

Dutch R&D Tax Incentives

WBSO INTRODUCTION

The Dutch R&D Tax Credit, or Wet Bevordering Speur- & Ontwikkelingswerk (WBSO), is an instrument that was introduced in order to stimulate investments and efforts in R&D in the Netherlands. It takes the form of a credit against employment taxes for any employee that participates in R&D activities.

WBSO CRITERIA

WBSO credit is given for the hours spent on R&D activities and associated costs for prototypes. R&D activities are activities that:

1. Concern the development of (to the company) technically new (parts of) products, production processes or software,

or:
2. Can be considered technical (or scientific) research in the area of physics, chemistry, biotechnology, production technology or information technology.

WBSO BENEFITS

The benefits that you will be able to obtain from the WBSO depend on the number of hours spent on the abovementioned activities. For every hour spent on R&D, 32% of the hourly rate of the employees is subtracted from labour taxes, for the first €350,000 of R&D-spending (hours and costs). After that, a rate of 16% applies. New businesses that have existed for less than five years receive a 40% benefit on their first €350,000

EXAMPLE

20 employees spend 50% of their full-time workweek (800 hours per year) with the development of a new product. In addition to these payroll costs, €500,000 in capital costs is incurred for test facilities and the development of a prototype.

CALCULATION OF THE WBSO BENEFIT:

Salaries	€29/hour x 800 hours x 20 employees	€	464,000
CapEX	Test Facility & Prototype Development	€	500,000
Total Qualifying Expenditures		€	964,000
Credit Calculation	32% credit on first €350,000	€	112,000
	16% credit on remaining spend	€	98,240
Total Credit		€	210,240

WBSO AS A TICKET TO INNOVATION BOX

Besides being a profitable tax incentive in and of itself, the WBSO is an important stepping stone in acquiring additional benefits through the innovation box. The innovation box is a tax credit that applies to the Corporate Income Tax. Any part of these profits that can be attributed to innovation performed in-house and relating to IP from these activities will be subject to reduced Corporation Tax, instead of the regular 25%. The exact income that can be attributed to the in-house R&D will be established in negotiation with the Dutch Tax officer. However, to be negotiable, all R&D activities must be covered with an R&D-statement. This declaration is issued through the successful application of a WBSO, making the WBSO the indispensable ticket for applying for an innovation box credit.

CONTACT

Karen Chelstowska

Managing Director, Site Selection and Incentives Advisory
Duff & Phelps
+1 469 547 8637
karen.chelstowska@duffandphelps.com

Varsha Ramlal

Funding and Innovation Consultant
The European Funding Alliance
+31 (0)6 19653945
v.ramlal@thefundingcompany.nl



About Duff & Phelps

Duff & Phelps is the global advisor that protects, restores and maximizes value for clients in the areas of valuation, corporate finance, investigations, disputes, cyber security, compliance and regulatory matters, and other governance-related issues. We work with clients across diverse sectors, mitigating risk to assets, operations and people. With Kroll, a division of Duff & Phelps since 2018, our firm has nearly 3,500 professionals in 28 countries around the world. For more information, visit www.duffandphelps.com.

M&A advisory, capital raising and secondary market advisory services in the United States are provided by Duff & Phelps Securities, LLC. Member FINRA/SIPC. Pagemill Partners is a Division of Duff & Phelps Securities, LLC. M&A advisory, capital raising and secondary market advisory services in the United Kingdom are provided by Duff & Phelps Securities Ltd. (DPSL), which is authorized and regulated by the Financial Conduct Authority. M&A advisory and capital raising services in Germany are provided by Duff & Phelps GmbH, which is a Tied Agent of DPSL. Valuation Advisory Services in India are provided by Duff & Phelps India Private Limited under a category 1 merchant banker license issued by the Securities and Exchange Board of India.