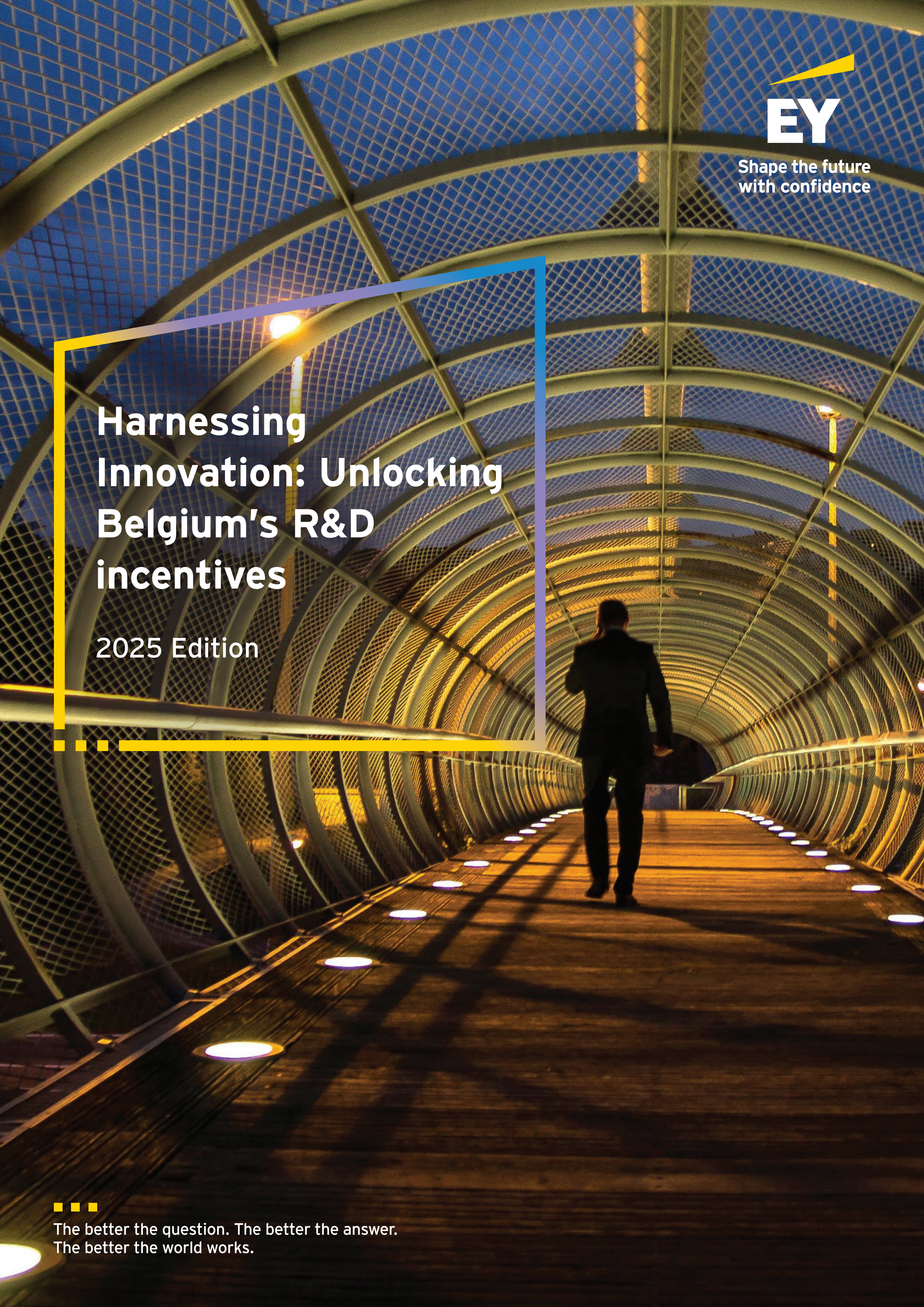


Shape the future with confidence

Harnessing Innovation: Unlocking Belgium's R&D incentives

2025 Edition

The better the question. The better the answer.
The better the world works.

A landscape of tax incentives and cash grants is available for your company. Companies have more eligible activities than they think at first glance.

Various ‘research and development’ incentives are available in Belgium to encourage companies to continuously invest in innovation. In the event your company is developing new products, processes, systems, services, materials or improving existing ones, a variety of incentives might be available to you.

When talking about research and development, people automatically refer to white lab coats and state-of-the art research facilities. However, research and development is typically much broader than that. R&D also includes extending overall knowledge or capability in science or technology, software development, design, engineering, even maintenance and upgrade activities might be eligible.

