

INTERNATIONAL COMPARISON

November 2017



What's in this issue: Taxation of Technology and R&D – Special Tax Benefits

Auren International Comparison is a quarterly publication that provides you an overview of trends and international tax developments by comparing tax issues in different legislations around the world, that may affect those doing business in multiple locations.

Constant legislative, regulatory, and judicial changes, along with globalization, economic shifts, and operational adjustments, are challenging issues. Now more than ever, in an increasingly globalized world, companies must have a total perspective and awareness of tax issues, and this publication aims to cover key tax topics which should be of interest to businesses operating internationally.

This edition includes numerous country focus pieces, in which it is analyzed; Special tax benefits or provisions that are supposed to encourage the development of technologies and R&D.

We hope you that you find this publication helpful.

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Argentina

Does your country have tax benefits for technological companies?	Promotional Regime for the Software Industry set forth by Law 25.922. This law introduced special benefits for the mentioned Industry.
What is the tax definition for technological companies, which are entitled to tax benefits?	<p>To qualify for tax benefits, the activity related with software industry has to meet certain requirements:</p> <ul style="list-style-type: none"> • The activity involved in the regime has to represent more than 50% of the company's annual revenues. • The activity has to be developed by an Entity, not an individual. • The Company has to achieve at least, two of these three conditions: <ul style="list-style-type: none"> a) Software Research and Development. b) Certify quality standards listed by the authorities. c) Export software.
What is the period during which the Company is entitled to benefits?	The company will be entitled to benefits from its registration in "National Registry of Software Producers and Computer Services". Actually, the registration will be available until December 2019. The mentioned deadline could probably be extended by the current government, which has shown a proactive attitude towards fostering technology.
Tax benefits for the technological and R&D companies	<p>There are Tax benefits for both, Federal and Provincial level (applied in different types of tax).</p> <p>National Taxation:</p> <ul style="list-style-type: none"> • Tax stability for taxpayers registering with the system. • Tax credit amounting to 70% of the social security contributions paid for the personnel related to the industry, which can be used to offset national tax liabilities (for instance, VAT). This not to be used for the Income Tax. • 60% reduction in the income tax burden for each fiscal year, applicable to both Argentine source income and to foreign source income. • Exemption from VAT withholding or additional withholding, which is an important advantage from a financial standpoint. <p>Provincial Taxation:</p> <ul style="list-style-type: none"> • It depends on the Province in which the entrepreneur establishes the company. Some Provinces, such as, Buenos Aires or Córdoba, grant reductions or no taxation in their jurisdictions on this activity.



Argentina

Tax benefits for foreign shareholders of a technological companies	There 's no different treatment according to shareholder 's nationality.
Notes - Special legal provisions, or other related laws	<ul style="list-style-type: none">• Fiduciary Fund, which may grant loans, non-reimbursable or capital contributions to endeavors and entrepreneurial capital institutions to support entrepreneurial projects.• Special Regime (Law N° 27.264) of Promotion of Small and Medium Sized Enterprises. This regime grants different tax benefits for the mentioned enterprises. For example, a percentage of fixed asset investments can be computed as payment on account of Income Tax.



Austria

Does your country has tax benefits for technological companies?	No, there are no tax benefits for technological companies, but there is a considerably big tax benefit for every company that does R&D.
What is the tax definition for technological companies, which are entitled to tax benefits?	N/A
What is the period during which the Company is entitled to benefits?	The benefit period for R&D is not limited and shall apply for as long as the legislation is in force and the companies comply with the law's provisions and the criteria determined.
Tax benefits for the technological and R&D companies	Companies that invest in qualified R&D can apply to receive a tax benefit of 14 % of all R&D related expenses. The tax benefit is a cash benefit that does not depend on whether the company makes profits or not. To receive the credit the company has to file a request on a yearly basis in which the activities and the costs of the relevant year are explained. After a positive audit the company will receive the cash credit.
Tax benefits for foreign shareholders of a technological companies	Dividends tax There is no tax benefit for a foreign shareholder
Notes - Special legal provisions, or other related laws	Aws Risikokapitalprämie (Risk capital bonus) Investments in innovative Start-up companies are funded by the government with a 20% cash bonus for the investment. Per start-up company up to EUR 250.000, - per year investment is supported by this initiative.



Bulgaria

Does your country has tax benefits for technological companies?	No
What is the tax definition for technological companies, which are entitled to tax benefits?	The Bulgarian tax legislation is uniform for all types of businesses with no special treatment to technological companies.
What is the period during which the Company is entitled to benefits?	Not applicable.
Tax benefits for the technological and R&D companies	Identical as those available in other sectors, no specific tax benefits.
Tax benefits for foreign shareholders of a technological companies	Dividends tax The tax rate on dividends for a foreign shareholder is 0% (other EU company) or 5% in case of an individual.
Notes - Special legal provisions, or other related laws	No



