.1 Recruitment of researchers (e.g. fiscal incentives)
Targeting specific sector	Not sector specific
Selected research and technology fields	No specific thematic focus
Addressing innovation-related Lisbon guideline elements	Better access to domestic and international finance.
Country	Belgium
Start date	2006
Expected end date	No end date planned
Relationship to other support measures	This programme is novel and has no relation to a previous programme
How does the measure relate to other measures?	Inspired by need to meet EU level policy objectives
Targets or beneficiaries of the measure	SMEs only
Groups eligible for funding	SMEs only
More details on the target groups	Young Innovation companies are defined based on the following criteria - Research : involved in research to the extent that 15% of the company's expenses are R&D expenses - Size: Concerns small companies exclusively (no more than 50 employees and 6.25ME turnover exc VAT) - "Young": Concerns young companies exclusively - The SME should be in existence for less than ten years and only "truly" new companies qualify, excluding those generated from concentration, restructuring re-start or extension of activity. The company remains eligible for as long as it fulfills the criteria and ceases to benefit from this measure within a month of falling out of any of these categories.
If more than one target group is eligible	Only proposals from single organisations are accepted

ERAWATCH Research Inventory Customised Export

Aspect of innovation process addressed by the measure	Promotion of entrepreneurship/start up (including incubators);Awareness raising amongst firms on innovation;Applied industrial research;Development/prototype creation;Improving the legal and regulatory environment
Overall implementation structure of the measure	The programme is managed by the Ministry of Finances. It is necessary to demonstrate that the personnel is involved in R&D activities. The Federal Service for Science Policy is in charge of carrying out such verifications. The law provides that employers are exempt from paying the Belgian Treasury part of the advance payment they deduct each month from the remuneration paid to the researchers they employ. The advance payment to be levied on the remuneration paid to the researchers concerned continues to be calculated according to the scales usually applicable, and the amount thus calculated is the one which is to be recorded on their tax form.
Management structure	The programme is managed on a continuous basis. The Ministry of Finances is granting the deduction following the declaration by the companies.
Review of progress	An evaluation of the scheme should be carried out after 5 years of implementation.
Selection criteria	R&D "expenses" to be taken into consideration include both the expenses deducted as professional expenses and those activated on the balance sheet as intangible assets. The legal text specifies that the nature of the exemption means that for all other purposes (such as establishing the costs of a research project in order to receive subsidy), the original amount of remuneration should still be provided as reference for calculation and the exemption should not be taken into account. The scientific staff taken into consideration will include researchers, research technicians and R&D project managers. In principle, therefore, only the administrative and commercial staff will be excluded. Researchers shall mean scientists or engineers working on the design or creation of new knowledge, products, procedures, methods or systems. The term "engineers" is taken to include employees who, while not satisfying the diploma conditions, have acquired that qualification within their company. Research technicians shall mean persons working in close co-operation with researchers to provide the technical support indispensable to the experimental development and research work. The term "research and development project managers" shall mean persons who are in charge of the organisation, co-ordination and planning of the project, in its administrative, legal, financial and technological aspects.
Openness to EU countries	Non-Belgian companies are not eligible since they do not pay social security taxes in Belgium.
Openness to third countries	Non-Belgian companies are not eligible since they do not pay social security taxes in Belgium.
Selection of projects/participants	There is no selection process, only verification of eligibility criteria. The deduction is applied following monthly declaration to Ministry of Finances.
What state aid framework is applied to the measure?	The exemption of advance tax payment for employers who employ researchers has been notified to the European Commission on 22.12.2005 (N 649 /2005). The decision has been published in the Official Journal on 31.08.2006 (C 207 / 2006).
Mode of funding	Subsidised loans (including interest allowances)
Eligible costs	Labour costs (including overheads)
Overall budget	20,000,000
Year 1	2007: 20000000
Year 2	----
Year 3	----
Year 4	----
Year 5	----
Further Information	The initial annual estimated budget of this tax measure was of €20m for 2,000 researchers employed in 120 enterprises.
Indicators specified ex ante	No
Support measure evaluation	Ex-ante: No On-going / Mid-term: No Final / Ex-post: No
Website in original language	http://www.belspo.be/belspo/fisc/rech/young_fr.s_tm and http://www.belspo.be/belspo/fisc/rech/young_nl.stm
Legal basis	Article 109, 2 of the "Pacte de solidarité entre les générations" and art. 113 for implementation rules - MB 30.12.2005, article 4.III of the Royal Decree of 22.08.2006 defining the personnel categories and the burden of proof (MB 28.08.2006).
Manager responsible for the measure	Bonnaerens Myriam Service Public Federal Finance Moortgat Pierre Federal Science Policy Office
This information was last updated on	2009-05-26