Office for Economic Affairs and Innovation (SPEI)

FINANCIAL INCENTIVES

Starting, growing and establishing a business

VAUD

CONTENTS

1.

INTRODUCTION

Vaud-based SMEs and startups which are active in industry and advanced technologies can apply for financial incentives from the Office for Economic Affairs and Innovation (SPEI), in accordance with the legal framework defined by the Economic Developement Law of the State of Vaud (Articles 31–34, LADE).

This financial support program is aimed at supporting innovation, commercialization/international expansion, training and investment projects, including:

- › Acquisition of intellectual property rights
- › Development of a new product
- › Improvement or development of means of production
- › Obtaining certifications or approvals
- › Participation in an exhibition or trade fair
- › Development of new markets
- › Training of technical or scientific staff
- › Acquisition of production facilities and equipment

SPEI also offers advice on possible temporary tax exemption as well as recruitment assistance granted by the State of Vaud employment office (www.vd.ch/emploi).

AMOUNTS

The maximum amount which may be granted by SPEI to companies eligible under the Economic Development Policy (PADE) is:

- › CHF 50,000 per calendar year
- › CHF 100,000 for a period of five years from the date the first amount is granted

This funding applies to:

- › Innovation support (chapter 4.1)
- › Commercialization and international expansion support (chapter 4.2)
- › Training in sustainable development support (chapter 4.3.2)

Not included in these amounts:

- › Training of technical or scientific staff support (chapter 4.3.1)
- › Investment support (chapter 4.4)

WHO CAN BENEFIT?

Vaud-based SMEs and startups which are active in industry and advanced technologies are eligible for financial incentives, provided they conduct R&D or manufacturing activities within the canton of Vaud.

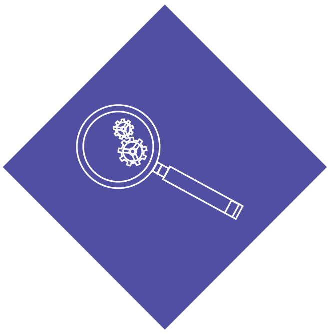
SPEI reserves the right to refuse any request for financial incentives and will provide grounds for its decision.

ECONOMIC DEVELOPEMENT LAW (LADE)
The Economic Developement Law of the State of Vaud (LADE) enables the state to support projects to create jobs and added value in the canton of Vaud as part of a strategic sphere of development set by the PADE (see below). The LADE entered into force on 1 January 2008.

ECONOMIC DEVELOPMENT POLICY (PADE)
The Economic Development Policy (PADE) sets priority areas for the canton of Vaud in terms of supporting economic development, concerning in particular the key sectors and the cross-disciplinary activities that are targeted for aid to businesses.

ISTOCK

2. FINANCIAL INCENTIVES PROGRAM



Innovation

Commercialization and international expansion

› ACQUISITION OF INTELLECTUAL PROPERTY RIGHTS

max. CHF 5,000
50% of external mandate costs

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› PARTICIPATION IN AN EXHIBITION OR TRADE FAIR

max. CHF 5,000
50% of the cost of participating in the event

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› DEVELOPMENT OF A NEW PRODUCT, MEANS OF PRODUCTION, CERTIFICATIONS OR APPROVALS

max. CHF 30,000
50% of external mandate costs

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› MARKET DEVELOPMENT

max. CHF 30,000
50% of external mandate costs

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Training

› TRAINING TECHNICAL OR SCIENTIFIC STAFF

max. CHF 15,000
maximum 50% of salary
maximum of six months

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Investment

› BANK LOAN GUARANTEE

max. CHF 5 mio
50% of the loan, 1/3 of the project costs
maximum of 10 years

› page 10

› PARTIAL COVER OF BANK INTEREST

Basis for calculation of max. CHF 5 mio
50% of interest paid, 1/3 of project costs
maximum of six years

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3.

SUPPORT PROCESS

1. INITIAL STEPS

› Presentation of the project by the company
› Review of the application by SPEI
› Determination of eligibility for the financial incentives program

2. APPLICATION FOR SUPPORT

Once SPEI has approved the company as eligible for the financial incentives program, one or more application(s) may be submitted.

