TaylorWessing

All countries

Technology company tax advantages

Asia

China	A company (including a foreign invested one) qualifying as a high-tech company may enjoy a reduced corporate income tax rate of 15%.
Hong Kong	No special tax regime or tax benefits.

Singapore

Tax Exemption Scheme for New Start-Up Companies:

From YA 2020 onwards, new qualifying companies (where any YA of the first three YAs falls in or after YA 2020) will be given a 75% tax exemption on the first S$100,000 of normal chargeable income and a further 50% tax exemption on the next S$100,000 of normal chargeable income for each of the first three consecutive years of assessment.

Partial Tax Exemption for Companies:

From YA 2020 onwards, qualifying companies will be eligible for partial tax exemptions to a maximum of S$102,500 per YA.

Tax Deductions for Research & Development (R&D) Expenditure:

Subject to eligibility, for YA 2024 to 2028,

• where R&D is conducted wholly in Singapore (in-house), (i) tax deduction of 100%, (ii) additional tax deduction of 300% on the first S$400,000 on (a) staff costs (excluding directors' fees) and (b) consumables, and (iii) additional tax deduction of 150% on the balance of qualifying R&D expenditure in excess of S$400,000;

• where R&D is conducted wholly in Singapore but outsourced, (i) tax deduction of 100%, (ii) additional tax deduction of 300% on the first S$400,000 on (a) 60% of fee paid, or (ii) actual staff costs (excluding directors' fees) and consumables incurred if the amount is more than 60% of fee paid, and (iii) additional tax deduction of 150% on the balance of qualifying R&D expenditure in excess of S$400,000; and

• where R&D is carried out overseas, (i) 100% tax deduction for R&D related to trade, (ii) but no tax deduction if R&D conducted is not related to trade.

Pioneer tax incentive (PC) and the Development and Expansion Incentive (DEI):

Application for the PC or DEI is open to companies that are prepared to make significant investments in contribution to the economy or in advancement of capabilities towards globally leading industries.

In addition, to be eligible for consideration of PC, companies must introduce technology, skillsets or knowhow into an industry that are substantially more advanced than the average prevailing in Singapore. The company must also carry out new, pioneering activities that have not been undertaken by other companies at a scale that is substantive in economic contribution.

An approved company under the PC or DEI is eligible for a corporate tax exemption or a concessionary tax rate of 5% or 10%, respectively, on income derived from qualifying activities.

Enterprise Innovation Scheme (EIS):

Under the EIS, enhanced/new tax deductions and/or allowances (collectively referred to as "enhanced deductions") are granted on qualifying expenditure incurred on the following five qualifying activities: (i) qualifying R&D undertaken in Singapore; (ii) registration of intellectual property (IPs); (iii) acquisition and licensing of IP rights (IPRs); (iv) training; and (v) innovation projects carried out with polytechnics, the Institute of Technical Education (ITE) or other qualified partners.

Businesses that carry on a trade or business will be able to enjoy enhanced deductions on up to S$400,000 of qualifying expenditure incurred for each qualifying activity (i) to

United Arab Emirates	No special tax regime or tax benefits.

Europe

Austria	Depending on individual circumstances, several tax advantages aiming at inter alia tech companies may be available.
Czech Republic	In the Czech Republic, this area is governed by GDPR. Moreover, the new Czech Law on Processing Personal Data is effective since April 2019 that specifies the general rules more in detail and lays down several differences from the general regime under GDPR. For example, controllers are relieved from certain obligations (including informing the data subjects) in case of data processing for purposes of journalism, and age limit relating to conditions applicable to child's consent in relation to information society services has been set to 15 years. Further, this adaptation legislation limits/precludes fines against public institutions. There is no general requirement to notify planned or ongoing data processing to the Office for Personal Data Protection. The controller, however, must notify (inform) the processing to the data subjects. Nevertheless, specific situations can occur where notification to, consultation with, or authorisation from the Office is required. On the other hand, GDPR has introduced a notification requirement in case of a personal data breach (unless the personal data breach is unlikely to result in a risk to the rights and freedoms of natural persons). Such breaches must be notified to the Office for Personal Data Protection within 72 hours (in case this timeframe is not met, such delay has to be justified), and, depending on the severity of the breach, to the data subjects whose data have been affected by the breach.
England & Wales	Research & Development (R&D) tax relief: enhanced corporation tax relief for expenditure incurred by companies on innovative science or technology projects. From 1 April 2024, two R&D tax reliefs are available (although a company cannot claim both) in respect of the same expenditure): Merged scheme R&D expenditure credit (RDEC): a 20% 'above-the-line' (taxable) credit. For companies paying the main rate of corporation tax, the cash benefit is 15%; for those paying the small profits rate, the cash benefit is 16.2%. Enhanced R&D intensive support (ERIS): loss-making R&D-intensive small or medium-sized enterprises (SMEs) can either claim an enhanced deduction of 186% of qualifying expenditure in calculating their adjusted trading loss or claim a payable tax credit worth up to 14.5% of the surrenderable loss. A SME is 'R&D-intensive' if its R&D expenditure is at least 30% of its total expenditure. Patent Box regime: companies with UK or EU patents may be eligible for an effective corporation tax rate of 10% in the UK on revenues derived from qualifying patents (subject to certain requirements being met).

