

POTENTIAL PROGRAM CALL III - Extension II

Have you decided to implement or expand your own research and development capacity and join the ranks of business entities, which perform their own research and development?

If that is the case, the Potential program is intended just for you.

It is possible to obtain support for investments in the establishment or expansion of a development center (department) focused on research and development of products or technologies, including the development of specific software required for innovation in production.¹ The center should contribute to the implementation of technologically new or innovated products, production lines, manufacturing processes and technologies. However, there must be a realistic expectation that the outcomes of the center's work will be actually used in production.

SCHEDULE

- Acceptance of Registration Applications: June 10, 2014 - July 10, 2014
- Acceptance of Full Applications: June 10, 2014 - August 19, 2014

SUPPORTED ACTIVITIES

Establishment or expansion of a development center (department) focused on research, development and innovation of products or technologies, provided that there is an expectation of their use in production.

APPLICANT

- only an entity that, as of the date of submission of the Registration Application, has at least two closed consecutive accounting periods:
- **legal entity** (public company, limited liability company, joint stock company, limited company, cooperative, production cooperative, consumer cooperative, other

¹Specific software is understood as software, which forms an integral part of a product or technology. The development or innovation of specific software thus leads to product or technology innovation.

cooperative, cooperative enterprise, contributory organization, European Economic Interest Grouping, European society, European cooperative society) based in the Czech Republic operating in accordance with Act No. 90/2012 Coll., on commercial companies and cooperatives, or

- **a natural person** with a place of business in the Czech Republic registered in the Commercial Register according to Act No. 90/2012 Coll., on commercial companies and cooperatives

SECTORAL CLASSIFICATION

- Supported projects are those whose outputs will be realized in the sectors defined by CZ-NACE classifications C 10, 13-33; E 38.32; J 62, M 71.2, S 95.1.
- Projects whose outputs will be realized in any of the following sectors shall not be supported:
 - manufacturing, processing and marketing of products listed in Annex 4 of the Call III - Extension II of the Potential program,
 - agriculture, forestry, fishing, aquaculture (CZ-NACE A 01, A 02, A 03),
 - coal industry (CZ-NACE B 05, C 19.1),
 - steel industry (sectors defined in Annex 5 of the Call),
 - manufacture of synthetic fibers (sectors defined in Annex 5 of this Call),
 - shipbuilding (CZ-NACE C 30.11),
 - transportation.

MAIN CONDITIONS OF THE CALL

- The minimum amount of investment in fixed assets, used for the purposes of ensuring project activities for SMEs, shall amount to CZK 3 million, CZK 6 million in the case of large enterprises.
- Every Applicant is allowed under this Call to submit only **one project** (i.e., one approved Registration Application) for **one region**.
- The project must be **implemented** in the Czech Republic outside the territory of the Capital City of Prague.

- The financial health of the Applicant expressed by simplified economic rating evaluation of the mediating entity may not be lower than five points.
- The Beneficiary is obligated to keep analytical accounting records and documentation of the eligible costs and of the use of the subsidy intended for financing the eligible costs as stipulated in the Terms and Conditions of the Decision to Provide Subsidy and keep such records and documentation for a period of 10 years following the date of completion of the project, and at the same time, for a period of at least three years following the closing date of the OP Enterprise and Innovation in compliance with Article 90 of Council Regulation (EC) No 1083/2006.
- The Beneficiary is obligated to keep time records of the use of the acquired technologies for the purposes of research and development.

ELIGIBLE COSTS

- Must be expended in accordance with the objectives of the program and must immediately relate to the project implementation.
- Must be expended no earlier than on the date of eligibility of the project (i.e. the date, on which CzechInvest shall confirm in writing that the project in principle complies with the program's conditions of eligibility).
- Must be demonstrably paid by the Beneficiary before they are reimbursed from Structural Funds.

Types of Eligible Costs

| All enterprises |
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| <p>INVESTMENT COSTS:</p> <p>TANGIBLE FIXED ASSETS</p> <ul style="list-style-type: none"> • Acquisition of machinery and other equipment (together with intangible fixed assets it must amount to a |

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| <p>minimum of 80% of eligible investment costs and</p> <ul style="list-style-type: none">• Technical appreciation of buildings (up to 20% of eligible investment costs) |
| <p>INTANGIBLE FIXED ASSETS</p> <ul style="list-style-type: none">• Acquisition of intellectual property rights and software (for large enterprises up to 50% of eligible investment costs) |
| <p>NON-INVESTMENT COSTS:</p> <p>MANDATORY PUBLICITY</p> <ul style="list-style-type: none">• The cost of (reasonable) mandatory publicity associated with the project, only on the obligatory publicity defined in the Publicity rules <p>SELECTED OPERATING COSTS – de minimis aid:</p> <ul style="list-style-type: none">• Studies and services of experts and consultants• Wages, insurance premiums during the period of project implementation |

FORM AND AMOUNT OF AID

- Aid is provided in the form of a subsidy. The subsidy is provided in the amount of CZK 1-25 million. In the regions supported by the state (according to government resolution No. 344/2013 and No. 732/2013), the subsidy is provided in the amount of CZK 1-50 million. The aid intensity is set at 50% of the total eligible costs, regardless of the size of the enterprise and place of implementation.

Determination of state-supported regions eligible for a subsidy of up to CZK 50 million

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| <p>State-supported regions according to the government resolution No. 344 of 15. 5. 2013</p> | <p>Economically troubled regions comprise the territory of municipalities with extended powers.</p> | <p>Bílina, Bílovec, Bohumín, Broumov, Bruntál, Bystřice nad Pernštejnem, Česká Třebová, Český Těšín, Děčín, Frýdlant, Havířov, Hodonín, Cheb, Chomutov, Jeseník, Kadaň, Karviná, Konice, Králíky, Kraslice, Kravaře, Krnov, Kyjov, Lipník nad Bečvou, Litvínov, Louny, Mikulov, Moravská Třebová, Moravské Budějovice, Moravský Krumlov, Most, Nový Bor, Odry, Orlová, Ostrava, Ostrov, Podbořany, Přerov, Rumburk, Rýmařov, Sokolov, Stříbro, Svitavy, Šternberk, Šumperk, Tanvald, Teplice, Uničov, Ústí nad Labem, Valašské Klobouky, Varnsdorf, Veselí nad Moravou, Vítkov, Vsetín, Zábřeh, Znojmo, Žatec</p> |
| <p>Supported districts according to the government resolution No. 732 of September 25, 2013</p> | | <p>Frýdek-Místek, Opava, Litoměřice</p> |