






# R&D TAX INCENTIVES

## AROUND THE GLOBE

Country	Federal R&D Incentives	Do payments by a company to local CROs qualify?	Are expenditures for R&D undertaken in foreign countries eligible?	Can CROs claim for R&D commenced under contract?	Is it essential claimant own IP?
 Australia	<p><b>40%</b> non-refundable tax offset for companies with total annual turnover &gt; A\$20m</p> <p><b>45%</b> refundable offset for all others</p>	Yes, if claimant has operative ownership of IP and controls the bearing of the R&D and endures financial risk	Yes, if Australia lacks expertise, facilities or clinical population, offshore work needed for Australian project, overseas spend < Australian spend	No, CROs typically do not meet IP, control and financial risk requirements	Yes, unless they are doing R&D on behalf of a associated overseas party
 China	<p><b>150%</b> superdeduction</p> <p><b>15%</b> tax rate for companies that qualify as High and New Technological Enterprises (HNTE), Qualified Technology Transfer Income (QTTI) or Technologically Advanced Service Company (TASC)</p>	Yes	No	No	No for superdeduction. However, yes for the HNTE, TASC and QTTI programs
 Canada	<p><b>15%</b> non-refundable tax credit</p> <p><b>35%</b> refundable tax credit for certain Canadian Controlled Private Corporations</p>	Yes, a credit can be received on 80% of the payment if R&D is being completed on behalf of claimant	Yes, for salaries paid for Canadian employees working outside of Canada performing SR&ED on Canadian-based projects. However, qualifying expenditure is limited to no more than 10% of the total salaries in the SR&ED claim for that year	Yes, but contract payments received from Canadian payers must be netted. For payments received from foreign payers there is no netting provision	No
 United Kingdom	<p><b>130%</b> superdeduction for large companies* Or</p> <p><b>11%</b> refundable tax credit</p> <p><b>230%</b> superdeduction for SMEs and, if the SME is in a loss position, a</p> <p><b>33.35%</b> refundable credit</p> <p>A patent box regime enables firms to reduce their tax rate by:</p> <p><b>10%</b> on income attributable to patented technology</p>	No, incentives are purely accessible to the "performer" of the R&D	Yes	Yes	No
 United States	<p>Regular method: capped at</p> <p><b>20%</b> credit on 50% of QREs with limitations OR</p> <p>Alternative simplified method:</p> <p><b>14%</b> credit on 50% of average QREs over the past 3 years</p>	Yes, 65% of the payment will be eligible if an agreement is in place before the work started, the work is done on behalf of the payer and the payer bears financial risk	No	No, "funded" research is explicitly excluded	Yes
 India	<p><b>200%</b> weighted deduction on in-house R&amp;D (government approvals required)**</p> <p><b>100%</b> deduction on revenue and capital expenditures paid out or expended in scientific research</p>	125% deduction obtainable on payments made to a pre-approved CRO	Unlikely	Usually no, as the expenses are not connected to the business of the CROs and IP ownership requirements are also not met	Yes

\* The UK's 130% superdeduction scheme will end March 31, 2016.

\*\* India's 200% superdeduction expires after March 31, 2017.