France	Companies can benefit from two tax mechanisms: - Research & Development tax credit (R&D tax credit) and Innovation tax credit : - R&D tax credit: Companies carrying out research activities can benefit from a R&D tax credit. The R&D tax credit, determined on each calendar year, is equal to 30% of the eligible research expenses incurred during the calendar year, up to EUR 100 million, and 5% beyond this amount. - Innovation tax credit: SMEs carrying out innovation activities can also benefit from an innovation tax credit. The innovation tax credit, determined on each calendar year, is equal to 30% of the eligible innovation expenses incurred during the calendar year, up to EUR 400 000. Patent Box: Any company subject to CIT in France that sells, licenses or sub-licenses intellectual property rights that qualify as intangible fixed assets may benefit from a reduced CIT rate of 10% on the net income from the said sales, licenses or sub-licenses. A “nexus” ratio is applied on this net income in order to determine the portion benefiting from the 10% rate.
Germany	No special tax regime or tax benefits.
Hungary	Tax credit shall be granted to taxpayers for investment projects - valued at 50 million forints or more at current prices, implemented by small enterprises, - valued at 100 million forints or more at current prices, implemented by medium-sized enterprises; - for investment projects valued at 100 million forints or more at current prices, implemented in a free enterprise zone. Tax credit may be claimed on condition that the investment qualifies as an initial investment: a) implemented by a small and medium-sized enterprise, or b) realized by a large company in the Észak-Magyarország, Észak-Alföld, Dél-Alföld, Dél-Dunántúl, Közép-Dunántúl, Nyugat-Dunántúl or Pest planning and statistical district.
Ireland	Research and Development (R&D) Tax Credit / Capital Expenditure Tax Relief — a company can claim a 25% tax credit for expenditure on R&D carried on within the EEA. This can be combined with the normal business deduction for such R&D expenditure (at an effective rate of 12.5%), which results in a tax rate of 37.5%. Income tax relief can also be made available to 'key R&D employees'. This means a company engaged in R&D activities can surrender some of its R&D credit to key employees so that their income tax liability is reduced by the amount surrendered (subject to not reducing the key employee's effective rate of tax to below 23%). Write-down of Cost of Acquiring Intellectual Property — companies that acquire IP can deduct the cost of that acquisition against taxable profits. The deduction is available as a capital allowance (tax depreciation) and the cost is written-off over a number of years. The relief may be claimed when the IP is acquired from a third party and intra-group, subject to certain limitations. Further, the capital allowances claimed cannot exceed 80% of the company's taxable profit. Knowledge Development Box — this is a form of patent box, and under the regime, profits derived from 'qualifying IP' will be subject to an effective rate of corporation tax of 6.25% (subject to certain requirements being met).

