

Investment Incentives and National Recovery Plan

ČSOB EU Centrum



CHANGES IN INVESTMENT INCENTIVES AS OF JAN 1 2022

these investment actions will be supported



form of support

- **Income tax discount for 10 years**
- **UP TO 20% CASH SUPPORT !!!**
- **Financial support** for the **newly created job** of up to 300 thousand CZK
- **Financial support for employee training** up to 50% of training costs

Type of investment	Qualification conditions			Forms of Investment incentives
	Large enterprises	Medium-sized enterprises	Small enterprises	
Manufacturing industry	Investment of at least CZK 40 million / CZK 80 million in assets depending on the region (see map 1), of which at least half in new machines	Investment of at least CZK 20 million / CZK 40 million in assets depending on the region (see map 1), of which at least half in new machines	Investment of at least CZK 10 million / CZK 20 million in assets depending on the region (see map 1), of which at least half in new machines	<p>Corporate income tax relief for a period of 10 years</p> <p>Cash grant for job creation and training of new employees only in district with an unemployment rate of at least 7.5 %.</p>
	<p>Condition of higher value added in developed regions</p> <p>- Min. 80 % of employees have at least the average wage in the region and</p> <p>a) 10 % of employees with university education + collaboration with R&D institutions in the amount 1 % of eligible costs; or b) 2 % of employees in R&D; or c) 10 % of eligible costs in machinery R&D</p>			
Manufacturing industry Strategic investment	Investment of at least CZK 2 billion in assets, of which at least half in new machinery and creation of at least 250 new jobs			<p>Corporate income tax relief for a period of 10 years</p> <p>Cash grant for job creation and training of new employees only in district with an unemployment rate of at least 7.5 %.</p> <p>Cash grant on capital investment in the amount of up to 10/20 % (depends on the region) of eligible costs (max. CZK 1.5 billion)</p>
	<p>Condition of higher value added in developed regions</p> <p>- Min. 80 % of employees have at least the average wage in the region and</p> <p>a) 10 % of employees with university education + collaboration with R&D institutions in the amount 1 % of eligible costs; or b) 2 % of employees in R&D; or c) 10 % of eligible costs in machinery R&D</p>			
Manufacturing industry with high technological demands	Investment of at least CZK 40 million / CZK 80 million in assets depending on the region (see map 1), of which at least half in new machine	Investment of at least CZK 20 million / CZK 40 million in assets depending on the region (see map 1), of which at least half in new machines	Investment of at least CZK 10 million / CZK 20 million in assets depending on the region (see map 1), of which at least half in new machines	<p>Corporate income tax relief for a period of 10 years</p> <p>Cash grant for job creation and training of new employees only in district with an unemployment rate of at least 7.5 %.</p> <p>Cash grant on capital investment in the amount of up to 10/20 % (depends on the region) of eligible cost (max. CZK 1.5 billion)</p>
	<p>Investment sector: Pharmaceutical products and preparations, Computers, electronic and optical devices, Aircraft and their engines, Spacecraft and related equipment. Condition of higher value added</p> <p>- Min. 80 % of employees have at least the average wage in the region and</p> <p>a) 10 % of employees with university education + collaboration with R&D institutions in the amount 1 % of eligible costs; or b) 2 % of employees in R&D; or c) 10 % of eligible costs in machinery R&D</p> <p>Plus implementation of research and development using key enabling technology</p>			
Production of strategic medical products	Investment of at least CZK 40 million / CZK 80 million in assets depending on the region (see map 1), of which at least half in new machines	Investment of at least CZK 20 million / CZK 40 million in assets depending on the region (see map 1), of which at least half in new machines	Investment of at least CZK 10 million / CZK 20 million in assets depending on the region (see map 1), of which at least half in new machines	<p>Corporate income tax relief for a period of 10 years</p> <p>Cash grant for job creation and training of new employees only in district with an unemployment rate of at least 7.5 %.</p> <p>Cash grant on capital investment in the amount of up to 10/20 % (depends on the region) of eligible costs (max. CZK 1.5 billion)</p>