Today we are witnessing that countries are increasing and enhancing their research and development support, resulting in numerous opportunities. Therefore, it becomes imperative as a business decision-maker to gain a good understanding of the different incentives available.

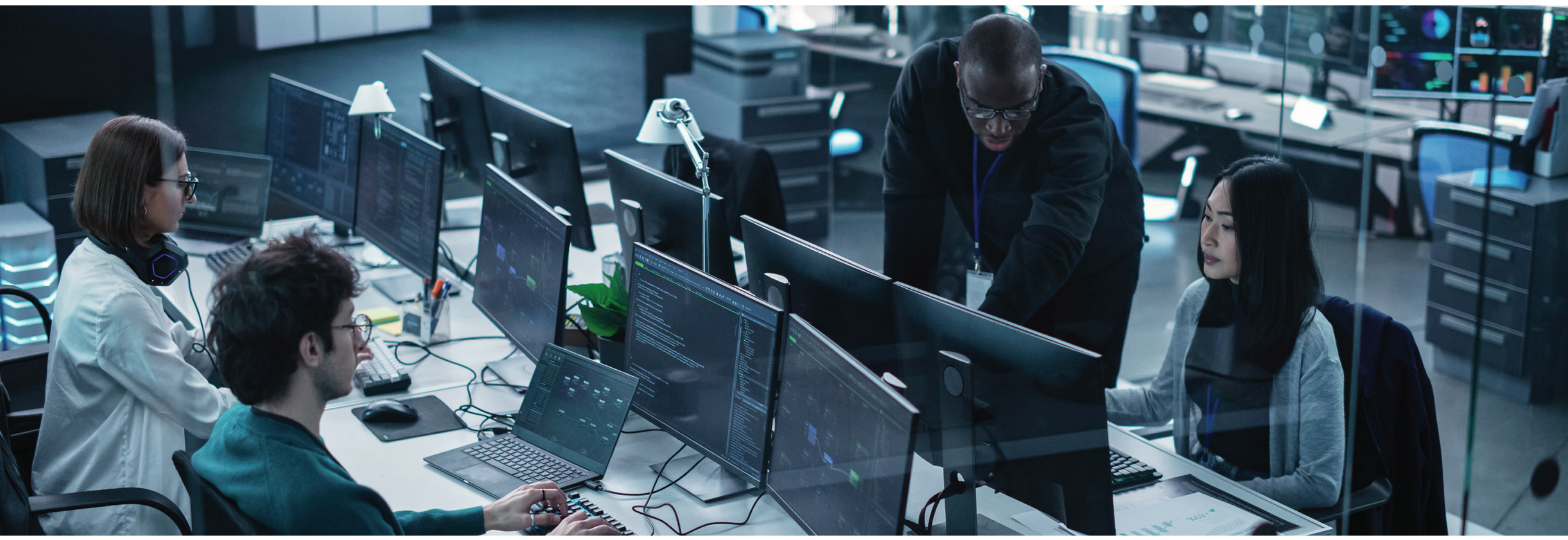
Situated in the heart of Europe, Belgium offers companies and investors an attractive and comprehensive regime for research and development activities and the management of intellectual property:

- The innovation deduction, which provides for a 85% corporate income tax exemption of qualifying intellectual property (IP) income;
- The technology deduction and the equivalent R&D tax credit for qualifying investments in R&D and patents;
- The thematic deduction to support specific sustainable investments;
- The partial withholding tax exemption of 80% for scientific researchers, engineers or other innovative personnel;
- Incentives to employers for employing highly qualified foreign employees;
- Beneficial tax regime for income received for the transfer of IP rights from employees to their employers;
- Cash grants and subsidies related to R&D and innovative projects.

With a statutory income tax rate of 25% and 20% for the first EUR 100K of taxable income for small and medium sized companies, its broad and strong international treaty network and general favorable tax regime features, Belgium is high on the ranking for foreign investments in general and R&D in particular.

This brochure summarizes the main initiatives of the R&D and IP incentives.

The Belgian Federal Government Agreement for 2025-2029 introduces several reforms to create a resilient, innovative and sustainable economy. It includes measures to stimulate innovation, circularity and reducing costs for companies. In this context, R&D incentives are expected to increase. The target for implementing these initiatives is set for 2026, though the exact timeline and transitional measures remain uncertain. Monitoring the legislative process will be crucial to assess the impact on the R&D incentives.