Each application must include the documents listed in the “application for support” table (page 12) and be filed with SPEI **before starting the project**.

All documents submitted are treated in the strictest confidence.

3. PAYMENT REQUEST

Upon completion of a project that has previously been granted support, the company may submit a payment request.

Each request must include the documents listed in the “payment request” table (page 14 and 15).

In some cases described on pages 14 and 15, down payments may be made during the project. These may account for a maximum of 80% of the amount granted.

4. FINANCIAL INCENTIVES

4.1 INNOVATION

4.1.1 Acquisition of intellectual property rights

PROJECTS SUPPORTED

- Patentability study
- Freedom to Operate (FTO) study
- Filing a provisional patent application
- Filing of a Swiss patent application
- Filing an international patent application (PCT)
- Entry of a patent application into national phase

AMOUNT OF SUPPORT

The amount of support is 50% of the costs associated with the project up to a maximum of CHF 5,000 per patent.

PROJECT COSTS

The costs taken into account include, in particular, official fees payable during the review and granting phase, database search costs, and patent agency or intellectual property expert fees.

4.1.2 Development of a new product, improvement or development of means of production, obtaining certifications or approvals

PROJECTS SUPPORTED

Realization of a study or a project in collaboration with a private company and/or research institute based in Switzerland or abroad, with the aim of:

- Developing an innovative product – feasibility study, prototyping costs (e.g. developing tailor-made parts), testing, financial contribution to an Innosuisse project etc.
- Improving, optimizing or developing facilities, production equipment or processes – studies, tailor-made developments, mold manufacturing, etc.
- Obtaining product approval (EC marking, FDA approval, etc.) or company certification (except ISO 9000)

AMOUNT OF SUPPORT

The amount of support is 50% of the costs associated with the project up to a maximum of CHF 30,000.

PROJECT COSTS

Only the costs of external service providers can be taken into consideration.

4.2 COMMERCIALIZATION AND INTERNATIONAL EXPANSION

4.2.1 Participating in an exhibition or trade fair

PROJECTS SUPPORTED

Participation, as an exhibitor or speaker, in an international exhibition or trade fair aimed at promoting the company's business development in foreign markets.

Funding for participation as a visitor is excluded.

Support is limited to a company's first five participations at the same event.

AMOUNT OF SUPPORT

The amount of support is 50% of the costs associated with the project up to a maximum of CHF 5,000 per event.

PROJECT COSTS

The costs that may be taken into account are: hiring an exhibition stand and facilities, transport costs, travel and accommodation costs, the dispatching of goods and promotional costs specific to the event (advertisements, brochures, translation costs, etc.).

4.2.2 Market development

PROJECTS SUPPORTED

- Market study
- Identification of new clients, distributors or other strategic partners
- Hiring a sales representative for a new geographic or application market (assumption of fixed costs for a maximum period of six months)

AMOUNT OF SUPPORT

The amount of support is 50% of the costs associated with the project up to a maximum of CHF 30,000.

PROJECT COSTS

Only the costs of external service providers can be taken into account.

4.3 TRAINING

4.3.1 Training technical or scientific staff

PROJECTS SUPPORTED

Internal training of employees working in technical or scientific areas.

Training support may be granted in the following cases:

› In-house training of new employees in the expertise and technology developed by the company

› Acquisition of new expertise for an existing employee, as part of restructuring or following the acquisition of new means of production

Training support for commercial or administrative employees is excluded.

CONDITIONS

The company must first demonstrate that the training is directly related to its production or research and development activities, and, second prove that the employees concerned by this aid are:

› Given specific training within the company to acquire the prerequisite technical skills

› Employed on a permanent contract

› Not entitled to benefits within the scope of the Swiss Labor Act or the Swiss Unemployment Insurance Act

The company must also provide a training plan for each employee concerned by the application (job description and qualifications required, objectives, description of training course, participation rate in and length of training).

