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POLAND

Introduction of the R&D Tax Credit

Poland is launching a programme to support research and development (R&D) activities by introducing the R&D tax credit. This law was voted by the Polish parliament on 26 October last and by the senate on 29 October. It has just been endorsed by the Polish president and was applied from 1st of January 2016.

This new measure proposes specific processing according to the profile of the company wishing to benefit from the tax relief. For large companies, the law authorises deduction of eligible costs (excluding staff costs) of 10%, and 20% for small and medium enterprises.
The maximum deduction for staff costs is capped at 30%, regardless of the company's status.

This new measure seems a lot less generous than those already in place in Western Europe. The effective rate of the tax credit may be estimated at approximately 5% of eligible costs.

ITALY

Italy decides to reintroduce the R&D tax credit

By the Decree of 29 July 2015, the Italian government reintroduced the R&D tax credit to support all companies investing in research and development over a five-year period (2015- 2019).

These companies will receive a tax credit equivalent to 25% of the increase in eligible costs, based on the average of the 3 previous years (i.e. 2012 to 2014). This average is fixed for the entire application period of the R&D tax credit. Companies must be able to justify a minimum of 30,000 € in R&D expenditure to benefit from this tax relief.
In addition, the R&D tax credit is capped at 5 million Euros per year per beneficiary.

The government proposes an increase of 50% of the tax credit rate if companies:
•€€€€€€€ conduct R&D in collaboration with universities, public research centres, equivalent establishments or "innovative start-ups" as described in law n° 221/2012
•€€€€€€€ employ staff that are highly qualified (technical masters or doctorate) who participate in eligible R&D activities.

Compared to other countries, it is important to note that this R&D tax credit is calculated based on a fixed average and requires a continuous increase in R&D expenditure. Compared to the former measure of 2011, this new system seems more generous.

PORTUGAL

Property tax: Review of zones and assignment of location coefficients

The Portuguese tax administration is going to review zones and location coefficients for properties in urban areas. These elements contribute to setting the tax value of properties.
According to the changes implemented and the location of a building, its property tax could either increase or decrease.

The tax administration will present the results of its work for completion to the Commission on the evaluation of buildings in urban areas, prior to submitting the project to the Portuguese government for approval. The result of this rezoning will have an impact on the Portuguese property tax (IMI) in 2016.

Rezoning consists of reviewing a city's districts according to various criteria, notably including the market value of the property, accessibility of the district and its proximity to public transport. So each district will be assigned a new location coefficient.

At this stage, it is impossible to foresee in detail how the re-evaluation of location coefficients will impact property tax. However, it is likely that for certain property owners the tax will decrease while for others it will increase substantially. The tax administration specifies that the rezoning will apply to all properties. In the case where re-evaluation of the property tax will be in the tax payer's favour, the latter will be asked to file a claim with the tax administration.

HUNGARY

Property tax: Change in interpretation of the law on retroactivity

After six years of legal actions led by Ayming Hungary, the Budapest governmental office cancelled a court ruling delivered by the trial court on the interpretation of the procedure for property tax claims.
According to Hungarian financial law, property tax claims can be filed with the tax administration with up to 5 years of retroactivity. However, the authorities consider that the date of calculation of retroactivity begins on the day the administration issues its decision and not the day the claim is filed.
In fact, the Hungarian tax administration has 30 days to respond to a claim. If the final decision is delayed by several months, or even years (which is common), the administration rejects claims for surplus once 5 years has passed since the date it delivered its decision.
To date, no penalty has been imposed on the administration for its non-compliance with response times, which gives it a considerable tax advantage. This interpretation affects numerous clients.

In July 2015, after six years of procedures, the governmental office changed the interpretation. It found that the limitation period is five years starting from the end of the tax year during which the tax return was filed and until the day the appeal was filed, irrespective of the date on which the authorities reacted or the date of application of the final decision.

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