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Global R&D Tax Incentives

The Benchmark 2026

Contents

| | |
|---|----|
| Global R&D tax incentives benchmark & heat maps | 6 |
| IP Box benchmark & heat maps | 10 |
| Country Profiles | |
| Australia | 16 |
| Belgium | 18 |
| Brazil | 20 |
| Canada | 22 |
| China | 24 |
| Colombia | 26 |
| Czech Republic | 28 |
| France | 30 |
| Germany | 32 |
| Ireland | 34 |
| Italy | 36 |
| Netherlands | 38 |
| New Zealand | 40 |
| Poland | 42 |
| Portugal | 44 |
| Romania | 46 |
| Singapore | 48 |
| Slovakia | 50 |
| South Africa | 52 |
| Spain | 54 |
| Switzerland | 56 |
| Turkey | 58 |
| UK | 60 |
| USA | 62 |

Introduction

Welcome to The Benchmark - Ayming's global R&D consulting team has now made it possible to easily compare key international R&D tax incentive schemes on a like-for-like basis in one simple graphic, using two clear metrics: Generosity of the scheme and Ease of Application.

No two R&D tax regimes are exactly alike, and there is a multitude of legislation, interpretation and policy to consider when drawing a comparison. Ayming's international R&D consulting teams have extensive knowledge of local R&D tax regimes, and using this experience we have made some assumptions in order to deliver a meaningful and simple comparison.

As well as the main graphic and heat maps, there are also individual country profiles which give an overview of each of the schemes included in the The Benchmark.

Since the 2025 edition we now include the IP Box Benchmark, covering 11 countries across Europe and North America. We have ranked the IP Box schemes according to Generosity and Ease of Application. We have created heat maps for a simple global view and have added issues to consider in the country profiles.

Definitions

Generosity for the R&D Tax Benchmark has been calculated as a percentage. This helps you understand the monetary value of what your company would receive back from a comparable amount of identified qualifying expenditure including the various calculations necessary to make a claim. This value may be different to the tax credit percentage as it takes into consideration the complexities of each scheme and what qualifies as R&D expenditure.

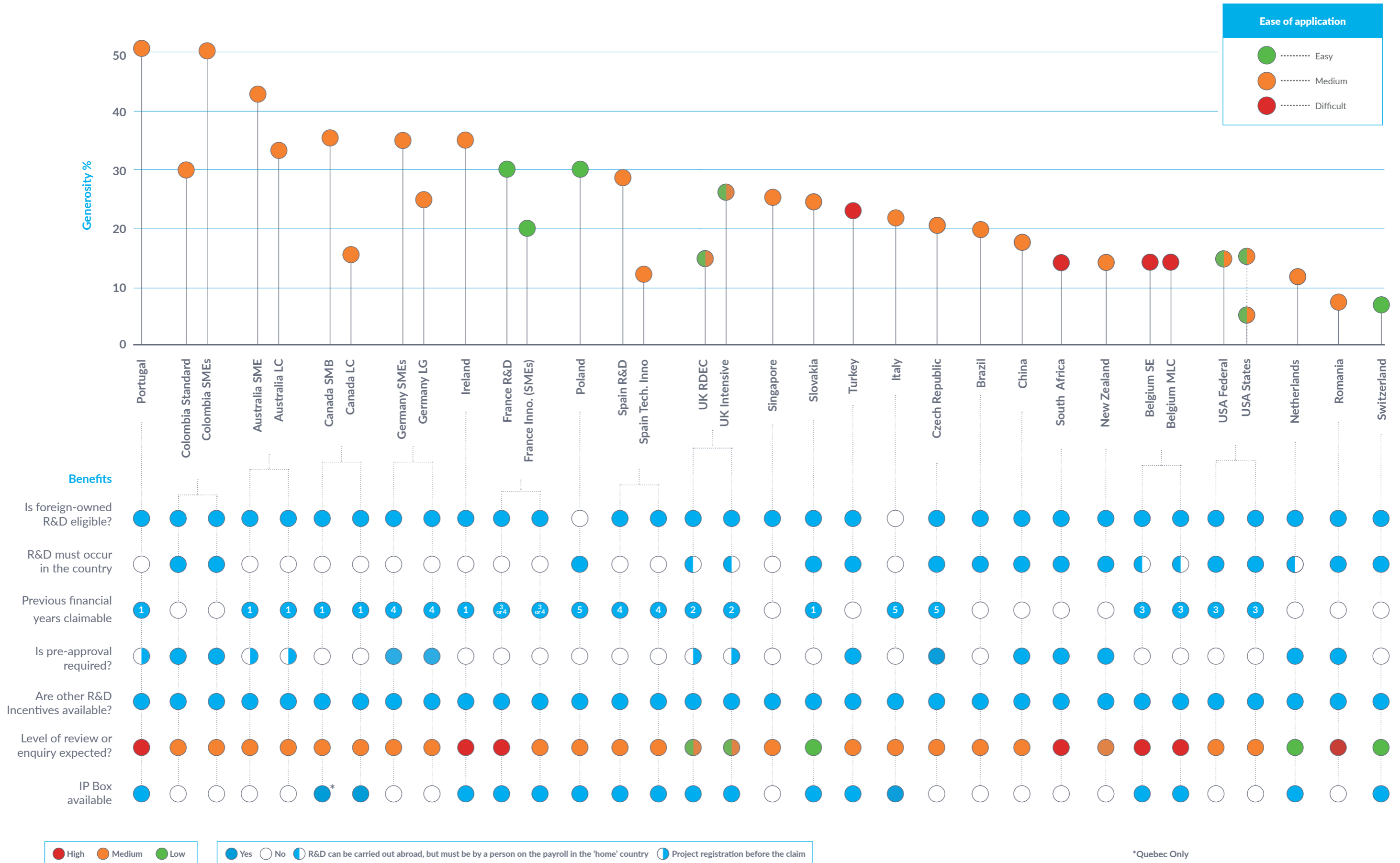
Ease of Application for the R&D Tax Benchmark is represented as Easy, Medium, or Difficult. This 'difficulty rating' is calculated relative to other international schemes, so an 'Easy' rating would mean 'Easy for a professional with experience in that country'. Ease of Application takes into consideration a whole host of factors, including how difficult it is to make a claim, how easy is it to obtain the benefit, and if an enquiry were to be opened, what it would entail.

Section 1

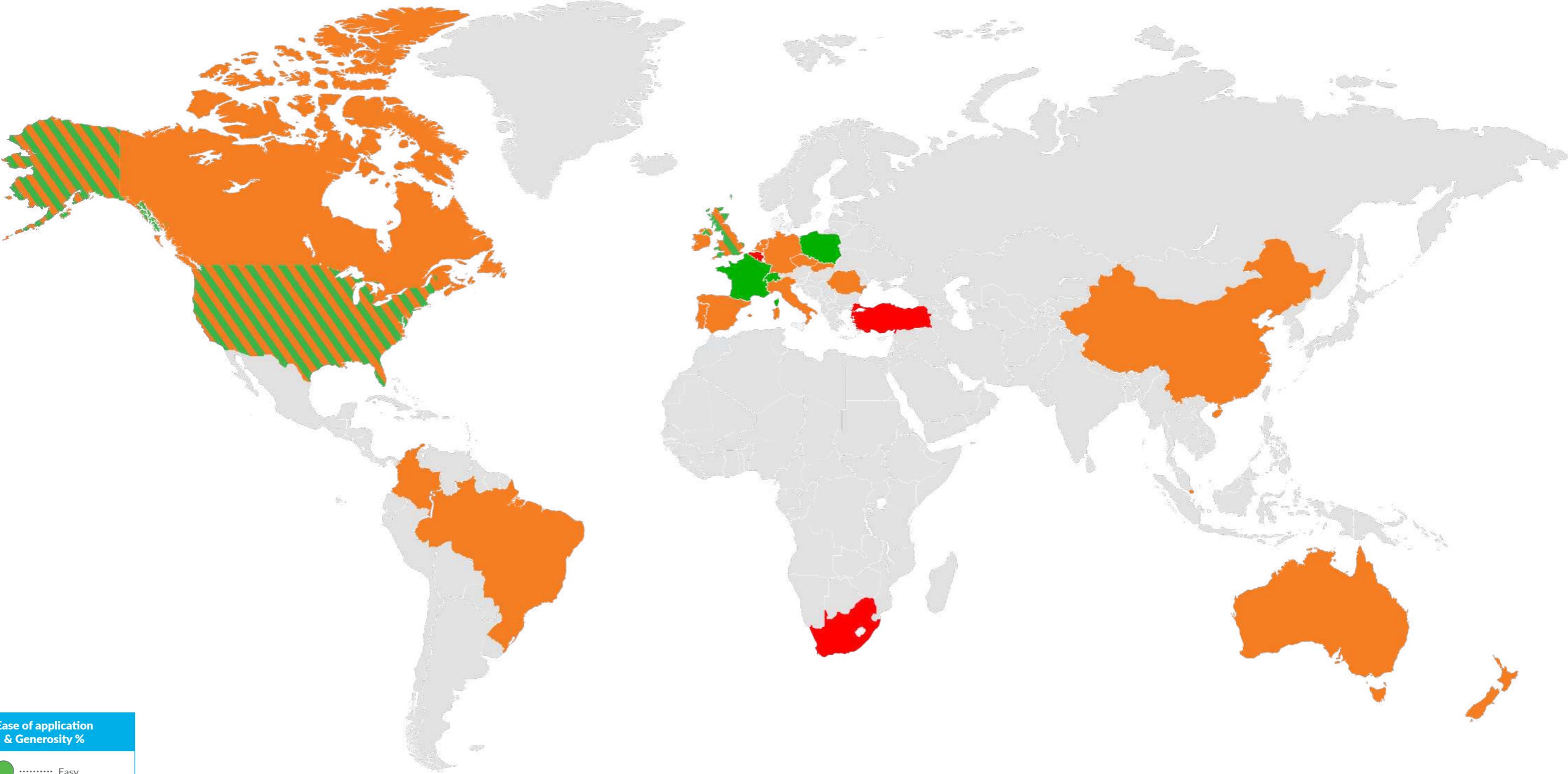
Benchmarks & heat maps



Global R&D Tax Incentives



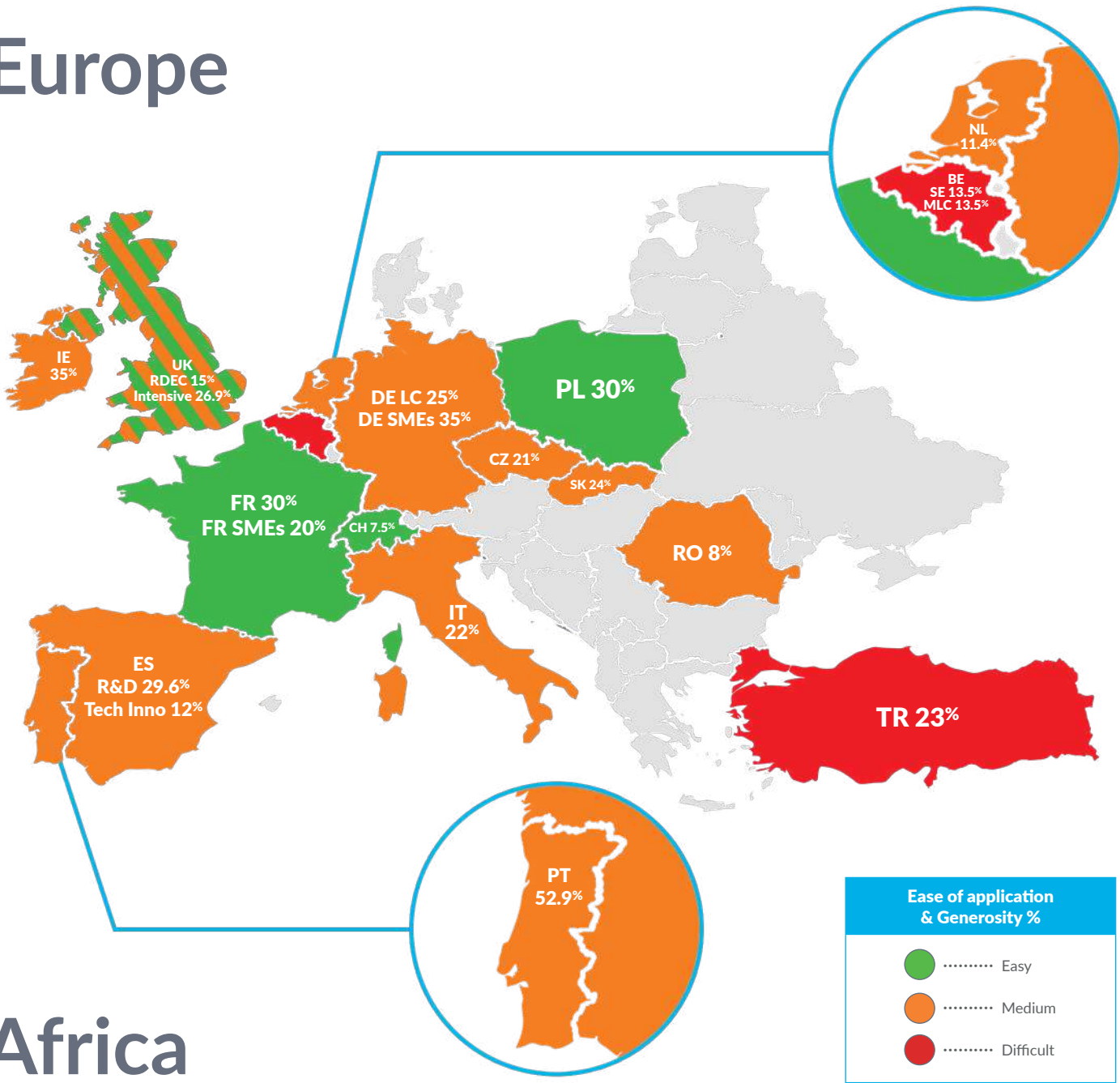
Global R&D Tax Incentives



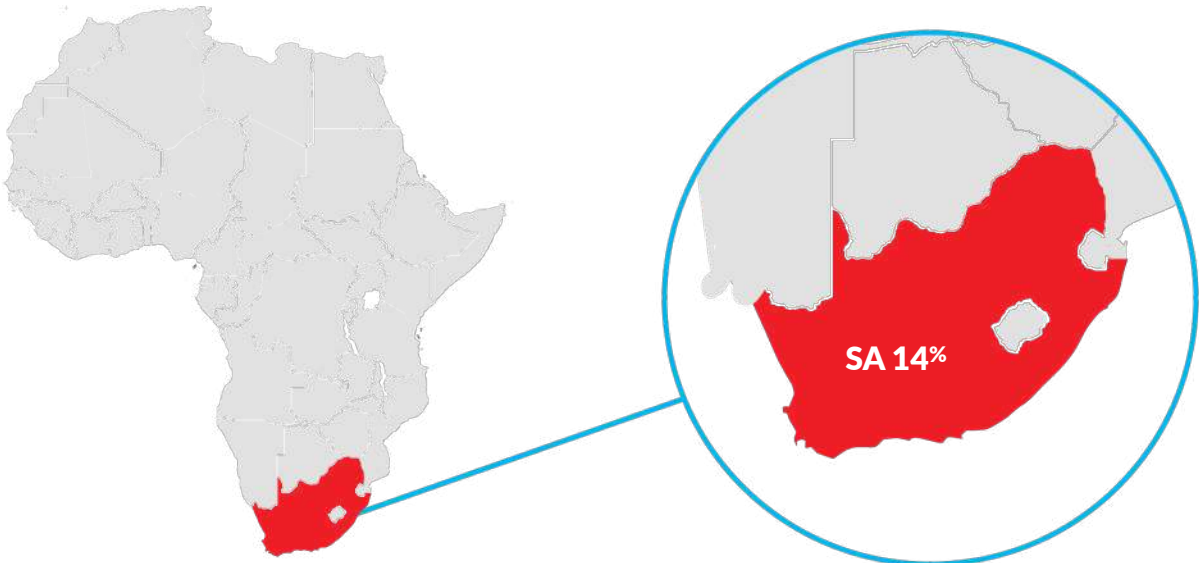
Ease of application & Generosity %

- Easy
- Medium
- Difficult

Europe



Africa



| Ease of application & Generosity % | |
|------------------------------------|-----------------|
| ● (Green) | Easy |
| ● (Orange) | Medium |
| ● (Red) | Difficult |

