Further Subsidy Options

Public R&D Loan Programs

R&D loans can be an alternative to R&D grants and entail several specific advantages: they are not usually attached to a specific technology field, application is possible at all times (no deadlines), and they can cover higher project costs. R&D loans are provided by different governmental programs. For instance, the ERP Innovation Program offers 100 percent financing of eligible R&D project costs up to EUR 5 million.

Please also refer to our chapter on public loans.

Public Partnership Programs

Public (silent) partnerships are offered by both, the KfW Bankengruppe and state-owned venture capital companies to technically oriented companies. Direct shareholding by a public investment company is also possible. Conditions are negotiated on a case-by-case basis.

Tax Credits

Companies with tax status in Germany and performing R&D activities are eligible for a tax credit of up to EUR 500,000 annually.

From January 1, 2020, Germany’s new Tax Credit Act allows for tax credits for companies performing R&D activities. The eligible expenditure is the cost to company of salaries paid to employees working on the project, with the tax credit set at 25 percent of eligible costs to a maximum of EUR 2 million.

Projects are eligible for the credit as long as they fall under one of the three broadly defined research categories. Projects directed towards creating value within a company’s own products or processes will NOT be eligible.

Companies wishing to apply must get a certificate from statutory bodies determining whether a project is eligible. The financial office responsible for the audit of the company reports will process the certification and the financial aspects of the application along with the company’s financial reports.

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