01 | Corporate tax incentives

1.1 Innovation deduction

The innovation deduction makes Belgium an attractive location for conducting R&D and IP activities. This tax incentive is intended to support investments in innovation through research and development, including the development of software. It benefits a broad variety of industries.

The innovation deduction is an incentive which provides for a deduction of 85% of the qualifying net IP income, effectively reducing the related effective corporate tax rate to 3.8%. The innovation deduction is applicable to Belgian companies as well as foreign companies having a permanent establishment in Belgium, irrespective of their size or industry.

Combined with other appealing features, the innovation deduction ranks Belgium as a tier one jurisdiction for companies carrying out research and development activities resulting in intellectual property. Advance tax rulings can be requested in order to secure the tax treatment.

Qualifying intellectual property

The innovation deduction is applicable to qualifying IP income resulting from:

- Patents and supplementary protection certificates not commercialized before 1 January 2007;
- Copyright-protected software, resulting from a research and development (R&D) project or program (under conditions), as long as it did not generate income before 1 July 2016;
- Orphan drug designations, requested or acquired as of 1 July 2016 (limited to the first 10 years);
- Plant breeders' rights requested or acquired as of 1 July 2016;
- Data and marketing exclusivity, notably for medicinal products granted as of 1 July 2016 (limited to the first 11 years).

The deduction applies to self-developed IP rights as well as IP rights acquired or licensed from related or unrelated third parties. The development or improvement of the IP assets in a qualifying R&D center is not required.

For IP assets that require a request procedure, e.g. patents and plant breeders' rights (not applicable to copyright-protected software), taxpayers will be entitled to a conditional exemption equivalent to the innovation deduction pending the request.

The amount of the exemption should be recorded on an unavailable reserve account. The exemption will become final as soon as the request is granted.

Ernst & Young Tax Consultants BV has an informal alliance with an external IP advisor in assisting with the request procedure.

The innovation deduction can be applied irrespective of the country in which the qualifying IP is protected. The globally earned qualifying income can be taken into account, provided that it is included in the taxable base of the Belgian company or permanent establishment.

How it works

The innovation deduction applies to income derived at arm's length license fees, IP income included in the sales price of goods and services (so-called embedded royalties), indemnities for IP infringements (e.g. court, arbitration, settlement, insurance, etc.), remunerations received from the sale or disposal of qualifying IP (subject to conditions) and IP income derived from process innovation.

The innovation deduction applies to the net IP income, i.e. the gross IP income less current-year expenditures for the development of the IP asset that are deducted as expenses for tax purposes expenditures for the acquisition of IP rights, expenditures in relation to the R&D conducted by the company, as well as R&D outsourced to related or unrelated parties.

Prior-year expenditures should also be deducted. However, taxpayers may choose to spread the recapture of these prior-year expenditures over a maximum period of seven years.

The innovation deduction is calculated taking into account the 'nexus ratio' in accordance with the guidelines set out by the Organisation for Economic Co-operation and Development (OECD). The nexus ratio ensures that the innovation deduction is only available to the extent that qualifying expenditures were incurred by the taxpayer. This is expressed in a fraction.

$$\frac{\text{Qualifying expenditures x 130\%}}{\text{Overall expenditures}}$$

A 30% uplift applies to the qualifying expenditures in order not to penalise taxpayers excessively for acquiring IP or for related-party outsourcing. The denominator includes the qualifying expenditures, as well as expenditures for outsourcing to related parties and acquisition costs. The nexus ratio is capped at 100%.

The nexus ratio only serves as a rebuttable presumption. Subject to conditions, taxpayers can prove that due to exceptional circumstances the nexus ratio does not correctly reflect the share of their own R&D activities in the overall R&D activities. In order to deviate from the nexus ratio, taxpayers will be required to obtain an advance tax ruling.

In principle, the calculation should be performed for each IP asset separately. Taxpayers should allocate expenditures and IP income to the various IP assets. An allocation by type of product or service, or by group of products or services is allowed in case an allocation per IP asset is not feasible.

This example illustrates the tax benefit of the innovation deduction[1]:

	Financial year 1	Financial year 2	Financial year 3
Qualifying R&D expenditures	300	200	100
Non-qualifying R&D expenditures	100	100	0
Overall R&D expenditures	400	300	100
Qualifying IP income	100	900	1.000
Current-year expenditures	-100	-300	-100
Recapture of prior-year expenditures	0	-300	0
Net IP income (A)	**0**	**300**	**900**
Qualifying R&D expenditures x 130%		650	780
Total expenditures		700	800
Nexus ratio (B)		**93%**	**98%**
Innovation deduction (A x B x 85%)	**0**	**237**	**746**
Expenditures not yet deducted	300	0	0

The innovation deduction contains key features which make it very attractive, also in comparison with other European IP regimes.