Italy	Bonus for investments in R&D activities, technological innovations, and patent box. For R&D activities a tax credit amount of 10% of the eligible expenses, up to a maximum of EUR 5 million. For technological innovation activities, the tax credit is recognised separately at a 10% rate of the relevant basis of calculation, up to a maximum of EUR 2 million. For the achievement of an ecological transition or digital innovation 4.0 objective, the credit measure increases to 15%. These tax credits are non-taxable tout court. Patent box relief consists in the possibility of increasing by 110% the deduction of costs incurred in relation to the eligible intangible assets.
Netherlands	R&D deductions, innovation activities, tax/patent box. Under the Dutch innovation box regime, qualifying income from research and development activities are taxed at an effective rate of 9% rather than the statutory corporate income tax rate of 19%, 25%, 8%. Moreover, tax incentives can be applicable when attracting high-skilled labor from abroad.
Poland	Research & Development (R&D) tax relief that can decrease a company's tax bill by an additional deduction of eligible R&D expenses from a company's tax base. The additional deduction amounts to: (i) 100% of eligible expenses - for all companies; (ii) 150% of eligible expenses - for companies simultaneously having the status of R&D Centre and the status of a micro entrepreneur, small entrepreneur, or medium-sized entrepreneur; (iii) 100% of eligible expenses for obtaining and maintaining a patent, a utility model protection right, an industrial design registration right defined by a bill and 150% of the rest eligible expenses- for other companies which have the status of an R&D Centre. The Polish Investment Zone is an incentive that provides an exemption from CIT for companies which carry out certain new investments. The value of incentive (the amount of tax that is subject to exemption) is a derivative of the amount of investment costs incurred by the company.
Portugal	Possibility of a Research & Development (R&D) tax credit (SIFIDE) - tax incentive applicable to corporate taxpayers that consists of a tax deduction to companies' tax burden of a certain amount of expenses incurred in the current year, with the possibility of a deferral up to 8 following tax years. This benefit allows a tax deduction of up to 82.5% for companies that have not invested in R&D in the last two years. This incentive is subject to pre-approval from the competent Portuguese authority. There is also a Special Tax Regime to Support Investment (RFAI) - tax incentive applicable to corporate taxpayers who satisfy certain requirements and who develop a specific activity foreseen in the Portuguese tax law, which entitles to tax benefits (such as deductions, exemptions, or reductions) at the level of Corporate Income Tax, Municipal Property Tax, Property Transfer Tax as well as Stamp Duty.

Slovakia	Certain advantages can be provided in the form of investment incentives (eg to start new production or the provision of services); these incentives are subject to the special regulation in the State Aid Act and can be provided in the form of cash or tax relief. Certain corporate income tax relief can be also provided under the Act on Investment Incentives and the Act on Research and Development Incentives. Patent Box – this new form of tax advantage was introduced as of January 2018. Under this special tax regime, it will be possible to be exempt from income tax up to 50% of any revenues derived in the form of license fees relating to the provision of intangible assets resulting from the taxpayer's own development activities in Slovakia (patents, utility models, or software). The tax exemption, however, only applies to taxable periods in which the taxpayer depreciates the capitalised costs relating to the development of these intangible assets (eg inventions protected by patent, the technical solutions protected by utility model or the software). In addition, a separate tax regime was introduced for revenues derived from the sale of products manufactured on the basis of an invention protected by patent or a technical solution protected by utility model – such revenues will also be exempt from the income tax.
Spain	Corporate Income Tax (CIT). - Research & Development (R&D) tax relief. A CIT credit is available for companies incurring qualifying expenditure on R&D projects. The deduction rate ranges from 8% to 42%. - Patent Box tax relief. A CIT relief of taxable base can be applied to income from the exploitation of certain intangible assets such as patents. The reduction rate is 60%. -Tax benefits Start-ups. They can apply the reduced CIT rate (15%) during the first tax period in which they have positive taxable income and the following three tax periods. They are exempt from the obligation to make payments in instalments during the two tax periods following the first one in which they obtain positive taxable income. Possibility of requesting deferral of tax debts during the two tax periods following the first one in which a positive tax base is obtained, for 12 months (for the first period) and 6 months (for the second period), with waiver of guarantees and without accrual of interests on arrears. However, the self-assessment must be submitted within the voluntary filing period, and the taxpayer must be up to date with his tax obligations on the date of the application. Personal Income Tax (PIT). - Tax benefits Start-ups. Improvement of the deduction for investment in new or recently created companies by increasing the deduction rate from 30% to 50%, as well as the base of the deduction from €60,000 to €100,000, the base being formed by the acquisition value of the shares or holdings subscribed in these entities. This deduction will only be applicable if the shares or holdings were acquired at the time of incorporation or in a capital increase within 5 years of incorporation (7 years for companies in special sectors such as biotechnology, energy and strategic sectors).

South America

Brazil	Federal Law No. 11.196/2005 grants tax benefits for company which work with R&D and Technological Innovation. In a summary, the benefits are: (I) Deduction of operating expenses incurred with R&D designed for technological innovation; (II) 50%-cut of Excise Tax on acquisitions of machinery, devices and instruments for R&D in technology; (III) Full depreciation, for tax purposes, of fixed assets used for R&D in technology in the year of the assets’ acquisition; (IV) Full amortization, for tax purposes, of intangible assets exclusively related to R&D activities aimed at technological innovation in the year of the assets’ acquisition; (V) Deductions of operating expenses incurred with the employment of researchers and professionals exclusively dedicated to R&D.