

# **SUMMARY OF NEW FRAMEWORK PROGRAMME FOR SUPPORT OF TECHNOLOGY CENTRES AND BUSINESS SUPPORT SERVICES IN THE CZECH REPUBLIC**

On the basis of Government Resolution No. 217 of 12 March 2007, **valid from April 18, 2007.**

## **1. TYPES OF SUPPORTED PROJECTS**

### **1.A TECHNOLOGY CENTRES**

#### **Development and innovations**

- Development and innovations of high-tech products and technologies, provided that there is the expectation that the results of the development and innovation work will be carried forward and used in production; regular changes to product, production series, manufacturing processes, technologies
- Focused on the following sectors: aerospace, office and computer equipment, electronics and microelectronics, telecommunications and pharmaceuticals, scientific instrument and professional equipment, motor vehicles, industrial electrical machinery, production of chemical products, road transport equipment, engines, turbines and agricultural machinery

### **1.B BUSINESS SUPPORT SERVICES**

#### **Customer Contact Centres**

- Both out-bound and in-bound call-centres; all types of multi-media contact centres based on phone, fax, e-mail and Internet; other types of contact centres focused on technical support and problem solving

#### **Shared Services Centres**

- Concentrating of company subsidiaries' back-office activities such as finance, accounting, marketing, HR and IT in one centre, outsourcing of those services for multinational companies

#### **ICT Expert Solution Centres**

- Implementation of IT systems in corporate subsidiaries, outsourcing of information systems management, telecom-network operation centres

#### **Software development centers**

- Development of new software solutions, especially for foreign clients

#### **High-Tech Repair Centres**

- Computer repair; electrical machines and devices repair; e.g. radio sets, TV sets and connecting equipment and devices; health care devices; precision, optical and time-measuring devices; aircraft repair

## 2. ELIGIBILITY CRITERIA

<b>Minimum investment</b>	<b>CZK 10 mil. (EUR 0.36 mil. / USD 0.48 mil.)</b>
<b>Minimum number of newly created jobs</b>	
-- Software Development Centres -- Expert Solution Centres	<b>20</b>
-- Technology Centres	<b>30</b>
-- High-Tech Repair Centres -- Shared Services Centres	<b>50</b>
-- Call-Centres	<b>100</b>

- Fulfillment of above-mentioned conditions within 3 years from obtaining the official Project Aid Decision
- Maintaining the investment and job positions for 5 years
- No works may be started prior to the issuance of a Confirmation of Project Registration at CzechInvest
- Internationally oriented project in case of Business Support Services

## 3. FORMS OF SUPPORT

### 3.A SUBSIDY TO BUSINESS ACTIVITY

- The subsidy is claimed every year anytime between 1 January and 30 June.
- The purpose of the subsidy is to cover payroll costs; the subsidy must be always spent in the calendar year in which it is received.
- It is possible to claim the subsidy up to the ceiling of state aid stipulated as the percentage (pursuant to the Regional Map shown below) of eligible costs that are calculated as **A \* B**, where

**A** = average gross wages (including the employer's mandatory social contributions) figuring in the calculation for one new employee for a period of two consecutive calendar years falling within the period beginning with the submission of the aid application and ending with the third calendar year following the year in which the Project Aid Decision was received.

**B** = the number of newly created jobs at the end of the third calendar year following the year in which the Project Aid Decision was received.

Example:

Input data: Investment is in Prague → aid intensity of 10%

year I: CZK 30,000/month/employee

year II: CZK 35,000/month/employee

50 jobs created by the end of the third calendar year following the

Decision

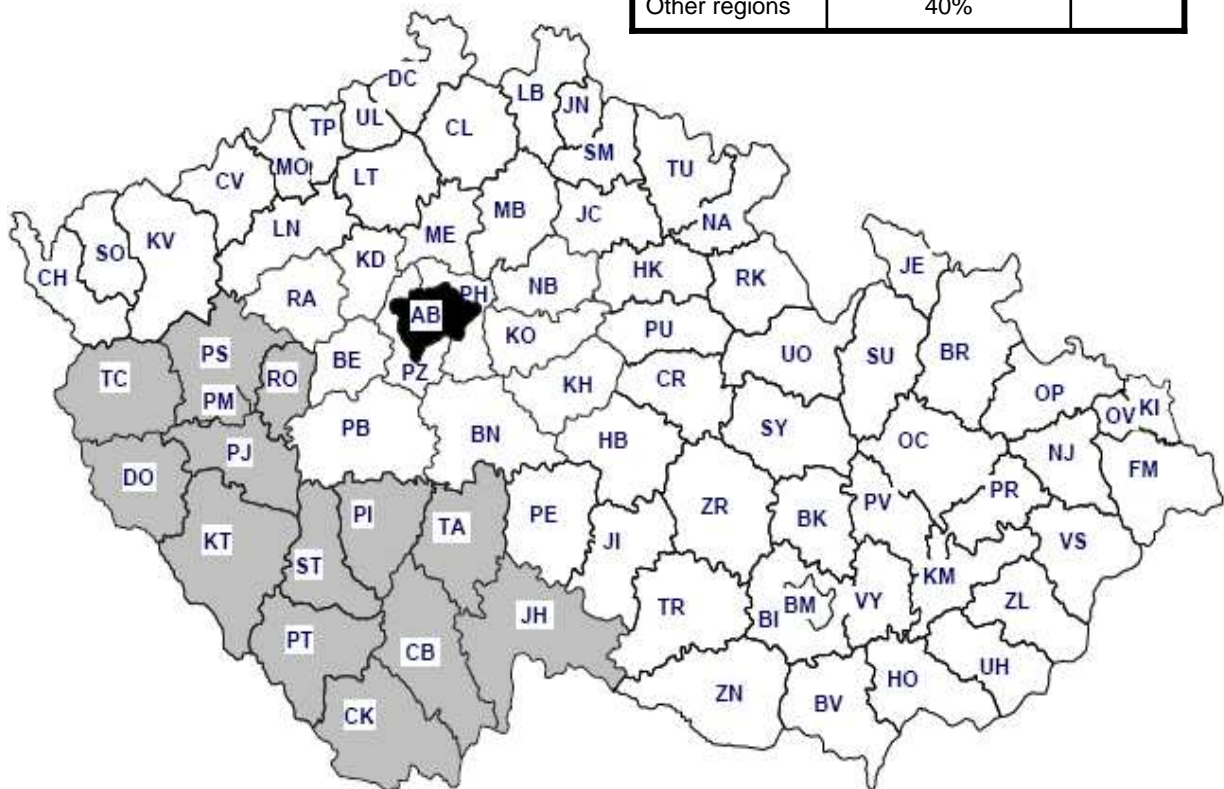
Indicator A:  $(30,000 * 12 + 35,000 * 12) = 780,000$