Americas

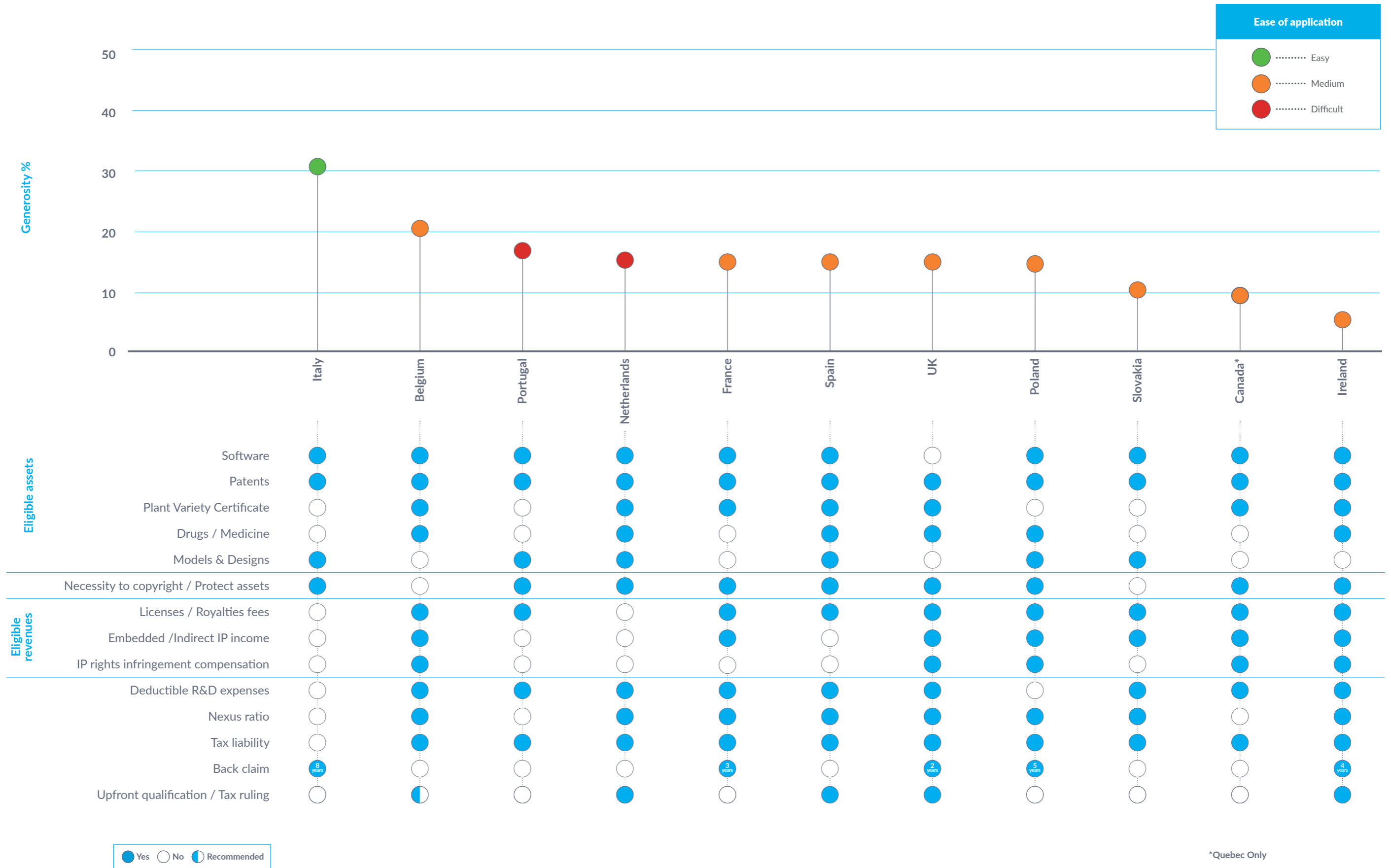


Asia Pacific



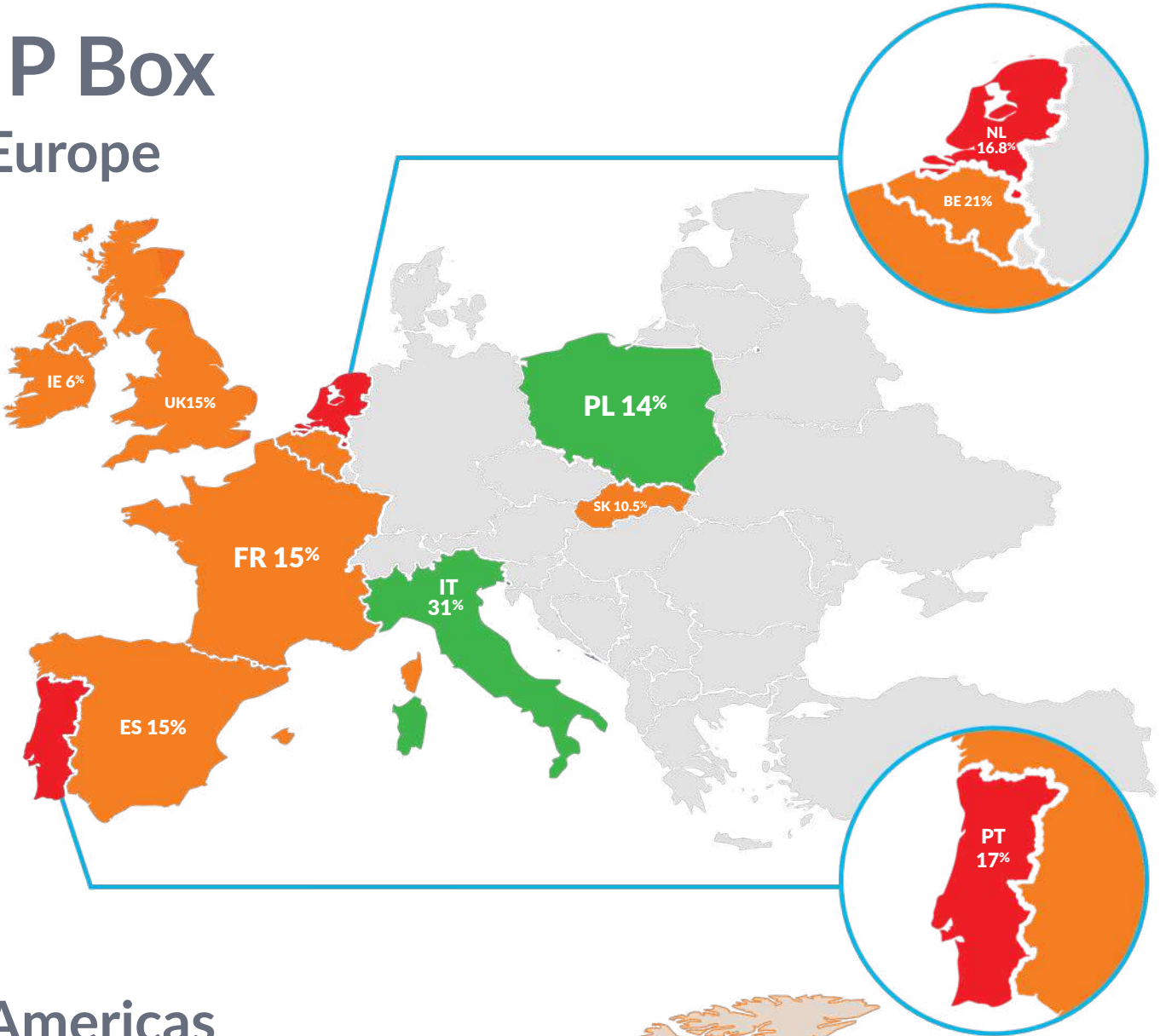


IP Box

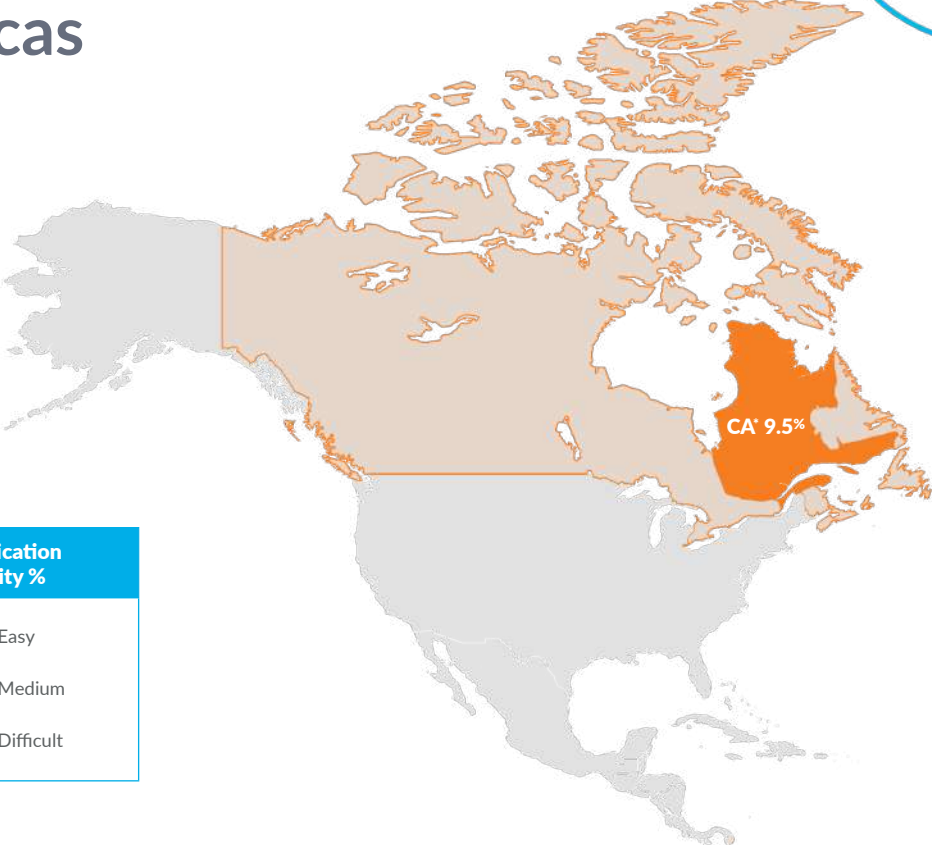


IP Box

Europe



Americas



Ease of application & Generosity %

- Easy
- Medium
- Difficult

*Quebec Only

Section 2

Country profiles



Australia



Australia offers a 43.5% refundable tax credit for small and medium enterprises (SMEs) or a 33.5 - 46.5% non-refundable credit for large companies with over \$20 million in turnover.

Full technical justifications must be submitted for each project claimed.

The Department of Industry, Science and Resources reviews activity eligibility, whereas the Australian Taxation Office processes the tax credit through the Company Tax Return.

Australia SME
Australia LC

- Is foreign-owned R&D eligible?
- R&D must occur in the country
- 1 1 Previous financial years claimable
- Is pre-approval required?
- Are other R&D incentives available?
- Level of review or enquiry expected?
- Is IP Box available?

| R&D Tax Credit (Australia SME) | R&D Tax Credit (Australia LC) |
|--|--|
| Generosity: 43.5% | Generosity: 33.5% |
| Ease of application <input checked="" type="radio"/> | Ease of application <input checked="" type="radio"/> |

| | R&D Tax Credit Australia Small and Medium Enterprises (SME) | R&D Tax Credit Australia Large Companies (LC) |
|----------------------------------|---|---|
| R&D tax credit | 43.5% Tax Credit | 33.5%-46.5% Tax Credit |
| Benefit received | Australian Small and Medium Enterprises are eligible to claim a 43.5% tax credit on eligible R&D expenses. If the company is loss making, the incentive can be offered in cash. | Large companies in Australia are eligible to claim a 33.5-46.5% tax credit on eligible R&D expenses. The figure is dependent on eligible spend as a % of total spend in year and group aggregated turnover. This incentive is a non-refundable tax credit, no matter the tax position of the claiming company. |
| Eligible claim period | Australia utilises a retrospective application scheme. Applications must be lodged within 10 months of the end of the relevant fiscal year. Tax credits may be carried forward, subject to meeting the standard tax offset carry-forward rules. | |
| Application process | R&D activities are registered with AusIndustry by submitting an online Registration of R&D Activities Application. Full technical justification pertaining to the relevant R&D is required. An online form must be filled out for claims submitted after 15 August 2025, which requires additional administrative detail compared to previous forms. Once registered, a unique registration number is provided, which must be included in the R&D Tax Incentive Schedule, lodged with the company tax return with the Australian Tax Office (ATO). Companies must register activities for each income year they want to claim the offset. | |
| Eligibility requirements | Eligible R&D activities are classified as either "Core" or "Supporting" activities. In order to register eligible activities, you must have undertaken (or be intending to undertake) at least one Core R&D activity. Core activities are experimental activities where outcomes cannot be known or determined in advance; are determined using a systematic progression of experimental work; and are conducted for the purpose of generating new knowledge. Supporting activities may qualify if they are undertaken to directly support eligible Core R&D activities. Subject to legislative approval, the Australian Government intends to remove activities related to gambling and tobacco for income years starting on or after 1 July 2025. | |
| Eligibility expenditures | Eligible expenditure is incurred by the eligible company during the income year and can include: <ul style="list-style-type: none"> ● Salaries, contracted work and other direct costs related to R&D ● Materials transformed or consumed during activities ● Decline in value of assets used in R&D activities ● Contributions to Cooperative Research Centres and Research Providers | |
| Regulatory body practices | The Department of Industry, Science and Resources (DISR) reviews activity eligibility, whereas the Australian Taxation Office processes the tax credit through the Company Tax Return. Appropriate contemporaneous documentation must be maintained to evidence the R&D activities and expenditure incurred. Expect a review of claim at least every 4 years. This is higher for larger value and target industries (software, mining, construction), but an expectation exists here for high levels of contemporaneous documentation. Both ATO and DISR have stepped up compliance and review activity in recent years. Despite the program being retrospective and self-assessed, advanced assurance can be gained through Advance Finding applications. | |
| Issues to consider | Who was the R&D conducted for? Did you have ownership of results, control over activities or bear the financial risk? R&D conducted in Australia on behalf of a foreign company may be claimed, depending on the countries and agreements in place. Where was the R&D activity undertaken? Generally, all activities must be undertaken in Australia in order to qualify. An "Overseas Finding" can be sought for activities undertaken offshore but these must not equate to more than 50% of the entire project cost. | |

Belgium



Belgium offers two key R&D tax incentives:

1. An exemption of the payment by the employer of up to 80% (prorata temporis) of the wage withholding tax declared for its qualified personnel (PhD, Msc, Bachelor in STEM disciplines) working on R&D projects. This partial exemption of the payment benefits the employer without impacting the fiscal situation of the employee. Note that this payment exemption should be treated as an operational subsidy, not a staff cost reduction, despite the cash flow being generated through HR monthly salary operations.
2. A 13.5% one-off deduction or a 20.5% deduction spread on annual amortizations of the R&D Capex (tangibles and intangibles) and Patent investments. The deduction applies to investment in new eco-friendly technologies (not necessarily green tech) with no adverse environmental impact, as well as to related patenting investment costs.

