

Following last year's amendments to Investment Incentives Act No.72/2000 Coll., a new regime governing investment incentives in the Czech Republic has come into force.

The new regime introduces:

- Funding/subsidies for new types of investments
- Extended tax discounts
- Direct subsidies for strategic investment activities

Funding/subsidies for New Types of Investments

Following the amendment, investment incentives are available for:

- Manufacturing projects
- Technological centers
- Strategic service centers (e.g., centers for software creation, repair centers or shared services centers)

Extended Tax Discounts

The tax discount period is now extended from five to 10 years for investors who have been offered investment incentives in the Czech Republic.

The extended tax discount period shall be most welcome among companies planning complex investments, especially those intending to invest in modern technologies.

Direct Subsidies for Strategic Investment Actions

The Investment Incentives Act also newly introduced support for so called strategic investment activities. Strategic investment activities include:

- investments in manufacturing approved by the Czech government totaling at least CZK 500 million, out of which at least CZK 250 million must be spent on purchasing machinery. Furthermore, such investments must create at least 500 new jobs;
- investments in technological centers approved by the Czech government and totaling at least CZK 200 million, out of which at least CZK 100 million must be spent on purchasing machinery. Furthermore, such investments must create at least 120 new jobs.

Companies whose investments qualify as "strategic" will be able to claim a direct subsidy of up to 5% of their investment costs, however not more than CZK 1.5 billion in the case of a strategic investment in manufacturing and CZK 0.5 billion in the case of a strategic investment in technological centers. If, however, in the course of a single investment a manufacturing project is established and/or expanded and a technological center is established or expanded as well, the direct subsidy available may be up to 7% of the investment costs.

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