

## Project account reports for SkatteFUNN projects

It is important that project account reports are kept on an ongoing basis to document the expenses in the project. Timesheets must be signed at least every quarter of a year.

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### The real costs count

The budget in the application is not binding. It is the actual costs you have incurred in the project that will be included in the basis for the deduction. The cost may be higher or lower than what you budgeted for in the application, but the costs must be linked to the approved project as formulated in the application.

Hours that are entered on a SkatteFUNN project must be documented by signing timesheets on an ongoing basis in order for them to be eligible for SkatteFUNN deductions. Often the system that the company otherwise uses for time tracking can be used for this, but they should check that the system takes care of the requirements that are set. This means that it must be possible to present timesheets that show, distributed per day, the name of the R&D person, the number of hours, and also the sub-goals/work packages that have been reworked. The R&D collaborator and the project manager must sign the timesheets on an ongoing basis, at least every quarter of a year.

The claim also applies to the hours that have arrived before the approval is available. Therefore, the necessary systems and routines for timekeeping and signing must be in place as soon as the company starts working on a project.

It is an absolute requirement to have signed timesheets to document personnel and indirect costs. If they do not have such timesheets, the divergent costs based on these timesheets will be deleted.

### Example of project account

→ [Download an example of a project account report \(in Norwegian\)](#)

### Frameworks and rates

Information about the costs that may be included in the basis for the deduction and other clarifications can be found in [the SkatteFUNN regulations and the Taxation Act §16-40](#) or from [the Norwegian Tax Administration](#).

Deductions are entered via the tax return to the Tax Administration. Payment/reduction in tax via the Tax Assessment Notice.

- The deduction percentage is 19 percent for all companies, regardless of the size of the company.
- The costs used as a basis for calculating the tax deduction are limited to NOK 25 million per income year.
- The maximum hourly rate for property employees is NOK 700 per hour. The hourly wage is calculated as 1.2 per thousand of the agreed and real annual salary. A maximum of 1850 hours can be entered per addition per year.
- Be early with time registration. The claim also applies to the hours that have arrived before the approval is available. Therefore, the necessary systems and routines for timekeeping and signing must be in place before the project starts. It is an absolute requirement to have signed timesheets to document personnel and indirect costs. If they do not have such timesheets, the costs based on these hours will be cancelled.
- Unpaid work effort does not provide a basis for a deduction. Sole proprietorships and other businesses that have not been appointed cannot enter salary costs as a basis for tax deductions. This means that project work that is carried out by persons with a connection to the company but without having an employment relationship and documentable agreed salary, is counted as unpaid work effort.
- Companies that have several approved projects at the same time must be aware that the debt per company per year is reduced.
- Work carried out in the project by what is defined as a related company has the same requirements for keeping signed timesheets as work carried out in the applicant company. For a definition of a company that is considered a related company, see section 16-40 of the Taxation Act and the regulations for SkatteFUNN, section 16-40-3.
- The right of appeal is limited to the purchase of R&D assets from countries within the EEA and countries with which Norway has a tax treaty or information exchange agreement.

### Example: Calculation of hourly rate for property employees

A maximum of 1850 hours can be entered per addition per year. The hourly rate for eligible employees is limited to 1.2 per thousand of the agreed and actual annual salary at the end of the project period or income year. The hourly rate may not exceed NOK 700 per hour.

### Example of timekeeping

Per works 80 % in the company, and has a nominal salary of NOK 332,000.

He works 158 hours on the project during a year.

Anne works 100 % in the company, and has a nominal salary of NOK 600,000.

She works 1850 hours on the project during one year.

#### Calculation Per:

Per's salary must first be converted to a full-time position, which gives NOK 415,000.

Hourly rate:  $415,000 \times 1.2 \text{ ‰} = 498$ .

The costs for Per in the project account are:  $498 \times 158 = 78,684$ .

#### Calculation Anne:

Hourly rate:  $600\,000 \times 1.2 \text{ ‰} = 720$ .

You can enter a maximum hourly rate of 700.

The costs for Anne in the project account are:  $700 \times 1850 = 1\,295\,000$ .

## Patenting costs

Small and medium-sized enterprises may charge expenses for the patenting of the first gong, in accordance with [Section 16-40-6, paragraph 4 of the SkatteFUNN Regulations](#):

*Small and medium-sized enterprises are entitled to a deduction for costs associated with first-time patenting. The deduction applies to all costs prior to the grant of the right in the first jurisdiction, including costs related to the preparation, filing and follow-up of the application as well as the costs of renewing the application before the right is granted.*

### Definition: Small and medium-sized businesses

**Small businesses:** Small businesses have fewer than 50 employees and an annual turnover or balance sheet that does not exceed EUR 10 million.

**Medium-sized enterprises:** Medium-sized enterprises have fewer than 250 employees and an annual turnover not exceeding EUR 50 million or balance sheet not exceeding EUR 43 million.

The category in which the company is placed depends also on ownership and connections to other companies as described in Section 16-40-5 of the Regulations to Section 16-40 of the Tax Act of 26 March 1999. In the context of SkatteFUNN, a company will be considered a large company if it has 250 employees or more, or if the turnover of the companies exceeds EUR 50 million in total.

### Activities that cannot receive support

SkatteFUNN is support for research and development and not support for operation and production. [Section 16-40-2 \(3\) of the SkatteFUNN Regulations](#) provides examples of activities that, for this reason, cannot receive support through SkatteFUNN.

No deductions are given for costs related to research stones that are sold (commissioned research).

Costs in connection with the application for approval of the project and auditor confirmation in an attachment to the tax return cannot be included in the basis for the deduction.

## Tax assessment

Everyone who claims a tax deduction under the SkatteFUNN scheme must have an auditor's certification of the project accounts on which the figures in the tax return are based. This means that the auditor must certify the costs and confirm the information on public aid. This debt regardless of whether the taxpayer is subject to the audit obligation or not. Figures that are to be included in the annual or final report to the Research Council before 1 March do not need auditor approval.

The approval of a SkatteFUNN project is valid for an entire calendar year. This means that you can claim a tax deduction for project costs you have had throughout the entire calendar year for which you have been approved.