



Your Path to R&D Tax Incentives in Germany

Roadmap



“Forschungszulage“ as a tax incentive for research and development (R&D)

Objectives

- Increased investment in R&D
- Success in international competition
- Strengthening Germany's position as an R&D hub
- More private investment and innovation



Who is eligible for funding?

- Companies and partnerships liable for tax in Germany, provided they are not tax-exempt, regardless of their size, sector or financial performance.
- Clients (In the case of contract research, the client is eligible for funding, not the contractor.)
- Companies in financial difficulty are not eligible for funding.

Which R&D projects are eligible?

- Basic research: the acquisition of fundamental knowledge without any specific application or use.
- Applied research: the acquisition of new knowledge with the aim of developing a specific product or achieving a specific result.
- Experimental development: the acquisition of additional knowledge based on existing research and practical experience for the purpose of creating and/or improving new products or processes.
- Research collaborations involving several companies
- Contract research, provided that the contractor is based in an EU or EEA country

Which costs are eligible for funding?

- Under the Growth Opportunities Act, a distinction must be made between research expenditure incurred before 28 March 2024 and that incurred on or after 28 March 2024.

In-house Research

- Eligible costs primarily include the wages and salaries of internal employees subject to payroll tax withholding, insofar as they are engaged in eligible R&D activities.
- From 28 March 2024: Pro-rata depreciation for movable fixed assets may be taken into account, provided they are essential to the project and were acquired after 27 March 2024.

Contract research

- As of 28 March 2024: 70% of the remuneration paid to the contractor is eligible for funding (until 27 March 2024: 60%).

Sole Proprietorships & Partnerships

- As of 28 March 2024: 70 euros per hour included in the assessment base (until 27 March 2024: 40 euros per hour).
- As of 1 January 2026: €100 per hour.



Maximum assessment base

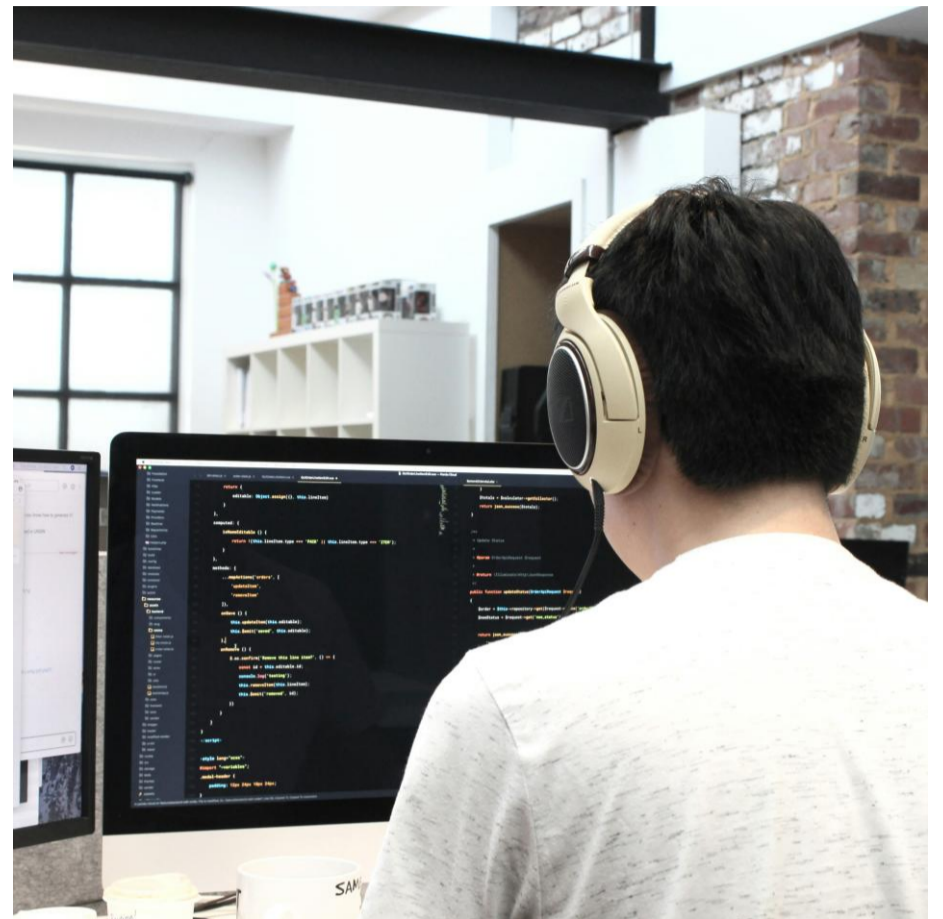
- As of 28 March 2024: a maximum of €10 million (until 27 March 2024: a maximum of €4 million per annum). The "Forschungszulage" amounts to 25% of the assessment base, i.e. up to €3.5 million per company per fiscal year.
- As of 1 January 2026: a maximum assessment base of €12 million. This corresponds to up to €4.2 million per company per fiscal year, as well as a flat-rate overhead allowance of 20% on all eligible costs.

