

3. Investment Incentives

The general terms and conditions for provision of investment incentives and the process of providing investment incentives are governed by Act No. 72/2000 Coll., on Investment Incentives, as amended.

Supported Areas

Industry

Introduction or expansion of production in sectors of the manufacturing industry

Technology centres

Construction or expansion of research and development centres

Business support services centres

Launch or expansion of the activities of:

- Shared-services centres
- Software-development centres
- High-tech repair centres
- Data centres

The national incentives scheme

Tax incentive	Corporate income-tax relief for up to ten years for new companies
	Partial corporate income-tax relief for up to ten years for existing companies
Cash grant for capital investment	Financial support in the case of strategic investments
Cash grant for new jobs and training	Financial support in the case of Technology centres and Manufacturing

Tax incentive

The tax incentive has two forms. If a new company (legal entity) is established for the investment project, the new company is eligible for corporate income-tax relief for up to ten years. If the investment takes the form of an expansion project within an existing Czech company (legal entity), the company is eligible for partial corporate income-tax relief for up to ten years.

Cash grant for capital investment

A cash grant for capital investment is available to strategic investment projects, production of products with strategic importance for the protection of citizens' life and health, investment with high technological demands (NACE code Sections 21 and 26 and group 30.3) and strategic investment focused on performance chips, e-mobility and energy savings. For capital investments in projects in this category, the level of financial support may be up to 20% of eligible investment costs. Decisions concerning support for eligible projects will be made by the Government of Czechia.

Cash grant for new jobs and training

A cash grant for new jobs and training is available to Technology centres. The level of financial support may be up to CZK 200 thousand per new job and 50-70% of eligible training costs. Investment in production can receive a cash grant for new jobs and training only in regions with min. 7.5 % unemployment rate.

Eligibility criteria

For all types of activities, it applies that the recipient of incentives shall not start work on the project (i.e. shall not acquire any assets including orders of machines and equipment and shall not commence construction works) prior to submission of the application to CzechInvest and that the recipient shall retain the required assets and created jobs throughout the entire period of utilising state aid (at least for a period of five years).

Eligibility criteria for the manufacturing industry

- The investor must invest at least CZK 80 million (approx. EUR 3. million) within three years. This limit is reduced to CZK 40 million in afflicted regions and in special industrial zones (see the 1st map on the last page).
- At least CZK 40 million (CZK 20 million) must be invested in new machinery.
- For non-strategic investment projects and for the projects with high technological demands (NACE code Sections 21 and 26 and group 30.3), the investor must fulfil high-added value condition project, except for investment in regions with high unemployment rate (higher than 7.5 %).

Strategic investment

- The investor must invest at least CZK 2,000 million (approx. EUR 77 million) within five years.
- At least CZK 1,000 million must be invested in new machinery.
- The investor must create at least 250 new jobs.

Eligibility criteria for technology centres

- The investor must invest at least CZK 10 million (approx. EUR 0.4 million) within three years.
- At least CZK 5 million must be invested in new machinery.
- The investor must create at least 20 new jobs.

Strategic investment

- The investor must invest at least CZK 200 million (approx. EUR 7.7 million) within five years.
- At least CZK 100 million must be invested in new machinery.
- The investor must create at least 70 new jobs.

Eligibility criteria for business support service centres

- Creation of at least 20 new jobs at software-development centres and data centres.
- Creation of at least 50 new jobs at high-tech repair centres.
- Creation of at least 70 new jobs at shared-services centres.

Strategic investment in high-tech repair centres only

- The investor must invest at least CZK 200 million (approx. EUR 7.7 million) within five years.
- At least CZK 100 million must be invested in new machinery.
- The investor must create at least 100 new jobs.

Small and medium enterprises ("SMEs")

- The required investment is reduced to half for medium enterprises,
- The required investment is reduced to quarter for small enterprises and
- The number of new jobs is reduced to half for SMEs.

Individual investment incentive

An investment incentive that cannot be granted on the basis of directly applicable regulation of the European Union on the granting of regional investment, employment and training aid may be granted in accordance with Article 107 of the Treaty on the Functioning of the European Union if an individual exemption from the prohibition of State aid has been granted to the investment project by the European Commission.

State aid

The maximum permissible state-aid intensity in Czechia is 20-40% of total eligible cost for large enterprises, 30-50% for medium and 40-60% for small enterprises. The maximum state-aid intensity for data centres is 25% from maximum state aid. The amount of support depends on the place of implementation of the investment (see the 2nd map). State aid is understood to be tax incentives, cash grant for capital investment and cash grant for new jobs.

