

## WBSO

### Wage cost subsidy for Research & Development (R&D)

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The WBSO is intended to encourage companies subject to tax in the Netherlands to perform Research and Development (R&D) activities. It concerns a tax scheme that is settled with the payroll taxes.

The scheme is easily accessible because the R&D activities must be technically new to your company: it does not have to be new to the industry, the Netherlands or Europe. Companies that invest in research and technological development to improve / renew existing (parts of) products, production processes or software are usually eligible for this scheme. Both companies subject to withholding (mainly BVs with salaried employees) and companies subject to income tax (independent entrepreneurs who run their business in the form of a Sole Proprietorship, VOF, CV or partnership) are eligible for a tax compensation.

### What does it entail?

You are eligible for a grant if you are involved in the technical development of:

- New (parts of) products \*;
- New (parts of) production processes \*;
- Technically new (parts of) software / software \*\*;
- Software / services to integrate existing components (mainly developed in-house) or to have them work together in a technically new way.

\* It concerns physically new products and / or production processes. The development of systems and services is not covered by this scheme. An exception to this is the development of innovative services in which existing software components are integrated in a technically new way.

\*\* It concerns technically new software (a new information technology operating principle). Functionally new software or the application of existing techniques without own technical development are excluded.

### How much is the subsidy?

- **40%** on all R&D costs up to € 350,000 (1st bracket 'schijf');
- for (techno) start-ups (start-up companies under the age of 5, can be used for a maximum of 3 years), the percentage is **50%** on all R&D costs up to € 350,000.
- **16%** on all R&D costs above € 350,000 (2nd bracket 'schijf').
- For **self-employed persons** (ZZP) there is a **fixed deduction of € 12,980** and for **starters** an **additional deduction of € 6,494**. For this, a self-employed person must perform **at least 500 hours** of R&D work on an annual basis.

The R&D hourly wage is € 29 in the first 2 years of applications. After 2 years of applications, this is calculated on the basis of the actual hourly wages of the R&D employees.

\* no rights can be derived from the information presented here.

For the other R&D wage costs (costs and expenditures) you can use the fixed rate or a statement of the budgeted costs and expenditures related to the R&D activities.

The R&D costs and expenditures concern:

- R&D costs are costs that arise 100% from the fact that you carry out R&D activities
- R&D expenditure is investments you make to enable R&D activities. These may be enacted for a percentage.

You will be given the choice whether or not to make use of the fixed rate. The choice made in the first WBSO application for 2021 applies to the entire calendar year. The fixed amount is € 10 per R&D hour (up to a maximum of 1,800 R&D hours per calendar year) plus € 4 per R&D hour for any other R&D hours. If you do not opt for a fixed rate, the actual estimated costs and expenses will be stated in the WBSO application. These costs are then added to the R&D costs.

### Calculation example

Suppose that employees at a BV will perform a total of 1,800 R&D hours in 2021. For the sake of convenience, we state that there are wage costs amounting to € 80,000. The R&D hourly wage is based on the fixed amount of € 29 and the non-wage-related R&D costs for the fixed-rate principle. The R&D wage costs and other R&D costs then amount to € 29 per hour x 1,800 R&D hours + € 10 per hour x 1,800 R&D hours = € 70,200. This falls entirely in the first bracket (schijf) of € 350,000. The R&D withholding tax credit is 40% of € 70,200 = **€ 28,080**. The reduced wage costs then amount to **€ 51,920** (this is € 80,000 - € 28,080).

For a starter, the R&D withholding tax credit is 50% of € 70,200 = **€ 35,100**. The reduced wage costs then amount to € 44,900 (this is € 80,000 - € 35,100).

### Applying

You can submit a maximum of 4 applications within a calendar year. An application period consists of at least 3 calendar months. An exception is made for companies with an R&D department: then you may submit applications for an entire calendar year. An application must be submitted no later than 1 day before the application period (for example: for an application for the period April - June, an application must be submitted no later than 31 March).

An exception to this are applications for a period starting on 1 January. These must be submitted no later than December 20.

If you receive a WBSO statement, you as an employer are obliged to keep a comprehensive R&D administration (free of form) and to report the actual R&D hours after the subsidy year has ended.

### Interested? More information?

Then contact one of the Evolvalor advisers.

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