Tax incentives for Food R&D

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R&D Tax Credit

- 1,500 qualifying companies per annum
- Cost to Exchequer of €261 million per annum
- €1.96 billion spend per annum on R&D
- 60% would have invested less if not for R&D credit
- 82% of companies also in receipt of grant-aid
Cash value

- 25% tax credit for R&D expenditure
- Reduces corporation tax
- Or refund over 3 years based on PAYE levels
- Cost of buildings (or part of) and plant qualify fully in year of spend
What qualifies

- Scientific or technological advancement
- Food production
- Resolution of uncertainty
- Processes, products etc.
What qualifies

• Alignment with EI grant-aid criteria
• Alignment with Harvest 2020
• Origin Green
• Not for market research
What qualifies

• Food safety
• Food perishability and exportability
• Food quality
• Health & innovation
• Production processes
• Environmental innovation
Critical points

• R&D and finance link on costs

• Costs captured on a first hand basis

• R&D team take responsibility for documenting the process

• Do not leave as part of the finance function

• Led by R&D team
Land-mines

- Claw-back if building used for non R&D purposes within 10 years
- Sub-contracting:
  - Greater of €100k p.a. or
  - 5%/15%
- Form of collaboration structures
Other tax reliefs

• Knowledge Development Box

• Plant capital allowances

• Capital allowances for intangible assets

• Transfer of R&D credit to employees (50% of time)
Other tax reliefs

• Employment and incentive ("EII") Initiative
• Collaboration structures – holding company
• International structures
Foreign Earnings Deduction

- Max annual deduction is €35k
- 40 days over 12 months – was 60
- 3 consecutive days – was 4
- Only 83 claims in 2012!
Conclusion

It pays to be innovative!
Questions
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