Firstly, the scope of IP assets is defined in a very broad manner.

Secondly, the innovation deduction applies to self-developed IP rights, IP rights acquired or licensed from (un)related parties and pending IP requests.

Thirdly, the amount of innovation deduction that can be claimed is not capped and any unused innovation deduction can be carried forward indefinitely.

Starting from the assessment year 2025, taxpayers who benefit from this IP regime can choose not to deduct part or all of the innovation deduction (including amounts carried forward from previous years) from their taxable basis. Instead, they can convert it into a new non-refundable tax credit. This non-refundable tax credit can be carried forward indefinitely and taxpayers have the option each taxable period to apply the credit or not. This option is in particular relevant for Belgian taxpayers in scope of Pillar Two, as it allows them to voluntarily increase their tax expenses and hence increase their effective tax rate in a given year, while preserving the regime's effectiveness since the tax credit can be used in any future year when the taxpayer's effective tax rate exceeds 15%.

Furthermore, the regime can be combined with other corporate tax incentives such as the technology deduction/tax credit for research and development and patents which may further reduce the net cost of performing R&D activities in Belgium.

When applying the innovation deduction, form 275 INNO needs to be enclosed with the corporate income tax return and a taxpayer should keep specific supporting documentation available for the tax authorities, including the "tracking and tracing" of all relevant income and costs.

Taxpayers can request tax rulings to obtain legal certainty regarding qualifying IP and the calculation of the innovation deduction. An appropriate defense file can be a valid alternative if no ruling is preferred or if a ruling request is no longer possible.

Finally, note that a Belspo notification is also required for copyright protected software. Requesting a binding advice from Belspo is optional but highly recommended.

[1] This example does not take into account the application of other tax incentives.

1.2 Technology deduction

The technology deduction entitles a Belgian company or a Belgian permanent establishment of a foreign company to apply a deduction in addition to the annual depreciation expense of qualifying tangible and intangible assets.

The technology deduction can be calculated either as a percentage of the acquisition value of the qualifying asset ("one time" deduction) or as a percentage of the annual depreciation amount in which case the investment deduction is spread over the depreciation period ("spread" deduction). For investments acquired or established as from 1 January 2025, the one-time deduction amounts to 13,5% while the spread deduction amounts to 20,5%.

The technology deduction applies to:

- Tangible and intangible fixed assets used for research and development of new products and technologies that do not have a negative impact on the environment, including capitalized R&D expenses; and
- Patents ("one time" deduction only).

Note that other specific conditions exist depending on the type of the qualifying assets.

In case the technology deduction would exceed the taxable basis, the excess balance may be carried forward without any time restrictions and can be offset against any future taxable income within certain annually applicable maximum amounts.

The calculation basis for the deduction will be limited for investments acquired or established as from 1 January 2025. When wages which benefit from a payroll withholding tax exemption are included in the acquisition value of assets, the payroll withholding tax exemption must be excluded from the calculation base of the technology deduction.

The technology deduction must be claimed in the corporate income tax return. Form 275U needs to be enclosed with the corporate income tax return, as well as a specific certificate from the competent authorities, confirming the environmentally friendly nature of the R&D investments. Taxpayers may request tax rulings in order to obtain legal certainty regarding the conditions of the technology deduction.

Note that Belgian taxpayers are, as from 1 January 2025, also eligible for the thematic deduction. This deduction is specifically intended to support the following type of investments:

- Investments relating to the efficient use of energy and renewable energy;
- Investments in zero-emission transport;
- Environmentally friendly investments;
- Supporting digital investments, related to the three previous types of investments (a list of qualifying investments still needs to be published by Royal Decree).

To claim this deduction, a specific and motivated certificate will need to be obtained from the competent authorities. A detailed upfront screening is necessary to determine if the investment qualifies. Note that this thematic deduction is not available for companies that requested regional aid for the concerned investments (exceptions may apply, however this list still needs to be published by Royal Decree). This exclusion does not apply to the technology deduction and the corresponding R&D tax credit.

Since the applicable tax rate for the thematic deduction amounts to 40% for small sized companies and 30% for other companies, taxpayers should also consider to what extent R&D investments can qualify for the higher deduction. We note that small sized companies can also apply the basis deduction. Investments made in assets or technologies using environmentally and climate harmful substances are excluded, except for those assets for which there is no economically comparable carbon zero-emission alternative available. The standard tax rate for this basis deduction amounts 10%, while for investments made in digital assets an increased rate of 20% is available.