SME Bonus

- SMEs can increase the "Forschungszulage" by an additional 10 percentage points to 35% of the assessment base.

Timing of the Application

- The allowance is only available for R&D projects whose work commenced after 1 January 2022.
- The allowance can only be claimed for personnel expenses that have been incurred or, in the case of contract research, for invoices paid after 31 December 2021.
- The allowance is granted on the basis of an annual application
- Applications may be submitted retroactively for up to four years. R&D expenses from 2022 must be claimed by 31 December 2026.



How to claim the "Forschungszulage"

Application

1

- The application for one or more R&D projects must be submitted to the "Forschungszulage" Certification Office.
- Applications may be submitted before or after the start of the R&D activities.
- Applications may be submitted for past, the current, and up to three full future fiscal years (amendment to the Certification Ordinance 2024).

Certificate

2

- Definition and assessment of eligible R&D fields in accordance with the criteria set out in the EU General Block Exemption Regulation (AGVO).
- Certification pursuant to Section 6 of the "Forschungszulage" Act (FZulG) by the "Forschungszulage" Certification Office (BSFZ).

Documentation and claiming of the "Forschungszulage"

Research & Documentation

3

In-house research

- Documentation in accordance with the requirements of the tax authorities, in particular: names of the employees involved, description of activities, period (from/to), and GoBD-compliant daily time tracking with project ID.
- Gross wages/salaries as per payroll records; determination of the assessment base derived from wages/salaries, taking into account time-based allocation.
- Under the Growth Opportunities Act: list of assets, justification of their necessity, and specification of usage periods.



Contract research

- Calculation and documentation of invoiced services (contract and invoices).

Claiming the "Forschungszulage"

4

- Evidence must be provided that the actual R&D activities correspond to the application. Documentation must be retained until the completion of any subsequent tax audit.
- The application for the "Forschungszulage" must be submitted to the tax authorities.
- The allowance is credited against the assessed income or corporate tax in the next tax assessment or paid out (in the case of losses or overpayment of advance payments).
- New Provision under the Growth Opportunities Act: "Forschungszulage" assessments issued after 31 December 2024 may, upon application, already be taken into account in the advance payment procedure.

Forenti assists you in securing your "Forschungszulage"

Forenti's experts support you throughout the entire process.

Joint identification of eligible projects

- Preparation and presentation of eligible R&D projects.
- Determination of wage and salary costs, as well as internal work carried out within in-house research.
- Identification of the assets required for the R&D project and determination of the period during which they are used in the project.