Colombia

Does your country has tax benefits for technological companies?	Yes, "Colombian Tax Statute updated with Law 1819 of 2016"
What is the tax definition for technological companies, which are entitled to tax benefits?	<p>Any company can participate in a Technology and R&D plan while be who invest directly in it.</p> <p>Colombian government through COLCIENCIAS makes an announcement for company that want to participate in R&D projects with own proposals.</p> <p>Those proposals have to accomplish the requirements defined by Consejo Nacional de Beneficios Tributarios en TICs (CNBT) relating to the following:</p> <ul style="list-style-type: none"> • Identification of the kind of project: scientist, technological or innovation. • Description of the reason why that plan generates new knowledge, gives a response for a specifically need, or creation or improvement of products and services. • Structure of written report that includes: background, methodology, budget, schedule, etc. <p>The proposal must be submitted during the term defined by COLCIENCIAS.</p>
What is the period during which the Company is entitled to benefits?	The company does not have limit of time. However, has to take in account that the CNBT imposes a limit for the benefit in the current year. In the year 2016, it allocated \$600.000.000 (Colombian pesos) for subsidize the taxes benefits in R&D projects.
Tax benefits for the technological and R&D companies	<p>VAT exclusion</p> <p>All companies that provide the follow services, has not to pay the VAT tax:</p> <ul style="list-style-type: none"> • Education services approved by Ministerio de Tecnologías de la Información y la Comunicación. • Web page, hosting, cloud computing and maintenance supplies. • Purchase of software licenses for the commercial development of digital content. <p>Tax deduction</p> <p>From 2017 companies that got a quota for benefit tax, can do the follow:</p> <ul style="list-style-type: none"> • Apply a deduction for 100% of R&D investment in the tax statement of current year. • Take the 25% additional of the initial R&D investment, but no exceed the 25% of tax payable. If that happen the company will have this benefit for 4 years more.
Tax benefits for foreign shareholders of a technological companies	-
Notes - Special legal provisions, or other related laws	<p>Income that does not constitute a tax</p> <p>Incomes received by people working in R&D projects (researchers), do not have taxes.</p>

Cyprus

<p>Does your country has tax benefits for technological companies?</p>	<p>There is no specific tax benefits for technological companies. However, tax incentives exist for investment into innovative and startup companies.</p> <p>Furthermore, a startup visa scheme has also been put in place.</p> <p>Finally, we also have a beneficial IP regime from which technology and R&D companies may benefit</p>
<p>What is the tax definition for technological companies, which are entitled to tax benefits?</p>	<p>The tax incentive available relates to qualifying investors that make a risk-finance investment in an innovative small and medium sized enterprise (SME).</p> <p>Qualifying investor: Individual who is independent from the enterprise (i.e. not an existing shareholder, unless he/she was one of the founders of the enterprise upon incorporation). Individuals can carry out their investment either directly or indirectly through an investment fund or through an alternative trading platform for venture capital investment in an innovative small and medium-sized enterprise (SME).</p> <p>Risk-finance investment: Equity investment or quasi-equity investment or loan or any combination of these which includes finance leases and guarantees. The risk finance investment may not exceed €15 million.</p> <p>Innovative SME: SME which operates in Cyprus, at time of investment is an unlisted SME having a business plan (if no financial records are available) and which meets at least one of the following three criteria: (a) does not operate in any markets, (b) (ii) It has not been operating in any market for more than 7 years or (c) (iii) It requires an initial risk finance investment which, based on a business plan prepared in view of entering a new product or geographical market, is higher than 50% of their average annual turnover in the preceding 5 years</p>
<p>What is the period during which the Company is entitled to benefits?</p>	<ul style="list-style-type: none"> • The tax incentive is available to qualifying investors for a three-year period beginning from 1 January 2017, unless a new law is adopted before the end of that period that extends the application of the incentive. • Qualifying businesses expenditure incurred by an innovative SME may be deducted from taxable income equally in the year incurred and in the following five years (i.e. over a total of six years)



Cyprus

Tax benefits for the technological and R&D companies	<ul style="list-style-type: none"> For the qualifying investors making the investment in the innovative SME, a deduction of the costs of the investment from his/her taxable income is allowed. This is limited to 50% of the investor's taxable income in the year in which the investment is made. Additionally, the total deductible amount cannot exceed €150,000 per year. The remaining investment cost not claimed can be carried forward and be deducted from the taxable income of the subsequent five years. The innovative SME may deduct the qualifying expenditure from taxable income equally in the year incurred and in the following five years. Such qualifying expenditure includes the expenditure incurred for scientific research including research for R&D, incurred by a person conducting an innovative SME, and which are not eligible for capital allowances as per the relevant article of the Income Tax Law of Cyprus
Tax benefits for foreign shareholders of a technological companies	<ul style="list-style-type: none"> General incentive (not just for technological companies) is that there will be no withholding tax on dividend paid by a Cyprus company to foreign shareholders (non-tax resident and non-domiciled in Cyprus)
Notes - Special legal provisions, or other related laws	<p>CYPRUS IP REGIME</p> <p>Qualifying assets</p> <p>Assets that were acquired, developed or exploited by a person in the course of his business (excluding intellectual property associated with marketing) and which pertains to research and development activities for which economic ownership exists. Specifically these assets are:</p> <ul style="list-style-type: none"> Patents as defined in the Patents Law Computer Software Other IP assets that are non-obvious, novel and useful, where the person which utilizes them in further development of a business that does not generate annual gross revenues exceeding Euro 7,500,000 (or Euro 50,000,000 for a group of companies) and which should be certified by an appropriate authority either in Cyprus or abroad. Utility models, intellectual property assets which provide protection to plants and generic material, orphan drug designations and extensions of protections of patents, all of which should be legally protected. <p>It should be noted that rights used for the marketing of products and services such as business names, brands, trademarks, image rights etc. are not considered as qualifying intangible assets.</p>