The previous investment deduction regime continues to apply on investments acquired or established before 1 January 2025.

1.3 R&D tax credit

As an alternative to the technology deduction, companies can also opt for a tax credit which can be offset against the corporate income tax due. The tax credit applies to tangible and intangible fixed assets used for R&D of new products and technologies that do not have a negative impact on the environment, including capitalized R&D expenses and patents. The tax credit is equal to the technology deduction multiplied by the corporate tax rate of 25% and may also be calculated either as a one-shot credit or spread over the depreciation period (note that for patents only a one-shot credit can be applied).

The calculation basis of the R&D tax credit should be limited to the extent that the R&D tax credit covers capitalized salary expenses for which the R&D payroll withholding tax exemption has been claimed. The exempted R&D payroll withholding tax will then need to be eliminated from the calculation base of the R&D tax credit.

Excess tax credits are carried forward and can be used considering certain limitations.

The remaining balance is refunded after four or five years, which results in a cash benefit.

The repayment period of four years applies to tax credits claimed as from tax year 2025 onwards, not for historic credits claimed before in order to meet the definition of a "Qualified Refundable Tax Credit". This is particularly relevant for Belgian taxpayers in scope of Pillar II. Taxpayers can choose to either offset or transfer the R&D tax credit (instead of an automatic offsetting mechanism) to avoid neutralizing or mitigating the benefit of the R&D tax credit through interaction with foreign tax systems.

The tax credit must be claimed in the corporate income tax return. Form 275W needs to be enclosed with the corporate income tax return, as well as a specific, reasoned certificate from the competent authorities, confirming the environmentally friendly nature of the investment in R&D and patent. Taxpayers may also request tax rulings in order to obtain legal certainty regarding the conditions of the R&D tax credit.

1.4 Corporate income tax exemption for regional grants and subsidies for research and development

The different grants offered by the regions in Belgium to support and stimulate research and development projects can take the form of direct cash grants, recoverable advances or interest rebates. Although such grants are included in a company's taxable basis, they are in principle exempt from corporate income tax.

In order to promote Belgium as a 'knowledge economy', the government has taken a number of measures to greatly reduce the employer's tax burden over the past years. These incentives aim at reducing the total labour cost significantly.

02 | Employment related incentives

2.1 Partial exemption of professional withholding tax for qualifying employees (researchers, scientific workers, engineers, developers, etc.)

Principle

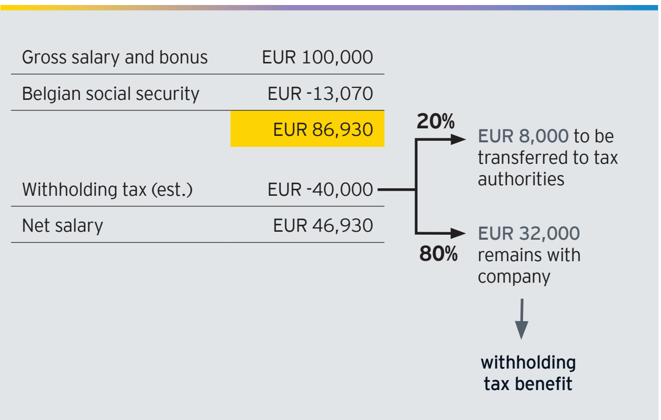
A partial exemption of withholding tax is available for universities, scientific institutes, young innovative companies and commercial companies.

The partial withholding tax exemption of maximum 80% is granted to the employer provided certain conditions are met. As a result, when applying for this partial withholding tax exemption, the employer is only required to transfer 20% of the withholding tax due to the tax authorities. The remaining 80% remains with the employer as a direct cash benefit.

The total withholding exemption for Bachelors is capped at 25% of the total withholding exemption applied for Masters and Doctors. This threshold is increased to 50% for companies that are qualified as small companies according to the Belgian Companies Code.

The implementation of the withholding tax exemption will require an upfront notification of the R&D projects and programs with the Federal Science Department (Belspo), which has been further emphasized via the introduction of Circular Letter 2023/C/49.

Example



Conditions for commercial companies

In the event three basic conditions are met, the employer can apply the partial exemption of withholding tax for their scientific employees, engineers, product or process developers, researchers, etc.

