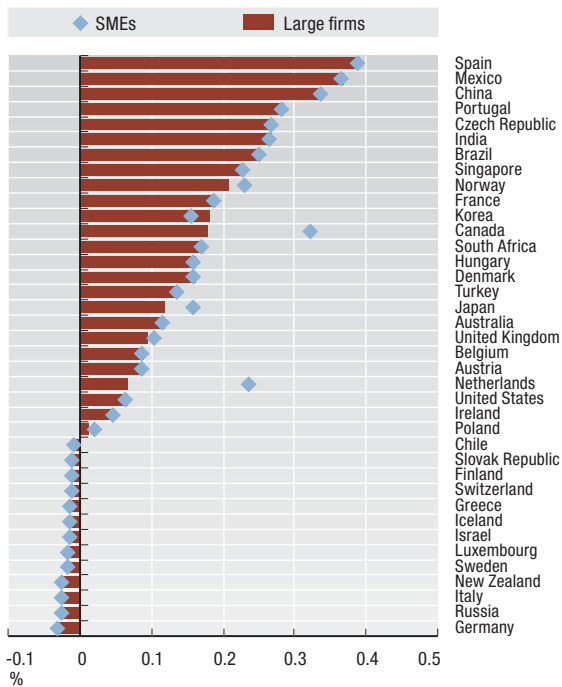
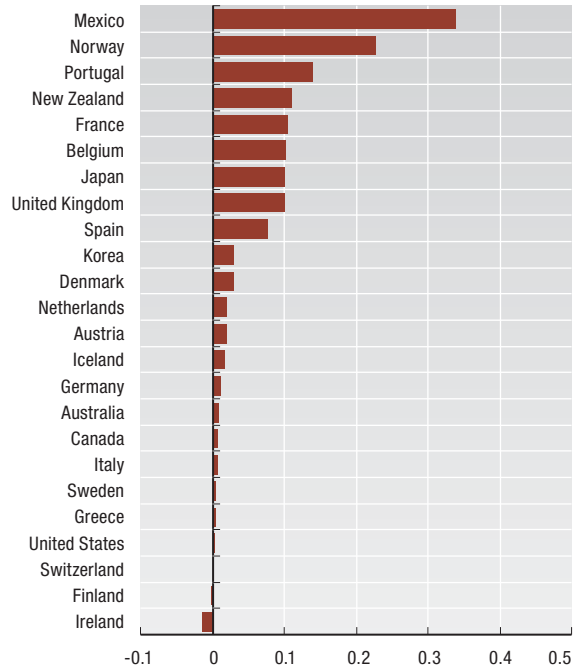


C.3. TAX TREATMENT OF R&D

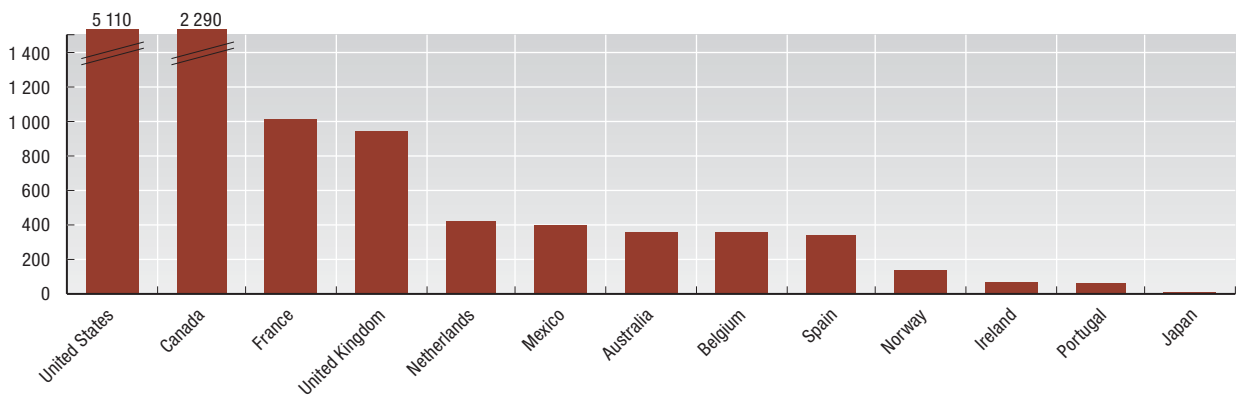
Rate of tax subsidies for USD 1 of R&D¹, large firms and SMEs, 2007



Change in the rate of tax subsidies for USD 1 of R&D, large firms, between 1999 and 2007



Estimates of revenue losses due to R&D tax incentives², 2005, USD millions in PPP



StatLink <http://dx.doi.org/10.1787/117566660733>

1. Tax subsidies are calculated as 1 minus the B index. For example, in Spain, 1 unit of R&D expenditure by large firms results in 0.39 unit of tax relief. See Warda (2001) for country reviews of policy instruments.
2. OECD, based on national estimates (NESTI R&D tax incentives questionnaire), some of which may be preliminary. The estimates cover the federal research tax credit for the United States; the SR&ED tax credit for Canada; the mixed volume and incremental incentive for France; the refundable research premium for Austria; the tax credit consisting in a reduction of taxes on R&D wages as well as the allowance on profits of R&D self-employed for the Netherlands; the volume measure for the United Kingdom, Mexico and Norway; the mixed volume and incremental measure for Spain (now being phased out); both the tax offset and incentive depreciation for Australia; the incremental tax credit for Ireland; the tax incentives for experimental research plus the special tax depreciation of equipment for developmental research for Japan.