

Innovationbox 2021

The Innovation Box is an additional scheme to stimulate innovative research (R&D) by entrepreneurs from a tax perspective. All profits that you make from innovative activities fall into this box.

What does the Innovationbox entail?

The Innovation Box is a tax scheme with which a maximum of 72% discount can be obtained on corporate tax. The Dutch government wants to reward innovative entrepreneurs with this scheme. Companies and entrepreneurs with a successful innovation can qualify for this scheme if they pay corporate tax and own intangible assets such as patents, a WBSO grant and / or specific (production) techniques, processes, permits or goodwill.

Amount of tax benefit

For the profit share that can be directly attributed to one's own innovation, an effective corporate tax rate of 7% applies instead of the standard 16.5% - 25%. Therefore, with the Innovation box, a tax benefit of up to 72% can be achieved. This has the advantage:

- A lower tax burden and a higher return on research and development work (R&D).
- Overall lower R&D costs.

Conditions

- Applicable to corporation-mandatory companies that own an intangible asset (self-presented, patent, plant variety rights or R&D statement from WBSO).
- Exact corporate tax reduction depending on company size and applicable allocation method (threshold amount).
- At least 30% of the profit achieved must be attributable to your own innovation.

Calculation example*

A company invests € 20,000 on its own intangible asset which it then sells for € 120,000 and falls into the 25% corporate income tax category. Without the Innovation Box, this company would have to pay 25% corporate income tax on this income: € 25,000. However, if the Innovation box applies, the net profit of € 100,000 (income - production costs) is exempt from corporation tax for 72% and only 28% of the € 100,000 profit is taxed (= € 28,000). With the Innovation box, 25% corporate tax is levied on this € 28,000 = € 7,000. In this example, only € 7,000 is paid in corporate income tax instead of € 25,000, a tax benefit of € 18,000.

Applying

Correct application and calculation of the Innovation Box (and WBSO) require specific technical knowledge, legal knowledge and calculation methods. Evolvalor has experience with both schemes and is happy to help you successfully use the Innovation Box (and WBSO).

Interested? More information?

Then contact one of the Evolvalor advisers.

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