Firstly, the employee should have a PhD, Master's, academic Bachelor's degree in a scientific or engineering domain (e.g. sciences, applied sciences, exact sciences, medicine, pharmaceutical sciences, engineering, IT, architectures, product development) or should have a professional Bachelor's degree in biotechnics, health care, industrial sciences and technology, nautical sciences, science in business administration and business administration, with a focus on IT and innovation for the Flemish community and in paramedical and technical domains for the French community.

Secondly, the employee should be employed in a research and development project or program, which needs to be notified upfront with Belspo (third condition).

Broad definition

The definition of research and development is defined by law. The definition distinguishes the following three activities:

"Fundamental research" means experimental or theoretical work undertaken primarily to acquire new knowledge of the underlying foundations of phenomenal and observable facts, without any direct application or use when the search is conducted;

"**Industrial research**" means research or critical investigation aimed at the acquisition of new knowledge and skills for developing new products, processes or services or for bringing about a significant improvement in existing products, processes or services. It includes the creation of components to complex systems, which is necessary for the industrial research and notably for generic technology validation, with the exclusion of prototypes;

"**Experimental development**" means acquiring, combining, shaping and using existing scientific, technological, business and other relevant knowledge and skills for the purpose of producing plans and arrangements or designs for new, altered or improved products, processes or services. These may also include, for instance, other activities aimed at the conceptual definition, planning and documentation of new products, processes or services. Those activities may include producing drafts, drawings, plans and other documentation, provided that they are not intended for commercial use.

The development of commercially usable prototypes and pilot projects is also included where the prototype is necessary to the final commercial product and is too expensive to be used only for demonstration and validation purposes.

The experimental production and testing of products, processes and services is also eligible, provided that they cannot be used directly or after being transformed in industrial applications or for commercial purposes.

Experimental development does not include routine or periodic changes made to products, production lines, manufacturing processes, existing services and other operations in progress, even if such changes may represent improvements.

The projects or programs qualified as "research or development" activities are only eligible for the partial exemption if they are registered in advance with the Belgian Federal Science Department. The following details are required for registration:

- The identification documentation of the company or employer;
- A description of the project or program, which should confirm the "fundamental", "industrial" or "experimental" elements of the activities;
- The start date and the anticipated completion date of the project or program.

Binding advice

A company or employer may request approval from the Belgian Federal Science Department on whether the basic conditions are met for the research projects or programs, although this is not compulsory.

Retroactive implementation

For the current income year x, the exemption can be claimed directly through monthly withholding tax returns up until 31 August of year x+1. After this date, the exemption can only be applied retroactively via a request for rectification which needs to be filed at the latest by 31 December of year x+3. One should ensure that all underlying conditions have been duly fulfilled, and special attention should be given to the mandatory upfront notification of R&D projects and programs in this regard.

Tax-free allowances for foreign executives and researchers

Companies employing foreign executives and researchers who temporarily work in Belgium can benefit from a special tax regime. The expatriates, living in Belgium will normally be considered Belgian tax residents (depending on their personal tax situation) and will be taxable in Belgium on their worldwide income. Main benefits linked to this special tax regime are that an employer can reimburse or compensate the employee for recurring additional "costs proper to the employer" (e.g., cost of living and housing, home leave) resulting from the assignment or recruitment from abroad. The tax-free character of the reimbursement is limited to 30% of the employee's gross remuneration (excluding the cost reimbursements itself), limited to a maximum amount of EUR 90,000 per year. Additionally, some non-recurring costs can still be reimbursed tax free (e.g., moving and relocation costs, costs for furnishing the accommodation in Belgium (up to one month of rent) and certain school fees (from the age of 5)).

This 'expat regime' will only be applicable conditionally. The qualifying employee or director:

- Should be recruited from abroad by or assigned from abroad to a Belgian company; Companies or branches registered in the Belgian Crossroads Bank for Enterprises are all eligible employers.
- May not have been a resident of Belgium in the 60 months prior to employment, nor have lived closer than 150 km from the Belgium border, nor have been taxed as a non-resident of Belgium on professional income.
- Should earn a minimum annual gross remuneration, taxable in Belgium, of EUR 75,000 (regular gross salary as well as variable remuneration and benefits in kind may be considered to determine whether the EUR 75,000 threshold is met).

To attract researchers from abroad, special rules are applicable for these employees. The first two conditions above remain applicable but the remuneration threshold will not apply to researchers. Instead, they have to have a master's degree in specified expertise areas (natural sciences, applied sciences, medical sciences, agricultural sciences and engineering) or prove at least 10 years of relevant experience in these fields. This exemption is only available to taxpayers working under an employment relationship, not to directors, and only to the extent that the eligible degree effectively forms the base of the individual's employment in Belgium. Furthermore, at least 80% of the total professional time should be directly related to these R&D activities.

