

INVESTMENT INCENTIVES FOR MANUFACTURING



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ACT



Act on Investment Incentives No. 72/2000 Coll., as amended



ELIGIBILITY CRITERIA



- Acquisition of a new plant or expansion of an existing plant

- Minimum investment within 3 years
 - **100 mil CZK** (app. 3.5 mil. EUR / 4.7 mil. USD) **(C)**
 - **60 mil CZK** (app. 2.1 mil. EUR / 2.8 mil. USD) **(B)**
 - **50 mil CZK** (app. 1.7 mil. EUR / 2.3 mil. USD) **(A)**

- At least half of the above minimum investment must be covered by own equity

- At least **60 %** from the total investment must be made into machinery

- Machinery equipment have to be **new**

OTHER ELIGIBILITY CRITERIA



- **Investment / new jobs must be maintained for a period of 5 years**
- **No work may be started on the Project before issuance of the “Confirmation of Project Registration” by CzechInvest**
- **Environmentally friendly activities**

INVESTMENT INCENTIVES IN STATE AID

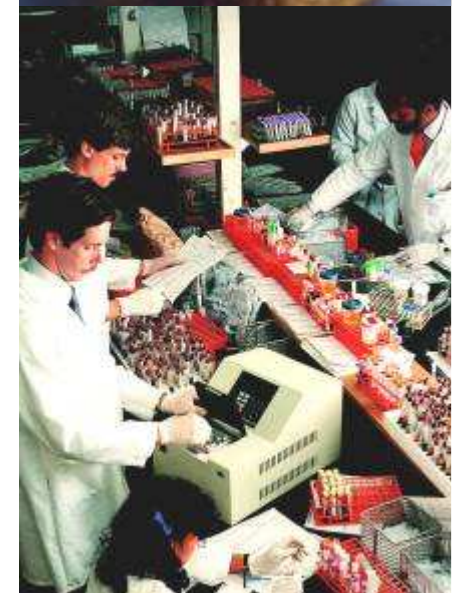


Following items summed up cannot exceed the ceiling of state aid

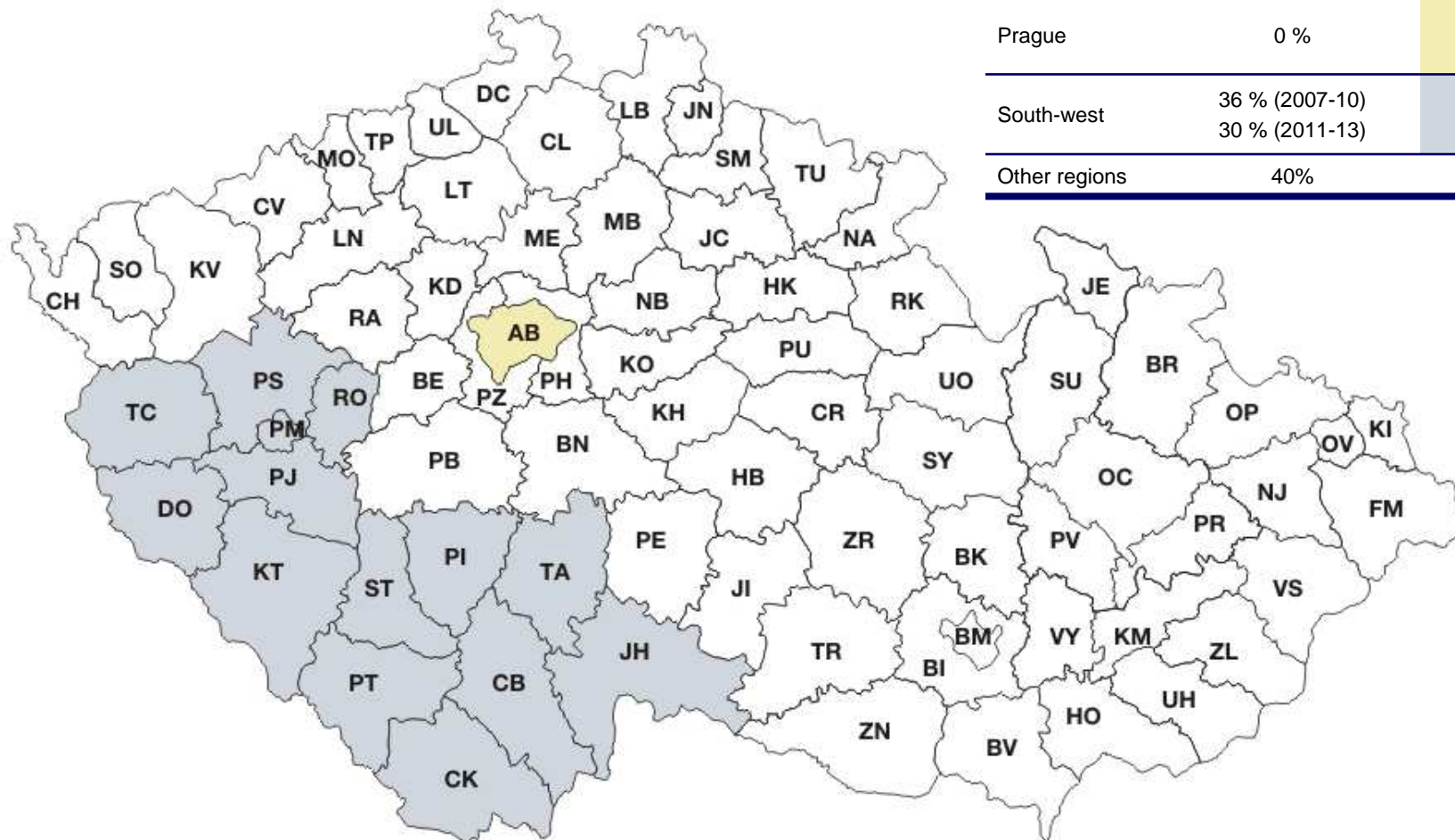
- Corporate tax relief for 5 years
- Job creation grants
- Discounted price of land
(the difference between the market price and the purchase price)

Granted above the ceiling of state aid

- Training and retraining grants



STATE AID MAP (2007 – 2013)



REGION	STATE AID	SUPPLEMENT
Prague	0 %	
South-west	36 % (2007-10) 30 % (2011-13)	
Other regions	40%	