AMOUNT OF SUPPORT

The amount of support is calculated on the basis of the employee's gross monthly income, the duration of the training course and how much time the employee dedicates to the training course. **The amount of aid is up to a maximum of 50% of the employee's gross income during the training period and is capped at CHF 15,000.**

The maximum duration of the training course taken into account for calculating the aid amount is six months.

SPEI may set a maximum amount per company for training support for its technical or scientific employees.

EXAMPLES

	1	2	3
Training	2 days/week	4 days/week	1 day/week
Duration	4 months	6 months	8 months
Gross monthly salary	CHF 6,000	CHF 6,000	CHF 6,000
Calculation	6,000 x 4 × 40%	6,000 x 6 × 50%	6,000 x 6 × 20%
Max. support	CHF 9,600	CHF 15,000	CHF 7,200

4.4 INVESTMENT

PROJECTS SUPPORTED

› Development of a new technology or product (R&D, industrialization and marketing)

› Acquisition of production facilities and equipment

CONDITIONS

› The loan is provided by an institution subject to the Federal Law on Banks and Savings Banks, a pension fund, a cooperative under public law or an insurance company with its registered office in Switzerland.

› The equity covers a reasonable share of the project (in principle at least a third).

4.4.1 Bank loan guarantee

AMOUNT OF SUPPORT

The guarantee amounts **to a maximum of 50% of the loan granted up to a maximum of one third of the total cost of the investment** associated with the project. It is granted for a maximum period of 10 years. A reduction of the loan implies a proportional reduction of the guarantee.

The guarantee amount is fixed at a **maximum of CHF 5 million**. In principle, the SPEI guarantee is subsidiary to the Cautionnement romand (www.cautionnementromand.ch) guarantee.

PROJECT COSTS

The costs taken into account include most notably:

› Real estate and movable property

› Research and development costs up to the industrial prototype stage

› Operating costs related to the launch of the project (constitution of stocks, marketing, salaries)

EXAMPLES

1 **Project costs**
CHF 6 mio

Bank loan(s)
CHF 3.5 mio

Equity
CHF 2.5 mio

Financing

› Cautionnement romand: CHF 1 mio

› SPEI: CHF 1.5 mio

› Bank: CHF 1.5 mio

› Equity: CHF 2.5 mio

2 **Project costs**
CHF 1.5 mio

Bank loan(s)
CHF 1 mio

Equity
CHF 500,000

Financing

› Cautionnement romand: CHF 1 mio

› SPEI: CHF 250,000

› Bank: CHF 250,000

› Equity: CHF 500,000

4.4.2 Partial cover of bank interest

AMOUNT OF SUPPORT

Basis for calculation

The amount for which interest can be refunded is determined as **one third of the total investment costs** linked to the project up to a **maximum of CHF 5 million**. It cannot exceed the loan amount provided. It is reduced proportionally based on the amortization schedule for the loan.

Interest is covered for a **maximum of six years**.

Amount

The amount of bank interest covered is a maximum of **50% of the interest calculated on the basis of the amount determined above**. The applicable interest rate is set out in the loan offer.

SPEI reserves the right to modify the payment rate or the basis of calculation at any time based on any changes to the loan or its terms and conditions.

PROJECT COSTS

The costs taken into account include most notably:

- Real estate and movable property
- Research and development costs up to the industrial prototype stage
- Operating costs related to the launch of the project (constitution of stocks, marketing, salaries)

EXAMPLES

	1	2	3
Project costs	CHF 6 mio	CHF 6 mio	CHF 18 mio
Bank loan(s)	CHF 5 mio	CHF 1.5 mio	CHF 10 mio
Equity	CHF 1 mio	CHF 4.5 mio	CHF 8 mio
Annual interest	5%	5%	5%
Basis for calculation	CHF 2 mio	CHF 1.5 mio	CHF 5 mio
Max. amount/year	CHF 50,000 (2 m x 5% x 50%)	CHF 37,500 (1.5 mio x 5% x 50%)	CHF 125,000 (5 mio x 5% x 50%)

5. PROCEDURE AND DOCUMENTS TO BE SUPPLIED

5.1 APPLICATION FOR SUPPORT

All initial applications for support must be sent to SPEI **before starting the project** and be accompanied by the documents listed below. A retroactive application may under no circumstances be considered.