Indicator B: 50

Maximum state aid ceiling:  $780,000 * 50 * 0.1 = \text{CZK } 3,900,000$

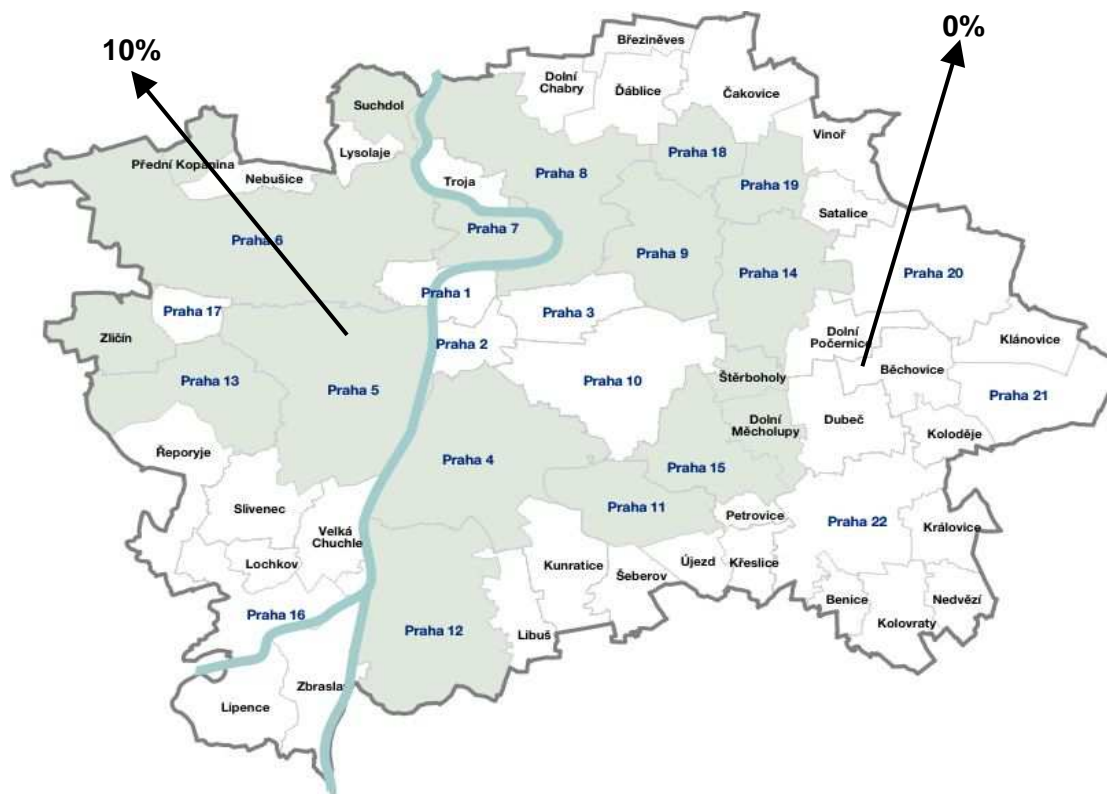
**State aid map for 2007-2013: maximum rate of public support<sup>1</sup>**

Region	State aid intensity	Filler
Prague	0-10 % (2007-08)	
South-west	36 % (2007-10) 30 % (2011-13)	
Other regions	40%	



<sup>1</sup> For those companies, which are classified as medium entrepreneurs, the intensity of state aid will be increased by 10 percentage points, for those companies, which are classified as small entrepreneurs, the state aid intensity will be increased by 20 percentage points.

## State aid map - Prague for 2007-2008



### 3.B SUBSIDY FOR TRAINING AND RETRAINING

- The subsidy is claimed every year anytime between 1 January and 30 June.
- The subsidy is calculated as a percentage of actually spent (re)training costs, such as:
  - a) Services related to (re)training
  - b) Materials and energy consumed during (re)training
  - c) Travel expenses of trained and retrained employees
  - d) Labour costs and on-costs of employees ensuring the training and retraining
  - e) Depreciation of tangible and intangible fixed assets used for training and retraining
  - f) Labour costs and on-costs of trained employees for the period during which they participated actively in the training and retraining - in a maximum amount of the sum of items (a) – (e)

-- Level of subsidy:

<b>&lt; 100 new job positions</b>	<b>35% of 3-year training costs</b>
<b>≥100 new job positions</b> (≥150 Customer Contact Centres)	<b>35% of 5-year training costs</b>

*Note: The state aid is lowered by 5 percentage points in Prague.*

*For companies that are classified as small or medium-sized enterprise, the state aid intensity will be increased by 10 percentage points.*

#### **4. APPLICATION PROCESS**

1. Registration of the project at CzechInvest → as of that date the investment activities may be started and all specified expenses count towards the eligible costs.
2. CzechInvest evaluates the project and forwards it to the Ministry of Industry and Trade (**max. 1 month**).
3. Ministries approve the project (app. **2 - 3 months**).
4. The Ministry of Industry and Trade issues a Draft Project Aid Decision that shows all types of subsidies as well as the amount of aid proposed.
5. Investor has a **3-month** period to accept the Draft Project Aid Decision.
6. After investor's acceptance, the MIT issues the official Project Aid Decision.