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Tax incentives for research and development

A payroll tax reduction with potential savings of up to SEK 2,760,000 per annum is available from January 1st 2014 for companies conducting research and development (R&D) on a full or part time basis.

According to the new rules, the payroll tax amount for the associated salaries for persons working in R&D can be reduced by 10 per cent which equates to SEK 230,000 per month on a group level (SEK 2,760,000 per annum).

To receive the payroll tax reduction an employee is only required to work with R&D 75 per cent of his or her working time and at least 15 hours per month. R&D is described as systematic and qualified work producing either new knowledge (research) or utilization of research results to develop new or significantly improved goods, services or production processes (development).

The terms "research" and "development" are undefined but should, in this context, have a broad meaning and are according to the Swedish Government meant to be interpreted generously. Work that contains routine elements, such as performing simple tests and compiling information or results, can be included in the terms if such work is a part of a qualified research or development project.

It is irrelevant if the person performing the R&D work is employed by the company running the project or by another company, e.g. a consulting firm.

If the claim is presented correctly to the Swedish Tax Authority, the reduced payroll taxes can be claimed without any risk to the company. Contact Delphi for more information about all the conditions to be met and the practical management of the claim.



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