

# INNOVATION



COLCIENCIAS



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NUEVO PAÍS

PAZ EQUIDAD EDUCACIÓN

## INNOVATION

**1. Transfer of knowledge and technology:** it aims to boost the transfer of research, development and innovation results between academia and the business sector, connecting in this way the demand and supply of technology in the country. This strategy aims to encourage the creation of spin-off and support six Regional Technology Transfer Offices (TTO).

•**Spin Off:** support the creation of Spin-Off through the development of a roadmap that shows universities the way to launch a spin off, this will also allow to have a list of possible spin-offs.

•**TTO:** support TTO with resources for their operation, as with training the team on negotiation, technology assessment, technology surveillance among others. Today Colciencias supports 6 TTOs in Bogota, Medellin, Barranquilla, Bucaramanga and Cali. Last year, the office in Barranquilla managed to negotiate two licenses and Bogota achieved to create a spin off.

**2. Brigades and National Patents Fund:** this strategy seeks to identify projects with patent protection potential on key actors such as higher education institutions, research centers, technological development centers, companies and independent inventors, to finance the enlistment of the patent application and its presentation to the Superintendence of Industry and Commerce - SIC. This strategy seeks to:

- Give free access for all actors NSCTI for identifying intangible assets.
- Train in industrial property in the regions.
- Co-finance the enlistment of patents, enabling access of inventors and developers.
- Increase national patent applications by 600 in 2018.

This strategy has contributed to the 18.9% increase in the number of patent applications between 2014 and 2015, from 270 requests to 321 in 2015. In the first quarter of 2016, 88 patent applications were requested.

**3. Innovation Pacts:** voluntary agreements signed between companies, actors of the innovation system and Colciencias in Colombia's major cities. It aims on innovation as a growth strategy and business development for companies involved. By signing these pacts, companies will have benefits as:

- Roadmap through a self-innovation diagnosis.
- Access to an open innovation platform.
- Participation on an initial training program in innovation, Alliances for Innovation.
- Assessment on the implementation of Innovation Systems in the company.
- Additional points in public calls.

To the date, four innovation pacts have been launched, where there are 124 companies that have signed in Cucuta, 152 in Bucaramanga, 172 in Cali and 161 in Barranquilla. It is pending the pact in Bogotá which will be launched in August and "Eje Cafetero", which will be launched during the second half of 2016. Also, in 2017 Villavicencio will join the strategy.

•**Alliances for Innovation:** Colciencias, Confecámaras and Colombian Chambers of Commerce have created the program Alliances for Innovation, which aims to increase the number of companies with innovation capacities to enhance regional competitiveness. The program promotes cultural and enterprise innovation, innovation management capabilities and projects implementation. This program is implemented through the Chambers of Commerce in 9 regions of Colombia.

From 2012 to 2014, Colciencias achieved 1.187 entrepreneurs formed in innovation, 561 innovation consultants trained and 479 incremental innovation projects were structured. From 2015 to date, Colciencias sensitized 5.605 entrepreneurs in innovation, formed 1.111 companies in management of innovation and trained 195 consultants.

•**Innovation Systems:** this Program seeks to build capabilities within the companies in order to create new products, services, innovation processes or new business models systematically. By learning and implementing methodologies and techniques that reduce the risks related to innovation, it allows companies to allocate resources effectively and increase the probability of success in the market, thus generating a positive impact on the economic growth of their business. This Program applies only in those cities where there are Innovation Pacts signed.

Between 2011 and 2014, 174 companies managed to implement innovation processes to create new or improved products, services or business models, and at the same time, strengthen their innovation capabilities. In 2015, 72 companies were supported.

**Tax incentives:** instrument developed by the National Government under the leadership of Colciencias, as an incentive to the players in the National System of STI in the development of their projects. The instrument consists of two main forms: deductions in income tax and tax exemptions.

**Income tax deduction:** a tax deduction of 175% is available for investments in the science and technology industry (Section 158-1 Tax Code). There is a cap on how much is available in the government budget for this incentive, and in 2016 the cap stood at five hundred thousand million pesos COP\$500.000 million (approx. 160 million dollars). The tax saving is kept when dividend distribution to the shareholders is made. Institutions and R&D centers must be accepted first by COLCIENCIAS for the application of this tax benefit. Such deduction shall not exceed 40% of taxable income.

Historically the tax deductions have leveraged more than 1.6 billion pesos of private investment between 2010 and 2015 (COLCIENCIAS, 2016). The biggest investment occurred in 2015 due to the implementation of a public policy document, which allowed again that innovation projects approve to the deduction, and defined new alternatives and better conditions for access to the tax benefit.

**VAT exemption for imports in R&D:** VAT exemption applies to equipment imported by research or technological development centers and basic education institutions, including elementary, middle, high school or higher education institutions that are dedicated to the development of projects rated as scientific, technological or innovative. In the past four years, VAT exemptions granted amount to more than 3.5 million.

Exempt income for payment of work performances related for R&D projects: Income derived from the development of scientific, technological and innovation projects, according to the criteria and conditions set by the “typology document”, may be exempt from tax. The same treatment is applied to the compensation of individuals for the direct execution of work of scientific, technological and innovation, provided that such compensation is derived from the respective resources for the Project.

**Tax exemption on new technological software:** a five year tax exemption is available from 1 January 2013 to 31 December 2017 for new software, developed in Colombia and registered with National Directorate of Copyrights, provided they have a high content of national scientific and technological research, verified by COLCIENCIAS and with the requirement to be commercialized (selling or licensing).

New software development has to be produced in Colombia, registered and certified by the relevant authorities, and be a result of a research project. In the past four years, they have been certified in total 34 new software.

These incentives are applicable for current investments. The tax benefit must be claimed in the taxable year corresponding to the investment.

## **FOR MORE INFORMATION:**

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