



Research and development deduction - a new guideline proposal

The Ministry of Finance of the Czech Republic is working on a new methodological guideline for the application of deduction of eligible research and development (R&D) costs pursuant to Section 34 of the Income Taxes Act ("ITA") to replace the current Guideline D-288. If the current version is approved, it should cover several interesting aspects including:

- ▶ The definition of R&D refers to Article 2 of Commission Regulation (EU) No. 651/2014 (as opposed to the current definition that is based on Section 2 of the Act on the Promotion of Research, Experimental Development and Innovation);
- ▶ The proposed guideline includes more detailed practical steps that are required in connection with the new rules (e.g. advance notification of the deduction to the tax authorities);
- ▶ The proposed guideline covers the validity of notification submitted by a dissolving company or a company being divided or the admissibility of approval of project documentation by the successor company.

We will be happy to discuss the R&D deduction with you in detail, if it is relevant to you or if you consider using the deduction.



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