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Fiscal Bulletin



Summary:

1. Amendment and completion of the Norms regarding deductions related to research and development expenses for corporate income tax computation

The application norms for tax incentives related to research and development (“R&D”) activities have been published

Order of the Minister of Finance and of the Minister of Education and Scientific Research No. 256/3331/2015 („Order”) was published in the Official Gazette, Part I, No. 178/16.03.2015. The Order provides the application norms regarding tax incentives for R&D activities.

Therefore, in order to obtain 50% additional deductions rights in relation to R&D expenses recorded by taxpayers, the following aspects are clarified:

- For R&D activities developed by a third party, on demand, the tax incentives are granted to the entity which initiated the request;
- Taxpayers who undergo R&D activities under an allocation agreement pertaining to a group of related companies, benefit from the tax incentives as long as the said taxpayers receive full rights to use the results of the research within their activities;
- Expenses that are not fully recorded in connection to R&D activities, shall be apportioned according to an allocation key set up by the taxpayers;
- For R&D expenses which are capitalized according to accounting regulations in force, the tax deduction may either be registered during the same fiscal period when the expenses are recorded or during the fiscal periods when the expenses are transferred to the profit and loss account.

The Order sets out the conditions for granting the additional deduction rights. Thus, R&D activities should fulfil the following conditions, cumulatively:

- To pertain to a project which should contain the following elements: the agreed objective, the development period, the research field, the financing sources, the result category and the innovative character;
- To be included in the field of industrial research or experimental development.

Moreover, the definitions for the following terms or expressions are amended for additional clarity: “research and development activities”, “industrial research”, “experimental development”, “project”, and “research results” respectively.

Furthermore, it is provided that in order to accurately determine the value of the tax incentives, taxpayers may request an expertise to be performed, observing the extent to which the granting conditions were fulfilled.

The Order’s provisions are applicable starting 16 March 2015, when it was published in the Official Gazette.

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Editors

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