Cyprus

Tax benefit

80% deduction of the net profit as calculated in the nexus approach derived by the qualifying intangible assets (as defined above) in form of royalty income, embedded income and other qualifying income

STARTUP VISA SCHEME

- Introduced in February of 2017 and to be applied for two years during which 150 residence permits are available to be issued
- Applicable for third country nationals interested in residing and investing in innovative businesses in Cyprus

Criteria

- Access to €50,000 worth of capital
- Innovative business/business plan
- Principal offices and tax residency registered in Cyprus
- Exercise of management and control of the companies from Cyprus
- Founder must hold an undergraduate degree or an equivalent professional qualification
- Very good knowledge of Greek and/or English

Options Available

Individual Startup VISA Plan and

Team (or Group) Startup VISA plan (up to five members)



Germany

NO SPECIFIC TAX BENEFITS FOR TECHNOLOGICAL COMPANIES ARE APPLIED IN THIS COUNTRY.

Greece

NO SPECIFIC TAX BENEFITS FOR TECHNOLOGICAL COMPANIES ARE APPLIED IN THIS COUNTRY.

Israel

Does your country has tax benefits for technological companies?	Yes, "Taxation benefit channel for preferred technology plants", Legislative update dated 1/1/2017.
What is the tax definition for technological companies, which are entitled to tax benefits?	"Preferred technology plant" has to stand according to several accumulated criteria, relating to the following: <ul style="list-style-type: none">• The ratio of R & D expenditure out of total expenditure, in each tax year.• The Company's revenues in the tax year and the increase between the years.• Criteria and conditions for the export program to other countries.
What is the period during which the Company is entitled to benefits?	The benefit period is not limited and shall apply for as long as the legislation is in force and the companies comply with the law's provisions and the criteria determined for the Company.
Tax benefits for the technological and R&D companies	Corporate tax The corporate tax rate for Technological taxable income, is based on a variable tax rate between 6% and 12%. Depending on the geographical area in which the plant is located in Israel and the turnover of the transactions. (Instead of a regular corporate tax that stands at 24% in 2017 and 23% in 2018). Capital gain In the sale of an intangible asset to a foreign resident company, the tax rate on capital gains is based on a variable tax rate between 6% and 12%, depending on the turnover of the transactions.
Tax benefits for foreign shareholders of a technological companies	Dividends tax The tax rate on dividends for a foreign shareholder is 4%.
Notes - Special legal provisions, or other related laws	"Angels law" Investment in a start-up technological company, which stand with a certain conditions, will be recognized to the investor as a deductible expense from any other taxable income that the investor has in Israel. Thus recognizing the investment as an expense already in the investment year, instead of referring to the investment as an ordinary capital investment.

Malta

Does your country has tax benefits for technological companies?	Yes, there are special Investment Aid Tax credits and also further support, like grants, subsidies rents for to establish themselves in Technology hub in Malta.
What is the tax definition for technological companies, which are entitled to tax benefits?	Technological companies' definition is very wide in Malta. Under this umbrella it can gather all companies in the Technological sector, apart from iGaming, since these are treated separately in Malta, as there is a special tax regime for these.
What is the period during which the Company is entitled to benefits?	The benefit period is limited to start-ups, i.e. (in their 1st to 3rd years of business) or else for those pre-established business it must be something completely new and innovative in the market.
Tax benefits for the technological and R&D companies	<p>Corporate tax</p> <p>The corporate tax rate for Technological taxable income, is based on 35%, but then the foreign shareholders for a tax refund of 6/7ths, which will result to a net effective tax rate of 5%. Apart from these, the companies will be eligible to apply for tax credits, based on the eligible costs of the projects and tax credits amounting from 30% to 45% of the total eligible costs. Hence this might result that the company won't pay taxation for a number of years until such tax credits will be expositied.</p> <p>Capital gain</p> <p>Capital Gains tax is NIL when the foreign shareholders is selling the shares in the Maltese Entity.</p> <p>If the Maltese Entity will be selling off assets, then that will be taxed normally in the course of business, hence the above rules listed in the Corporate taxation will be applied.</p>
Tax benefits for foreign shareholders of a technological companies	<p>Dividends tax</p> <p>There is not Dividend tax on dividends paid to foreign shareholders, from a Maltese perspective. Further to this, when the dividends is declared and distributed then the tax refund mechanism will kick in and hence be able to apply for the 6/7ths tax refunds on the Corporate tax paid in Malta.</p>
Notes - Special legal provisions, or other related laws	Special legislation has been drafted for the iGaming companies.



