

## Press Release

**Tax Incentive for Research:  
Austria Increases Research Tax Credit to 14 Percent**

- **Finance Committee approves rise in the research tax credit from 12 to 14 percent starting in 2018**
- **Austria has second highest research ratio in the EU**

Vienna, **June 29, 2017** – As stipulated in the government program for 2017/18, the Austrian Parliament approved an increase in the research tax credit by an additional two percent effective January 1, 2018. Regardless of their size, companies conducting research can already claim a tax credit amounting to 12 percent of their research and development (R&D) expenditures. Starting in 2018, 14 percent of R&D costs will be refunded either as a cash payment or as a tax credit.

Most recently, the research tax credit (or research premium) was raised from 10 to 12 percent at the beginning of 2016. This tax incentive is complemented by a wide range of direct funding programs as well as bureaucratic relief for startups and companies driving innovation. The mix of measures is bearing fruit. In 2017, R&D investments in Austria will increase to EUR 11.3 billion for the first time in the country's history. Austria boasts a R&D/GDP ratio of 3.14 percent. As a result, the Alpine Republic has climbed to second place within the European Union. Close to half of total R&D expenditures originate in the private sector, and more than 15 percent come from abroad.

**Research tax credit model lures international companies**

*“Examples such as Boehringer Ingelheim, Magna, BMW and Borealis show how much Austria is in demand as a research location by many international companies,”* states René Siegl, Managing Director of the national investment promotion consultancy ABA – Invest in Austria. Boehringer Ingelheim held its groundbreaking ceremony for a new biopharmaceutical production facility in Vienna in April 2017. The investment volume of about EUR 700 million represents the biggest single investment of the pharmaceutical company to date. Other international firms carrying out research and development are increasingly turning to the Alpine Republic. In 2016, ABA more than doubled the number of business location projects for foreign firms carrying out R&D compared to the prior-year level. The related investments totaled EUR 124 million.

**European Commission: Austria in the top ranks of “Strong Innovators”**

Austria's success in the competition among European business locations confirms the attractiveness of Research Location Austria. In the recently published “European Innovation Scoreboard”, the Alpine Republic climbed to seventh place and thus at the top of the group of “Strong Innovators”. Austria is already ranked second behind Sweden with respect to R&D

investments made by the private sector. *“The high degree of willingness on the part of the corporate sector reflects the targeted measures of our federal government designed to drive innovation, strengthen the cooperation between the scientific and business communities and firmly position Austria in the top group of European innovation centers within just a few years”,* Siegl comments. Austria plans to be part of the group of European “Innovation Leaders” by the year 2020.

**Editorial Note:**

ABA - Invest in Austria is the national investment promotion agency owned by the Federal Ministry of Science, Research and Economy. It provides professional consulting services to interested companies free of charge, supporting them in selecting a business location, with labor and tax issues, identifying cooperation partners and dealing with public authorities. [www.investinaustria.at](http://www.investinaustria.at)

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