Positive changes - Strategic Investments

Manufacturing industry Strategic investment	Investment of at least CZK 2 billion in assets, of which at least half in new machinery and creation of at least 250 new jobs	Corporate income tax relief for a period of 10 years Cash grant for job creation and training of new employees only in district with an unemployment rate of at least 7.5 %.
	Condition of higher value added in developed regions - Min. 80 % of employees have at least the average wage in the region and a) 10 % of employees with university education + collaboration with R&D institutions in the amount 1 % of eligible costs; or b) 2 % of employees in R&D; or c) 10 % of eligible costs in machinery R&D	Cash grant on capital investment in the amount of up to 10/20 % (depends on the region) of eligible costs (max. CZK 1.5 billion)

Positive changes - High Technological Demands

Manufacturing industry with high technological demands	Investment of at least CZK 40 million / CZK 80 million in assets depending on the region (see map 1), of which at least half in new machine	Investment of at least CZK 20 million / CZK 40 million in assets depending on the region (see map 1), of which at least half in new machines	Investment of at least CZK 10 million / CZK 20 million in assets depending on the region (see map 1), of which at least half in new machines	Corporate income tax relief for a period of 10 years Cash grant for job creation and training of new employees only in district with an unemployment rate of at least 7.5 %.
	Investment sector: Pharmaceutical products and preparations, Computers, electronic and optical devices, Aircraft and their engines, Spacecraft and related equipment. Condition of higher value added - Min. 80 % of employees have at least the average wage in the region and a) 10 % of employees with university education + collaboration with R&D institutions in the amount 1 % of eligible costs; or b) 2 % of employees in R&D; or c) 10 % of eligible costs in machinery R&D Plus implementation of research and development using key enabling technology			Cash grant on capital investment in the amount of up to 10/20 % (depends on the region) of eligible cost (max. CZK 1.5 billion)

1/ Manufacturing Industry Eligibility criteria in Regions

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

- Special Industrial Zones
- Economically and Socially Vulnerable Areas Former Military Areas
- Developed regions

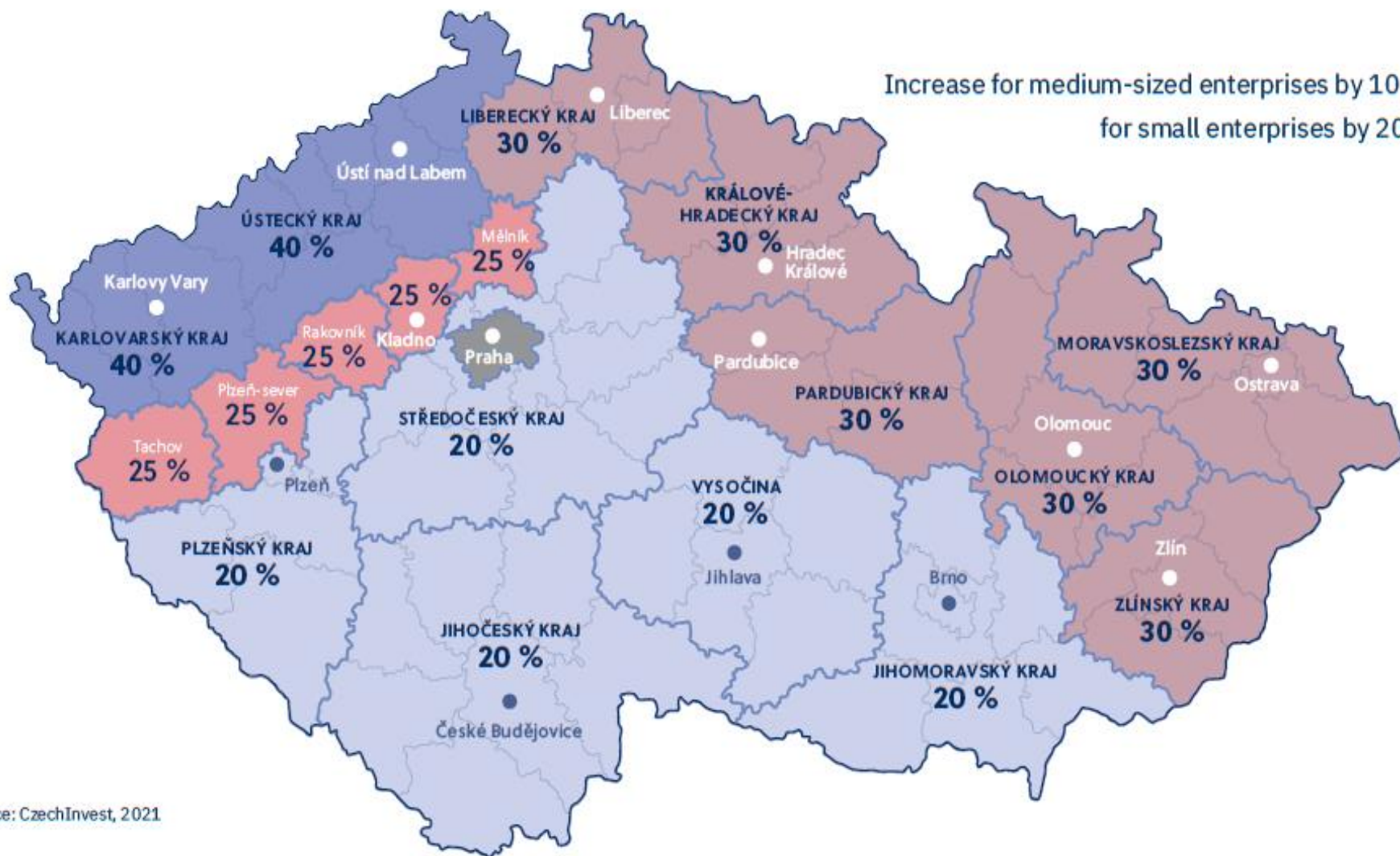
	Minimum investment into assets million CZK			High Added Value Condition
	Large company	Medium company	Small company	
Special Industrial Zones	40	20	10	applies in no. 1
Economically and Socially Vulnerable Areas Former Military Areas	40	20	10	N/A
Developed regions	80	40	20	applies