Mexico

Does your country has tax benefits for technological companies?	Yes, "Tax incentive to the Research and Development of Technology", Art. 202 Law on Income Tax. Legislative update dated 11/30/2016. Yes, "Tax incentive to the Research and Development of Technology", Art. 202 Law on Income Tax. Legislative update dated 11/30/2016.
What is the tax definition for technological companies, which are entitled to tax benefits?	<p>A tax incentive is granted to the taxpayers of the income tax that carry out R & D projects. For the application for the tax incentive referred, it will be as follows:</p> <ul style="list-style-type: none"> • A committee will be created which will be in charge of authorizing the tax incentive. • The total amount of the stimulus to distribute among the applicants of the benefit, shall not exceed 1,500 million pesos for each fiscal year or 50 million pesos per taxpayer. • The taxpayers must comply with the provisions of the general rules that the Committee publishes for the granting of the stimulus. These rules will also establish commitments for the development of prototypes and other equivalent deliverables, as well as the generation of patents that must be registered in Mexico.
What is the period during which the Company is entitled to benefits?	In the event that the taxpayer does not apply the credit in the year in which he could do so, he will lose the right to credit him in subsequent years and even for the amount in which he could have done so.
Tax benefits for the technological and R&D companies	Consisting in applying a tax credit equivalent to 30% of the expenses and investments made in the year in R & D, against the income tax caused in the exercise in which said credit is determined
Tax benefits for foreign shareholders of a technological companies	Does not apply
Notes - Special legal provisions, or other related laws	<p>INNOVAPYME (Technological innovation for micro, small and medium enterprises)</p> <ul style="list-style-type: none"> • Modality exclusively dedicated to proposals and projects whose proponent is MIPYMES companies. • In this modality, companies may submit proposals individually or linked to IES, CI or both. <p>INNOVATEC (Technological Innovation for large companies)</p> <ul style="list-style-type: none"> • Modality dedicated exclusively to proposals and projects whose proponent is large companies. • In this modality, companies may submit proposals individually or linked to IES, CI or both. <p>PROINNOVA (Network projects oriented towards innovation)</p> <ul style="list-style-type: none"> • Modality dedicated exclusively to proposals and projects presented in connection with at least two HEIs, or two ICs or one of each.



Nigeria

Please specify whether there is a special tax regime in your country.	There is no special tax regime for technology and R&D businesses other than that companies that provide any of: GSM services, cyber services, internet services and telecommunication services generally (among others) and who have more than N100million (circa USD\$320,000) turnover, are to be assessed for a tax, called the National Information Technology Development Agency (NITDA) Levy. The NITDA Levy is assessed at 1% of the taxable company's profit before tax. The NITDA Levy is however deductible for corporate income tax purposes.
Whether there are special tax benefits or provisions that are supposed to encourage the development of technologies and R&D.	<p>Yes there are. The most significant being the pioneer status incentive (PSI). The PSI exists as a maximum 5year companies income tax (CIT) holiday for the company and withholding tax (WHT) holiday for the dividends payable to the shareholders of the company. Additionally, all capital allowances (tax depreciation) accrued during the tax holiday become utilizable by the company immediately after the holiday. Some of the category of technology and R&D businesses that qualify for the PSI include: e-commerce businesses, software development businesses, motion picture, video, television and music productions etc.</p> <p>In addition to the preceding paragraph:</p> <ul style="list-style-type: none"> • all R&D costs are tax deductible; • profits that are reserved or retained for R&D, up to a maximum of 10% of the profits, are also tax deductible; • companies that engage commercialize their R&D functions are to be allowed a 20% investment tax credit (ITC) on their qualifying capital expenditures on R&D.
Does your country has tax benefits for technological companies?	Please see preceding row.
What is the tax definition for technological companies, which are entitled to tax benefits?	There is none. Whether a company is technological will turn on the facts of the company's core business activities.
What is the period during which the Company is entitled to benefits?	<p>Please see the 1st row on the maximum period o the PSI for 5years. An initial tax holiday period of 3 years is granted with two subsequent 1 year holidays where the applicant is deserving as they are not granted automatically.</p> <p>In relation to the tax deductibility of R&D costs or retained earnings or the ITC, they are granted for the period when the costs where incurred or profits retained.</p>



