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**PwC The Netherlands**

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**Dutch Innovation box**  
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**2010**

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## Dutch Innovation box – key features

- ❑ As per 1 January 2007 the Netherlands has a specific IP-regime, called the Patent box, which taxes the income derived from qualifying IP at an effective tax rate of 10%. In the Dutch Budget 2010, a new IP-regime with a wider scope and a lower effective rate has been announced. This so-called Innovation box is expected to become effective per 1 January 2010.

### Key features & proposed Dutch tax effect

- ❑ Applicable to intangible asset for which a patent (no trade names) or a special R&D-qualification has been granted.
- ❑ Box is optional on a product by product basis
- ❑ Effective tax rate of 5% on qualifying income from intangible assets at level of Dutch IP-owner, for income that exceeds the attributable R&D cost;
- ❑ R&D expenditure deductible at statutory rate of 25.5%.
- ❑ Possible exploitation losses can be taken into account in full at the statutory rate of 25.5%.
- ❑ No maximum cap or limit on benefit from Innovation box;
- ❑ Residual income derived from ‘Contract R&D’ that has been performed for risk and account of Dutch tax resident company can also be included in the Innovation box.
- ❑ Also applicable to buy-in payment or pipeline products acquired by Dutch Company and further developed for account of Dutch company.

### Simplified Pharma-structure