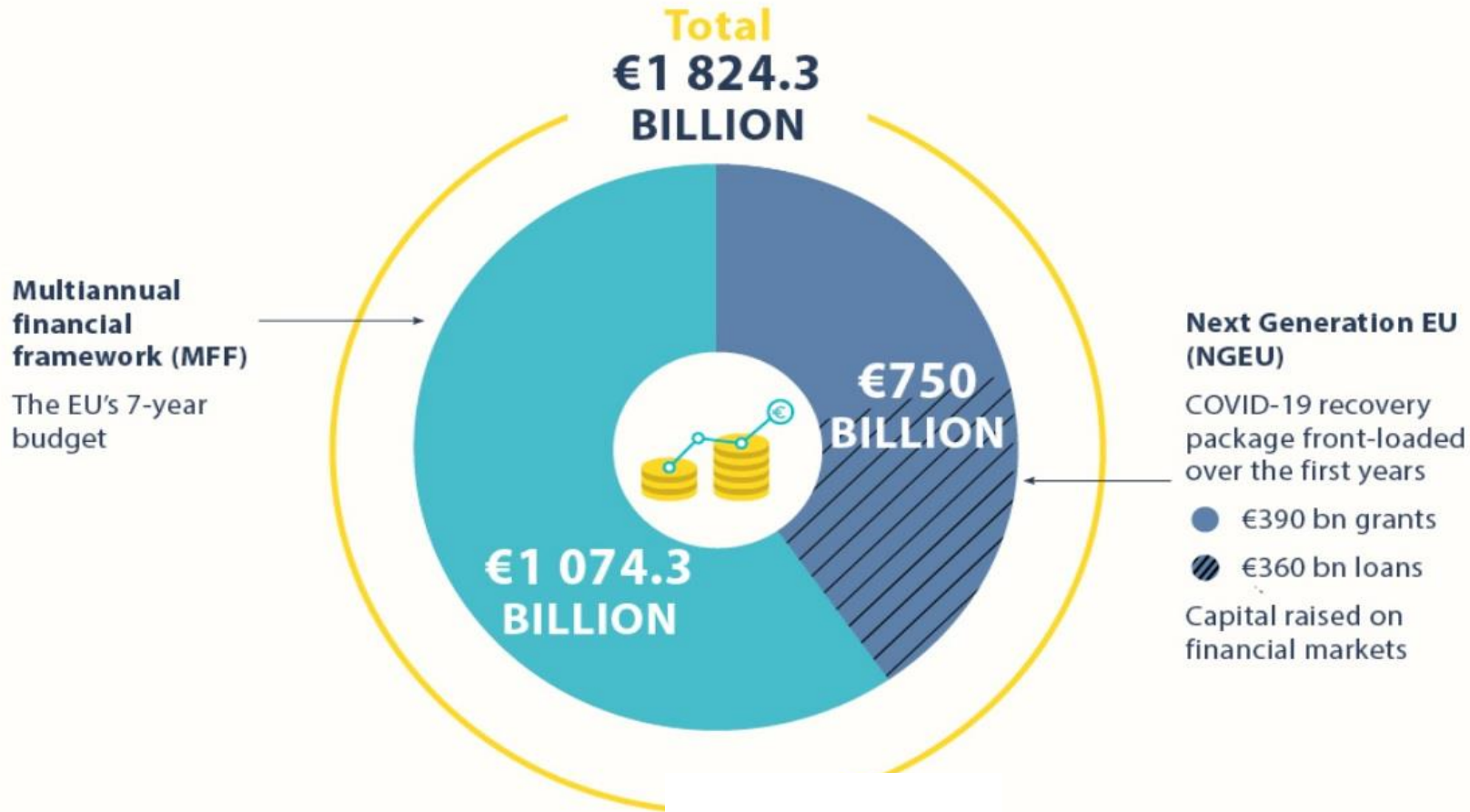
- ### Special Industrial Zones
- ① Mošnov
 - ② Holešov
 - ③ Most-Joseph