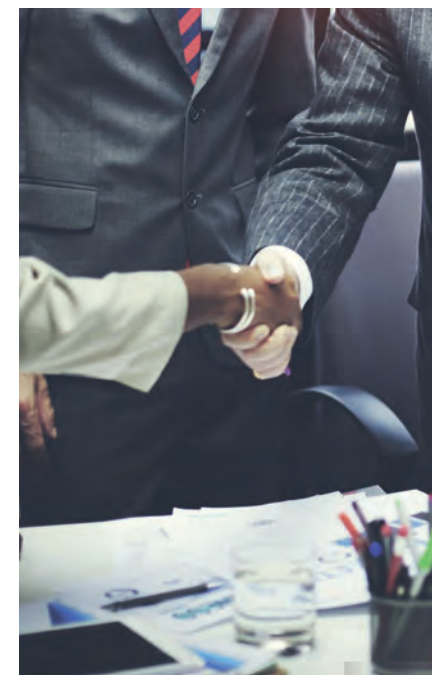
Nigeria

Tax benefits for the technological and R&D companies	Please see the 1 st row.
Tax benefits for foreign shareholders of a technological companies	<p>The benefits are not peculiar to the foreign shareholders of technological companies but to all foreign shareholders. The significant ones include:</p> <ul style="list-style-type: none"> • A company in which foreign equity ownership is at least 25% of shareholding will be exempted from the application of Nigeria's corporate minimum tax rule (MTR). The corporate MTR surcharges a company to CIT even where no profits have been made. • WHT, when deducted from and remitted on the dividends payable to a foreign shareholder, is deemed as the final tax of the foreign shareholder on the dividend. • WHT rate on dividends is 10%, save where a shareholder is from a jurisdiction with which Nigeria has a double taxation treaty (DTT), in which case, a 25% rebate normally applies, bring the WHT rate down to 7.5%.
Notes - Special legal provisions, or other related laws	<p>Relevant laws on the foregoing include, the:</p> <ul style="list-style-type: none"> • National Information Technology Development Agency Act • Nigerian Investment Promotion Commission Act • Industrial Development (Income Tax) Relief Act • Companies Income Tax Act • Nigeria's existing 13 different DTTs with each of: Belgium, Canada, China, Czech, France, Italy (limited to Air and Shipping businesses only), Netherlands, Pakistan, Philippines, Romania, Slovakia, South Africa and United Kingdom.



Paraguay

Does your country has tax benefits for technological companies?	Maquila Law according to Law 1064/94 Law 60-90 (Investment Law) Law 523/1995 (Free Zone)
What is the tax definition for technological companies, which are entitled to tax benefits?	<p>Maquila law by Law 1064/94:</p> <p>Maquila Law is to promote the establishment and regulate the operations of maquiladoras, combining goods or services of foreign origin imported temporarily, with labor and other national resources, allocating production to Screen export markets ion.</p> <p>Tax exemptions:</p> <ul style="list-style-type: none"> • Exoneration of the Tax of Patents to Shops, Industries, Professions and Trades. • Exemption from the Construction Tax that affects the Industrial Plant and / or Services as approved in the Maquila Program. • Exemption from the rates directly affected to the Maquila process. <p>Law 60-90 (Investment Law)</p> <p>The Investment Law aims to promote and increase capital investments of national and / or foreign origin. Fiscal benefits are granted to natural and legal persons filed in the country.</p> <ul style="list-style-type: none"> • Total exemption from tax and municipal taxes imposed on the incorporation, registration and registration of companies and companies. • Total exemption from customs duties and other similar effects, including internal taxes that apply specifically to the import of capital goods, raw materials and inputs destined you to the local industry, etc. • For investments over USD 5 million, no taxes are paid when the profits from the project are distributed <p>Law 523/1995 (Free Zone)</p> <p>Free Zones are spaces of the national territory, located and authorized as such by the Executive Power, subject to the fiscal, customs and administrative control established in this Law and in the pertinent regulations.</p> <p>They will be exempt from the Value Added Tax for the services they provide in favor of the Users. The sales of goods and services from the Customs Territory to the Free Zones will have the fiscal treatment that is granted to exports.</p>



Paraguay

What is the period during which the Company is entitled to benefits?	The benefit period is up to 5 years, renewable at maturity, provided the companies enjoying these benefits meet all tax regulations.
Tax benefits for the technological and R&D companies	<p>Companies engaged in research and development in Paraguay and you can have tax benefits if your I used schemes of benefits such as:</p> <p>Maquila: 10% exemption from VAT, 10% of income, exemptions from municipal taxes and customs duties.</p> <p>Law 60/90: 10% exemption from VAT, 10% of income, and 15% of income on the distribution of income abroad, exemptions from municipal taxes and customs duties.</p> <p>Free Zone: exemption of 10% VAT, 10% income tax exemption extends to the creation of user companies in the Free Zones.</p>
Tax benefits for foreign shareholders of a technological companies	Does not apply
Notes - Special legal provisions, or other related laws	N/A



Peru

Does your country has tax benefits for technological companies?	Yes, Act N° 30309 "Act that promotes Research, Technological Development and Technological Innovation Projects (R&D&I) dated 13/03/2015", and Supreme Decree N° 188-2015-EF and Supreme Decree N° 326-2015-EF
What is the tax definition for technological companies, which are entitled to tax benefits?	<p>Legal Basis: Supreme Decree N° 188-2015-EF</p> <p>Article 3 – Qualification of the project as scientific research, technological development or technological innovation.</p> <p>The project will be qualified by CONCYTEC as scientific research, technological development or technological innovation. Persons who have access to the content of the project must keep the appropriate confidentiality on its content under administrative, civil and/or criminal penalties.</p> <p>The qualification is granted within 30 working days. In the event of failure to take a timely decision, negative administrative silence shall be applied.</p>
What is the period during which the Company is entitled to benefits?	<p>Legal Basis: Act N° 30309</p> <p>Article 7. Effectiveness of the additional deduction</p> <p>This benefit shall be applicable to scientific research, technological development and technological innovation projects starting from the entry into force of this Act and shall remain in force until the fiscal year 2019.</p>
Tax benefits for the technological and R&D companies	<p>Legal Basis: Act N° 30309</p> <p>Article 6. Applicable limits to the additional deduction</p> <p>The additional deduction of 75% and 50% may not exceed in each case the annual limit of one thousand three hundred and thirty-five Tax Units (1335 TU).</p> <p>Legal Basis: Supreme Decree N° 188-2015-EF</p> <p>Article 10 – Deduction of expenses for scientific research, technological development and technological innovation projects.</p> <p>The additional deduction of the taxpayer may not exceed the annual limit of one thousand three hundred and thirty-five tax units (1335 UIT) in accordance with Article 6 of the Act.</p> <p>Legal Basis: Presidential Resolution N° 198-2015-CONCYTEC-P.</p> <p>Second recital: "they may qualify for deductions of 175% or 150%, depending on whether they can be made directly by the taxpayer or through scientific research centers, domiciled or not in the country respectively".</p>