Belgium SE
Belgium MLC

- Is foreign-owned R&D eligible?
- R&D must occur in the country
- 3 Previous financial years claimable
- Is pre-approval required?
- Are other R&D incentives available?
- Level of review or enquiry expected?
- Is IP Box available?

| R&D Tax Credit (Belgium SE) | R&D Tax Credit (Belgium MLC) |
|---|---|
| Generosity: 13.5% | Generosity: 13.5% |
| Ease of application <input checked="" type="checkbox"/> | Ease of application <input checked="" type="checkbox"/> |
| IP Box (Belgium all companies) | |
| Generosity: 21% | |
| Ease of application <input checked="" type="checkbox"/> | |

| R&D Tax Credit Belgium Small Enterprises (SE) ¹ | | R&D Tax Credit Belgium Medium & Large Companies (MLC) |
|---|---|--|
| Benefit received | <p>1. Wage Withholding Tax partial exemption: 80% of wages are exonerated (on a prorata basis) for PhDs, scientific Masters and Bachelors. The exempted amount related to the Bachelor amount may not exceed 50% of the total amount obtained on PhD and master population. Certain exceptions apply based on the status of the companies as well as the type of partners in the projects.</p> <p>2. R&D Investment Deduction: the corporate tax base deduction is equal to 13.5% of the investment capitalized value or 20.5% of the yearly depreciations generally accepted under International Accounting Standards. Note that, although IAS distinguishes between the Research pool of expenditures and the development costs, both remain eligible.</p> <p>The scheme delivers a net tax benefit of 3.37% (one-off) or 5.12% (over depreciation) and may be converted into a refundable tax credit. The benefit is uncapped and unlimited in time, with the tax credit becoming refundable after four years if insufficient taxable income is generated.</p> | <p>1. Wage Withholding Tax partial exemption: 80% of wages are exonerated (on a pro rata basis) for PhDs, scientific Masters and Bachelors. The exempted amount related to the Bachelor amount may not exceed 25% of the total. Certain exceptions apply based on the status of the companies as well as the type of partners in the projects.</p> <p>2. R&D Investment Deduction: the corporate tax base deduction is equal to 13.5% of the investment capitalized value or 20.5% of the yearly depreciations generally accepted under International Accounting Standards. Note that, although IAS distinguishes between the Research pool of expenditures and the development costs, both remain eligible.</p> <p>The scheme delivers a net tax benefit of 3.37% (one-off) or 5.12% (over depreciation) and may be converted into a tax credit. The benefit is uncapped and unlimited in time, with the tax credit becoming refundable after four years if insufficient taxable income is generated.</p> |
| Eligible claim period | <p>1. Regularization is possible back to 3 years, provided the notification requirement is met.</p> <p>Note: The partial wage withholding tax exemption is applicable only to projects that have been notified before the start of the project to the Belgian authorities. Based on this rule, the Belgian tax administration takes the position that a retroactive application (i.e. application for the past once notification is done) is not allowed.</p> <p>2. R&D Investment Dduction/tax Credit is to be declared in the annual income tax return. However, eligibility requires an attestation issued by the competent regional authority responsible for accreditation. The application for this attestation must be submitted within three months following the close of the financial year.</p> | |
| Historical background | <p>1. This benefit was introduced in 2005 and exists in its current form from 1 January 2007. It's a mature system and was upgraded on 1 January 2018 to include listed Bachelor degrees (whereas previously only listed Masters' degrees and PhDs.)</p> <p>2. This was introduced into Belgian domestic tax law in December 2005 and this measure is quite mature.</p> | |
| Application process | <p>1. Claims in regards to the withholding tax on wages benefit can be reviewed by the Belgian Science Policy Office (in short: "Belspo") of R&D, which employs technical experts and issues binding decisions on the R&D character of activities. However, the benefit application is reviewed and audited by the Belgian tax administration (the Federal Public Service of Finance).</p> <p>2. An attestation of eligibility is required from the competent Regional authority in order to benefit from the tax deduction. The 20.5% one-off deduction or a 27.5% per year spread investment deduction for fixed assets reviewed and audited by the Belgium Federal Public Service of Finance.</p> | |
| Regulating body policies | Federal Public Service of Finance, the Belgian tax administration, is the regulatory body. | |
| Eligible costs | <p>1. Withholding tax on salaries paid to eligible researchers on the payroll, provided these salaries can be attributed to R&D activities.</p> <p>2. R&D expense justifiably capitalized under BEGAAP.</p> | |
| issues to consider | <p>Every third company applying the R&D WWHT partial exemption has been under tax control lately. Some industries (such as R&D for third parties for instance) are particularly requested to prove the R&D nature of their projects. Although a technical documentation file is not strictly required, it is highly recommended to justify the tax benefits implemented.</p> <p>Belgium being a multi-lingual and multi-cultural federal state, law cases may be interpreted differently from a region to another, adding inconsistencies between regional administration bodies and local examinations. Several bodies are involved in the process. Strong project management is crucial to obtain and secure the full potential of the benefit.</p> <p>Obtaining "a structural R&D certificate" from BELSPO can help companies support R&D justification of their activities.</p> | |
| IP Box (Belgium all companies) | | |
| Issues to consider | <p>The Innovation Income Deduction is a 2016 evolution of the previous patent box, created in 2007. It is a tax deduction, based on 85% of the net innovation expenses. It allows companies to benefit from a tax deduction on income generated by patents, softwares, plant variety certificates and clinical trial data for orphan drugs. The gross innovation income is reduced by R&D expenditure of the year and the historical R&D from previous years. On the net income, the deduction rate of 85 % is applied and, then submitted to a Nexus ratio. It is highly recommended to apply for a ruling before the first claim to validate the calculation methodology.</p> | |

¹i.e. companies meeting the Belgian domestic definition of a small company.

Brazil



Brazil's main R&D Tax Incentive, Lei do Bem offers a minimum 160% superdeduction on R&D expenses. In addition, other specific schemes are available as accelerated depreciation of R&D assets, tax credit on IT Law, incentives for R&D machinery / equipment acquisition result, IP and automotive industry.

- Is foreign-owned R&D eligible?
- R&D must occur in the country
- Previous financial years claimable
- Is pre-approval required?
- Are other R&D incentives available?
- Level of review or enquiry expected?
- Is IP Box available?

R&D Tax Credit (Brazil)

Generosity: 20%

Ease of application

| | R&D Tax Credit Brazil Minimum R&D Superdeduction | R&D Tax Credit Brazil Increasing contracted researchers |
|---------------------------------|---|--|
| R&D tax credit | 160% R&D superdeduction | Up to 200% R&D superdeduction Increasing up to / more than 5% → +10% / +20% IPI in Brazil → +20% |
| Benefit received | With a minimum of 15% taxation, the scheme allows a 9% benefit of qualifying expenses, and with a typical 25% taxation, this benefit reaches 15% of qualifying expenses. | In case of a 25% taxation, the benefit increases from 15% to 25%. |
| Eligible claim period | The R&D expenses are those engaged over calendar year (1st Jan → 31st Dec) and are computed with the taxable income by end of July of the following year. | |
| Historical background | Introduced in 2005, the Brazilian scheme has evolved to its current shape by surrounding the R&D superdeduction Lei do Bem with complementary incentives. The minimum 9% generosity is easily achieved, with a wide range of additional schemes. | |
| Ease of application | Claim is based on a self-assessment; no upfront approval is requested. Claiming company is requested to present the tax clearance certificate for concerned fiscal year. A specific annual form (Formulario da Lei do Bem) must be filed with the Ministry of Science, Technology and Innovation, describing the R&D projects and related expenditures. | |
| Regulating body policies | Both Ministry of Economy and Ministry of Science, Technology and Innovation (MCTI) are supervising the schemes. | |
| Eligible costs | <ul style="list-style-type: none"> ○ Salaries ○ Materials ○ Machines ○ Equipment ○ Instrument ○ Intangibles ○ Limitative R&D subcontracting | |
| Issues to consider | The scheme is non-refundable, cannot be carried-forward/back claimed and is not available for presumed profit taxation. Only companies under the «Lucro Real» regime (with actual profit) are eligible for the scheme. | |

Canada



The SR&ED incentive program encourages Canadian businesses of all sizes and in all sectors to conduct R&D in Canada that can lead to new, improved or technologically advanced products or processes. The federal and provincial tax credits combined range from 15% non-refundable to 54.5% refundable.

An additional 55% of eligible salaries are included in qualifying expenditures to capture overhead related to R&D. This simplified overhead calculation makes the calculation easy and beneficial for companies with high R&D staff costs.

Reinforcing Canada’s competitive R&D landscape, Quebec’s 2025–2026 budget further enhances innovation support by introducing the streamlined Tax Credit for Research, Innovation and Commercialization (CRIC), updating the Incentive Deduction for the Commercialization of Innovations (IDCI), and expanding AI eligibility under the E-Business Tax Credit to strengthen support from research through to commercialization.

Canada SMB
Canada LC

- Is foreign-owned R&D eligible?
- R&D must occur in the country
- Previous financial years claimable
- Is pre-approval required?
- Are other R&D incentives available?
- Level of review or enquiry expected?
- Is IP Box available?*

| R&D Tax Credit (Canada SMB) | R&D Tax Credit (Canada LC) |
|---|---|
| Generosity: 36.1% | Generosity: 16.6% |
| Ease of application <input checked="" type="checkbox"/> | Ease of application <input checked="" type="checkbox"/> |
| IP Box (Canada all companies)* | |
| Generosity: 9.5% | |
| Ease of application <input checked="" type="checkbox"/> | |

*Quebec Only

| | R&D tax credit Canada small and medium businesses (SMB) | R&D tax credit Canada large companies (LC) |
|---------------------------------------|--|---|
| R&D tax credit | Federal: 35% Tax Credit Provincial: 10% to 30% depending on the province | Federal: 15% tax credit Provincial: 3.5% to 30% depending on the province |
| Benefit received | The Tax Credit for SMEs is refundable and can provide up to 54.5% of eligible expenditure. | The Federal Tax Credit for LC is non-refundable. The Provincial Tax Credit for LC can be refundable, depending on the province. |
| Eligible claim period | The Canadian Revenue Agency (CRA) allows claims for fiscal years closing up to 18 months in the past. | |
| Historical background | The programme was founded in 1944, the first in the world, and has existed in its current form since 1986. | |
| Ease of application | <p>The regime does not require pre-approval (while pre-approval is available for companies requesting it), but audits are expected and detailed.</p> <p>The regime requires the company to fill in both Federal (T661) and Provincial forms, which are relatively comprehensive and complex.</p> <p>The Federal form includes a financial, as well as a technical aspect. The technical part requires the company to present in a specific format (limited to 1,500 words) for each of the claimed projects (up to 20 projects).</p> | |
| Regulating body policies | <p>The Federal portion is administrated by the CRA and is responsible for assessing the technical and financial eligibility.</p> <p>At a province level, the Quebec portion is administrated by Revenue Quebec, where the assessment is limited to financial eligibility. In Alberta the portion is administrated by Alberta Treasury Board and Finance. The assessment is limited to financial eligibility. All other provinces are also administrated by CRA.</p> | |
| Regulatory body practices | <p>The following are eligible costs for the regime:</p> <ul style="list-style-type: none"> ○ Salary (Canadian employees only) ○ Canadian subcontractors (amounts capped at 80% of their value) ○ Material consumed or transformed ○ Overhead (an additional benefit, approximated either as 55% of eligible salary base, or company can decide to calculate it in detail) ○ Third Party Payments - Universities and Public Research Centers – which are capped at 80%. | |
| Issues to consider | <ul style="list-style-type: none"> ○ The regime is extremely mature, and documentation compliance is relatively high ○ Appropriate presentation or positioning of projects is key, otherwise the claim will be denied in audit ○ Finally, the regime is reaching a record level of scrutiny, meaning every new claimant is visited the 1st year and audited in the second year. All other claimants are expected to be audited every 3-4 years. | |
| IP Box (Canada all companies)* | | |
| Issues to consider | <p>The DICI was created in 2020 for a first application in 2021 in Quebec only. It is a tax rate deduction from 11,5 % to 2%.</p> <p>It allows companies to benefit from a reduced tax rate on the income generated on copyrighted software, patents and plant variety certificates. On the income, the R&D expenses related are deducted as the bought IP rights and the R&D expenses of sister companies.</p> <p>It must be combined with the Canadian R&D tax credit, the SR&ED and the CRIC in Quebec.</p> <p>In future years, the scheme may be extended to other states in Canada with possible modifications.</p> | |

*Quebec Only

China



China offers a wide range of incentives for Innovation and R&D. The R&D superdeduction has been renewed and even improved for manufacturing companies. In addition, TASC (Technologically Advanced Service Companies) and HNTE (High and New Technology Enterprises) statuses offer reduced taxation amongst other bonuses.

- Is foreign-owned R&D eligible?
- R&D must occur in the country
- Previous financial years claimable
- Is pre-approval required?
- Are other R&D incentives available?
- Level of review or enquiry expected?
- Is IP Box available?

R&D Tax Credit (China)

Generosity: 18.75%
25% for manufacturing
Ease of application

| | R&D Tax Credit China standard | R&D Tax Credit China manufacturing companies |
|---------------------------------|--|---|
| R&D tax credit | 175% R&D superdeduction | 200% R&D superdeduction |
| Benefit received | With a standard 25% corporate income tax rate, the extra 75% superdeduction allows a 18,75% standard generosity. | Considering the extra 100% superdeduction, the benefit results in a 25% average generosity. |
| Eligible claim period | Expenses incurred during fiscal year are claimed with the Corporate Income Tax sheet within five months after year end. The scheme is a superdeduction that reduces tax liability, with a 5 to 10 years of carry forward. | |
| Historical background | Available since many years, the scheme has recently experienced a renewal until at least 2023, in addition to an increase in generosity for all companies and especially manufacturing companies. | |
| Ease of application | The scheme is based on expenses and investments incurred in the fiscal year, but requires a high level of tracking R&D expenses. Claim is submitted upfront for approval. | |
| Regulating body policies | The claims can be assessed from both financial and technical / scientific aspects, at both local and regional levels, so discussions can be engaged in case of disagreements. Tax authorities have a 20% target for controlling claims. | |
| Eligible costs | Salaries and social costs for R&D employees (incl. Health, unemployment, pension, maternity costs) Materials, fuel and power, prototypes and trial models (incl. maintenance, samples adjustment, testing, repair) Depreciation allowances of R&D equipment including intangible assets - software, patent rights Design costs for new products Certificate cost for R&D results | |
| Issues to consider | The formalism for demonstrating R&D is very demanding. It is hence very difficult to claim on an opportunistic approach, all R&D and Innovation being labelled upfront. | |

Colombia



Colombia offers a tax credit of 30% of the R&D&I expenses for large companies. This rate could increase to 50% if the projects are lead with SMEs companies. An enhanced 50% rate is always granted to SMEs.

