



LowendalMasai

TAX COST SOURCING CASH

How can you take advantage of the different research assistance systems around the world?

Systems promoting research and development funding are currently receiving preferential treatment from legislators all over the world: in Canada, Austria, Portugal, Spain, United Kingdom and Japan.

Are several of your company's subsidiaries eligible for a local R&D funding system? More specifically:

- do you carry out fundamental research, applied research or experimental development activities?
- do you conduct activities aimed at developing or improving your products or processes (existing or ongoing)?

Do you have no internal project team capable of managing your R&D Tax Relief in-house?

Are your technical and financial departments too compartmentalised?

Do you simply have other priorities at the moment?

It is in the interest of companies conducting research projects in different countries and with entities that are subject to taxation in these countries to take advantage of the different local systems. However, these systems are complex to implement and require a top-level multidisciplinary team.

Our solution

For each project focusing on a local system, our work involves:

- Providing support in establishing or improving the management of your R&D funding system using our proven methodology throughout our global network.
- Devoting our expertise in order to understand the various departments involved within your company: consultants specialising in R&D, engineers, doctors, financial experts, accountants, tax experts
- Reconciling scientific and technical aspects with each project's financial one.

Our added value

- A global network of specialists in innovation funding to help your company make the most of the many existing local systems to fund research
- A range of skills which cannot easily be assembled within one company
- A lasting relationship: we gradually transfer our knowledge to you while providing long-term support.
- A project adapted to your specific field and situation, with consultants on hand to answer your questions
- A dedicated tax compliance team
- Guarantees of operational assistance in the event of a government audit
- Fees based mainly on the savings achieved



Our services

- 1 Objective definition of the scope of activities eligible under the local system
- 2 Maximized valuation of R&D activities
- 3 Assembly of a comprehensive file documenting the claim
- 4 On-going follow-up and assistance in the event of a tax audit

Working with LowendalMasai subsidiaries around the world helps you to manage the various local research assistance systems while

- optimising your R&D Tax Relief as the result of an exhaustive calculation of eligible R&D expenditure
- securing your application thanks to strict interpretation of the eligibility criteria set by the authorities.

Examples: four research assistance systems

France	United Kingdom	Spain	Portugal
Form of assistance			
Tax credit (corporate tax relief based on R&D expenditure).	System allowing companies to deduct R&D expenditure from	Tax credit (corporate tax relief based on R&D expenditure).	Tax credit (corporate tax relief based on R&D expenditure).
Calculation method			
<ul style="list-style-type: none"> > From the 2008 fiscal year, tax relief is 30% of the volume of R&D expenditure up to €100 million and 5% beyond this amount. > No ceiling. 	<ul style="list-style-type: none"> > For an SME (less than 500 employees), 75% of eligible R&D expenditure (*50% before 1 April 2008), resulting in a tax deduction equal to the calculated R&D expenditure base, multiplied by the taxation rate*. > For a large company (more than 500 employees), the expenses to be deducted from taxable income are calculated on the basis of 30% of expenditure (25% before 1 April 2008). 	<ul style="list-style-type: none"> > The tax relief includes a volume proportion (30%) and an increasing proportion* (20%) that only has an effect if positive. > In 2008, the amount of research tax credit will be limited to 92% of the calculated amount and 84% in the following years. > The amount of research tax credit a company can claim for a financial year cannot exceed 35% of its total taxation for the year in question. > In France there is a textile tax credit but there is no credit for art businesses. 	<ul style="list-style-type: none"> > The tax relief includes a volume proportion (20%) and an increasing proportion* (50%) that only has an effect if positive. > No ceiling, only the increasing proportion has a ceiling of €750,000.
Example			
<ul style="list-style-type: none"> > Eligible research expenditure in 2007: €1,5 million > Eligible research expenditure 2008 : €2 million > 2008 research tax credit = 30% x €2 million = €600,000 	<ul style="list-style-type: none"> > Eligible research expenditure in 2008: €2 million > Calculation of expenditure for an SME: 75% x €2 M = €1,5 million > R&D tax reduction 2008: 28% x €1,5 million = €420,000 	<ul style="list-style-type: none"> > Eligible research expenditure in 2006: €1,3 million > Eligible research expenditure in 2007 : €1,5 million > Eligible research expenditure in 2008 : €2 million > CIR 2008 = 0,85 x ((30% x €2 M) + 20% x (€2 million - (€1,5 million + €1,3 million) / 2)) = €612,000 	<ul style="list-style-type: none"> > Eligible research expenditure in 2006: €1,3 million > Eligible research expenditure in 2007: €1,5 million > Eligible research expenditure in 2008: €2 million

For further information

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