

Statement regarding the research premium regulation

Background

Research activities at Austrian companies have risen sharply in recent years, not least of all because of the research premium, the total volume of which rose, parallel to research spending, from EUR 121 million in 2005 to EUR 330 million in 2010 (although this development also reflects the shift away from a system of research tax allowances to the research premium). During this period the precision of the measure became the subject of repeated discussion, particularly as regards whether the research premium should be seen as a form of research support or business location support. Under the terms of the Stability law that was adopted in March 2012, stricter conditions for obtaining the research premium were introduced for companies, which will come into force at the beginning of 2013. Stricter vetting of eligibility for the premium is expected to generate annual savings of EUR 40 million for the Ministry of Finance. In return, the premium for contract research was raised from a maximum amount of EUR 100,000 for contract research expenses to one million euros. This should make the research premium more accessible also to smaller companies, which make greater use of contract research. From the beginning of 2013, and in the interests of greater planning security, tax-payers applying for a research premium for in-house research must submit an expertise from the FFG evaluating whether the relevant conditions are met.

Statement

The Austrian Council for Research and Technology Development draws attention to the following points, which are essential for a successful implementation of the Research Premium Regulation¹:

- It is not a priori clear what impact the new control system will have on the research activities of Austrian companies. It is essential that the vetting of applications by the FFG does not act as a brake on corporate innovation and research activities. Furthermore, on no account should it lead to excessive red tape at the FFG when processing the applications so that applications can be dealt with swiftly.

The following aspects of the regulation are hard to judge at present and should therefore be evaluated once again after a year and if they are inadequate should be put up for discussion again:

- No consequences are specified for non-compliance with the deadlines set out in the Regulation. This offers an incentive to ignore obligations or to prevent rapid processing.
- Several quarters have expressed scepticism about the data which have to be provided with the application (§ 13: use of data, which were generated from the direct project funding; Appendix III / A / Point 2: Comprehensive data [Details of a company's total R&D spend] to verify plausibility). To avoid problems with data protection, clear rules should be laid down for handling confidential data.

¹ In detail: Regulation of the Ministry of Finance concerning the criteria for premium-assisted research and development expenditures, research confirmation and the preparation of expert opinions by the Österreichische Forschungsförderungsgesellschaft mbH.