Main features of R&D tax incentives in selected OECD, EU and partner economies, 2019

<table>
<thead>
<tr>
<th>Expenditure-based R&amp;D tax incentives</th>
<th>Tax relief redeemable against CIT</th>
<th>Tax relief redeemable against PWHT or SSCs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>R&amp;D tax credit</strong></td>
<td><strong>Incremental/hybrid</strong></td>
<td><strong>Non-taxable: Belgium, Brazil, China, Croatia, Czech Republic (hybrid), Denmark, Greece, Hungary, Latvia, Lithuania, Malta, Poland (R&amp;D tax allowance, deduction for R&amp;D Centres), Romania, Russian Federation, Slovak Republic (hybrid and volume-based), Slovenia, South Africa, Turkey (hybrid), United Kingdom (SMEs)</strong></td>
</tr>
<tr>
<td>Taxable: Australia, Canada, Chile, United Kingdom (large firms) Non-taxable: Austria, Belgium (incompatible with allowance), Colombia, Denmark (deficit only), France, Hungary, Iceland, Ireland, Japan (volume and special R&amp;D), Korea (investment), New Zealand (general and deficit only tax credit), Norway</td>
<td>Taxable: United States (credit on fixed, indexed base and incremental for simplified credit) Non-taxable: Italy, Japan (high R&amp;D intensity), Korea, Mexico, Portugal, Spain</td>
<td>Taxable: Belgium, France, Hungary (exemption and credit, incompatible in use), Netherlands, Spain, Sweden, Turkey</td>
</tr>
<tr>
<td><strong>R&amp;D tax allowance</strong></td>
<td></td>
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<tr>
<td>Non-taxable: Belgium, Brazil, China, Croatia, Czech Republic (hybrid), Denmark, Greece, Hungary, Latvia, Lithuania, Malta, Poland (R&amp;D tax allowance, deduction for R&amp;D Centres), Romania, Russian Federation, Slovak Republic (hybrid and volume-based), Slovenia, South Africa, Turkey (hybrid), United Kingdom (SMEs)</td>
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</tr>
</tbody>
</table>

**Treatment of unused claims**

- **Refund option**
  - Australia (SMEs), Austria, Belgium (after five years), Canada (SMEs), Denmark, France, Iceland, Ireland, New Zealand (general and deficit only tax credit), Norway, United Kingdom (large companies)
  - Italy, Spain (reduced, payable credit optional), United States (payroll tax offset for certain start-ups)
  - Poland (R&D tax allowance - start-ups), United Kingdom (SMEs)

- **Automatic refund through wage system (limited to PWHT and SSC liability)**
  - Belgium, China, Croatia, Czech Republic, Denmark, Greece, Hungary, Latvia, Lithuania, Poland, Romania, Russian Federation, Slovak Republic, Slovenia, South Africa, Turkey, United Kingdom

**Preferential tax incentive provisions or more favourable terms**

- **SMEs**
  - Australia, Canada, France, Japan (volume), Norway
  - Korea, Portugal, Spain (unreduced, non-payable credit), United States
  - Belgium, China, Croatia, Czech Republic, Denmark, Greece, Hungary, Latvia, Lithuania, Poland, Romania, Russian Federation, Slovak Republic, Slovenia, South Africa, Turkey, United Kingdom (SMEs)
  - Belgium (young innovative firms), France (JEI/UEU), Netherlands (start-ups), Spain (innovative SMEs)

**Collaboration**

- France
- Iceland
- Japan
- Hungary
- Belgium

**Limitation of R&D tax relief**

- **Threshold-dependent credit rates**
  - Canada (CCPCs), France
  - Netherlands

**Accelerated depreciation provisions for R&D capital**

- **Belgium, Brazil, Chile, China, Denmark, France, Ireland, Israel (non R&D specific), Lithuania, Poland, Romania, Russian Federation, Spain, Turkey, United Kingdom**

**No expenditure-based R&D tax incentives**

- Bulgaria, Cyprus, Estonia, Finland, Germany, Latvia, Luxembourg, Switzerland

**Notes:** No call for R&D tax incentives in Argentina in 2019. Hungary also offers a KIVA (optional small business tax, replacing SSC and corporate income tax) exemption and credit, both available to small companies and mutually exclusive in their use with the existing SSC exemption and credit. Malta offers also R&D tax credits which are used by few firms and beyond the scope of this note.

**Source:** OECD R&D Tax Incentive Database, [http://oe.cd/rdtax](http://oe.cd/rdtax), December 2019.