

The Innovation Credit Fund

Aim

- To encourage companies to invest in systems which will improve productivity and competitiveness

What is the Innovation Credit Award?

- A credit award introduced by the Ministry of Finance and the Productivity Council to spur productivity growth.
- It is available to companies that invest in innovation and creativity towards business excellence.

The credit supports business excellence initiatives which provide organisations with a framework to develop and strengthen their systems and processes to achieve high performance and be more competitive.

Tax Credit

- It applies to a person or an organisation conducting business in 2011 and subsequent income years, who has incurred expenditure in that year that relates to innovation shall be entitled to a tax credit of 25% of the amount expended in that income year.
- *“Where a person carrying on a business in income year 2011 and subsequent income years has incurred expenditure in that year for any of the purposes described in subsection (2), then that person shall be entitled to a tax credit at the rate of 25 per cent of the amount expended in that income year”.*

The Fund

- The expenditure must be innovative in nature and successfully introduced in the market for any of the following reasons:
 1. Process Innovation that leads to the development of a new manufacturing/service process
 2. Product innovation that leads to the development of improved products and services
 3. Organisation innovation that leads to the establishment of a new venture for improved productivity such as internal communication systems or new accounting system
 4. Service innovation that leads to the development of new services for local or international markets

Qualification Criteria

- The innovation should be regarded as successfully introduced in the market if the business realises commercial value as evidenced by either:
 - Sales or;
 - Increased productivity or;
 - Organisational efficiency

Information to be Provided

- Name of Company
- TIN/VAT Number
- Financial Year Ending(Date)
- The innovation Description
- Its objectives
- Summary Overview of Achievement(s)
- Total Expenditure on the innovation for the Year under review

How Do the company Apply For The Award?

- **Application Guidelines**
 - Companies will apply to the Council by letter for the award of the credit certificate
 - The Council will conduct a preliminary discussion to ascertain the nature of the innovation
 - This will follow further analysis to determine the level of success as stipulate in the guidelines
 - The business must be operating in Barbados.
- Subsidiary companies or business units or persons applying for the award should fulfill the following criteria:
 - The business could be a person or corporation
 - It must have existed at least three years prior to the application.
- **Credit Award**
 - A team Credit Assessors will evaluate the business unit after conducting a pre-discussion meeting as well as a site visit. Based on the review of the application and the results of the site visit, appropriate recommendations of Award recipients will be made to the Executive Director of the Council for approval.
 - The decision made by the Council is final.

Criteria and Evaluation (To be verified by the Productivity Council)

Tax Credit Criteria

- Increased Sales For the period (%). Calculated from
 - Beginning of Year amount of Sales
 - Ending Year amount of Sales
- Current Productivity Growth over previous period(%)
- Current Efficiency Gains over the previous period
 - Customer response times(%)
 - Waste reduction(%)
 - Reduction in cost(%)
 - Other(%)

The Productivity Council will certify that abovementioned business has qualified under the terms and conditions as outlined above by the

- Executive Director

The certification will be submitted online where possible

Conditions of Grant

- The benefit must only be granted:
 - On the certificate of the Executive Director of the National Productivity Council to the effect that the amount expended was used for any of the purposes specified in **slide 6**