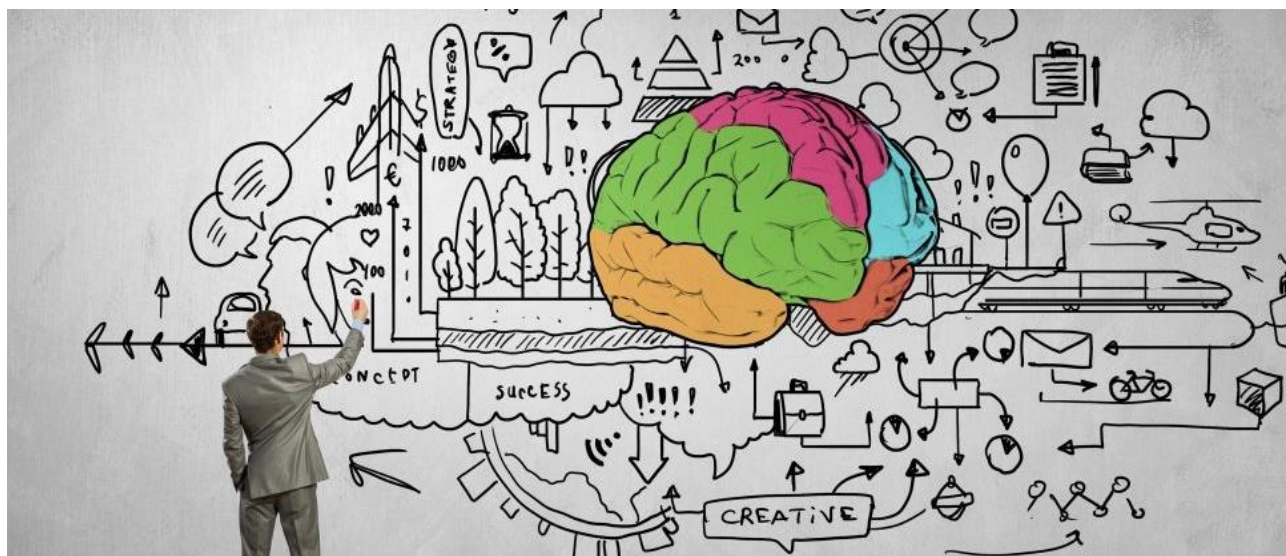


ITALY – R&D - Tax credit

Up to 50% of tax credit in case of Research & Development investments



Tax savings opportunities for companies – process improvement funded with tax credit

Generally Companies, not only big companies, invest in order to keep their business competitive.

In some cases, these investments can be considered research and development (R&D) investments and could have the benefit of **tax credit up to 50%** of the total amount incurred.

In other words the Italian tax authority, in order to encourage investments in innovation, funds the 50% of expenses incurred on R&D activities with tax credit.

In accordance with the 2019 Budget Law, tax credit on R&D investment is applicable to the increase of:

- expenses related to the employment costs of the employees involved in the R&D activities, including directors' fee; and
- expenses related to R&D contracts signed with Universities and Research Organizations as well as with independent innovative start-ups and small and medium innovative enterprises.

On the R&D expenses different than the above mentioned, the 25% of tax credit applies.

The increase is calculated by comparing the current R&D expenses with the average expenses which the taxpayer incurred in the years 2012, 2013 and 2014. For the company incorporated after the mentioned period, the increase is computed on the average of the period after the incorporation

Necessary fulfillments

In order to obtain the tax credit, the following documents are needed:

- a technical report showing the R&D projects, their progresses and all the relevant information for identifying the works eligible for tax credit, the workers involved and so on; and
- a certification provided by an official auditor with the confirmation of the qualifying expenses for the purposes of calculating the benefit.

Other limits and conditions

The R&D activities should be at least equal to 30,000 euros per year and the maximum annual credit for each beneficiary is 10M euros per year.

Next steps

Companies should consider this great opportunity to improve their processes with investments that can be funded with the tax credit, up to 50%.

If companies are doing investments to improve their processes, they can verify if these investments qualify for tax credit.

Our firm will be happy to assist in order to verify whether the investment qualifies for the tax credit or to discuss the changes needed to structure the investment in order to obtain the tax credit. ^(*)

For further information please contact us:

SITAX | Studio Tributario Internazionale
T: +39 06 69924959 | F: +39 06 6991012
E: info@sitax.it

(*) This publication contains information in summary and it is just a general guidance. We do not accept any responsibility for loss to any person acting or refraining from action as result of any material in this publication. This publication should not be relied on as a substitute for professional advice