



Incentives overview for foreign investors

(R&D and fiscal incentives)



R&D and fiscal incentives

Innovation Agreements

What.

Projects concerning **industrial research and experimental development activities** (new products, processes or their improvements), with the development of one or more of the following technologies:

- ICT;
- Nanotechnologies;
- Advanced materials;
- Biotechnology;
- Advanced manufacturing and processing;
- Space;
- Technologies related to the objectives of the "Challenges for society" priority (Horizon 2020 Program).

R&D projects must include expenses and eligible costs between **€ 5 MIL and € 40 MIL**.

Who.

Companies carrying **out industrial activity** directed to the production of goods or services and transport activities.

Agri-food companies that mainly perform industrial activities.

Companies that carry out **auxiliary activities** in favor of the previous companies.

Research centers.

Projects must have a duration not exceeding **36 months**.

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Incentives.

- **Direct contribution to expenditure** equal to a basic 26% fee, consisting of:
- **20%** granted by the Ministry + further **3% minimum** (depending on the regional contribution);
- **3% minimum** granted by the Region.

A subsidized loan, if provided by the Agreement, **up to the 20%** of the eligible costs and expenses (a defined variable quota can be added in relation to the available regional financial resources).

Eligible expenses:

- a) **Costs related to the employees** limited to **technicians, researchers** and other **auxiliary staff**, to the extent in which they are employed in the R&D activities covered by the project;
- b) **Factory-fresh tools and equipment**, to the extent and for the period in which are used for the R&D project;
- c) **advisory services and other services used for the R&D project**, including the acquisition or licensing of search results, patents and know-how, through a transaction carried out at normal market conditions;
- d) **general expenses** calculated on a basis of 25% of the total eligible costs;
- e) **materials used to carry out the project.**

Companies **must have a separate accounting system or an appropriate accounting code** to keep all the transactions relating to the subsidized project **separate**.

Costs incurred as part of the **experimental development activities** must be recorded separately from those incurred in the context of **industrial research activities**.

What.

It is an over-valuation of investments in **newly** purchased or leased tangible assets, devices and technologies enabling the Industry 4.0 transformation (industrial automation and new technologies).

The **over-valuation** applied is defined as follows:

- **+170%** for investments up to € 2.5 million;
- **+100%** for investments between € 2.5 and € 10 million;
- **+50%** for investments between € 10 and € 20 million.

Facilitation **is not provided** for investments exceeding the limit of € 20 million.

Companies with access to hyper-depreciation, may benefit of a **140% over-valuation** for investments in intangible assets (software and IT systems) enabling the Industry 4.0 transformation.

How.

Companies may benefit **automatically** during the preparation of financial statements and through self-certification.

It applies to investments **made in 2019**, with the possibility of completing the investment by the end of 2020, if the company has made a first payment at least equal to 20% of the purchasing cost.

Investments that **worth more than € 500,000** per individual asset, a technical evaluation sworn by an expert or engineer is required.

What.

The aid is aimed at encouraging **private spending in Research and Development** to innovate processes and products for a **maximum amount of € 10 mln until 2020**.

It provides a 25% or 50% tax credit on R&D incremental expenses (at least equal to € 30 K or more), calculated on a fixed basis given by the average of R&D expenses incurred in the previous 3-years period.

Expenses and thresholds.

Eligible expenses **incurred in the period 2017-2020**:

- costs for company's personnel employed on R&D activities (50%);
- costs for **research commissioned** to third parties such as universities, startups, innovative SMEs (50%);
- costs for company's highly qualified (PhD) and technical personnel (25%);
- costs for **research commissioned** to other bodies (25%);
- depreciation charge of laboratory instruments and equipment (25%);
- purchasing costs of technical skills or related to an industrial or biotech invention (25%).

How.

Access to the tax credit is automatic in the preparation of financial statements.

The obligation of certified accounting documentation exists.

What.

The **patent box** benefit consists in a **partial tax deduction (50%)** for incomes arising from direct use or licensing of qualified intangible assets:

- property rights;
- industrial patents;
- Trademarks;
- designs and models, as well as processes, formulas and information relating to experiences acquired in legally protected industrial, commercial or scientific fields.

It regards reduction of **corporate income Tax (IRES)** and **Regional production Tax (IRAP)**.

Who.

Legal entities with a business income **must be able to demonstrate that their income is from the use of intangible assets.**

How.

The **option must be exercised in the income tax return** relating to the first fiscal year in which the company wants to use the benefit option.

It is **valid for five tax periods**, The benefit may be renewed for the same number of years, and it is irrevocable.

“Industry 4.0 training” Tax Credit

What.

The aid aims at stimulating companies investments regarding training paths about “enabling technologies” in the field of the "National Plan 4.0“.

It consists in tax credit of 40% of the expenses related to the personnel employed in the eligible training activities.

Expenses.

Eligible expenses **incurred in the period 2018-2020:**

- costs of the training hours/days, incurred during the period 2019 and 2020 and to the maximum limit of € 300,000 euros.

- employees participating as teacher or tutor in the training activities, within the limit of 30% of the total annual remuneration.

How.

Access to Tax credit is automatic in the preparation of financial statements.

The obligation of certified accounting documentation exists.

Who.

All legal entities with a business income (enterprise, non- commercial institutions, consortia and networks of enterprises).

Fiscal benefits

Corporate Income Tax

It was **lowered** to **24%** (from 27.5%) in 2017-2018. As of **2019** a **15% tax rate** is applied to companies that reinvest profits in instrumental goods purchase and new hires.

Employment

- **50% bonus** for companies hiring people under 35 recruited in 2019-2020, if they have never been occupied with a permanent contract. It regards social security contributions for an amount of € 3,000 per year and person, for a total duration of 36 months;
- **100% bonus** for companies hiring people in the Southern Regions: it applies to people under 35 as mentioned above and over 35 unemployed for at least 6 months, for an amount of € 8,060 for the first year (the bonus decreases to 50% for the 2nd and 3rd year);
- A bonus of **€ 8,000 for the year 2019**, lasting 12 months, on social security contribution for companies hiring with a permanent contract young people with excellent university careers, under 30 graduates with honors and young researchers under 34.

Enterprise size

Employees	Revenues (€/MLN)	Dimension
> 250	> 50	Large
≤ 249	≤ 50	Medium
≤ 50	≤ 10	Small

The requirements of employees and of total revenues are cumulative, so they both must exist. If the enterprise exceeds the size limits for two consecutive years, it will lose its status.

In the case of upstream and downstream companies, the number of employees and the value of the total revenues must be added among them