The regime and its benefits will be available for five years starting as from the first working day in Belgium. A possibility is foreseen to apply for a three-year extension through the filing of a new request, demonstrating that the qualifying conditions are still met. As from the moment the 5 years period is over, the application for the prolongation needs to be done within 3 months following the end of the 5 years period.

2.3 Income received for the transfer of IP rights from employees to employers – Beneficial tax regime

Under this regime, income related to the cession and concession of intellectual property (IP) and related rights can principally be considered as movable income (up to EUR 75,360 for income year 2025) and will be subject to tax differently than regular professional income. The income from IP will be taxable at a rate of 15% with a 50% lump sum cost deduction up to EUR 20,100 and a lump sum cost deduction of 25% for IP income between EUR 20,100 and EUR 40,190. No cost deduction can be applied for IP income between EUR 40,190 and EUR 75,360. Otherwise, this income would be taxed as professional income at the progressive tax rates between 25% and 50%.

The new tax regime will be applicable to the income:

- that relates to original works of literature or art or to performances by performance artists
- with the intention to exploit these rights by the receiver
- under the condition that the original rightsholder holds a "work of art certificate"
- or, that the rightsholder, within the framework of the transfer in accordance with the first three indents, assigns his work to a third party in order to communicate it to the public, to use it for public performance or for reproduction purposes.

Other restrictions have been adopted as well. The incentive is applicable to current and future activities. Obtaining a tax ruling for this incentive is strongly recommended.

Furthermore, the transfer of IP rights also needs to be contractually stipulated.

2.4 Innovation premium

The innovation premium makes it possible for an employer to grant financial compensation to an employee who has made a contribution in the field of innovation and which represents an actual added value for the company. If the underlying conditions are met, this financial compensation is exempt from social security contributions and taxation. This 100% net premium can be a highly effective measure to foster innovation within Belgium companies.

The exemption is always applicable for a fixed period. An extension of this fixed period is possible and must be provided for in an interprofessional agreement that is negotiated every two years. Requests relating to income year 2024 need to be filed before March 31st 2025.

03 | Cash grants

In Belgium, there are various initiatives on a regional and European level with the objective to stimulate (scientific) research and industrial development. This is done through direct financial support (cash grant), often on a project-by-project basis.

3.1 Flemish Region: VLAIO Grants

For the Flemish Region, the subsidies are administered by Flanders Innovation and Entrepreneurship (in Dutch "Agentschap Innoveren & Ondernemen" or "VLAIO"). Projects can involve a wide range of objectives and activities which can be both technological and non-technological in nature. In general, a distinction is made between development projects and research projects, both for which all companies (SMEs and LEs) can apply.

Development projects are defined as:

- Projects aimed at the concrete realisation of an innovative idea (prototype development);
- Projects resulting in new knowledge build-up (inside the company);
- Projects with a clear business case describing market potential and strengthening the company's competitive position resulting in economic growth.

Research projects are defined as:

- Projects aimed at ground-breaking research with significant risks;
- Projects focusing on new knowledge build-up that will, in the longer term, lead to the development of new or significantly improved products / processes or services and economic growth of the company.

Next to Development and Research projects, R&D Feasibility studies aim at initial investigation of the technical / scientific feasibility of an innovation.

Aside from project-based funding, there is also funding for researchers to obtain a PhD in close cooperation with the company (so-called Baekeland-mandaat) or postdocs to engage in such a cooperation (so-called Innovatiemandaat).

The support of VLAIO is based on eligible costs, consisting mainly of:

- Payroll costs;
- Direct and indirect costs related to the project (such as travel costs, software, hardware, etc.);
- Subcontracting costs (services offered by 3rd parties);
- Large costs (high-value equipment).

The sum of all eligible costs serves as the calculation basis for the awarded cash grant. The level of VLAIO funding is linked to the type of program and the size of the company. For development projects, a basic funding rate of 25% is applied. For research projects, the basic funding rate varies between 25% and 50%. For both types of projects this funding rate can be increased depending on the company's size (+10% or MEs, +20% for SMEs) and in case of collaboration with another company (+10%). The total funding percentage for development projects can never exceed 50%, for research projects there is an upper limit of 60%. For R&D Feasibility studies, the funding rate is 40% for LEs and 50% for SMEs.

