

## Decree published on the new research and development deduction

*On 21 December 2011, the Dutch Ministry of Economic Affairs published its Decree on the Research and Development Deduction ("RDD"). The RDD is a deemed tax deduction for R&D related expenses, effective as of 1 January 2012. The RDD comes on top of the deduction of actual R&D expenses, and in addition to the Dutch Innovation Box.*

### Highlights of the RDA Decree

#### 1 RDD-amount

The RDD will be 40 percent of the annual R&D costs (R&D labor costs excluded<sup>1</sup>)

#### 2 Large expenditures

The RDD for expenditures of € 1 million or more will be taken into account during a period of five years.

#### 3 Small expenditures

Taxpayers who spend not more than 150 hours per month on qualified R&D activities are entitled to a deemed deduction of € 15 per hour. Small enterprises spending more than € 50,000 annually are entitled to the 40% RDD.

#### 4 Not included

No RDD will be available for:

- a. costs of research provided by external parties
- b. costs of labor of external parties;
- c. finance costs;
- d. costs regarding soil or improvement of soil;
- e. costs for leased assets from related parties if this party has already received RDD for these assets (sale-lease-back).

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<sup>1</sup> A wage tax reduction is already available for R&D labor.