STATE AID ACCORDING TO THE SECTOR OF ACTIVITY



Full ceiling of state aid

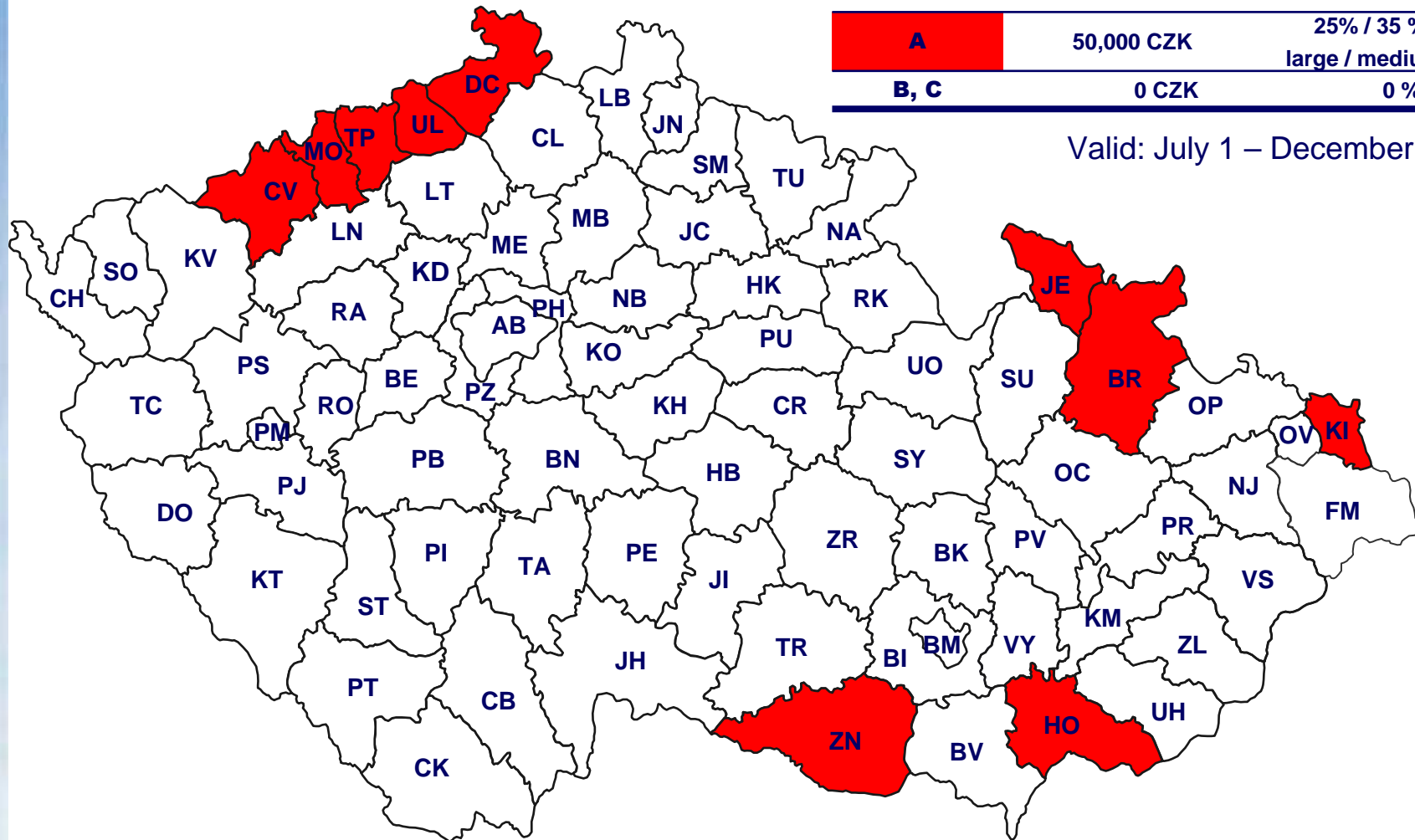
- Aerospace
- Vehicles
- Scientific equipment
- Computers and office equipment
- Radio, television, communication equipment
- Engineering
- Pharmacy, biotechnology
- Chemistry

75 % of ceiling of state aid

- Plastics and rubber
 - Glass, Ceramics
 - Manufacturing of non-ferrous metals
 - Wood and Paper
 - Metalworking
 - Textile, clothing industry and leather
 - Food and tobacco industry
 - Wood products and furniture
-

Hi – tech sectors according to the OECD definition

JOB CREATION AND TRAINING GRANTS



GROUP	JOB CREATION	RE-TRAINING
A	50,000 CZK	25% / 35% / 45% large / medium / small
B, C	0 CZK	0%

Valid: July 1 – December 31, 2009

APPLICATION PROCESS



INVESTOR

Submits application form

CZECHINVEST

Evaluates project **(max. 30 days)**

**MINISTRY OF INDUSTRY
AND TRADE**

Forwards all materials to other ministries for written comments; Issues an Offer for the Investment Incentives **(app. 60 days)**

INVESTOR

Accepts Offer for the Investment Incentives **(max. 3 months)**

**MINISTRY OF INDUSTRY
AND TRADE**

Issues Decision to Grant Investment Incentives **(app. 30 days)**

INCENTIVES STATISTICS - MANUFACTURING



- **557** investors have received incentives
- Total investment: **530 626 mil. CZK** (20 130 mil. EUR / 29 561 mil. USD)
- **116 158** direct jobs created

THANK YOU FOR YOUR ATTENTION

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CzechInvest, the Investment and Business Development Agency, is an agency of the Ministry of Industry & Trade of the Czech Republic