3.2 Walloon Region: R&D projects in industrial research & experimental development (Win4Company) and PhD recruits (Win4Doc)

Specific subsidy mechanisms for enterprises exist in the Walloon Region under the category 'Win4Company'.

The first such mechanism supports industrial research projects. This measure supports planned research or critical investigation aimed at acquiring new knowledge and skills for the development of new products, processes or services, or for the significant improvement of existing products, processes or services. Subsidy percentages range from 50% for LEs, 60% for MEs and 70% for SEs. The eligible project budget comprises personnel costs, instrument and equipment costs, overhead costs, material costs and subcontracting costs.

Another mechanism is the support for experimental development projects, aimed at supporting the acquisition, combination, transformation and application of scientific, technological, business and other relevant knowledge for production projects or designs for new or improved products, processes or services. Funding for experimental development is provided in the form of a recoverable advance, amounting to 35% for LEs, 45% for MEs and 55% for SEs. The eligible project budget can be composed of the same cost categories that apply for industrial research projects.

Under certain conditions, funding percentages may be increased in case of effective cooperation between, on the one hand, a Walloon SME and at least one other Walloon enterprise and, on the other hand, a Walloon enterprise and an enterprise located outside Wallonia. Such funding percentage increase is 10% for funding in the form of grants and 15% for funding in the form of a recoverable advance.

A third support mechanism is targeted at funding researchers to obtain their PhD in a corporate environment (Win4Doc). It applies to companies wishing to strengthen their scientific and technological potential by the hiring/ training of young researchers. The objective is the realisation of an internship in a research university or recognised research centre. This entity has the knowledge and equipment to provide useful information to a scientific project for the company. The knowledge generated by the researcher will be integrated into the scientific and technical projects of the employing company. The subsidy consists of 50% for LEs, 60% for MEs and 70% for SEs of the researcher's salary and overhead costs.

3.3 Brussels Capital Region: Innoviris grants

For the Brussels Capital Region, the subsidies are administered by Innoviris. Various incentives exist for both SMEs and LEs and for research and development activities similar to the programs of the Flemish and Walloon Regions.

3.4 The European Commission's Horizon Europe Program

Horizon Europe is the current European Commission's Research and Innovation Program which has a budget of around 95 billion EUR for the period 2021 - 2027.

The program aims to secure Europe's competitiveness by stimulating research and innovation. Horizon Europe focuses on three main pillars : excellent science, global challenges & European industrial competitiveness and innovative Europe.

Horizon Europe's funding potential spans a large variety of sectors, types of organization (academia, LEs, SMEs, governments, etc.) and activities. It operates on a call-based system which seeks specific projects targeting particular EU priorities. Proposals generally require the formation of a consortium of multiple different partners from different EU member states or associated countries. Fostering research and innovation in SMEs is one of Horizon Europe's priorities.

Therefore, the European Innovation Council (EIC) aims to identify and support breakthrough technologies and game changing innovations to create new markets and scale up internationally (EIC Accelerator, EIC Transition, EIC Pathfinder).

The average grant a participating organization can potentially secure ranges from 200,000 to 1.5 million EUR per project, with funding rates of up to 100% of eligible project costs. There is no limitation on the number of projects for which a company can apply and, additionally, Horizon Europe funding can be potentially complemented with local tax and non-tax incentives.

Our approach

EY has a dedicated multidisciplinary research and development team of experienced IP and tax professionals. This team helps companies to ensure they are awarded the research and development benefits to which they are entitled and assist in determining the appropriate tax management for qualifying IP income. Our IP specialists can also assist in identifying IP assets eligible for benefits. We cover all tax angles in an integrated manner.

This multidisciplinary team works in close collaboration with international tax and transfer pricing specialists helping in the assessment, design and implementation of the tax operating model for the commercialisation of your IP assets.

Our Center of Excellence does not only help you to identify research and development incentives but also helps you understand the specifics and requirements. Whatever the size, or nature of your company, we can play a critical role throughout the research and development lifecycle. We draw on our significant knowledge to create a tailored approach that meets your needs.

While we can assist on tax and legal matters, we can also support you with the audit on certification procedures (e.g. Horizon Europe).

Why choose EY?

1. One global, integrated team
2. Cross-border experience, in-country resources
3. Proven global methodologies and the latest, high-quality tools and perspectives
4. Collaborative aligned approach
5. Objective and independent counsel

Contact

For additional information with respect to this brochure, please reach out to your regular contact at EY Belgium or to Hendrik Serruys, Bart De Dycker, Maarten Vandewaerde or Chris Thijs from the Center of Excellence R&D & IP.