

Innovation Incentives

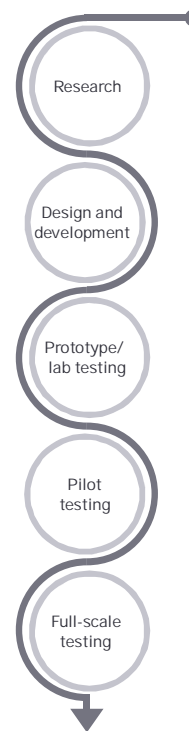
Sweden



Globally, it is recognized that investment in innovation stimulates economic growth. In a bid to make Sweden an even more attractive investment location the Swedish government has introduced the Research and Development (R&D) tax incentive, as well as non-tax incentives. These incentives are offered to companies and institutions to stimulate Sweden's capability to create, innovate and expand its scientific and technical expertise and workforce.

- Sweden introduced the R&D incentives framework (a.k.a. "Forskningsavdrag") as of 1 January 2014.
- The incentive benefit is capped at approximately SEK900,000 per month, per group of companies.
- The incentive provides a reduction in social security contributions and general payroll tax of 19,59% of the R&D salary cost.¹
- One of the eligibility criteria is that employees need to be actively engaged in R&D for more than 75% of their working hours.
- Retroactive claims can be made (2014 - 2019) back to the beginning of the framework, providing a potential maximum gross benefit of SEK16,56 million (SEK2,76 million per year per group). In order to access the benefit for the year 2014, a claim must be submitted by 31 December 2020.

¹ Exceptions to the reduction percentage amount may apply in cross-border situations when there is no liability for a company to pay general payroll tax (a.k.a. "allmän löneavgift")



Driving technical and scientific expertise does not just happen through pure research, but also through the small steps a company may take to develop products or solutions on an ongoing basis.

The R&D incentive has been positioned to stimulate all industries as well as a much broader view on R&D. When considering incentives, a company's view on R&D can often be much narrower than what the R&D framework incentivizes.

R&D definition

Research

- Research to obtain new knowledge with an overarching commercial objective

Development

- Utilize the results of research to develop new/existing products, services or production processes

Our approach

Our industry experienced scientists and engineers are able to quickly understand your business – maximizing the activities you can claim while minimizing disruption to you. Coupled with our local tax specialists, we can support you from planning your R&D activities to submitting successful applications and then obtaining the tax benefit through your tax returns.