



Summary of the amendment of Act No. 72/2000 Coll., on Investment Incentives and the Amendment of Certain Acts (Investment Incentives Act)

1) Investment incentives for the MANUFACTURING INDUSTRY – main changes

Conditions:

- Reduction of the prescribed share of machinery in the total investment (from 60% to 50%).
- The minimum investment in long-term tangible and intangible assets must amount to CZK 50 million in disadvantaged regions, CZK 100 million in other regions.
- It will no longer be possible to extend the period for fulfilment of the general terms and conditions by two years.
- Tightening of conditions for retaining the investment: five years from the completion of the whole investment, not from fulfilment of the general terms and conditions.

Forms of investment incentives:

- Extension of the period for utilising income-tax relief from five to ten years – for newly incoming investors and for expansion of existing firms.
- Job-creation grants, training and retraining grants and transfer of land plots including related infrastructure for a favourable price will be provided in the same manner as pursuant to the existing legislation.

2) Expansion of the investment-incentives system to cover BUSINESS SUPPORT SERVICES CENTRES

Conditions:

- Incentives for software-development centres, shared-services centres and repair centres.
- Creation of 40 new jobs at software-development centres, 100 jobs at other business support services centres.
- The investor has the option to choose eligible costs from either costs of acquiring long-term tangible and intangible assets or wage costs relating to new jobs over a two-year period.
- Retention of jobs or, as the case may be, long-term assets (according to the choice of eligible costs) for five years from the creation of the first employment relationship in connection with the given job or from completion of the whole investment.

Forms of investment incentives:

- Income-tax relief for a period of ten years – for newly incoming investors and for expansion of existing firms.
- Job-creation grants and training and retraining grants will be provided under the same conditions as in the case of the manufacturing industry.



3) Expansion of the investment-incentives system to cover TECHNOLOGY CENTRES

Conditions:

- Minimum investment of CZK 10 million in long-term tangible and intangible assets, of which at least CZK 5 million must be invested in machinery.
- Creation of at least 40 new jobs.
- The investor has the option to choose eligible costs from either costs of acquiring long-term tangible and intangible assets or wage costs relating to new jobs over a two-year period.
- Retention of jobs and long-term assets for five years from the creation of the first employment relationship in connection with the given job / completion of the whole investment.

Forms of investment incentives:

- Income-tax relief for a period of ten years – for newly incoming investors and for expansion of existing firms.
- Job-creation grants, training and retraining grants and transfer of land plots including related infrastructure for a favourable price will be provided under the same conditions as in the case of the manufacturing industry.

4) Introduction of the institution of STRATEGIC INVESTMENT

- Besides other investment incentives, strategic investments can receive a grant for capital investment in the amount of up to 5% of costs.
- If introduction or expansion of production occurs within the investment simultaneously with the establishment or expansion of a technology centre, the grant can amount to up to 7% of costs.
- The maximum state aid intensity shall henceforth be governed by the Regional Map of the Czech Republic; however, incentives will have a different form (the investor will receive a grant instead of partial tax relief).
- Provision of a grant for capital investment shall be approved by the Government of the Czech Republic in individual cases.

Strategic investments in the area of production:

- Investments in long-term tangible and intangible assets must amount to at least CZK 500 million, of which at least CZK 250 million must be invested in machinery.
- At least 500 new jobs must be created as a result of the investment.
- A grant for capital investment can amount to a maximum of CZK 1.5 billion.

Strategic investments in the area of technology centres:

- Investments in long-term tangible and intangible assets must amount to at least CZK 200 million, of which at least CZK 100 million must be invested in machinery.
- At least 120 new jobs must be created as a result of the investment.
- A grant for capital investment can amount to a maximum of CZK 500 million.

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