- Is foreign-owned R&D eligible?
- R&D must occur in the country
- Previous financial years claimable
- Is pre-approval required?
- Are other R&D incentives available?
- Level of review or enquiry expected?
- Is IP Box available?

| R&D Tax Credit (Colombia LC) | R&D Tax Credit (Colombia SMEs) |
|--|--|
| Generosity: 30% | Generosity: 50% |
| Ease of application <input checked="" type="radio"/> | Ease of application <input checked="" type="radio"/> |

| | R&D tax credit Colombia Large companies | R&D tax credit Colombia micro & SMEs |
|---------------------------------|---|--|
| R&D tax credit | 30% tax credit | 50% tax credit |
| Benefit received | 30 % of the costs are granted as tax credit. Up to 50 % is the projects are co-lead with SMEs. | The 25% tax credit is extended to 50% for MSMEs. |
| Eligible claim period | Investments are claimed during the Fiscal Year. Pre-approval being compulsory, the projects are presented with scientific and financial details. The approval are given by the MinCiencias and covers 2 years. | |
| Historical background | Set in the 90s, the R&D tax incentive program has significantly been improved in 2023, as part of a wide promotion plan for Research and Innovation. | |
| Ease of application | Before the claim, the National Committee of Tax Benefits in Science and Technology must approve the project. Costs must meet certain specified criteria to qualify as eligible investment | |
| Regulating body policies | Ministry of Sciences (Ministerio de Ciencias) mainly supervises the application of the scheme, including pre-approval and control. Tax authorities are also involved. Other ministries can also be solicited depending of the domain. | |
| Eligible costs | Investments projects mainly include software development, patenting, research, technological development and innovation. Investment expenses are presented to the Ministry of Sciences who approves the qualification. | |
| Issues to consider | The tax credit can not exceed 30% of the income tax due for the year. A full demonstration, scientific and financial, is expected for presenting a project. | |

Czech Republic



The Czech Republic has an R&D scheme providing an additional 150% deduction of eligible R&D costs from the income base, providing a net benefit of 21% on the cost of R&D up to a maximum of CZK 50 million. For R&D expenses exceeding CZK 50 million, a 100% deduction applies. This incentive takes effect in 2026.

Although the application process seems relatively easy, the regulatory authorities are rather strict in the process of the claim justification. Therefore, detailed internal documentation on eligible projects and eligible costs is strongly advised.

- Is foreign-owned R&D eligible?
- R&D must occur in the country
- Previous financial years claimable
- Is pre-approval required?
- Are other R&D incentives available?
- Level of review or enquiry expected?
- Is IP Box available?

| R&D Tax Credit (Czech Republic) | |
|------------------------------------|-------------------------------------|
| Generosity: 21% | |
| Ease of application | <input checked="" type="checkbox"/> |

| R&D tax credit Czech Republic | |
|----------------------------------|--|
| R&D tax credit | Volume-based: 150% Tax Credit (up to 50m CZK, 100% above) |
| Benefit received | The Czech Republic's R&D tax credit regime is generic in nature, covering a wide scope of eligible activities and offering a common rate to all types of companies. For eligible R&D expenses up to CZK 50 million, a 150% deduction is available, while expenses above CZK 50 million are eligible for a 100% deduction. For related companies, the limit CZK 50 million apply together across the group. |
| Eligible claim period | The R&D deduction must be claimed within the relevant fiscal year, which typically means within 3–6 months after the end of the accounting period in which the expenses were incurred. However, if the deduction exceeds the taxable base, it can now be carried forward for up to 5 additional years. |
| Historical background | The law came into force in 2005 and in recent years, there have been three legislative changes. The 2014 amendment led to increase of R&D deductible costs up to 110%, when an annual increase occurs (110% of the increase, 100% of the last year's costs). The 2016 amendment allowed for claims of 100% of costs of R&D product certification, if legislatively needed. The 2019 amendment led to a major change in the preparation and processing of project documentation and introduced the obligation to keep detailed record of changes. From 2026, Czech R&D costs are deductible at 150% up to CZK 50M, 100% above, with carry-forward up to 5 years. |
| Ease of application | According to the Act's requirements, there are three obligatory conditions: <ol style="list-style-type: none"> 1. After 2019/04/01 companies must notify an intention to apply tax deduction for every single new project to the competent tax authority. 2. The company must have a written Project documentation which includes a basic description of the project's objectives, time schedule, planned budget, research/project team, methodology, approval and an executive's signature. This document has to be approved before the tax return application is declared for the first fiscal year for which the project costs are applied. 3. Company must keep the eligible costs for each project in separate records. Apart from the above, supporting documentation both technical and financial is strongly recommended. |
| Regulating body policies | Fiscal controls are carried out by tax authorities. To apply for the tax deduction, only the sum of the year's eligible costs has to be declared in the tax declaration. In case of fiscal audit, the taxpayer is obliged to provide the required documents (as above). |
| Eligible costs | <ul style="list-style-type: none"> ○ Wages and salaries ○ Costs of materials and supplies ○ Tax depreciation of tangible movable property used in direct relation to the project (or proportional part) ○ Operating expenses (electricity, water, heat, gas, etc.) and low value assets ○ Travel reimbursements in direct relation to the project ○ Costs related to financial leasing ○ Services and intangible results/know-how purchased from public research institutions (as defined for public research institutions). ○ Certification of the R&D results (e.g. homologation). |
| Issues to consider | <ul style="list-style-type: none"> ○ The Project documentation must exist and be approved internally before the tax return application is declared. ○ The formal/administrative parts of the projects are as important for tax authorities as meeting the R&D criteria (element of novelty, technical uncertainty and systematic approach). |

France



France offers an R&D tax credit of 30% of qualifying R&D expenses (QE) on deductible tax income, for all companies across all sectors.

As main features, this volume-based regime includes an additional benefit of 40% of eligible staffing costs and 75% of eligible capex costs and accredited subcontracted R&D (subcontracted R&D with doubled advantage for public partners) making it attractive for all claimants, whether claiming inhouse or external R&D expenses.

European-sized SMEs can also claim 20% from expenditure in 2023 of innovation expenses up to 80K€ (400K€ in QE).

Extensively to CIR and CII, additional tax credits are available for collaborative research (CRC), video games (CIJV), craftsmanship businesses, Textile-Clothing-Leather manufacturing and green industries.

France R&D
France Inno. (SMEs)

- Is foreign-owned R&D eligible?
- R&D must occur in the country
- Previous financial years claimable
- Is pre-approval required?
- Are other R&D incentives available?
- Level of review or enquiry expected?
- Is IP Box available?

| R&D Tax Credit France | R&D Tax Credit France Inno (SMEs) |
|---|---|
| Generosity: 30% | Generosity: 20% |
| Ease of application <input checked="" type="checkbox"/> | Ease of application <input checked="" type="checkbox"/> |
| IP Box (France all companies) | |
| Generosity: 15% | |
| Ease of application <input checked="" type="checkbox"/> | |

| | R&D Tax Credit France all companies (R&D) | R&D Tax Credit France SMEs (Inno) |
|--------------------------------------|--|--|
| R&D tax credit | 30% Research Tax Credit (up to €100 million QE, 5% thereafter) | 20% Innovation Tax Credit (SMEs, up to K€400 QE) |
| Benefit received | The calculated Tax Credit is deducted from the year's corporate income tax, with unused tax credits being cashed back for a maximum four years after claiming | |
| Eligible claim period | The eligible claim period can go back a minimum of 3 years and in some cases 4 years (depending on the company's financial year-end). | |
| Historical background | <p>The scheme was created in 1983 and remained negligible until the early 2000s. It then reached its peak in 2008 when it became a volume-based incentive. Improvement to the regime occurred in the early 2010s and the scheme is now mature and stable, having been declared durable by the last 3 presidents.</p> <p>In 2013, the Innovation tax credit was introduced for the SMEs to specifically claim the QE of Innovation.</p> | |
| Ease of application | <p>There is a flexible but compulsory justification template for demonstrating R&D and/or Innovation that companies have to complete for each R&D or innovation project. This covers both technical and financial information with a significant level of detail.</p> <p>The 2069-A-SD Tax Form needs, in the case of a tax audit, a breakdown of the Qualifying Expenditure (QE) in each cost category and for each project, along with supporting scientific documentation.</p> <p>The benefit is deducted from income tax the year of claiming, unused credits being carried forward for three years.</p> <p>Cashback of unused credits is given after this 3 year period and is usually received within weeks. Immediate cashback is available for SMEs.</p> | |
| Regulating body policies | <p>The tax authority does regular and randomised audits of submissions. Where required, the Ministry of Higher Education, Research and Innovation is requested to assess the scientific level of claimed R&D activities.</p> <p>Sometimes an audit meeting is organised for the company to present its R&D and qualifying activities.</p> | |
| Eligible costs | <ul style="list-style-type: none"> ● Technical staffing costs ● R&D equipment depreciation allowances ● Operating costs – pre-determined as 40% of staffing and 75% of depreciation allowances ● Subcontracted R&D ● Standardization meetings ● R&D Grants (as a deduction of the QE) | <ul style="list-style-type: none"> ● Technical staffing costs ● Innovation equipment depreciation allowances ● Subcontracted Innovation Innovation Grants (as a deduction of the QE) ● Patents, design, model |
| issues to consider | <p>R&D definitions are Frascati based Scientific R&D justification has to be operated according to an updated template published each year by the French Ministry of Research. In the case of a tax enquiry, both the Ministry of Research or Tax Administration can ask for justification, whether that is technical or financial. The window of enquiry is until 31st December of the 3rd year after claiming</p> | |
| IP Box (France all companies) | | |
| Issues to consider | <p>The French IP Box was created in 2000 and has in its current form since 2019. It is a reduced tax rate from 25 % to 10 %.</p> <p>It allows companies to benefit from a reduced tax rate on the income generated on copyrighted software, patent and plant variety certificates. On the income, the R&D expenses related to the development of the assets should be deducted to obtain the net income. The income are submitted to a Nexus ratio.</p> | |

¹i.e. companies meeting the Belgian domestic definition of a small company

Germany



The German R&D tax incentive scheme (Forschungszulagengesetz, FZuLG) was established in 2020 and offers a 25% tax deduction of the eligible costs (35% for SMEs since 28 March 2024). The eligible costs are 100% of R&D staff costs and 60% of external contract research. For projects starting from 28 March 2024, 100% of R&D staff costs, 70% of external contract research costs and additionally project-specific & required assets are eligible for depreciation. For costs incurred before 28 March 2024, a cap of €1 million on the funding amount per year applies, for costs incurred since that date, the cap is €2.5 million (€3.5 million for SMEs) per year. For Projects starting from 1 January 2026, companies can additionally claim a 20% flat rate for overhead costs, which increases the yearly maximum funding amount to €3.0 million (€4.2 million for SMEs).

To apply for tax credits, companies have to follow a 2-step-approach. First: Applying for the technical certificate for eligibility of projects. Second: Filling in the financial claim in the German online tax office system to deduct the company's taxes or receive cash payment if the tax liability is less than the claim.

- Is foreign-owned R&D eligible?
- R&D must occur in the country
- 4 Previous financial years claimable
- Is pre-approval required?
- Are other R&D incentives available?
- Level of review or enquiry expected?
- Is IP Box available?

| R&D Tax Credit Germany Large companies | R&D Tax Credit Germany SMEs |
|--|--|
| Generosity: 25% | Generosity: 35% |
| Ease of application <input checked="" type="radio"/> | Ease of application <input checked="" type="radio"/> |

R&D Tax Credit Germany

| | |
|---------------------------------|---|
| R&D tax credit | <ul style="list-style-type: none"> ○ 25% of eligible costs ○ Cap of €1 million maximum funding per company (group) per year (time frame: 1/1/2020 to 27/3/2024) <p>Increase of funding since 01 January 2026 for projects starting after this date.</p> <p>SME:</p> <ul style="list-style-type: none"> ○ 35% of eligible costs ○ Cap of €3.5 million funding per company (group) per year <p>Large Companies:</p> <ul style="list-style-type: none"> ○ Cap of €2.5 million funding per company (group) per year <p>Increase of funding since 1 January 2026 for costs incurred after this date:</p> <p>SME:</p> <ul style="list-style-type: none"> ○ Cap of €4.2 million funding per company (group) per year, funding rate 35% of eligible costs <p>Large companies</p> <ul style="list-style-type: none"> ○ Cap of €3 million funding per company (group) per year |
| Benefit received | <p>The calculated tax credit is deducted from the year's corporate income tax, with unused tax credits being cashed back for a maximum four years after claiming.</p> |
| Eligible claim period | <p>It is a retrospective regime – the first application for any eligible R&D activity can be made for 2020. Projects must not have started before 1 January 2020. The eligible claim period covers up to 4 years past and up to 3 years ahead.</p> |
| Historical background | <p>This is one of the youngest regimes (started 1 January 2020). For the technical evaluation of projects, the "Bescheinigungstelle Forschungszulage" (BSFZ) was established. Since then, the research allowance has evolved and has even become more generous: major adjustments came into effect on 28 March 2024 (Wachstumschancengesetz e.g. 35% funding for SME) and on 1 January 2026 (Investitionssofortprogramm e.g. additional eligible costs of 20% flat rate overhead).</p> |
| Ease of application | <p>Since it is a) a quite new regime that impacts and involves a lot of governmental bodies (two ministries, one new grantor body (consortium of three existing grantor bodies) and the local finance authorities) and b) these bodies strongly refer to the European GBER and follow their regulations, it took almost two years until the entire process was established. Now the evaluation of the technical application (first step) is very standardized and limited to max. three months. The evaluation time for financial claim (second step) depends very much on the local tax office: it lasts between one week and several months.</p> |
| Regulating body policies | <p>Regulation is managed by the Ministry of Finance and the Ministry of Research and Education and a separate, grantor body (BSFZ) that handle all R&D claims. The assumed/estimated budget will be approximately €2.5 bn per year.</p> |
| Eligible costs | <ul style="list-style-type: none"> ○ 100% of R&D staff costs ○ 60% of external contract research (EU & EEA) <p>Additionally for projects started from 28 March 2024:</p> <ul style="list-style-type: none"> ○ 70% of external contract research (EU & EEA) instead of 60% ○ Depreciation of acquisition/production costs of project-specific & necessary assets. Additionally for projects started from 1. January 2026: - 20 % flat rate for overhead <p>Additionally for projects started from 1 January 2026:</p> <ul style="list-style-type: none"> ○ 20% flat rate for overhead |
| Issues to consider | <p>R&D definitions are Frascati-based. All projects undergo a separate technical evaluation in the first step of the claiming process. The eligible costs of all approved projects can be claimed in one application for the respective financial year. Even if companies' projects are classified as eligible in a first step, the amount of costs can be doubted during tax declarations. In addition to the documents to be submitted, many documents must be kept available in response to possible inquiries. This applies in particular to the comprehensive recording and documentation of the working hours performed by the employees involved.</p> |

Ireland



Ireland's R&D tax credit regime offers a 35% tax credit to all types of companies. This rate applies for accounting periods beginning on or after 1 January 2026, as a result of the second increase in recent years. A rate of 25% applied for periods beginning before 1 January 2024, with 30% rate applicable for the two year period between those dates. Comprehensive, contemporaneous financial and technical support must be captured in real time for reporting all R&D projects as part of a claim.

