

*Tax, R & D  
and carbon  
credits  
benefits*



***BUDGET GLIMPSES 2010-11***

***Research & Development***

*[News, Trends, Benefits, Incentives, Grants, etc]*

## *Benefits Available*

- *Benefits available for "R & D Centres" of companies -*
- *200% of the total expenditure both Revenue and Capital -  
Weighted Deduction from Income Tax for 3 years & more.*
- *Duty free import of specified goods (Analytical & specialty equipments)*
- *Other Benefits*

## *Others - Benefits*

*Income tax exemption @ 175% to Donations made to approved Scientific and Industrial Research Organisations(SIROs)*

*Customs duty exemption to public funded R &D institutions and privately funded scientific and industrial research organisations, both for capital equipment and consumables needed for R&D*

*Exemption from customs duty on imports made by industry for R&D projects.*

*Exemption from price Control of Drugs (Prices Control) Order for drugs, which have been developed indigenously or produced through a process, developed through indigenous R&D.*

*Pharmaceutical reference standards are allowed to be imported duty free.*

*Goods specified in List 28 (Comprising of analytical and specialty equipment) for use in pharmaceutical and biotechnology sector are allowed to be imported duty free meeting certain condition.*

*Supports in the form of Grants {including foreign } for industrial R&D projects.*

*Support in the form of loans/Grants for industrial R&D. Support to industry for R & D through sector specific programmers of scientific and economic ministries.*

*175% expenditures allowed to R & D Companies*

# ***SIROs***

(Scientific & Industrial Research Organisations)

*Benefits, Grants, Weighted Donations (175%) is available to “Scientific & Industrial Research Organisations” (SIROs) who are*

*Approved Associations/Trusts/Societies/Sec. 25 Companies with R & D centre.*

*For the Following Activities*

- Agricultural Sciences*
- Medical Sciences*
- Natural and Applied Sciences*
- Social Sciences*
- Universities / Colleges*

## *Challenges*

- *Business transactions to sustain and grow core revenues*
- *Cost reduction*
- *Performance improvement*
- *Emerging markets*
- *Excess labour, production capacity,*
- *Bulk inventory, and pressures on margins*
- *Improving supply chain efficiency*
- *Managing retiree health care costs*
- *Retail and distribution performance*
- *New regulations (accounting standards, government regulations - e.g., block exemption reform, IFRS, ELV, CAFE, EU accession, CO2 regulations)*
- *Environmental sustainability*
- *I.P.R*
- *Brand Valuation*

## ***BENEFITS OF R & D CENTRE***

*Companies can save crores of rupees in taxes by setting up and in-house research and development centre besides the obvious benefits of patenting the products of their in-house R & D and achieving a technological edge.*

*We can help you to complete all formalities involved in setting up of in-house R & D centre such as preparing project report, tax saving advise, providing training to personnel for R & D and so on.*

# *R & D GRANTS*

*The Department of Industrial Research under its Plan Scheme*  
***'TECHNOLOGY PROMOTION, DEVELOPMENT &  
UTILISATION PROGRAMME***

*(TPDU)' is promoting Industry's drive to take up New Product  
/process Development .*

## ***OBJECTIVES***

*The R&D grants has the following objectives:*

- ❖ *To promote innovation by sharing risk with innovators.*
- ❖ *To forge industry-institute cooperation*
- ❖ *To strengthen the National Innovation capability*

*Towards achieving the above objectives, the Department provides, partial financial support to New Product/ Process Development projects taken up by Indian Industry, in all sectors .*

## ***PROJECT PROPOSALS***

*These R&D projects should aim at development of a new product or a process (including development of process equipment) with attractive market potential. The projects should result in significant benefits in terms of raising the technological level of the industry concerned, high turnover, energy and material savings/recovery and export sales etc.*

## *Activities supported*

The partial financial support by Govt. primarily covers prototype development, cost of pilot plant, cost of process equipment development, test and evaluation of products, user trials etc. Bulk of the financial support to the projects has to be from Industry's resources. The financial support from Govt. is mainly to meet part of the developmental expenditures for:

- ✓ **Personal costs ( Specialists employed , part-time/ full –time/ contract basis, exclusively for specified activities);**
- ✓ **Consultancy ( cost of consultancy and equivalent services used exclusively for the research activity, including bought-in research, technical knowledge, patents, etc);**
- ✓ **Patenting ;**

- ✓ **Running costs ( such as these of raw materials, consumables, hardware/ software tools components/ sub-assemblies for prototype, equipment for pilot plant etc incurred directly as a result of proposed research activity)**
- ✓ **Cost Testing, trials & certification .**



# ***GLOBAL BENEFITS***



➤ *Full Cash Refund for  
current expenditure on  
Research & Development.*

➤ *40% Cash Refund on Capital Expenditure – ‘R & D’*

- *No Tax for Five Years on  
Income/Receipt relating  
– R & D*

- *Upto 175% (Super deduction)  
weighted deduction available  
on R & D Expenditure*

➤ *Investment tax credit upto 20% of expenditure.*

*175% Super(weighted) deduction*

*of*

*Refundable cash benefit to SME upto 24%.*

➤ *15% Investment Tax credit  
or if it is a loss making  
company, 15% of the  
expenditures will be paid in  
cash.*

➤ *30% cash refund in R&D*

- *Variety of programmes for R&D viz. R&D loans and reduced interest rates.*

➤ *Tax Incentives at Federal*

➤ *Provincial (State) levels - (100%)*

*Federal – Full cash refund or current  
expenditure 40% refund on capital  
expenditure.*

## *The Ministries/ Govt. Depts. involved in giving approvals*

- ✓ Ministry of Finance
- ✓ Ministry of Chemicals
- ✓ Ministry of Commerce
- ✓ Ministry of Science and Technology
- ✓ Ministry of Heavy Industries
- ✓ Ministry of Shipping, Road Transport and Highways
- ✓ Ministry of Small Scale Industries
- ✓ Ministry of Statistics and Programme Implementation
- ✓ Ministry of Steel
- ✓ Ministry of Environment
- ✓ Department of Industrial Development
- ✓ Department of Electronics
- ✓ Department of Telecommunication
- ✓ Department of Bio-Technology
- ✓ Indian Council of Agriculture Research
- ✓ Council of Scientific & Industrial Research
- ✓ Indian Council of Medical Research
- ✓ Defence Research & Development Organisation
- ✓ Department of Atomic Energy
- ✓ Department of Space

## *ABOUT US*

Syn is a brand under which several professionals, with diverse background, collaborate, to provide dedicated services to our clients.

- We in Syn are involved in providing objective advice, expertise and specialist skills with the aim of creating value, maximising growth or improving the business performance of our clients.
- We are primarily concerned with the strategy, structure, management and operations of an organisation. We can assist by identifying options with recommendations, providing additional resources and/or the implementation of solutions.

## *Our Team*

- *Management Specialists*
- *Industrial Engineers*
- *Cost Accountants/Chartered Accountants/CFAs*
- *Scientists*
- *Corporate Advocates*
- *MCA/M.Tech/B.Tech*
- *Doctorates in*
  - *Banking*
  - *Logistics*
  - *Risk-Management*

*Contact Us*

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