Source: Mapa dat© Český úřad zeměměřičský a katastrální

2/ State aid for large enterprises

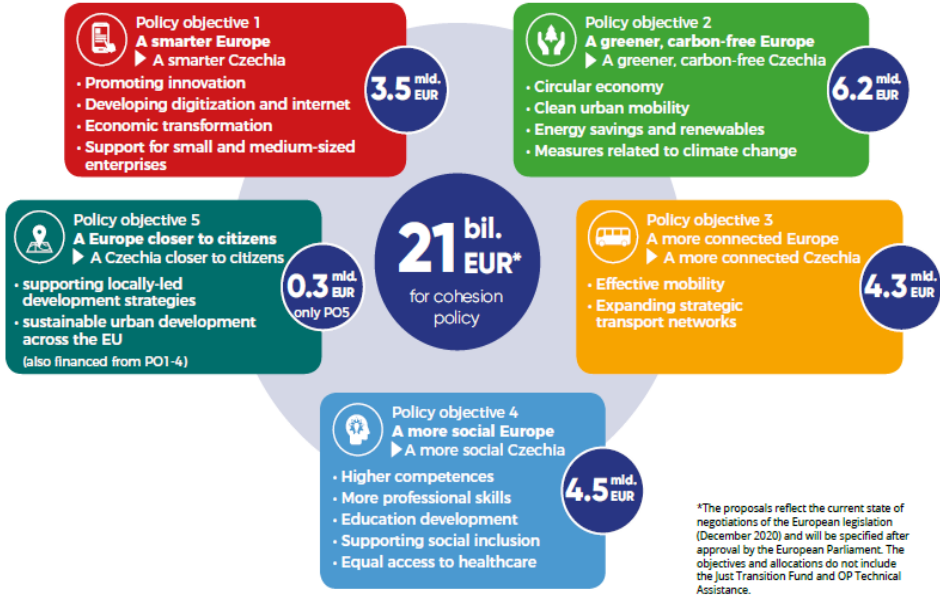


EU expenditure 2021-2027

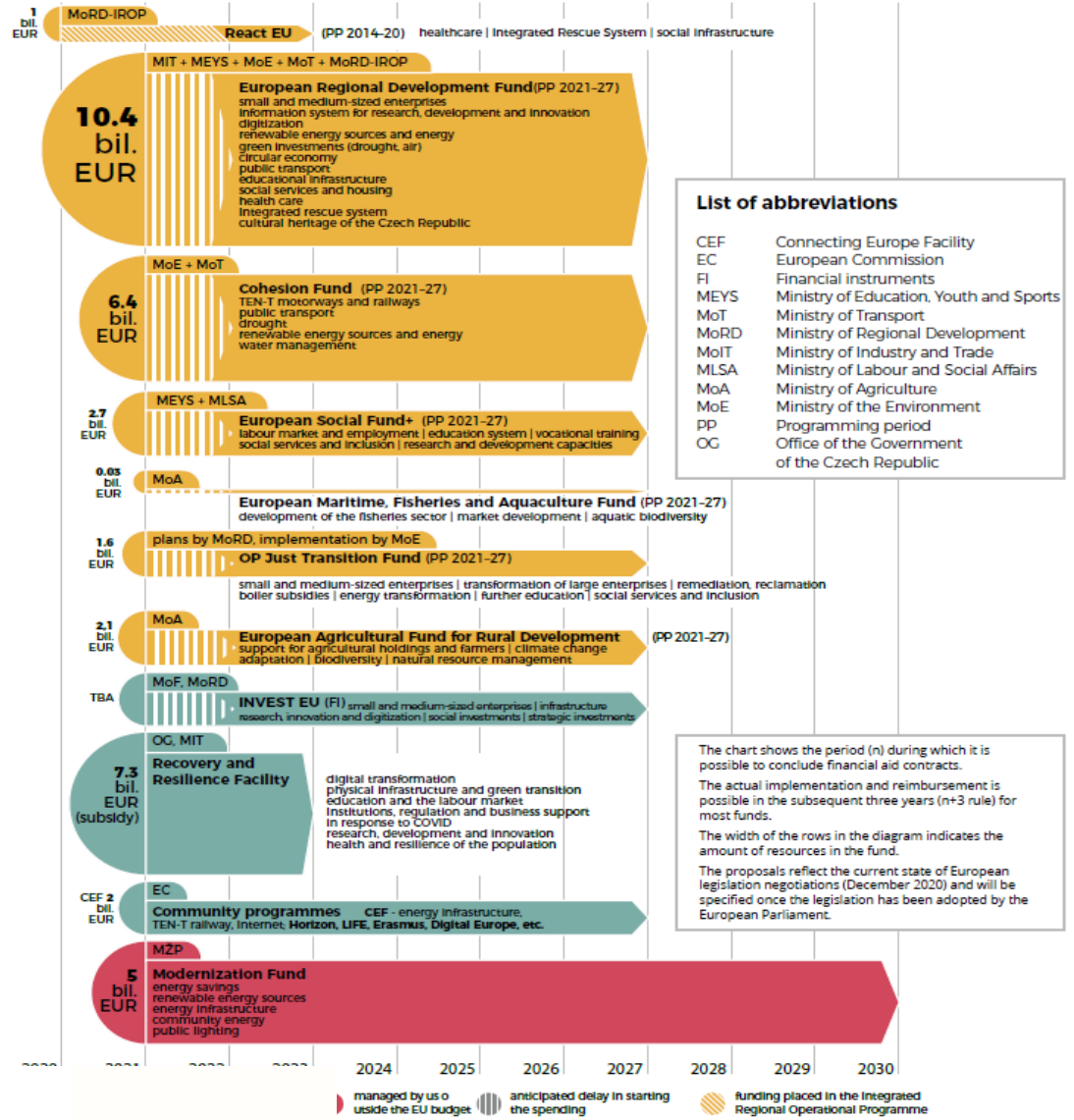


Czech Republic will receive over EUR 40 bn from EU in 2021 - 2030

Priorities of cohesion policy 2021-2027 Five objectives of the main EU investment policy



Overview of EU financial resources for the Czech Republic for 2020–2027 (estimates)



A silhouette of a person standing on a rocky mountain peak with their arms outstretched, looking out over a vast mountain range at sunrise. The sun is low on the horizon, creating a warm, golden glow and lens flare effects. The sky is a clear, light blue. A blue horizontal banner is overlaid across the middle of the image, containing the text 'RECOVERY & RESILIENCE FACILITY' in white, bold, sans-serif capital letters. The ampersand in the text is a golden color, matching the sunrise. The person is wearing a dark jacket and pants.

