

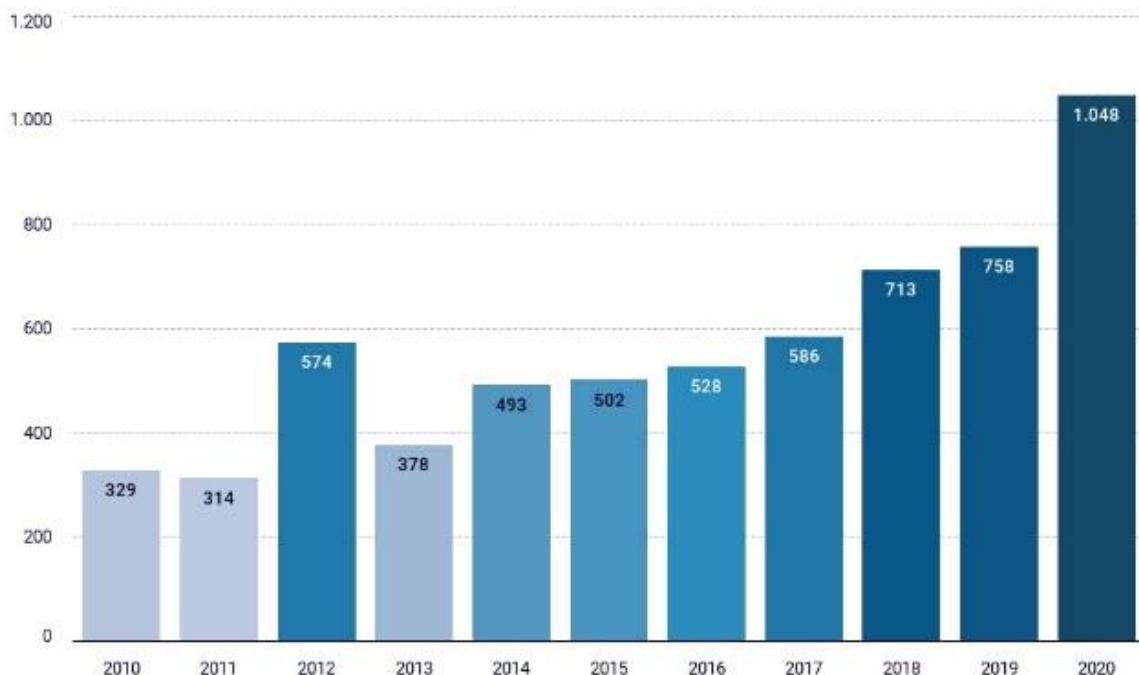
Research Funding Booms in Austria

Companies receive more than € 1 billion for the research tax credit in 2020

Vienna, 10th of February 2021 – The research tax credit is enjoying increasing popularity among companies operating in Austria. In 2020, the funding volume exceeded the € 1 billion threshold for the first time, amounting to € 1,048.5 million or a rise of 32 percent from the comparable level of 2019 (€ 758 million). The research tax credit was raised from twelve to fourteen percent in 2018 and has become the most popular form of research funding. 58 percent of the managers interviewed in a [Deloitte survey](#) claimed they had already taken advantage of the research tax credit. A good two-thirds of the interviewees consider the research tax credit to be an effective or very effective means of funding. About 9,700 applications for the research tax credit were submitted in 2020, 80 percent of which were initiated by small and medium-sized firms (SMEs). “The research tax credit is the most important instrument enabling Austrian companies to obtain support for their innovative work. The research tax credit is booming, and funding applications of more than € 1 billion are a clear sign of the high level of acceptable”, states Marion Biber, Managing Director of ABA - Invest in Austria.

Ausbezahlte Forschungsprämien seit 2010

Betrag in Millionen Euro



Every company can receive the research tax credit for both its own in-house R&D as well as contract research, regardless of its size, sector or corporate structure. The research tax credit equals fourteen percent of total research expenditures such as staff costs, investments, financing and overhead costs, and there is no legally stipulated limit. In particular, the inclusion of investments in the assessment basis of the Austrian research credit comprises a major advantage with respect to capital-intensive R&D projects. For example, investments serving sustainable R&D purposes can be completely taken into account in the form of acquisition costs encompassed in the assessment base in the year of acquisition. Accordingly, the research tax credit is an important business location factor and is responsible for attracting innovative companies to Austria, for example the German startup IoT Inspector.

Quick and unbureaucratic access to funding

The company IoT Inspector GmbH headquartered in Bad Homburg, Hesse, Germany, was spun off as an independent company from SEC Technologies in the spring of 2020. IoT Inspector is the leading European platform for automatic firmware analyses to detect vulnerabilities and compliance of IoT software and make the Internet of Things more secure. The subsidiary IoT Inspector R&D GmbH based in Wiener Neustadt, Austria was established in the summer of 2020 in order to gain access to highly qualified Austrian specialists. Rainer M. Richter, CEO & co-founder of IoT Inspector, particularly considers quick and comparatively unbureaucratic access to the Austrian funding landscape to be a major advantage for Austria as a business location. "We are also impressed by the level of digitalisation on the part of Austria's administrative authorities. This was very helpful in locating our business operations in Austria, especially in times of the coronavirus. Last but not least, we value access to highly qualified employees to work on behalf of IoT Inspector R&D GmbH", Richter says.

"Some three quarters of all research-based companies in Austria take advantage of the research tax credit. The tax credit triggers investments in the necessary infrastructure, encourages firms to take on greater technological risks and accelerates project implementation", explains Marion Biber.

Numerous German companies such as Boehringer Ingelheim and Bosch have been making use of Austria's research tax credit for years. Boehringer Ingelheim has located its cancer research hub, the Regional Center Vienna (RCV), in Austria. Bosch operates international competence centres for mobility technology in Austria and conducts research on innovative solutions in the field of connected mobility at various Austrian sites.

About the research tax credit in Austria

The research tax credit has amounted to fourteen percent since the beginning of 2018. Applications for the research tax credit can be submitted by every company investing in research, innovation and development, regardless of the company's size, sector or corporate structure. A company is also entitled to claim the research tax credit if it generates no profits or only a small profit. The payment takes place as a cash payment - quickly and relatively unbureaucratically. A company's in-house research as well as contract research are eligible within the context of the research tax credit. Moreover, the experimental

development of models, products and processes beyond the current state-of-the-art technology is also taken into account. Frequently, companies fail to include all research and development costs for purposes of the research tax credit. These costs can be claimed regardless of the project's success. Loan costs arising before the beginning of the project can also be included as well as salaries and wages, capital investments in fixed assets and real estate and expenditures relevant to research such as purchased services, financing and overhead costs.



About Austrian Business Agency (ABA)

ABA – Invest in Austria is the national investment promotion agency of the Austrian Business Agency (ABA) owned by the Federal Ministry for Digital and Economic Affairs. With its three divisions, ABA – Invest in Austria, ABA – Work in Austria und Location Austria, Austria's business promotion agency promotes Austria abroad as a business and research location, an attractive labour market for skilled workers and a location for international film productions. Within the context of the *Research Location Austria* campaign, ABA – Invest in Austria aims to call attention to interesting research findings and developments in the research and business location of Austria.

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