Precautions when applying tax deduction for research and human resources development expenses (Article 10 of the Special Tax Act) ⦁Adjustment of the incremental formula for R&D expense tax deductions (starting from the fiscal year starting on January 1, 2013) [R&D cost of the current year - Average R&D cost of the previous 3 years (2013) → Average of 2 years (2014) → Previous year (After ’15)] × 25% (40% for mid-sized companies, 50% for small and medium-sized companies) However, if R&D expenses have not been incurred for 4 years retroactively or if R&D expenses have been incurred in the immediately preceding tax year, If it is less than the retroactive 4-year average R&D cost, the incremental method is excluded. ⦁Research and development expenses or human resources development expenses paid with government contributions are taxable years beginning after January 1, 2013. Tax deductions for research and human resources development expenses are excluded from the beginning (Article §9① of the Special Decree) - Previously, only contributions listed in Article 10-2 of the Special Provisions Act were excluded, but expenditures made as government contributions were excluded. Revised to exclude all research and development expenses ⦁Amount excluded from labor costs of dedicated researchers eligible for tax deduction among in-house research and development expenses (Appendix 6 of the Article 6) - Contributions such as retirement income, retirement benefit reserves, retirement pension, etc. ⦁Starting from taxable years beginning on or after January 1, 2016, without directly carrying out or assisting in research and development projects. Excluding tax deduction for labor costs of research management staff in charge of administrative affairs (Appendix 6 of Article 6) ⦁ Among the consignment research and development costs, the costs incurred by entrusting or re-consigning to a dedicated department of a domestic or foreign company, etc. Applicable only to parts directly performed by the organization (Appendix 6 of the Article 6)