Full financial and technical justification should be prepared and retained by the claimant to support their claim, should an enquiry be opened. Especially in the first year a company makes a claim, there is a high chance of enquiry.

- Is foreign-owned R&D eligible?
- R&D must occur in the country
- 1 Previous financial years claimable
- Is pre-approval required?
- Are other R&D incentives available?
- Level of review or enquiry expected?
- Is IP Box available?

| R&D Tax Credit (Ireland) | |
|----------------------------|----------------------------------|
| Generosity: 35% | |
| Ease of application | <input checked="" type="radio"/> |
| IP Box (Ireland) | |
| IP Box Generosity: 6% | |
| IP Box ease of application | <input checked="" type="radio"/> |

| R&D tax credit Ireland all companies | |
|---|--|
| R&D tax credit | 35% Tax Credit on Eligible R&D Expenditure for all companies |
| Benefit received | <p>Ireland's R&D tax credit regime is generic in nature, covering a wide scope of eligible activities and offers a common rate to all types of companies.</p> <p>Where a company has insufficient Corporation Tax against which to claim the R&D tax credit in a given accounting period, the tax credit may be credited against the Corporation Tax for the preceding period, carried forward indefinitely. Or, if the company is a member of a group, it can be allocated to other group members.</p> <p>The R&D credit can also be claimed by the company as a payable credit over a 36 month period or, as an incentive to certain staff, a company may transfer some or all of its R&D credit to 'key employees' to use against personal income tax liabilities. It should be noted that specific restrictions apply when a company claims a payable credit or surrenders the credit to key employees.</p> |
| Eligible claim period | The tax credit must be claimed within 12 months of the end of the accounting period for the year in which the expenditure occurred |
| Historical background | <ul style="list-style-type: none"> ○ Research and Development Tax Incentives are issued by the Irish Office of Revenue Commissioners. ○ R&D Tax incentives were launched in Ireland in 2004 and it was an incremental regime. Since then it has slowly evolved into a volume-based regime. |
| Ease of application | <p>R&D claims are submitted to the Irish Revenue by submitting a CT1 form using the Revenue Online Service, which details only the qualifying expenses. Companies must make a 'Pre-filing notification' at least 90 days before making a claim in the CT1 form, unless that company has made a claim in any of the three preceding years.</p> <p>Although not required, a full technical and financial report is highly recommended should an enquiry be opened on the claim. Furthermore, the R&D claim is often evaluated by technical experts.</p> |
| Regulating body policies | <p>All claims are submitted to the Irish Office of Revenue Commissioners which reviews the claims.</p> <p>Other than the CT1 application on the Revenue Online System (ROS), no technical or financial justification is required to make a claim. However comprehensive, time-stamped technical and financial documentation must be prepared and retained by the company for 5 years, in case an enquiry is opened. There is a view that it is more likely that an enquiry will take place during the first year's claim.</p> |
| Eligible costs | <p>There are no defined eligible cost categories in Ireland.</p> <p>Qualifying expenditure can include any expenditure incurred wholly and exclusively by the company for carrying out R&D activity and these can include:</p> <ul style="list-style-type: none"> ○ Salaried staff ○ Materials ○ Individual consultants ○ Subcontractors, Agency staff & Individual consultants* ○ University Research* ○ Royalty payments ○ Plant and Machinery (This is inclusive of expenditure which also qualifies for capital allowances) ○ Expenditure on the construction or refurbishment of a qualifying building used for research and development (Only the portion of the building or structure that is used for R&D activities can be used to calculate the credit and the cost of acquiring the land does not qualify for the R&D credit). <p>Grants received towards qualifying R&D expenditure must be deducted from the costs included in a claim. Any expenditure met directly or indirectly by the EU or State aid will not be treated as qualifying expenditure.</p> <p><small>*Payments to subcontractors and universities / institutes of higher education are permitted costs, however they have special conditions. It is important to note that outsourced activity must constitute as R&D in its own right.</small></p> <p><small>- Universities / institutes of higher education: The greater of 5%; of total qualified R&D expenditure or €100,000. Costs are still eligible if work is outsourced to European universities</small></p> <p><small>- Subcontractors: The greater of; 15% of total qualified R&D expenditure or €100,000. Note: all subcontractors need to be given written warning by the company claiming for the R&D, to avoid double claiming.</small></p> <p><small>- Individual consultants: Those hired as part of the team are eligible if they; 1. provide specialist knowledge that is unavailable in-house, 2. are employed for less than 6 months, 3. work under the company's direction and control and 4. work on the company's premises.</small></p> |
| Issues to consider | <ul style="list-style-type: none"> ○ Comprehensive, contemporaneous financial and technical support must be captured in real time for all R&D projects claimed. ○ There is a high chance of enquiry, especially in the first year a company makes a claim. |
| IP Box (Ireland all companies) | |
| Issues to consider | The Knowledge Development Box was introduced in 2016 and has been in current form since 2023. It is a tax deduction, based on 50 % of the qualifying expenses. It allows companies to benefit from a tax deduction on income generated on patents, copyrighted software and, in relation to smaller companies, other intellectual property that is similar to an invention which could be patented. It is only available to companies that carried out the research and development (R&D) that leads to the assets. An irrevocable election into KDB treatment must be made once for each qualifying asset. |

Italy



From FY 2020, Italy benefits from renewed tax credit schemes based on a new calculation method (from the incremental method used until FY 2019 to the volumetric calculation method). Tax credit is extended not only to R&D projects but also to Design.

Personnel directly employed in eligible projects (the cost within baseline's calculation is increased to 150% for PhD under-35 at first permanent employment contract) and extra muros contracts for research or innovation (the cost within baseline's calculation is increased to 150% for contracts with universities, research centers and innovative startups based in Italy).

- Is foreign-owned R&D eligible?
- R&D must occur in the country
- 5 Previous financial years claimable
- Is pre-approval required?
- Are other R&D incentives available?
- Level of review or enquiry expected?
- Is IP Box available?

| R&D Tax Credit (Italy) | |
|------------------------|----------------------------------|
| Generosity: 22% | |
| Ease of application | <input checked="" type="radio"/> |

| IP Box (Italy) | |
|----------------------------|----------------------------------|
| IP Box Generosity: 31% | |
| IP Box ease of application | <input checked="" type="radio"/> |

| R&D tax credit Italy all companies | |
|---------------------------------------|--|
| R&D tax credit | From FY 2020 to FY 2025, we have five different types of Tax Credits. From 2026, in Italy we have two Tax Credits on R&D and Design. |
| Benefit received | <p>For 2026, rates are 10% both for R&D Tax Credit and Design one. Compared to the previous regime, investments do not require a minimum expense to be eligible for tax credits. However, with the newly introduced measures, the tax credits' maximum amount is now capped at €5 million for R&D projects and at €2 million for design ones.</p> <p>The new method does not foresee an incremental calculation on a baseline. Rather, it is now based on a direct calculation on the total eligible costs in the fiscal year.</p> <p>The new tax credit, by changing the calculation method, also encourages investment in skilled labour. In particular, it prizes qualified personnel with subordinate employment contract (or in a self-employment relationship with the company) and, in particular, under-35s holding a PhD or a scientific degree. Furthermore, expenses relating to extra muros contracts with universities, research centres and innovative startups are also promoted.</p> <p>Although no pre-approval is required, it is important that the company is able to provide in-depth technical and financial documentation in case of a tax authority inspection.</p> |
| Eligible claim period | <p>Companies can use the tax credit after the closure of the relevant fiscal year and upon the release of the statutory audit certification. It is mandatory to indicate the tax credit amount in the annual tax return.</p> <p>The tax credit must be used, in equal annual instalments, throughout a three fiscal year period and will offset the payment of different types of taxes (e.g. corporate tax, social charges, local taxes, etc.).</p> <p>If the available tax credit for a specific fiscal year is partially used (or is not used at all) by the claimant, the balance can be carried forward indefinitely.</p> |
| Historical background | The previous incremental regime has seen several changes between 2015 and 2024. These varied the tax credit's rates from between 25% to 50% depending on the cost's category. |
| Ease of application | Pre-approval is not required however companies must obtain a Statutory Audit Certification and are obliged to produce a technical report - signed by the R&D Manager and countersigned by the legal representative - describing the implemented projects. |
| Regulating body policies | Pre-approval is not required however companies must obtain a Statutory Audit Certification and are obliged to produce a technical report - signed by the R&D Manager and countersigned by the legal representative - describing the implemented projects. |
| Eligible costs | <ul style="list-style-type: none"> ● Personnel directly employed in eligible projects (the cost within baseline's calculation is increased to 150% for PhD under-35 at first permanent employment contract); ● Extra muros contracts for research or innovation (the cost within baseline's calculation is increased to 150% for contracts with universities, research centers and innovative startups based in Italy); ● Depreciation and/or rental of tangible and intangible assets - the value can equate up to a maximum of 30% of personnel costs; ● Technical consulting from other companies (e.g. feasibility studies, testing, technical design, prototyping, etc.) - the value can equate up to a maximum amount equal to 20% of personnel costs (or for R&D activity, 20% of extra muros contracts' cost); ● Purchase of materials, supplies and other similar products directly used in R&D activities - the value can equate up to a maximum amount equal to 30% of personnel costs or 30% of cost for extra muros contracts for research or innovation; ● For R&D activities, depreciation of Intellectual Property Rights - the value can equate up to a maximum amount of €1 million. |
| Issues to consider | <ul style="list-style-type: none"> ● Significant workload both for cost reporting and technical reporting; ● Activities must fall under the R&D definition of the Frascati Manual; ● Companies are now required to certify the final technical report; ● The Ministry of Enterprises and Made in Italy must be notified of the company's use of tax credits; ● Both the Ministry of Economic Development and the tax authority can ask at any time for extensive technical or financial documentation connected to the tax credit. |
| IP Box (Italy all companies) | |
| Issues to consider | <p>The Italian IP Box is a R&D superdeduction based on R&D expenses that lead to copyrighted software, industrial patent or design / model. R&D expenses include personnel costs, depreciation related to capital goods and intangible assets, consultancy services and material goods. Expenses related to the protection maintenance and renewal of IP could be eligible under the "Recapture Mechanism" which allows companies to benefit from a superdeduction for R&D expenses incurred during the 8 years preceding the acquisition of the industrial property right (starting from FY2021). Softwares and designs should be registered to Italian Authority SIAE or "Ufficio Marchi e Brevetti" to benefit from the recapture mechanism.</p> <p>The company could apply a rate of +110 % to the eligible expenses of the R&D projects, resulting in a 30.69% benefit.</p> |

Netherlands



The primary fiscal instrument with which the Netherlands support R&D in the private sector is the wage tax and national insurance contributions credit called WBSO (Wet Bevordering Speur- en Ontwikkelingswerk). Through this government incentive scheme, mostly wages, but also costs and expenditures associated with the R&D project will be partially compensated for by the Dutch government. The WBSO has to be registered upfront and claimed monthly.

- Is foreign-owned R&D eligible?
- R&D must occur in the country
- Previous financial years claimable
- Is pre-approval required?
- Are other R&D incentives available?
- Level of review or enquiry expected?
- Is IP Box available?

R&D Tax Credit (Netherlands)

Generosity: 11.4%

Ease of application

IP Box (Netherlands)

IP Box Generosity: 16.8%

IP Box ease of application

| R&D tax credit Netherlands all companies* | |
|--|--|
| R&D tax credit | Tax benefit per calendar year: 32% of withholding tax exemption up to 350,000 € in qualifying R&D expenses (40% for startups) 16% above |
| Benefit received | A WBSO application should describe the planned R&D projects, its associated hours/costs, for a fixed period of minimum three months. When approved, the applicant is granted a total payroll withholding tax credit which it can offset in monthly instalments for the duration of the period covered. The WBSO is meant to alleviate the costs of two types of R&D projects: 1. development projects (products, processes and/or software) 2. technical scientific research The WBSO works by converting part of the eligible R&D project costs (wages, non-labour costs and expenditures) into a payroll withholding tax credit which can be used up in monthly instalment by the recipient. |
| Eligible claim period | The eligible claim period relates to the future (limited to 1 calendar year) with no possibility to claim retroactively. An eligible WBSO period covers at least three months (within the same calendar year) and is at most one full calendar year. The application has to be introduced at the latest on the day before the period during which the eligible R&D costs are made. Applicants can introduce a maximum of four applications per calendar year. An application period cannot bridge different calendar years. There is no limit on the number of R&D projects (and thus the total eligible costs) that are taken into account in a WBSO period. |
| Historical background | The WBSO legislation went into effect on January 1st 1994 with a budget of about 95 million EUR vs € 1.446 million in 2024. Its primary benefit is the reduction of payroll costs associated with R&D projects. The WBSO in its current form is the result of the 2016 merger of the former withholding payroll tax credit for R&D wage costs (also called WBSO) and the R&D tax allowance for non-labour related R&D expenses (called RDA). Over the last few years the WBSO has been stable in terms of criteria, budget but steadily risen in terms of uptake by companies, making it by far the most popular and applied public funding scheme for private innovation. |
| Application process | The WBSO application process works via an online portal (eLoket) and is fully digitalized. On the portal, applicants can follow their ongoing applications as well as their historical granted applications. The digital application consists of three parts: identification of the applicant, period of application and description of the projects, estimation of the R&D hours and expenses. Applications are evaluated by advisors of the Netherlands Enterprise Agency, or Rijksdienst voor Ondernemend Nederland (RVO). For approved WBSO applications an extensive administration has to be kept such as timesheets identifying and differentiating the actual R&D hours spent (updated at least every two weeks) as well as project documentation proving the execution of the project according to the approach laid out in the application. Finally, at the latest on 31/03 of year N+1 each recipient of a WBSO tax credit has to submit a report via the online portal detailing the actual R&D hours and expenses incurred during the WBSO period. If the reported actuals are lower than the estimates in the initial application, the recipient will receive notice for a rectification equal to the difference. In case a WBSO application is denied, the applicant can introduce an official objection to the trade and industry Appeals Tribunal. |
| Regulating body policies | The Rijksdienst voor Ondernemend Nederland (RVO) is an executive body of the Dutch Ministry of Economic Affairs and Climate Policy and is tasked with evaluating the WBSO applications and performing (on site) inspections on recipients to check whether sufficient documentation can be shown to prove the projects were actually executed. |
| Eligible costs | <ul style="list-style-type: none"> ○ Payroll costs of employees working on the R&D projects ongoing during the WBSO period in the application. ○ R&D related non-labour costs and expenses for which the applicant can choose for two regimes: the first regime is an overhead model in which an allotment for non-labour costs and expenses is calculated with R&D person hours is used as a cost driver. In the second regime the applicant can use invoices and quotes to prove incurred costs and thus ask for reimbursements via the WBSO. |
| Issues to consider | The WBSO applications are primarily evaluated on the technical/scientific challenges and uncertainties by advisors with STEM backgrounds and working experience in a relevant sector. Be prepared to answer detailed and in depth technical questions on each R&D project in the application. Applicants are expected to keep detailed and extensive administration for all R&D projects which are part of an approved WBSO period. Applications can be submitted in Dutch or in English. No retroactive claims are possible. |
| IP Box (Netherlands all companies) | |
| Issues to consider | The Dutch schemes was introduced in 2007 and has been in its current form since 2017. It is a tax rate reduction from 25.8% for the large company (19 % for the SMEs) to 9%. It allows companies to benefit from a reduced tax rate on the income generated on patents, breeder's rights, development of new biological crop protection products, softwares, licenses to market medicines, registered utility model to protect innovation, and supplementary protection certificate granted by the Netherlands Patent Office. All the assets should be the result of internal R&D and the company should hold a WBSO certificate or a patent per asset. The income is reduced by R&D expenditure (from WBSO claim) and then, a Nexus ratio is applied. |

*The Netherlands has a specific regime for Starter companies – contact us for more details.