Peru

Tax benefits for foreign shareholders of a technological companies	<p>Legal Basis: Article 1 of Act N° 30309 Concordant: Subparagraph b) numeral 1 of article 5° of the S.D. N° 180-2015-EF and Article 37 A-3 of the Income Tax Law</p> <p>Article 1. Tax benefit applicable to expenses on scientific research, technological development and technological innovation projects.</p> <p>Taxpayers who incur expenses in scientific research, technological development and technological innovation projects linked or not to the company's business purpose, that comply with the requirements established in article 3 of this Act, may qualify for the following deductions: 150% Indirect modality with centers NOT domiciled in the country.</p>								
Notes - Special legal provisions, or other related laws	<p>Legal Basis: Supreme Decree N° 326-2015-EF</p> <p>Article 3. - Maximum total deductible amount. Set the maximum total amount referred to in the second paragraph of Article 6 of the Act according to the following:</p> <table><tr><th>2016</th><th>2017</th><th>2018</th><th>2019</th></tr><tr><td>S/. 57,500,000</td><td>S/. 114,800000</td><td>S/. 155,200,000</td><td>S/. 207,200,000</td></tr></table> <p>For micro and small businesses, at least 10% of the maximum total annual deductible amount will be allocated.</p>	2016	2017	2018	2019	S/. 57,500,000	S/. 114,800000	S/. 155,200,000	S/. 207,200,000
2016	2017	2018	2019						
S/. 57,500,000	S/. 114,800000	S/. 155,200,000	S/. 207,200,000						



Portugal

Does your country has tax benefits for technological companies?	No. Portugal does not have tax benefits for technological companies. There is a tax benefit applicable to research and development (R&D) expenses, applicable to all companies (called SIFIDE II)
What is the period during which the Company is entitled to benefits?	The tax benefit shall be applied until 2020, in accordance with the actual legislation and if the companies comply with the law's provision
Companies Tax benefits for R&D expenses	Corporate tax Expenses on R&D are deductible to the taxable income until the following amounts: <ul style="list-style-type: none">• 32,5% of the expenses incurred on the tax year• 50% of the expenses that exceeds the average of the two previous years, until the limit of 1.500.000€• The percentage of 32,5% is increased on 15% in case of the micro small and medium companies that does not benefit of the incremental tax of 50% as they have not yet accomplished 2 years of activity Expenses on ecological product design projects may be increased on 10%, providing that certain conditions are accomplished Expenses with doctoral contracting may be increased on 20% Expenses not deducted on the year due to the lack of taxable income can be deducted until the eighth following year.

Romania

NO SPECIFIC TAX BENEFITS FOR TECHNOLOGICAL COMPANIES ARE APPLIED IN THIS COUNTRY.

Serbia

NO SPECIFIC TAX BENEFITS FOR TECHNOLOGICAL COMPANIES ARE APPLIED IN THIS COUNTRY.

Spain

Please specify whether there is a special tax regime in your country.	There is no special tax regime for technological companies in Spain.
Whether there are special tax benefits or provisions that are supposed to encourage the development of technologies and R&D.	Nonetheless, Law 27/2014, from November 27th, Corporate Tax includes some tax benefits for those companies who invest in R&D and TI.
Does your country has tax benefits for technological companies?	No, but there is the constantly updated Law 14/2011, from June 1st, for Science, Technology and Innovation. This law establishes specific measures to promote R&D and innovation as a key element for the economic development.
What is the tax definition for technological companies, which are entitled to tax benefits?	There are no tax benefits for technological companies. However, new established companies can apply a Corporate Tax rate of 15% instead of the regular 25%.
What is the period during which the Company is entitled to benefits?	The first two years in which the company's revenue is positive.
Tax benefits for the technological and R&D companies	Corporate Tax: <ul style="list-style-type: none"> Spanish law recognizes a tax credit for 25% of the expenses incurred during the tax period on scientific R&D. If the investment exceeds the average expenses from the two previous years, said excess enjoys a 42% tax credit. Entities that hire employees exclusively for R&D activities can apply an additional tax credit of 17% of personnel expenses. Entities that invest in both tangible and intangible assets, other than buildings and land, that are going to be used exclusively for R&D purposes can apply an additional tax credit of 8% of the acquisition cost of said assets. Tax credit for expenses incurred on technological innovation (TI) during the tax period is 12%.
Tax benefits for foreign shareholders of a technological companies	There are no tax benefits for foreigner holders of technological companies: they only apply for holding structures under the ETVE's regime.
Notes - Special legal provisions, or other related laws	Spanish Patent Box (IP Box) In order to promote the sharing of knowledge and latest advances, the Corporate Tax Law establishes a 60% reduction of the taxable income resulting from the licensing of certain intangible assets, such as patents, designs, models, secret formulas, processes and industrial, commercial or scientific know-how.

UAE

NO SPECIFIC TAX BENEFITS FOR TECHNOLOGICAL COMPANIES ARE APPLIED IN THIS COUNTRY.

