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The new R&D Centers Incentives Program: up to 50% Grants on labor costs

The Ministry of Industry, Trade and Labor through its Investment Center has launched a new incentive program for R&D centers established in the Negev (south) and Galilee (north).

This new program is part of a long term plan for the Negev and Galilee. One of the main objectives of this plan is to spread the prosperity the Hi-Tech community has brought Israel to the south and north, providing these areas with high-paying quality work places. The aim of this plan is to support Hi-Tech clusters in non central locations.

The basic outline

The program offers two alternative tracks: one meant for small R&D centers numbering at least 15 employees (R&D track), the other for large enterprises numbering above 100 employees (Anchor enterprises track).

Both tracks will entitle the investor to grants that will be determined as a percentage of the employer's cost of salary for each new employee, for a period of 4 years.

Requirements

R&D Track

- Minimum employees number required: 15
- The average cost of salary of all new employees has to be at least 2.5 times the average cost of salary in Israel (about 20,000 NIS or 5,000\$).

Anchor enterprise Track

- Minimum employees number required: 100.
- The average cost of salary of all new employees has to be at least 1.5 times the average cost of salary in Israel (about 12,000 NIS or \$3,000).

Grants

The following is an outline of the grants scheme:

- 35% - 45% of each new employee's cost of monthly salary in the first year.
- 30% - 40% in the second year.
- 10% -20% in the third year.
- 5% in the fourth year.

The precise grant level (within the ranges specified above) will be determined according to the number of employees in the center – the higher the number, the higher the grant level per employee.

An additional 5% grant on the first year of employment will be given to new employees starting in year 2009, so that the **total grant may reach up to 50% of the cost of salaries**.

General conditions (for both tracks)

- The company establishing the center is required to a minimum of 25 million US\$ in revenues.
- The maximum salary entitled for the incentive is 30,000 NIS (or about 7,500 US\$) monthly; Salaries above this level will be calculated as 30,000 NIS.
- The center has to be established in the Negev and Galilee. This area includes most locations outside the central metropolitan regions (For instance: Beer Sheva in the south, Karmiel in the north). A detailed map is soon to be published.

The above details outline the central principles of this program. The full details are available at request. Please contact Mr. Yaron Schrotter of the Investment Promotion Center, Ministry of Industry, Trade and Labor, at: yaron.schrotter@moital.gov.il or: 972-50-6240129