New Zealand



New Zealand offers a flat 15% tax credit for all companies. The New Zealand Government commissioned an independent review of the R&D Tax Incentive in 2025. Although an extensive report has been published, there has been no indication of any intention to revise or amend the incentive.

- Is foreign-owned R&D eligible?
- R&D must occur in the country
- Previous financial years claimable
- Is pre-approval required?
- Are other R&D incentives available?
- Level of review or enquiry expected?
- Is IP Box available?

| R&D Tax Credit (New Zealand) | |
|------------------------------|----------------------------------|
| Generosity: 15% | |
| Ease of application | <input checked="" type="radio"/> |

| R&D tax credit New Zealand all companies | |
|---|--|
| R&D tax credit | 15% |
| Benefit received | 15% tax credit. Lossmaking companies may also claim a refund of this credit, plus 28% (at current Corporate Tax rates) of the losses attributable to R&D. |
| Eligible claim period | The New Zealand Government commissioned an independent review of the R&D Tax Incentive in 2025. Although an extensive report has been published, there has been no indication of any intention to revise or amend the incentive. |
| Historical background | An R&D scheme existed in NZ for a few years around 2008-10 but was abolished. A new scheme was introduced for the 2019-20 income year; although based on many similar schemes in anglophone countries it is still quite immature. |
| Ease of application | Generally fairly straightforward; NZ Revenue is open to cooperative discussions prior to claims. Expectation of contemporaneous documentation of R&D, although this is flexible and it is recognised that the record-keeping should not be onerous. |
| Regulating body policies | From 2020-21, claims over \$2m must either seek specific approval for each R&D activity; or seek 'significant performer' approval for the claim methodology and certification of the R&D activities. |
| Eligible costs | Fairly broad – works on an exclusionary basis. Generally all opex is eligible, including depreciation, as long as it can be directly attributable to R&D. There are however, particular restrictions: <ul style="list-style-type: none"> ● Costs related to commercial production are limited only to additional costs incurred because of the R&D. ● Outsourced R&D can only be claimed on a 'look through' basis. ● The 'feedstock rule' applies to materials, limiting to the cost of input less the value of output. A minimum expenditure of \$50,000 applies, with limited exceptions where R&D is contracted to an Approved Research Provider. |
| Issues to consider | Strong Innovation and R&D indicators are expected, such as IP and cooperation with research organisms. |

Poland



For SMEs and Large Enterprises, Poland offers an equal deduction of 200% of labour costs and 100% of the rest of all eligible costs for research and development projects. In the case of R&D centres, the deduction amounts to 200%. The regime allows for companies to claim retrospectively up to 5 years.

- Is foreign-owned R&D eligible?
- R&D must occur in the country
- 5 Previous financial years claimable
- Is pre-approval required?
- Are other R&D incentives available?
- Level of review or enquiry expected?
- Is IP Box available?

| R&D Tax Credit (Poland) |
|--|
| Generosity: 30% |
| Ease of application <input checked="" type="radio"/> |

| IP Box (Poland) |
|---|
| IP Box Generosity: 14% |
| IP Box ease of application <input checked="" type="radio"/> |

| | R&D tax credit Polish SME and large enterprises | R&D tax credit Polish R&D centres |
|--------------------------------------|---|--|
| R&D tax credit | 200% - Tax Deduction of labour costs 100% - Tax Deduction of other eligible costs | 200% Tax Deduction |
| Benefit received | All companies can claim up to 200% of eligible R&D expenditure as a reduction of their tax base within the year the expenditure is incurred. The Polish system does offer a “cash back” option, but only in the first year of a company’s operation or within the first two years for medium, small, and micro-enterprises. From 2022, companies have access to five new pro-innovation tax reliefs: the prototype relief, innovative employees relief, robotization relief, expansion relief, and the CSR (sponsorship) relief. These mechanisms support different stages of innovation and business growth. | Companies that have special R&D centre status can claim from 100% (cost of getting legal protection for technical knowledge) and 200% for all additional qualifying costs, as a reduction of their tax base within the year the expenditure is incurred. |
| Eligible claim period | Companies can claim retrospectively up to 5 years. In practice the majority of claims are made by the end of the standard fiscal year following the claim period. It’s not possible to claim future costs in advance. | |
| Historical background | The Research and Development Tax Incentives issued by the Polish government were introduced in 2016 and the generosity of the regime has increased year on year. The first version of law came into legal use on 2 November of 2015, with the second version on 4 November 2016. The third version was accepted on 9 November 2017. The last, current version came into legal use on 1 January 2022. | |
| Application process | Companies apply the tax deduction in the tax declaration by filling out an annex (CIT-BR) to the tax relief - deadline end of fiscal year. If the claim is made retrospectively, companies have to ask the tax authority for tax overpayment and prepared corrections of CIT declarations for past years - maximum 5 years back. The claim processing time in Poland is instantaneous if made at the end of fiscal year. If the claim is made retrospectively the processing time can take up 2 months, or 3 if the case is particularly complicated. | |
| Regulating body policies | Fiscal controls are carried out by tax authorities. The Act is managed by the Ministry of Finance. | |
| Eligible costs | Eligible costs related to R&D activities can be used to claim from 100 to 200% tax deduction: <ul style="list-style-type: none"> Salaries (wages, allowances, bonuses, overtime, leave, superannuation, payroll tax and workers comp insurance) Civil law agreements (contract of mandate, contract work) Materials & Supplies (all materials and supplies used for R&D including low cost laboratory equipment) Co-operation with Scientific Units (costs of analysis, research, development and comparable services) Renting of research equipment Acquiring legal protection for technical knowledge (all costs made to acquire patent and other similar legal protection in Poland and the EU) Amortisation (intangible assets) and depreciation (fixed assets) used in R&D, excluding houses, buildings and cars. | Eligible costs related to R&D activities can be used to claim the 200% tax deduction: <ul style="list-style-type: none"> Salaries (wages, allowances, bonuses, overtime, leave, superannuation, payroll tax and workers comp insurance) Civil law agreements (contract of mandate, contract work) Materials & Supplies (all materials and supplies used for R&D including low cost laboratory equipment) Cooperation with any company for R&D (costs of analysis, research, development and comparable services bought from any company) Renting of research equipment Amortisation (intangible assets) and depreciation (fixed assets) used in R&D, including houses and buildings. <p>Note: The cost of acquiring legal protection for technical knowledge can be claimed at 100% in regards to the tax deduction. This includes all costs made to acquire patents and other similar legal protection in Poland and EU.</p> |
| Issues to consider | The Polish R&D regime is easy to apply and claim for, however the claiming company needs to make sure that the documentation is professionally prepared in case of fiscal control. The Tax Authority can retrospectively review claims submitted up to 5 years back. It is responsibility of a claiming company to provide evidence or supporting detail that all legal requirements have been met. Company is obliged to separate the R&D eligible costs into individual analytical accounts. | |
| IP Box (Poland all companies) | | |
| Issues to consider | The ULGA IP Box has been available since 2019. It is a tax rate deduction from 19% to 5%. It allows companies to benefit from a reduced tax rate on the income generated on Patents, utility model, industrial designs, software copyrights, supplementary protection certificate and medicinal product or veterinary medicinal product with marketing authorisation. To qualify, these intangible assets must be developed, improved, or acquired as a result of the company’s R&D activities, and legally protected and registered under applicable laws. The income is subject to a Nexus ratio. | |

Portugal



The Portuguese R&D tax credit scheme (SIFIDE) offers a base rate of 32.5% on all qualifying expenditure (QE). An additional incremental rate of 50% can be added for all QE over the average of the 2 previous tax periods. If no prior claims have been submitted, all QE receives an 82.5% tax credit.

Although the definition of R&D is the same as most other jurisdictions, the evaluation is tighter and demands a higher degree of novelty and the existence of technical uncertainty.

- Is foreign-owned R&D eligible?
- R&D must occur in the country
- 1 Previous financial years claimable
- Is pre-approval required?
- Are other R&D incentives available?
- Level of review or enquiry expected?
- Is IP Box available?

| R&D Tax Credit (Portugal) |
|--|
| Generosity: 52.9% |
| Ease of application <input checked="" type="checkbox"/> |
| IP Box (Portugal) |
| IP Box Generosity: 17% |
| IP Box ease of application <input checked="" type="checkbox"/> |

| R&D tax credit Portugal all companies | |
|--|--|
| R&D tax credit | Volume based and incremental – 32.5% up to 82.5% tax credit |
| Benefit received | <p>The Portuguese R&D tax credit scheme (SIFIDE*) works by allowing a company to apply a deduction to its tax amount. There is no cap related to qualifying expenditure, but there is a cap of €1.5 million for the incremental rate.</p> <p>The application must be presented to the National Agency for each claim, which takes almost one year to be evaluated. Although, the tax credit can be applied before the approval.</p> <p>Full technical and financial justifications are needed to support the claim. If the tax credit is not fully applied, there is the possibility to carry forward the tax credit remaining value for 12 fiscal years.</p> <p>A company that benefits from SIFIDE may be subject to a technical audit, performed by the official innovation agency (ANI).</p> <p>New SMEs that have not yet completed two fiscal years and which have no incremental rate, can have an increase of 15% base rate.</p> <p>Qualifying expenditures of R&D activities from eco-design projects could be considered at 120%.</p> <p>* SIFIDE (Sistema de Incentivos Fiscais à I&D Empresarial)</p> |
| Eligible claim period | Only R&D activities from the previous fiscal year are eligible and the application has to be filed within 5 months of the financial year end. |
| Historical background | The Portuguese scheme was introduced in 1997. In 2004 there was a suspension of SIFIDE. The suspension ended in 2005 and the current regime will run until 2026 in its current form. |
| Ease of application | <p>The application needs to be presented to the National Agency for each claim, which takes almost one year. Full technical and financial justifications are needed to support the claim.</p> <p>SIFIDE requires applications to be evaluated by a body of R&D experts.</p> <p>Although the definition of R&D is from the Frascati Manual, the evaluation demands a higher degree of novelty and the existence of technological uncertainty. A state of the art technological analysis is also required, and so the National Agency evaluation team will often contain experts.</p> |
| Regulating body policies | Ministry of the Economy through the Investigation and Innovation Agency (Agência para a Investigação e Inovação) |
| Eligible costs | <p>Mainly:</p> <ul style="list-style-type: none"> ● Staff salaries - R&D Team plus technical management team (all need at least level 4* qualifications) at 100%. 120% for all PhD staff. ● R&D Subcontractors ● Indirect costs, capped at 55% of Staff cost (including Directors, Management & other staff with less than level 4 qualifications; consumed/transformed materials; project-specific costs; and subcontractors.) ● Acquisition of tangible fixed assets, as long as they are new and directly allocated to the R&D activity (no land or buildings) ● Patent registry and maintenance ● Patents acquisition related to the R&D activities (only for SMEs) ● Specific R&D auditing and certifications. ● Participation in the capital of R&D Institutions and contribution to Funds that invest in companies certified by ANI, only by 32,5%. <p>*Employee has a minimum of secondary level of education plus a traineeship, i.e. the employee must have a minimum rating level of four as defined in the National Qualifications Framework</p> |
| Issues to consider | The Portuguese R&D Tax credit scheme is very demanding. A good knowledge of the regulation and claim process is needed. R&D definitions are Frascati based. The evaluation demands a higher degree of novelty and the existence of technological uncertainty. Audits, technical or fiscal, may exist. |
| IP Box (Portugal all companies) | |
| Issues to consider | <p>The IP Box was created in 2014 and has been in its current form since 2022. It is a tax deduction, based on 85% of the qualifying expenses.</p> <p>It allows companies to benefit from a tax deduction on income generated by patents, copyrighted softwares and industrial designs. The assets must have resulted from R&D activities undertaken or contracted by the company. The income is reduced by R&D expenditure and the balance from previous years. On the net income, the deduction rate of 85% is applied.</p> |

Romania



Romania's main R&D Tax Incentive offers a minimum 150% superdeduction on R&D expenses and an exemption from personal income tax for Employees performing R&D eligible activities. Other incentive schemes are available in Romania in addition to the superdeduction : a CIT exemption for companies that exclusively are performing R&D and Innovation activities, an accelerated depreciation for R&D assets and a salary income tax exemption for employees carrying out R&D activities.

- Is foreign-owned R&D eligible?
- R&D must occur in the country
- Previous financial years claimable
- Is pre-approval required?
- Are other R&D incentives available?
- Level of review or enquiry expected?
- Is IP Box available?

R&D Tax Credit (Romania)

Generosity: 8%

Ease of application

| R&D tax credit Romania all companies | |
|---|---|
| R&D tax credit | 150% R&D superdeduction on Corporate Income Tax & Employees tax exemption on Personal income tax |
| Benefit received | The Superdeduction could be claim if the company paid taxes on the year. The unused tax credits is report on the next year and in the following 7-year period. The unused is never cashed. No carry back of tax losses is available. |
| Eligible claim period | The superdeduction is included on the annual corporate tax return, which must be filed by 25th of the third month after the end of the tax year. |
| Historical background | The scheme was originally introduced in 2015 by the Ministry of Financial and the Ministry of Research, with modifications being made in 2016 and 2017. |
| Ease of application | A certification of the Research and Development activities from a designated R&D expert from the National Register of Experts for certification of research and development activity is mandatory for large taxpayers (and highly recommended for the others) Claim is based on a self-assessment; no upfront approval is requested. Claiming company is requested to present the tax clearance certificate for concerned fiscal year. |
| Regulating body policies | The regional and national tax offices, and the Ministry of National Education and Scientific Research. |
| Eligible costs | <ul style="list-style-type: none"> ● Technical staffing costs ● R&D equipment depreciation allowances ● Operating costs, including a part of administrative costs ● Subcontracting ● Externally provided workers |
| Issues to consider | R&D definitions are Frascati based (Fundamental R&D are not eligible), need a notion of a risk on the market The projects costs can be claim OR by the contractor OR by the subcontractor. Need a letter of renunciation from the contractor for the subcontractor to claim the project. Only company under the current rules of taxation (without exemption nor reduction) are eligible for the superdeduction. |

Singapore



Singapore offers a flat 150% superdeduction for all companies and a further 150% superdeduction (totalling 300%) on the first SGD400,000 of certain qualifying costs, so long as R&D is undertaken in Singapore.

- Is foreign-owned R&D eligible?
- R&D must occur in the country
- Previous financial years claimable
- Is pre-approval required?
- Are other R&D incentives available?
- Level of review or enquiry expected?
- Is IP Box available?