United Kingdom

Does your country has tax benefits for technological companies?	<p>The UK has the following tax reliefs and benefits which companies can potentially utilise:</p> <ol style="list-style-type: none">1. R&D SME scheme2. R&D Expenditure Credit scheme (mainly for large companies)3. Patent Box scheme4. UK Government funding (total est. £2.5bn per annum)5. EC Grant funding
What is the tax definition for technological companies, which are entitled to tax benefits?	<p>1. R&D SME scheme The definition of constitutes R&D is laid out by the Department for Business, Energy and Industrial Strategy. Broadly a project is considered as including R&D if it "seeks to achieve an advance in science or technology" by way of resolving a scientific or technological uncertainty. In order to qualify for the R&D Small Medium Enterprise (SME) scheme, a company must have less than 500 employees and either have turnover below €100m or a balance sheet total of below €86m.</p> <p>2. R&D Expenditure Credit (RDEC) scheme The definition of R&D is the same as for the SME scheme. This scheme is open to all companies that do not qualify as SMEs.</p> <p>3. Patent Box scheme Companies which own or have an exclusive licences to use UK or European patents can make a claim under this scheme.</p> <p>4. UK Government funding Companies have the ability for a variety of grants however the most relevant funding body would be Innovate UK.</p> <p>5. EC Grant funding There are a variety of EU grants available such as Horizon 2020, Eureka etc.</p>
What is the period during which the Company is entitled to benefits?	<p>The benefit period for the schemes above are not limited and shall apply for as long as the legislation is in force.</p>



United Kingdom

Tax benefits for the technological and R&D companies	<p>1. R&D SME scheme</p> <p>Companies can claim an additional tax deduction of 230% of the qualifying costs spent on R&D activities. Loss making companies are able to turn 33.35% of the qualifying expenditure into a cash known as an "R&D Tax Credit".</p> <p>2. R&D Expenditure Credit scheme</p> <p>Companies which do not qualify as SME, can instead claim under the RDEC scheme which allows the company to claim a credit of 11% of the qualifying expenditure. This credit is taxable and is shown "above the line" in the accounts thereby improving a company's profit before tax figure. When a company is profitable, the credit is used to settle the corporation tax liability in the current, future or prior years depending on the facts. Where no corporation tax is due the credit can be used to settle other tax debts or alternatively can be repaid net of tax.</p> <p>3. Patent Box scheme</p> <p>Worldwide profits arising from patented inventions (or items which include at least one patented invention) will be subject to a corporation tax rate of 10% as opposed to the current main rate of 19%.</p> <p>Since 1 July 2016 the 'Nexus' fraction is applied to ensure the patent box relief is more closely linked to the R&D activities carried out by the company.</p>
Tax benefits for foreign shareholders of a technological companies	<p>There are no special tax rules for foreign shareholders of technological companies per se. However the following may be worth noting:</p> <p>Employment income</p> <p>In the UK income tax rates on employment income are higher than the dividend rate and hence it is generally accepted tax efficient for owner managed business (OMB) owners to extract the majority of profits via dividends. However if a shareholder is also a key technical employee of the company, and they pay themselves a salary/bonus, this remuneration can potentially qualify for the additional R&D tax relief under the R&D SME scheme or RDEC scheme, and this can result in certain circumstances where a salary is more tax efficient than dividends.</p> <p>Dividends</p> <p>Dividends do not qualify for R&D tax relief under the schemes mentioned above.</p> <p>Individuals can receive dividends up to £5,000 without incurring any UK income tax. Dividends over and above £5,000 will be taxed at either 7.5%, 32.5% and 38.1% depending upon the individual's other income.</p>



United Kingdom

	<p>Tax Efficient Investments (for UK residents)</p> <p>Whilst not exclusive to technological companies, the UK has a number of generous investment relief schemes aimed at new and fast growing companies. These schemes give investors in qualifying companies a range of tax reliefs on amounts invested and may help to reduce a potential investor’s risk profile. Such schemes include: Enterprise Investment Scheme (EIS), Seed Enterprise Investment Scheme (SEIS), or Venture Capital Trusts (VCT) regime. Therefore it is not uncommon for new start up companies to market themselves for the above schemes in order to attract external venture capital investment.</p>
Notes - Special legal provisions, or other related laws	None specifically.



Uruguay

<p>Does your country has tax benefits for technological companies?</p>	<p>Investment projects. The activity of generation of products, services and biotechnological processes in the national territory is promoted under the protection of Law 16.906. For the granting of benefits, one of the following alternatives must be configured:</p> <ul style="list-style-type: none"> • Implementation of a Supplier Development Program for biotechnological products and services. • That the company is a micro, small or medium company that produces services and / or biotechnological products. • That it be a new company that will produce biotechnological products and / or services. <p>On the other hand, the income tax legislation exempts income derived from research and development in the areas of biotechnology and bioinformatics, as determined by the Executive Power, provided that the goods and services originated in the aforementioned activities are fully utilized. abroad.</p> <p>It is also exempted from the income tax derived from the production activity of software and the services linked to them, provided that they are fully used abroad</p>
<p>What is the tax definition for technological companies, which are entitled to tax benefits?</p>	<p>According to the third article of the decree N° 011/013</p> <p>Biotechnology: any technological application that uses biological systems and living organisms or their derivatives for the creation or modification of products or processes for specific uses.</p> <p>Biotechnological products: any product that incorporates biological systems, living organisms or their derivatives in their production process.</p> <p>Biotechnological services: productive process by which biological systems, living organisms or their derivatives are incorporated into products or processes for specific uses</p>
<p>What is the period during which the Company is entitled to benefits?</p>	<p>For investment projects: until December 31, 2021.</p> <p>For services used abroad: no time limit</p>