	TYPE OF PROJECT			
DOCUMENTS TO BE SUBMITTED	Acquisition of intellectual property rights	Development of a new product, means of production, certifications or approvals	Exhibition, trade fair	Market development
Application form for financial support*	x	x	x	x
Signed commitment respecting collective labor agreements in force or industry practices*	x	x	x	x
Business plan or company presentation (general information, products/services, marketing, competition, financial plan, etc.)	x	x	x	x
Quote from the service provider(s)	x	x		x
Presentation of event and budget*			x	
Full training plan for each employee concerned				
Copy of résumé and employment contract for each employee concerned				
Presentation of the training course (institution, description of course, objectives, cost, financing)				
Copy of employee's enrollment in a training course				
Investment project budget				
Bank loan offer(s)				
Audited financial statements for the past two years				
Financial plan and cash flow statement				
Three-year financial forecasts and expected staff development				
Recent statement from the Swiss office of legal proceedings and bankruptcies				
Included in the maximum amount of CHF 100,000	Yes	Yes	Yes	Yes

All documents submitted are treated in the strictest confidence.

***All forms may be downloaded from www.vd.ch/aides-entreprises.**

TYPE OF PROJECT Training technical or scientific staff	Bank loan guarantee	Partial cover of bank interest	DOCUMENTS TO BE SUBMITTED
x	x	x	Application form for financial support*
x	x	x	Signed commitment respecting collective labor agreements in force or industry practices*
x	x	x	Business plan or company presentation (general information, products/services, marketing, competition, financial plan, etc.)
			Quote from the service provider(s)
			Presentation of event and budget*
x			Full training plan for each employee concerned
x			Copy of résumé and employment contract for each employee concerned
	x	x	Investment project budget
	x	x	Bank loan offer(s)
	x	x	Audited financial statements for the past two years
	x	x	Financial plan and cash flow statement
	x	x	Three-year financial forecasts and expected staff development
	x	x	Recent statement from the Swiss office of legal proceedings and bankruptcies
No	No	No	Included in the maximum amount of CHF 100,000

All documents submitted are treated in the strictest confidence.

***All forms may be downloaded from www.vd.ch/aides-entreprises.**

5.2 PAYMENT REQUEST

The application for payment must be sent to SPEI as soon as the project ends, and **at the latest one year after the decision date**. Any extension to this period must be granted by SPEI, without which payment will not be made. Payment of the support will be made upon submission of the following documents:

	TYPE OF PROJECT			
DOCUMENTS TO BE SUBMITTED	Acquisition of intellectual property rights	Development of a new product, means of production, certifications or approvals	Exhibition, trade fair	Market development
Payment request form (mandate/training)*	x	x		x
Payment request form (event)*			x	
Copy of invoices and proofs of payment	x	x	x	x
Relevant salary statements for the period concerned				
Breakdown of interest paid during the previous period and copy of bank statements				
Option of asking for down payment	No	Yes	No	Yes

DOWN PAYMENT

For certain types of projects (see table above), down payments representing up to 80% of the amount of support granted may be made upon written request accompanied by the following documents:

- › Mandate: copy of invoices and proofs of payment
- › Training: copy of pay slips
- › Bank interest: copy of bank statements showing interest paid

Down payments may under no circumstances exceed 50% of the amounts paid by the company.

All documents submitted are treated in the strictest confidence.

***All forms may be downloaded from www.vd.ch/aides-entreprises.**

TYPE OF PROJECT

Training technical or scientific staff	Partial cover of bank interest	DOCUMENTS TO BE SUBMITTED
x		Payment request form (mandate/training)*
		Payment request form (event)*
x		Relevant salary statements for the period concerned
	x	Breakdown of interest paid during the previous period and copy of bank statements
Yes	Yes	Option of asking for down payment

All documents submitted are treated in the strictest confidence.

***All forms may be downloaded from www.vd.ch/aides-entreprises.**

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