R&D Tax Credit (Singapore)

Generosity: 25.5%

Ease of application

| R&D tax credit Singapore all companies | |
|---|---|
| R&D tax credit | 25.5% |
| Benefit received | 150% superdeduction for eligible costs, though the specific costs that can be included are quite constrained. At the main rate tax rate of 17% (exemptions for v low profits) this gives a benefit of 25.5%. The first SGD400,000 of eligible costs are eligible for an enhanced 300% superdeduction, giving a benefit for those costs of 51%. |
| Eligible claim period | 3 Year of assessments, including current YA (hence 2 historic yrs). |
| Historical background | Various discretionary incentives have existed for decades, but a statutory scheme was introduced as a superdeduction in 2009. There have been various adjustments since then. Substantial changes to the scheme effective from 2018, most notably a significant increase in generosity (with superdeduction increasing from 50% to 150%). |
| Ease of application | Company makes claim via Form C-S; this is fairly self-explanatory but requires an overview, documentation, and separate quantification for each project included in the claims. A company may directly request review by the 'Technical Panel' of scientific experts; this is also automatic after two rounds of correspondence with IRAS. |
| Regulating body policies | Details of each project, including a summary of the R&D undertaken and a quantification of each cost, must be provided in the Form C-S. Each claim is reviewed by IRAS (not clear the level of scrutiny) IRAS is open to less stringent documentation for smaller businesses and claims. IRAS has recently introduced the "R&D Assurance Framework" as a mechanism to get certainty for 3 years at once; subject to a minimum number of projects and expenditure. |
| Eligible costs | <ul style="list-style-type: none"> ● Staffing costs ● Consumables ● 60% of 'contracted out' costs. |
| Issues to consider | R&D must take place in Singapore to be eligible for superdeductions. Overseas activity is deductible at 100% (without superdeduction) but only if it is related to the trade. Any grants received (and there are a lot available in Singapore) must be deducted from qualifying expenses (QE). Payable credits are only available for up to SGD100,000 of expenditure, at a rate of 20%. As a result, only very small lossmaking companies will be able to realise a significant direct cash benefit. |

Slovakia



Slovakia offers a 100% deduction of eligible costs from the income base, providing a net benefit of 24% (21% - for small comp. with revenue < 5 mil eur.). There is an additional deduction that can be applied to any incremental increase between current and previous two years of qualifying expenses (QE), equating to an additional 24% benefit.

- Is foreign-owned R&D eligible?
- R&D must occur in the country
- 1 Previous financial years claimable
- Is pre-approval required?
- Are other R&D incentives available?
- Level of review or enquiry expected?
- Is IP Box available?

| R&D Tax Credit (Slovakia) | |
|----------------------------|--------------------------|
| Generosity: 24% | |
| Ease of application | <input type="checkbox"/> |
| IP Box (Slovakia) | |
| IP Box Generosity: 10.5% | |
| IP Box ease of application | <input type="checkbox"/> |

| R&D tax credit Slovakia all companies | |
|--|--|
| R&D tax credit | 100% for all QE in current year plus an additional bonus based on calculation between current and previous two years. The net benefit equals 24% from the result. |
| Benefit received | Slovakia offers a 100% deduction of eligible costs from the income base, providing a net benefit of 21% on the cost of R&D. There is an additional deduction that can be applied to any incremental increase between current and previous two years of QE, equating to an additional 24% benefit. |
| Eligible claim period | The company can look back retrospectively for one financial year and the claim must be made within three months of year-end, as an input into the tax computations (immediate relief). The company can request a 'delay' to submit a tax declaration for 6 months of the previous financial year (i.e. Dec Y/E – submit half at the end of March and remainder at the end of June, both directly into tax comps). |
| Historical background | The regime has been valid since January 2015, but with only a 25% benefit on QE. As of January 2018 it was possible to claim 100% of R&D costs. For FY 2019 it was 150% and 200% since FY 2020, plus an additional 100% of the difference between the average QE incurred in previous two years. In FY 2022 it is possible to claim again 100% of R&D costs in the year. |
| Ease of application | There are 2 main conditions: 1) The company must have an internal simple entry document created for every R&D project for which it claims the applicable costs for tax deduction. The document must contain the date, project start and end dates, the goals that they want to achieve with the project and the estimated costs for the project for each year. The document must be approved by a person who can act on behalf of the company. 2) Company is obliged to separate the R&D costs for each project into individual analytical accounts. The company applies the tax deduction in the tax declaration by filling out an annex to the tax return which contains data from the entry document and the applicable deduction. The Finance Administration publishes a list of all the companies which have applied for the R&D Tax deduction including a short description of each R&D project. The aim is to increase transparency. |
| Eligible costs | The following are the eligible costs for the regime: <ul style="list-style-type: none"> ● Salary ● Materials ● Amortisation of equipment & buildings ● Software licences (for R&D purposes) ● Running costs (electricity, water, heat, gas) ● Non-material development results bought from R&D companies certified under the Ministry of Education (only about 860 companies, universities and academic institutions) ● Certification of the R&D results (e.g. homologation) ● Services purchased from the Slovak Academy of Sciences or from a Universities <p>If R&D project has full or partial funding from public resources received for any of the costs, this deems them ineligible.</p> |
| Issues to consider | <ul style="list-style-type: none"> ● An R&D tax deduction is easy to apply and claim for. However the company claiming needs to make sure that the documentation is professionally prepared and within the law. The Financial Administration can retrospectively review claims submitted up to 5 years back, during tax audits. In that case, it is the responsibility of a taxpayer to provide evidence or supporting detail that all legal requirements have been met. ● The company is obliged to separate the R&D eligible costs for each project into individual analytical accounts. ● R&D tax cannot be combined with other types of incentives. |
| IP Box (Slovakia all companies) | |
| Issues to consider | The Slovakian IP Box was introduced in 2018. It is a tax deduction, based on 50% of the qualifying expenses. It allows companies to benefit from a reduced tax rate on the income generated on software, patent (and drugs protected by patent) and utility models. The IP income embedded must be taken into account only for patents and models. The assets must be driving from internal R&D activities. On the income, the R&D expenses related to the development of the assets should be deducted to obtain the net income. The income are submitted to a Nexus ratio. |

South Africa



South Africa offers any company undertaking eligible R&D activity an additional 50% deduction, i.e. a total 150% 'super deduction' on qualifying expenses. Pre-approval is required and turnaround times for processing pre-approval applications can be lengthy, estimated at between 6-12 months.

As the process is a forward looking, pre-approval, process, companies are encouraged to have a high level understanding of the project's ongoing activities, as well as potential challenges involved over a prospective 1-3 year period.

- Is foreign-owned R&D eligible?
- R&D must occur in the country
- Previous financial years claimable
- Is pre-approval required?
- Are other R&D incentives available?
- Level of review or enquiry expected?
- Is IP Box available?

R&D Tax Credit (South Africa)

Generosity: 14%
Ease of application

**R&D tax credit
South Africa all companies**

| | |
|---------------------------------|--|
| R&D tax credit | 50% additional tax deduction (150% Super deduction) |
| Benefit received | <p>The South African 150% super deduction scheme requires pre-approval with a 6 month grace period for activities undertaken prior to application, effective from 2024, and allows qualifying companies to deduct R&D expenses from taxable income, generating a net tax benefit of 14%.</p> <p>The definition of R&D for tax purposes is slightly different and the R&D project must fit into one of the below definitions to be eligible for the R&D incentive:</p> <ol style="list-style-type: none"> 1. Discover non-obvious scientific or technological knowledge 2. Create or develop an invention, functional design, or computer programme 3. Create or develop knowledge essential to the use of an invention, functional design, or computer programme 4. Create significant improvements in functionality, performance, reliability, or quality of the above invention, functional design, or computer programme 5. Clinical trials and the development of multisource pharmaceuticals or generic drugs. <p>Approvals are given to companies on a project by project basis and R&D activities must be carried out within South Africa.</p> |
| Eligible claim period | All projects must be approved by the Department of Science and Technology (DST). Companies can claim from the date of submission of the pre-approval application and not just the date of approval, until the project's completion. |
| Historical background | The scheme was originally introduced in 2006, with modifications being made to the incentive in October 2012, introducing the pre-approval application process. In 2017 the DST introduced an online portal to facilitate online submissions. |
| Regulating body policies | <ul style="list-style-type: none"> ○ The R&D tax incentive is administered jointly by the DST and the South African Revenue Service (SARS) ○ DST approves or rejects projects, based on pre-approval applications ○ The qualifying expenditure claim is administered by SARS, through the submission of the company's annual tax return ○ Turnaround times for pre-approval applications to be processed are currently estimated at 6 - 12 months, after which an approval or rejection letter is received ○ The general deadline for submitting an annual corporate tax return is one year after the financial year end. Companies can elect to claim the incentive in their provisional tax returns, allowing them to benefit from the incentive sooner ○ Special rules now enable the taxpayer to claim the R&D benefit in cases where the DST has taken longer than tax amendment prescription periods (3 years) to adjudicate the pre-approval application submitted. ○ Applications are filled out in a prescriptive online application form. However applicants are allowed to submit supporting project documentation, which is strongly advised. |
| Eligible costs | <ul style="list-style-type: none"> ○ Only costs incurred after submission of the pre-approval application will qualify for the incentive. As such, it is best to do the pre-approval before the start of the R&D project ○ As a general rule, qualifying costs are costs that are directly related to the R&D activities. As such, costs do not qualify when they are incurred in respect of indirect R&D or other supporting activities ○ Once approved, costs fall into the following categories when calculating the claim value; <ul style="list-style-type: none"> • Labour • Subcontractors • Overheads • Materials ○ Costs incurred in the creation/development of a prototype/pilot plant will qualify for the incentive as long as it is not intended to be utilised or is not utilised for production/commercial purposes after the R&D is completed. |
| Issues to consider | Due to the scheme's prospective nature, companies should ideally have a projected roadmap of each project's development and evolution, with identified areas of risk and uncertainty, before applying for the incentive. This will improve the chances of obtaining pre-approval and help ensure continued eligibility of the evolving activities and associated costs to maximise the claim value. |

Spain



The R&D tax credit amounts to 25% of eligible R&D expenditure. However, when a company's current R&D spending exceeds the average expenditure of the previous two years, the incremental amount benefits from an enhanced tax credit rate of 42%.

An additional incentive applies to personnel costs. A supplementary 17% tax credit is available on the salary costs of university-qualified employees who are exclusively dedicated to R&D activities.

Companies may also monetise unused R&D tax credits, even in the absence of taxable profits. This cash recovery mechanism is subject to a slightly reduced benefit rate and requires compliance with additional conditions. In practice, companies typically receive the cash refund approximately 1.5 years after the claim is filed.

The definition of R&D applied in the evaluation of projects is relatively strict, requiring projects to demonstrate a high degree of novelty at a global level, rather than merely within the company or its industry.

As an alternative, projects may qualify as "Technological Innovation". Under this classification, projects benefit from a 12% tax credit and are subject to significantly more accessible eligibility criteria. Under this classification, the required level of novelty is assessed in a more subjective and company-specific manner, allowing a much broader range of projects to qualify.

Spain R&D
Spain Tech Inno.

- Is foreign-owned R&D eligible?
- R&D must occur in the country*
- 4 4 Previous financial years claimable
- Is pre-approval required?
- Are other R&D incentives available?
- Level of review or enquiry expected?
- Is IP Box available?

| R&D Tax Credit (Spain R&D) | R&D Tax Credit (Spain Tech Inno.) |
|--|--|
| Generosity: 29.6% | Generosity: 12% |
| Ease of application <input checked="" type="radio"/> | Ease of application <input checked="" type="radio"/> |
| IP Box (Spain all companies) | |
| Generosity: 15% | |
| Ease of application <input checked="" type="radio"/> | |

*Not necessarily, but the development must always take place within a European Economic Area country.

| R&D tax credit Spain all companies | |
|---------------------------------------|---|
| R&D tax credit | <ul style="list-style-type: none"> 25% tax relief on qualifying expenditure up to the average of the previous two years. Additional 42% Tax Relief for all QE greater than the average of 2 previous years' QE Additional 17% tax credit applies to the personnel costs of university-qualified employees who are exclusively dedicated to R&D activities and spend 100% of their working time on R&D projects. 12% tax deduction for all eligible expenditures on Technological Innovation (TI) activities, and up to 15% for startups with ENISA certification |
| Benefit received | <p>R&D project requirements can be hard to meet due to the level of novelty required, which is generally understood to be at an international rather than company or domestic level. There is another category "Technological Innovation (TI)" which does not require the same level of novelty and it is more accessible to most companies.</p> <p>Although not mandatory, certification is generally advisable. For larger projects and tax credit monetization, it's a must. There are two options: public cashback, where claimed 80% of the total tax credit with 1.5 years wait to receive the credits with some requirements about employment maintenance and reinvestment, and private cashback or private monetisation through a mechanism known as Tax Equity, where the rights are transferred to a private third party through a fiscal vehicle (AIE) created specifically for the operation.</p> |
| Eligible claim period | <p>Applications must be submitted no later than 6 months and 25 days after the end of the financial year. Companies that want to apply for an IMV ('Informe Motivado Vinculante') certificate from the Ministry of Science and Innovation, can only do so for the last financial year. In this case, the Ministry takes about one year to issue its decision.</p> <p>Self declared tax credits are declared in the company's tax return, and requires additional documentation only in the case of tax audit. The scheme allows the tax deductions recovery from previous tax years.</p> <p>Due to recent changes in the law, companies can only claim the credit for the last 4 tax years -not prescribed years-.</p> |
| Historical background | The first definition of R&D based tax relief dates back to 1978, but different revisions have evolved the scheme. The Law 27/2014, including all modifications up to this date, regulates the current benefit. |
| Application process | Spanish R&D claims are looked over by the Government Tax Agency, the certification process is voluntary and is usually indicated for large projects. However, all applicants can be asked to present a full technical and economical report in case of tax audit. |
| Regulating body policies | <p>If no pre-approval is claimed, tax relief is evaluated by the Tax Agency only in case of tax audit. The IMV is given by the Ministry of Science and Innovation, and its R&D qualification criteria for the project is binding for the Tax Agency.</p> <p>Consultations for binding rulings can be placed at the Tax Agency, and while restrictive, their result is absolutely binding in case of audit. Previous binding rulings for similar projects are public and can be used to argue in favour of a project in case of audit.</p> |
| Eligible costs | <p>The following are counted as eligible costs:</p> <ul style="list-style-type: none"> Salaries Consumables Costs of investments in fixed assets exclusively used for the development of the project Depreciation of equipment or specific licences, proportionate to their level of use in the R&D activities Subcontracted technical and research services directly related to the project |
| Issues to consider | <ul style="list-style-type: none"> Pre-approval is only compulsory for those projects claiming cashback, monetization of tax credit both through the administration and through a private investor. For the rest of cases, i.e. for the application of the deduction on the full tax liability, pre-approval is not required. Where a company is not claiming cashback, they can decide whether to apply for pre-approval for their projects, or prepare a technical justification for each project and economic report, justifying the correct application of the incentive, and retain it in case of an eventual tax audit. When approval is claimed, a fee is charged for each project by the external auditor. In many cases the process is complex, making it very difficult for companies to process and access deductions. Results vary due to different interpretations of the stringent regulations applied by the different experts involved in the emission of official reports on projects. |
| IP Box (Spain all companies) | |
| Issues to consider | <p>The Spanish Patent Box regime was created in 2008. It is a tax deduction, based on 60% of the qualifying expenses.</p> <p>It allows companies to benefit from a tax deduction on income generated by patents, industrial designs and models, plans, secret formulas and process and knowledge relating to industrial, commercial or scientific experience. The assets must be driving from R&D activities of the company. The income is reduced by R&D expenditure and then, a Nexus ratio is applied.</p> |

Switzerland



Switzerland has introduced at the Federal level a superdeduction with the possibility for cantons to propose a +50% superdeduction on R&D expenses. Other R&D incentives programmes could be offered per cantons as reduced tax rates, IP box schemes and accelerated depreciation on R&D assets.