RECOVERY & RESILIENCE FACILITY



Národní
plán
obnovy

NATIONAL RECOVERY PLAN

- ❑ Plan of reforms and investments of the Czech Republic to be implemented with the use of the resources of the Recovery and Resilience Facility (RRF), with the aim of
 - ✓ Helping to repair the immediate economic and social damage brought about by the coronavirus pandemic
 - ✓ Implementation of ecological and digital transformation
 - ✓ Ensuring sustainability and decarbonization of industry

- ❑ Budget **CZK 190 billion**
- ❑ Funds must be allocated for projects by **12/2023**
- ❑ Funds must be fully disbursed to final beneficiaries by **09/2026**
- ❑ For the next months a key source of support!

Program **TRANSITION TO CLEANER ENERGY SOURCES**

- Support of **photovoltaic power station**, including **accumulation** of electrical energy (on business buildings, including shelters)
 - Only 1 supply point per project
 - There is no condition for self-consumption, so it is not necessary to prepare any Energy Audit
 - It is not necessary to implement a selection/tender procedure – application of unit costs



What and who is supported?

- projects 1 kW – 1 MW
- Small, medium and large companies – including Prague (except companies 100% owned by a public entity)

Level of support?

- 35 % for solar panels
- 50 % for accumulation

Receipt of applications

- Receipt of applications: **from 22/03/2022**
- Form: one-round, continuous
- Allocation: **CZK 4,0 billion**

Program **DIGITAL TRANSFORMATION**

- **Digital Transformation** through the introduction of elements such as augmented reality and VR, advanced software tools, virtualization platforms, surveillance systems including their necessary components, advanced parts of enterprise information systems, archiving software, smart sensors, etc.
- **Digital Shift** through the introduction of elements such as artificial intelligence, HPC, increasing digital skills, expanding in-house connectivity, cyber security, cloud services, blockchain (DLT), digital twin, BIM (CDE), MIS, etc.



What and who is supported?

- Especially software and related expenses (investments)
- Small, medium and large companies (manufacturing and non-manufacturing companies)



Level of support?

- 20 – 70 % according to the regional map of public support



Receipt of application

- Call for applications: **03/2022**
- Allocation: **CZK 5 billion**

Program CIRCULAR SOLUTIONS IN COMPANIES

- Acquisition of innovative technologies for sourcing, processing and use of secondary raw materials
- Investments in innovative technologies enabling new or higher use of secondary raw materials as a substitute for primary resources
- Investments in innovative technologies to reduce the material intensity of production and the replacement of primary input raw materials with secondary ones
- Improving material recycling of waste and its reuse. Emphasis on the closure of material cycles.



What and who is supported?

- Small, medium and large companies – **including Prague**
- Using your **own waste** only

Level of support?

- 40 % for all sizes of enterprises

Receipt of applications

- Call for applications: **03/2022**
- Allocation: **CZK 1,0 billion**

Program - WATER SAVING IN INDUSTRY

- The process of optimizing water consumption within the production process itself
- Direct water recycling in industries with high water consumption
- Reuse of polluted/used process water
- Optimization of water use in company service operations
- Reduction of water losses in closed circuits or water distributions systems
- Utilization of waste steam potential
- Optimization of cooling technology
- Collection, accumulation and use of rainwater and utility water, and more



What and who is supported?

- Small, medium and large companies—**including Prague**

Level of support?