Initial assessment of eligibility

You will receive our initial assessment of the application's chances of success (traffic light system) and, where possible, the estimated amount of the allowance, depending on:

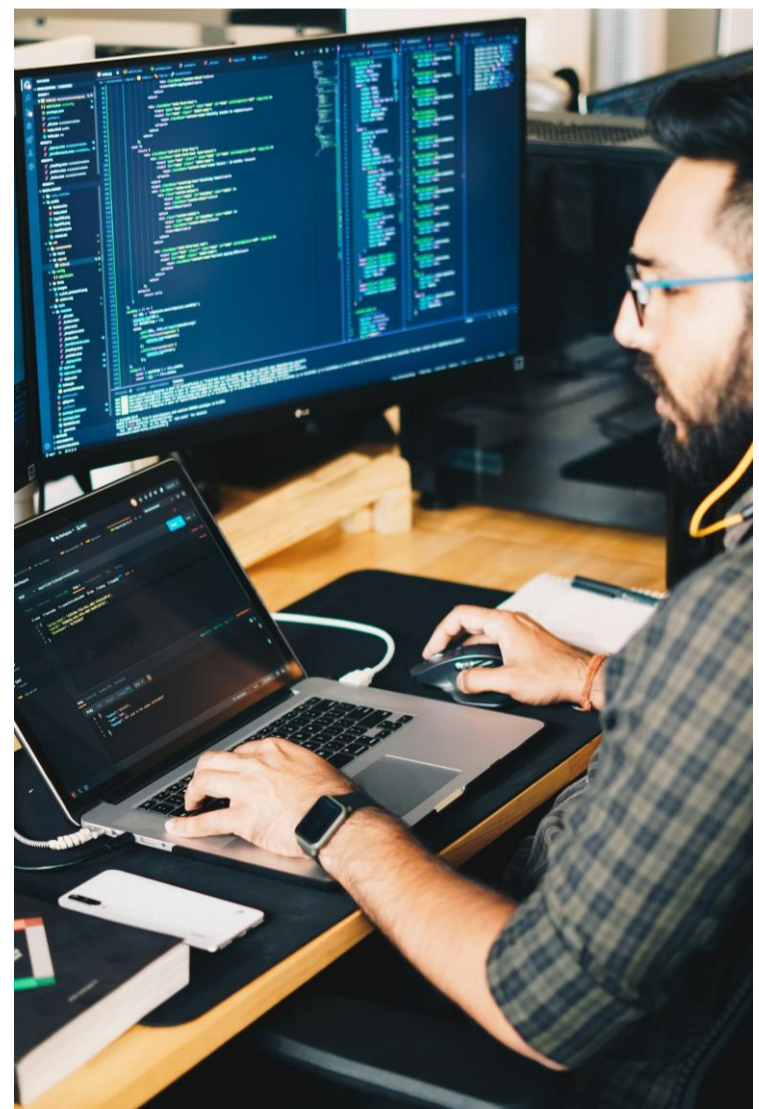
- The maturity level of the respective research topic.
- The expected and attributable wage and salary costs, or attributable invoice amounts in the case of contract research.

Support with the application to the Certification Office

- Guidance on the application process and documentation requirements.
- Alignment of next steps based on the initial assessment.
- Support in applying for the R&D certification.
- Final review and submission of the documentation.

Preparatory measures by Forenti


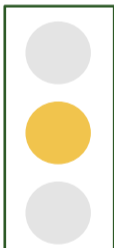
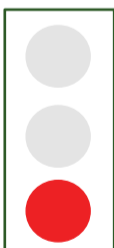
- Presentation of the process for obtaining the certification and subsequently the "Forschungszulage".
- Provision of a questionnaire to clarify the research topic(s) and to estimate personnel costs for in-house research or invoice amounts in the case of contract research.
- Calculation of pro-rata depreciation for movable fixed assets required for the project.
- Determination of the assessment base for the client in the case of contract research.



Additional benefits

- Identification of further eligible projects.
- Establishment of improved R&D controlling, enabling higher funding amounts.
- Consideration of additional funding programs and development of funding strategies.

Example of an initial assessment

R&D project	Evaluation
 Project A	Your R&D project appears to be eligible for funding under the "Forschungszulage" Act.
 Project B	Your R&D project may be eligible under the "Forschungszulage" Act. Further measures, such as specifying the research design or delineating personnel costs, are recommended.
 Project C	Your R&D project does not appear to be eligible under the "Forschungszulage" Act. Alternative options can be discussed.

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