Eligible Costs

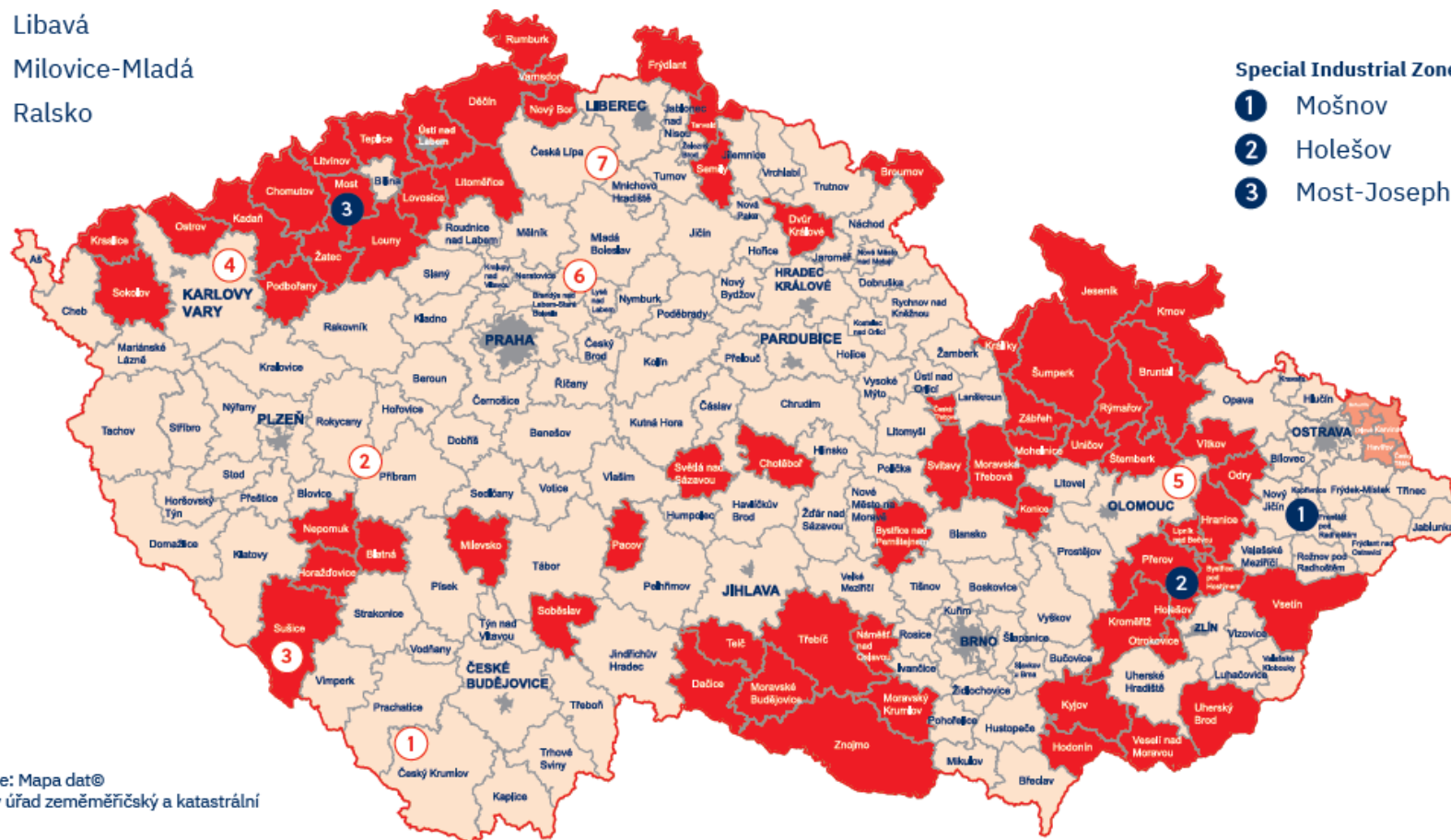
Either fixed assets, when the value of machinery comprises at least half of the value of acquired assets, or two years' gross wages for newly created jobs can serve as eligible costs from which the maximum state-aid intensity is calculated.

Regional Development Strategy of the Czech Republic 2021+

Former Military Areas

- ① Boletice
- ② Brdy
- ③ Dobrá Voda
- ④ Hradiště
- ⑤ Libavá
- ⑥ Milovice-Mladá
- ⑦ Ralsko

	Minimum investment into assets million CZK			High Added Value Condition
	Large company	Medium company	Small company	
● Special Industrial Zones	40	20	10	applies
● Economically and Socially Vulnerable Areas Former Military Areas	40	20	10	applies
● Area with a high unemployment rate	40	20	10	does not apply
○ Developed regions	80	40	20	applies



- ### Special Industrial Zones
- ① Mošnov
 - ② Holešov
 - ③ Most-Joseph

Source: Mapa dat@
Český úřad zeměměřičský a katastrální