- 40 % for all sizes of enterprises

Receipt of applications

- Call for applications: **03/2022**
- Allocation: **CZK 1,0 billion**

MODERNISATION FUND

Supporting investments in:



Renewable energy



Energy efficiency



Energy storage



Energy networks



Just transition in carbon dependent regions

in 10 lower-income EU Member States



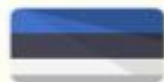
Bulgaria



Croatia



Czechia



Estonia



Hungary



Latvia



Lithuania



Poland



Romania



Slovakia

Funded by the EU Emissions Trading System

MODERNIZATION FUND Programs

	Title of the programme	Abbreviated title	Focus of the programme	Allocation in CZK bn
1	Modernization of thermal energy supply	HEAT	Support for projects for the use of RES and low-carbon sources primarily intended for heating, such as change of fuel base and modernization of thermal energy distribution systems.	40,0
2	New renewable energy sources	RES+	Support for projects of new non-fuel renewable energy sources.	59,6
3	Improving energy efficiency and reducing emissions and greenhouse gases in the industry in the EU ETS	ENERG ETS	Support for installations equipment and measures to improve energy efficiency and / or reduce the production of greenhouse gases in industrial production for installations covered by the EU ETS.	20,5
4	Improving energy efficiency in business	ENERG	Support for installations equipment and measures to improve energy efficiency, or reduction of greenhouse gas production in business, outside installations in the EU ETS.	9,2
5	Modernization of transport in the business sector	TRANSCom	Support for business projects for the purchase and acquisition of alternatively powered vehicles and non-public infrastructure.	
6	Modernization of public transport	TRANSGov	Projects support for public entities, state-owned enterprises and public entities and public non-business entities, and for public entities with a public service obligation, for the acquisition of: (a) alternative fuel vehicles for public passenger transport, including the necessary alternative fuel infrastructure; b) vehicles for alternative fuels for municipalities, regions, their contributory organizations, etc., including the necessary infrastructure for alternative fuels.	13,1
7	Energy efficiency in public buildings and infrastructure	ENERGov	Support for comprehensive measures to improve energy efficiency and the use of renewable and low-emission resources in public buildings, state buildings and public infrastructure.	6,2
8	Community energetics	KOMUNERG	Support for open energy communities set up to meet their energy needs (the main purpose is not to make a profit).	2,3
9	Modernization of public lighting systems	LIGHTPUB	Support for the reconstruction and modernization of public lighting systems with the possibility of installing innovative elements.	3,1

Program RES+

Subsidy up to 80 % for the support of new renewable sources of energy



What is supported?

- **Solar installations**
- Geothermal sources
- Wind power plants
- Small water power plants

Level of support

- up to EUR 15 mil per project
- **35 - 80 %** based on location and status of the applicant

Receipt of applications

- Pre-registration: 05/2022.
- Full applications: 3Q 2022

The Operational Program Technologies and Application for Competitiveness (OP TAC) 2021-2027 – successor of OP EIC

What is supported?

- Research, development, innovation
- Energy savings
- Renewable resources
- Net mobility
- Industry 4.0 - automation and robotics
- Digitalization
- High speed internet
- Water management - WWTP
- Employee training
- Distribution networks

How much can I obtain?

- Allocation CZK **81 bn**
- **25 to 70 %** according to the focus of the project, cooperation with partners and the size of the company

Receipt of applications

- **June 2022**



Programme ENERGY SAVINGS

Subsidy of up to CZK 200 million to reduce energy consumption and support usage of new Renewable Energy Sources for company own needs.



Modernisation and reconstruction of distribution networks



Measurement and regulation systems



Energy generation equipment



Lighting



Building insulation



RES installation

What is supported?

- Construction works
- Technological equipment
- Project documentation
- Energy Audit

How much can be obtained?

- **0,5 – 200 mil. CZK** per project
- Location outside Prague
- **30 / 40 / 50%** according to the size of the company

What is necessary?

- **Energy Audit**
- Project documentation for building permits
- Itemized budget

Receipt of applications?

- Call for applications: **05/2022**
- Allocation: **CZK 4 billion**

More than **16 years of experience**, over **900 projects worth more than CZK 100 billion**, over **CZK 32 billion** of support secured



EXPERIENCES

- **CZK 32 billion** of secured support
- Over **900** realized projects
- More than **16 years on the market**

PROFESSIONALISM

- Advisory services provided on **100 % success fee basis**
- Specialized team of consultants
- Department of a large bank

SUCCESS

- Success rate of completed projects more than **96 %**
- **No. 1 in the EU consulting** in the Czech Republic

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