Uruguay

Tax benefits for the technological and R&D companies

Corporate tax

For investment projects these activities are subject to a 90% income tax exemption between 2012 and 2017, 75% between 2018 and 2019 and 50% between 2020 and 2021. No matter the place of exploitation of the activity

For companies that exploit research and development abroad, part of the income is exonerated. When the referred goods are used entirely abroad, the income derived from them shall be exempted exclusively for the amount corresponding to the ratio of expenses or direct costs incurred to develop said assets increased by 30% (thirty percent), about the expenses or total costs incurred to develop them

In all cases of exemption, it will be required that the goods and services originated in the aforementioned activities be used entirely abroad.

Other Benefits: Under the general regime, projects can also access the following benefits on investment in fixed assets:

- Tax exemption on movable assets for fixed assets for the entire useful life. About Civil Works up to 8 years if the project is in Montevideo and 10 years if it is located in the interior of the country.
- Exemption of Taxes on the importation of movable assets for fixed assets and materials destined to Civil Works declared non-competitive in the national industry.
- Advance refund of VAT under exporters for the purchase in place of materials and services for Civil Works

Capital gain

Exemption from income tax on research and development income in the areas of biotechnology and bioinformatics, and those obtained by the activity of production of logical supports and services linked to them, which determine the Executive Power, provided that the goods and services originate in the above mentioned activities are completely used outdoors.

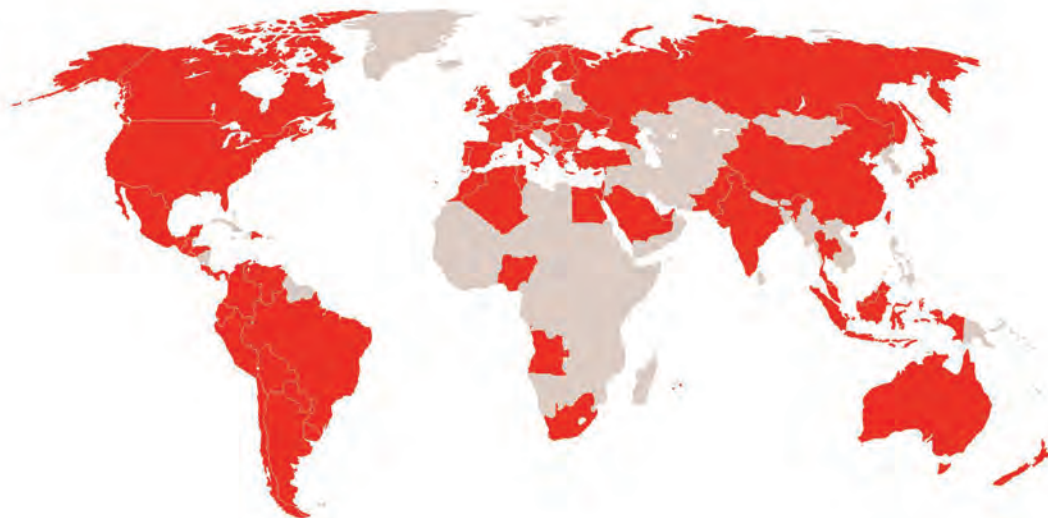
The exoneration will reach the income from the lease, assignment of use or alienation of intangible assets.



Uruguay

	<p>VAT</p> <p>The following services provided to foreign entities are exempt from VAT, allowing the refund of the VAT acquired with the cost of the service.</p> <p>a) The services provided for the design, development or implementation of specific software, understood as those that are produced upon the order of the user.</p> <p>b) The license to use software for a period or in perpetuity.</p> <p>c) The total cession of rights of use and exploitation of software</p>
Tax benefits for foreign shareholders of a technological companies	<p>Dividends tax</p> <p>Dividends paid abroad are taxed at a rate of 7% up to the concurrence with the taxable income of the company</p>
Notes - Special legal provisions, or other related laws	N/A





EUROPE

Andorra
Austria
Belgium
Bulgaria
Cyprus
Czech Republic
Denmark
Finland
France
Germany
Greece
Hungary
Ireland

Italy
Luxembourg
Malta
Montenegro
Norway
Poland
Portugal
Romania
Russia
Serbia
Spain
Sweden
Switzerland
The Netherlands

Ukraine
United Kingdom

AMERICA

Argentina
Bolivia
Brazil
Canada
Chile
Colombia
Costa Rica
Dominican Republic
Ecuador

El Salvador
Guatemala
Honduras
Mexico
Panama
Paraguay
Peru
Uruguay
USA
Venezuela

MIDDLE EAST AND AFRICA

Algeria
Angola
Egypt
Israel
Mauricio
Morocco
Nigeria
Saudi Arabia
South Africa
Tunisia
Turkey
UAE

ASIA-PACIFIC

Australia
China
India
Indonesia
Japan
Malaysia
New Zealand
Pakistan
Singapore