

## Application process and after approval

This page covers essential information about the application process - from preparation, submission and approval, to project follow-up, reporting and disbursement. If you have questions after reading this, please contact us.

### Prepare your application

The regulations for the tax incentive scheme SkatteFUNN define what is regarded as research and development (R&D). In essence, the definition encompasses activities with the objective of obtaining new knowledge, insight or skills that are useful for developing new or improved products, services or production methods. The definition covers basic research, industrial research and development. The definition does not cover innovation activities that are not R&D.

The criteria for SkatteFUNN approval are detailed in the following section.

### Criteria

#### Objectives and scope

In order for a project to be approved as an R&D project under the SkatteFUNN scheme, each project must have a clear objective and a defined scope. The objective must be clearly defined in the application, with measurable milestones and goals. The application should cover only work budgeted in the actual project, that is systematic work resulting in new insight. The project must be clearly distinguishable from the company's normal operating activities.

A main objective should be the planned outcome of the project, and what the company expects to achieve by carrying out the project. All milestones detailed in the progress plan should be necessary to achieve the main objective, and the description of the activities must indicate how the company plans to overcome any obstacles in order to reach the objectives.

The SkatteFUNN scheme only covers the R&D cost of a development process. In order to receive approval, the activities detailed in the application must be considered vital to producing new knowledge or skills in order to reach the main objective of the project.

#### Knowledge and skills

The goal of the project must be to develop new knowledge, skills or capabilities. Describe State of the Art for your field and how your project will go beyond it. Detail the challenges you see in developing the product, service or production process, and describe how you plan to address them. How do you intend to meet the challenges through the outlined activities? What knowledge or skills do you need to develop a successful product?

#### New or improved product service or production process

The application must describe the novelty of the new product, service or production process the company is developing. Compare the new solution to existing products and describe how it will improve what is already on the market.

Note that the product as a whole does not have to be new. It is sufficient that part of it is new, or improved, so that in practice it represents something new. If knowledge can be applied in a new way or new areas, describe the challenges this entails and the benefits.

#### Benefitting the company

A general condition for eligibility is that the R&D cost in question is incurred with the aim of obtaining an income for the applicant. A company would not be entitled to a tax credit for R&D undertaken for another company, for example a foreign parent company. In this part of the application, describe how the result of the project will benefit your company.

#### Before filling out an application, you should give the following questions some thought:

- What is the main objective of the project?
- What aspects of the product, service or production process to be developed is essentially new or improved?
- What new knowledge, skills or capabilities will this project generate and how will these assets contribute to the development of the product, service or production method in question?
- What activities will be carried out during the project?
- Who will be carrying out the activities?
- What is the timeframe for the activities?
- What expenditures will be incurred during the project period?

### Application form

All communication between the Research Council and the company goes through [My RCN Web](#). By creating an account and user profile, you will have access to all your applications and reports. Only one email address is allowed per account. You will be notified if you try to create a new account with an email address that is already in use.

The SkatteFUNN application form is only available in Norwegian, however, you are welcome to write the application in English. You can find an example of an empty form [here](#).

## Apply before September 1

Although it is possible to submit SkatteFUNN applications throughout the entire year, the Research Council of Norway guarantees that all applications submitted on or before September 1 will be processed within the current year.

If the application is submitted after September 1 and the approval process is not finalized until the following year, the project will not be approved for the year the application was submitted. Those submitting applications after September 1 thus risk losing the opportunity to deduct R&D costs accrued in the submission year from their corporate tax.

## Application guidelines

The electronic application form contains explicit guidelines on how to fill in the various sections of the form. Currently, this information is only available in Norwegian. If you need help with your SkatteFUNN application or want to discuss your R&D project prior to submitting your application, please [contact us](#).

### **The applicant company owns the project**

As the project owner, the applicant company is the only entity that can apply for and claim the tax credit for the project. Prior to applying for SkatteFUNN funding, it is important to know the organisation number of the SkatteFUNN R&D project applicant. In addition to details relating to the progress plan itself, each applicant should have relevant information about the company and its operations available.