- Is foreign-owned R&D eligible?
- R&D must occur in the country
- Previous financial years claimable
- Is pre-approval required?
- Are other R&D incentives available?
- Level of review or enquiry expected?
- Is IP Box available?

R&D Tax Credit (Switzerland)

Generosity: 7.5%
Ease of application

| R&D tax credit Switzerland all companies | |
|---|--|
| R&D tax credit | Max. 50% superdeduction. |
| Benefit received | In cantons offering up to 50% R&D superdeduction, considering an average 15% cantonal Corporate Income Tax rate, the benefit is $50\% \times 15\% = 7,5\%$. |
| Eligible claim period | The superdeduction is detailed and claimed with the tax return. |
| Historical background | The superdeduction was recently (2020) introduced. |
| Ease of application | Tax ruling is available to ensure upfront compliance. Considering cantonal and federal taxation rule, the superdeduction can be limited in benefit. |
| Regulating body policies | Swiss tax authorities |
| Eligible costs | Staffing costs Operational costs, equal to 35% of the staffing costs 80% of R&D operations subcontracted to third parties |
| Issues to consider | Eligibility criteria are close to Frascati, so most R&D typical activities might qualify. Expenses are claimed the following year with the tax return |

Turkey



Turkey allows R&D centres to take full tax deduction with their R&D expenses and investment. Therefore, even loss-making companies can take benefit of this tax deduction by carrying forward their deductible R&D expenses as long as they need. If the process of applying is demanding, either by certifying entities and / or their projects, additional bonuses are likely to convince. Turkey also offers compensation for social security contributions for employees carrying out R&D projects and accelerated depreciation of R&D capital.

- Is foreign-owned R&D eligible?
- R&D must occur in the country
- Previous financial years claimable
- Is pre-approval required?
- Are other R&D incentives available?
- Level of review or enquiry expected?
- Is IP Box available?

R&D Tax Credit (Turkey)

Generosity: 23%
Ease of application

| R&D tax credit Turkey all companies | |
|--|--|
| R&D tax credit | 100% R&D deduction from income tax → infinite carry forward in case of loss-making + 50 % deduction if the R&D centers increase their R&D indicators by at least 20 % (R&D spending, patents, international projects) |
| Benefit received | The main feature of the Turkish scheme is a 100% corporate tax deduction for expenses incurred in R&D. Loss making companies can therefore carry forward indefinitely. With a reduced corporate income tax of 23% in 2022, it is a 23% benefit guaranteed for all companies, even if the scheme is not properly saying a superdeduction. The benefit for profit-making companies is therefore limited. In addition, an income tax withholding incentive and a social security bonus complete the scheme amongst other features. |
| Eligible claim period | Deduction for pre-approved R&D projects is processed with corporate tax return. |
| Historical background | For two decades, Turkey has invested in R&D tax incentives for economic development. It has ever since been continuously renewed and reshaped until its latest modification in 2021. |
| Ease of application | Pre-approval is compulsory from TUBITAK. Certified design centres or R&D must be certified by a sworn-in certified public Accountant. |
| Regulating body policies | TUBITAK (Scientific and Technological Research Council of Turkey) |
| Eligible costs | All costs incurred for the approved projects are eligible and can be carried forward. |
| Issues to consider | Companies must obtain pre-approval from TUBITAK for projects or getting certified for applying to the scheme. Minimum R&D resources are requested to do so (a minimum of 15 R&D personnel). |

United Kingdom



The UK has recently embarked upon major reforms of its R&D incentives. This has resulted in the abolition of the old R&D Tax Relief (targeted at SMEs) and R&D Expenditure Credits (R&DEC, targeted at large companies). These have been replaced with a single merged scheme (also called R&DEC) for all companies, offering a 20% expenditure credit. There is also a separate scheme for loss-making, R&D-intensive SMEs, giving an 86% additional deduction and a cash credit up to 14.5%. This takes effect for accounting periods that begin on or after 1 April 2024.

A new requirement was introduced during 2023, creating for the first time a statutory obligation to provide information (in a specified format) to support a claim.

Eligible costs have to fit within prescribed cost categories.

UK RDEC
UK Intensive

- Is foreign-owned R&D eligible?
- R&D must occur in the country*
- 2 Previous financial years claimable
- Is pre-approval required?
- Are other R&D incentives available?
- Level of review or enquiry expected?
- Is IP Box available?

| UK RDEC | UK Intensive SME |
|---------------------------|---------------------|
| Generosity: 15% | Generosity: 26.97% |
| Ease of application | Ease of application |
| IP Box (UK all companies) | |
| Generosity: 15% | |
| Ease of application | |

| | UK R&D Expenditure Credit (R-DEC) | UK Intensive SME Scheme |
|----------------------------------|--|--|
| R&D tax credit | Research and Development Expenditure Credit (R&DEC) | 186% super-deduction, 14.5% cash credit |
| Benefit received | Companies in the UK are eligible to claim on the RDEC scheme for a 20% expenditure credit. This is an above the line credit. | Loss-making SMEs with an R&D intensity over 30% can choose to claim an additional deduction of 86%, and to surrender losses generated for a 14.5% cash credit. This gives a net benefit of 26.97%. |
| Eligible claim period | The UK utilises a retrospective scheme concerning their research and development tax benefits. This includes the ability to claim back for eligible R&D expenditures from 3 years in the past. However, companies need to notify His Majesty's Revenue and Customs (HMRC) within 6 months of the end of the accounting year in which R&D was undertaken of their intention to claim. | |
| Historical background | Newly introduced in 2024, but heavily based on existing R&D incentive schemes. These originated in 2000 for SMEs, and 2002 for Large Companies, with R&DEC being created in 2013. The general trend has been for the schemes to improve in generosity. | |
| Ease of application | <p>R&D tax claims are reviewed in the UK by HMRC, a non-ministerial department of the UK Government, who are not technical experts.</p> <p>As of August 2023, applicants must file an Additional Information Form with their R&D claims, containing technical summaries of a selection of projects in the claim, and details of the costs incurred. Many companies also provide a claim report containing further details of the claim calculations and methodologies.</p> <p>Companies (unless they are exempted from this requirement) must file a Claim Notification within 6 months of the end of the year in which R&D was undertaken.</p> <p>Benefits are usually received within a 40 day timeframe, although this can vary with time of year and whether the claim is filed as an amendment to a company's tax return.</p> | |
| Regulating body policies | <p>Research and Development Tax Incentives are issued by Her Majesty Revenue & Customs (HMRC). All claims for R&D tax benefits are to be submitted to the HMRC in the tax return (CT600) for review, with an Additional Information Form being filed in advance of this. This document is used by HMRC to risk-assess the claim, and may open an enquiry if it is concerned that the claim may not be correct.</p> | |
| | <p>No official timetable for claim processing, though benefit can be immediately realised if it is realised as a reduction in tax due and part of an original tax return.</p> <p>Claims resulting in a refund/repayment are usually processed to payment within 6-8 weeks.</p> | <p>HMRC aims to process claims in a 40 day turnaround, although it has a long-standing hope of reducing this to 28 days.</p> |
| Eligible costs | <ol style="list-style-type: none"> 1. R&D Staff 2. Subcontractors 3. Externally provided workers (EPWs) 4. Consumed or transformed materials 5. Software 6. Data and Cloud computing | |
| Issues to consider | <p>HMRC's R&D inspectors are not technical experts and may have trouble reading and understanding projects submitted to them which may lead to an enquiry to ensure that the technical nature of the work meets the definition of R&D. It also operates on a risk-assessment basis, which can lead to additional scrutiny if the R&D is not related to a company's main area of operations, or the company's classification is in an industry where R&D is uncommon.</p> <p>Recent years have seen a significant increase in scrutiny from HMRC, particularly focussed on smaller-value claims, due to a concern over the potential for error and fraud in this area. This increased, and sometimes quite aggressive, scrutiny has been offputting to many claimants.</p> | |
| IP Box (UK all companies) | | |
| Issues to consider | <p>The UK Patent Box was introduced in 2013 and has been in its current form since 2017. It is a tax deduction, giving an effective 10% tax rate on profits attributable to eligible IP.</p> <p>It allows companies to benefit from a reduced tax rate on the profits generated on patent, plant variety certificate and medicinal innovation rights. The company should have undertaken qualifying development on the IP. The income is reduced by R&D expenditure and then, a Nexus ratio, called R&D fraction, is applied.</p> <p>An election must be made within a tax computation.</p> | |

USA



The USA has one of the broadest definitions of what qualifies as R&D and is accessible to a far wider category of claimant, including individuals.

The USA offers two different R&D incentive methodologies, the Alternative Simplified Credit (ASC) Method being the primary method used. The ASC Method is an incremental and non-refundable tax credit and shall be equal to 14% of so much of the Qualified Research Expenses (QRE) for the taxable year as exceeds 50% of the average QREs for the three prior tax years for which the credit is being determined. In addition, 39 of 50 states offer a tax credit.

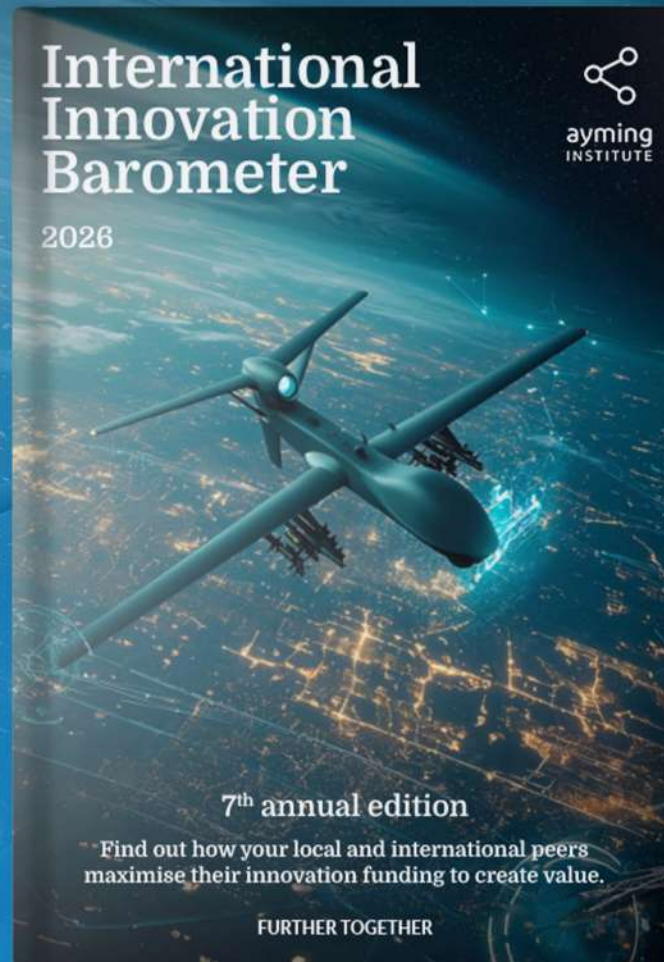
USA Federal
USA States

- Is foreign-owned R&D eligible?
- R&D must occur in the country
- 3 Previous financial years claimable
- Is pre-approval required?
- Are other R&D incentives available?
- Level of review or enquiry expected?
- Is IP Box available?

| R&D Tax Credit Federal Level | R&D Tax Credit States Level |
|------------------------------|-----------------------------|
| Generosity: 14% | Generosity: 5-15% |
| Ease of application | Ease of application |

| | R&D Tax Credit Federal Level | R&D Tax Credit States Level |
|---------------------------------|--|--|
| R&D tax credit | 14% benefit on incremental, eligible expenditures that are over half of the average of the previous 3 years. | Depending on the state, the calculation varies, but generally between 5% and 15% on incremental, eligible expenditures. |
| Benefit received | <p>The benefit is a non-refundable tax credit and claimants can claim a Federal tax credit up to 3 years back.</p> <p>Depending on the state, some credits can be claimed up to 4 years back, while some other states only allow a current year filing.</p> <p>For qualifying start-ups in first five years of operation, with under \$5m in sales annually, a tax credit can be applied against payroll taxes.</p> | |
| Eligible claim period | Fiscal year-based claim, up to 3 years back. | The eligible claim period will vary by state. |
| Historical background | <p>The regime started in 1981 when the R&D Tax Credit was originally introduced in the Economic Recovery Tax Act to help counteract the recession. Since the credit's original expiry date of 31st December 1985, the credit has expired eight times and has been extended fifteen times, retroactively. The last extension expired on 31st December 2014.</p> <p>In 2015, the PATH Act made the R&D tax credit programme permanent in a measure of the government spending bill.</p> | |
| Ease of application | <p>No pre-approval is required at a federal level. Many states do require pre-approval. A relatively comprehensive and complex level of technical and financial information is required in case of audit. The Federal form includes a financial, as well as a technical aspect. There is added complexity due to there being both federal and state level incentives.</p> | |
| | <p>For current year returns, the scheme only requires completing a 2-page form, providing a summary of expenditures to be claimed. Internal Revenue Service (IRS) expects Taxpayers to have a readily available report detailing the claim building process and methodology, eligible expenditures, eligible projects and eligible activities, along with records to substantiate the claim.</p> <p>For amended years, there are both project and employee activity descriptions required. Specifically:</p> <p>Taxpayers filing a refund that includes a claim for the IRC § 41 research credit must provide, at a minimum, five essential pieces of information:</p> <ol style="list-style-type: none"> 1 - Identify all the business components that form the factual basis of the IRC § 41 research credit claim for the claim year. 2 - All research activities performed by business component. 3 - All individuals who performed each research activity by business component. 4 - All the information each individual sought to discover by business component. 5 - The total qualified <ul style="list-style-type: none"> - employee wage expenses, - supply expenses, and - contract research expenses. | <p>This is dependent on the state and the scheme. However, most schemes have adopted the federal methodology, and forms are short and required information is limited with the exception of a few states which require an application.</p> |
| Regulating body policies | <p>The Internal Revenue Service (IRS) is responsible for assessing the federal tax credit, covering both technical and financial eligibility.</p> <p>State Taxing Authorities are responsible for assessing state tax credits, covering both technical and financial eligibility.</p> | |
| Eligible costs | <p>The following are eligible costs:</p> <ul style="list-style-type: none"> ● Salaries of US employees including support staff (For individuals who spend more than 80% of time on qualified activities, 100% of their salary is eligible) ● US Contractors ● Supplies ● Basic research payments to qualified organizations ● Computer rental | |
| Issues to consider | <ul style="list-style-type: none"> ● While the scheme is very broad and easy to apply for, properly documenting the claim building process, as well as collecting contemporaneous technical and financial supporting evidence, are key elements in case of an audit. ● IRS audits can be aggressive, complex and long – being prepared is key. | |

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