

# Tax credit on research and development activities

## AT A GLANCE

### R&D TAX CREDIT

**Aim:** encourage investments realized in R&D activities amounting at least to 30,000 euros per year.

**Qualifying R&D activities:** fundamental research, industrial research and experimental development.

**Benefits:** tax credit up to 50% of the increase of annual R&D expenses which can be used in order to reduce the amount of income tax or Regional Tax on Productive Activities, as well as of social security contributions.

## What is it

The Research & Development tax credit aims to encourage investments in R&D activities. The right to benefit is granted to those entities once they prove that they have invested in the qualifying R&D activities an amount of at least 30,000 euros per year. The maximum annual credit for each beneficiary is 20 million euros. Taxpayers have to sustain R&D qualifying costs between 2015 and 2020.

## Who is eligible

This benefit is available to any enterprise, irrespective of its legal form, business sector, accounting standards and size, including Italian undertakings or permanent establishments in Italy of non-resident taxpayers, performing R&D activities on the basis of agreements with

non-Italian companies resident in EU member States, or in a European Economic Area (EEA) countries or other Country partners with which an exchange of information instrument is in force.

## Which expenses are eligible

Taxpayers have to incur costs for one (or more) of the R&D qualifying activities, consisting in fundamental research, industrial research and experimental development.

In particular, the eligible expenses are those incurred for:

- workers involved in the above-mentioned R&D activities;
- depreciation charges related to the assets employed to carry out the activities/projects;
- R&D “extra-muros”, i.e. activities carried out jointly with universities, research institutes and equivalent bodies and other enterprises;
- technical expertise, industrial and biotechnological patents.

## Benefit

The Italian Revenue Agency recognises a tax credit up to 50% of the increase of annual R&D expenses, which is neither included in the income tax base nor in the Regional Tax on Productive Activities base. This increase has to be calculated by comparing the average of expenses in R&D which the taxpayer incurred in the period 2012/2014.

Taxpayers are entitled to use tax credit as a form of payment for income or regional taxes as well as social security contributions.