## Processing the application

The SkatteFUNN scheme is administered jointly by the Research Council of Norway and the Norwegian Tax Administration. Companies must submit their applications electronically via the Research Council's online application service, and their tax credit forms through Altinn (see After Processing below for more information on claiming your tax credit).

- The Research Council is responsible for the approval of the R&D content of the project.
- The Norwegian Tax Administration assesses and grants the actual tax credit.

The Research Council will post a letter of approval or rejection online at My RCN Web and send it by ordinary mail to the registered mailing address of the applicant company.

Please keep a valid email address registered at My RCN Web at all times. All automatic notifications, including notices of approval, return or rejection of an application will be sent via email.

## Complaints procedures

A company may appeal the Research Council's rejection or limitation of a project. The deadline for submitting a complaint is three weeks after notification of the rejection of a SkatteFUNN application. Complaints must be submitted in writing via email or post, and must clearly state the reasons why the decision should be changed and provide detailed additional information about the project.

### **Administrative procedures in connection with complaints**

Complaints must be sent to the Research Council of Norway, which will assess whether the complaint is justified and whether the decision to reject the application should be reversed. If the Research Council chooses to uphold its original ruling, the matter will be submitted to the SkatteFUNN scheme's external Appeals Committee, accompanied by a letter specifying the reasons why the complaint has not been approved.

### **Complaints must be addressed to:**

Forskningsrådet v/SkatteFUNN  
Postboks 564  
1327 Lysaker

Or via email to [skattefunn@rcn.no](mailto:skattefunn@rcn.no).

## After Processing

In order to be entitled to claim the R&D tax credit, a project must be approved by the Research Council of Norway. A company with an approved project must report back to the RCN on a yearly basis and with a more comprehensive final report at the termination of the project.

The company must have specific project accounts set up in accordance with the tax authority's regulations. An state authorised auditor must confirm that the project accounts are correct when the tax payer's tax return is submitted. The tax authorities will scrutinize the tax return as usual, including the claim for the tax credit, and may conduct any audit deemed necessary.

## Reporting

All SkatteFUNN projects spanning several years must submit annual reports. After the completion of a project, the company must submit a final report. This report spans the entire project period. The deadline for both reports is March 1 each year.

There is no auditor requirement for final and annual reports. If a project is terminated, a final report is still required in order to claim any tax benefits for the

current year.

### Claiming tax credit

The Research Council decides whether a project is a R&D project in the terms of the law, and thus in principle could lead to a tax credit. The approval is not related to the budget in the application. Simply put, this means that the actual tax credit may be lower or higher than the budgeted costs in the application.

The actual tax credit for costs associated with a given SkatteFUNN project is assessed and granted by the Norwegian Tax Administration. In order to receive the income tax deduction through the SkatteFUNN scheme, the company must submit an RF-1053 tax form approved by a state authorised auditor along with their income tax return.

Note that all SkatteFUNN projects are approved per calendar year. This means that a company may claim tax credit for approved project costs for the whole calendar year, even if the application was approved after initiation of the project.

An unused tax credit may not be transferred from one year to another. The tax credit is limited to R&D costs incurred in the tax year. If the company is not in a tax position, it will get a tax refund amounting to the same sum as the tax credit would have been. The refund is given in connection with the tax settlement the year after the tax year.

### Managing a project

Since the Research Council's approval of a R&D project under the SkatteFUNN scheme is directly associated with the milestones in the progress plan, any significant changes in this plan may require a new application. If your project has several new activities and milestones, contact your advisor to see if you are required to submit a new application.

#### Updating contact information

All correspondence from the Research Council is sent to the applicant, the project manager and the CEO of the applicant company. Let us know in case of changes, and we will assist with updating any contact info.

#### Changing organisation number

If your company changes its organisation number, a new project application has to be sent. Manually terminate the current project, update and resubmit the form with the correct organisation number. Contact us if you have any questions regarding this.

#### Delays

As mentioned above, SkatteFUNN projects are approved per calendar year. This means that if a project is scheduled to finish on October 1, the approval runs until December 31 of the same year. If the project is delayed beyond that, a final report must be submitted before the company can apply for a new project covering remaining activities and milestones. Reference the project number of the original project in the new application.

#### Terminating a project

To manually terminate your project, activate the final report form at My RCN Web > Terminate project.