

Digitalization through tax incentives for companies that invest in innovative technologies and the digital training of their employees

Measure dimension

Increase efficiency/Change in the work culture

Rating

Implementation enhances **efficiency** and is effective across sectors, **government-backed strategy** boosts feasibility

Impact With sufficient implementation of the measure by companies, employees' skills and tools will continuously improve, leading to increased efficiency and time-saving through this digital transformation.

Range The measure is effective in various sectors, especially in industries with a greater use of digital tools.

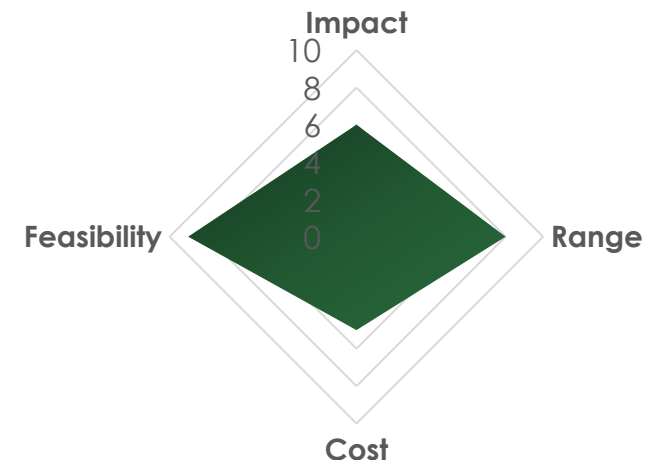
Cost The costs can vary greatly depending on the scope of tax deductions and other financial investments.

Feasibility As the federal government has already initiated a broadly supported digitization strategy, this measure will find an already paved path as an additional option for digitization.

Implementation to date in Germany

German government has defined a digital strategy until 2025/30

- Networked society (infrastructure, education, mobility, etc.)
 - Digital state (digital administration, digital police, digital justice, cyber security, etc.)
 - Innovative economy (location development, technologies, etc.)
- But also measures to stop the **shortage of skilled workers** (further information can be found in the appendix)



Score 7.2

Rank 6

Time horizon

Short/Medium term

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Cross-referencing for validation

Germany is around the EU average in digitalization

- Index for the digital economy and society: Place 13 (Total in the EU 27)
- Scandinavian countries in particular lead these statistics
- Germany has the **greatest deficits** in the area of **digital public administration**
- Germany is **above average** in the area of **connectivity**

Biggest challenges for germany

- At 15.4%, fiber optic coverage is below the EU average (50%)
- Less than half of Germans have basic digital skills.
- Advanced digital applications are emerging, but face the problem of broad acceptance, which has an impact on the goals of the digital strategy.
- Germany needs more **digital education, ICT professionals,** and economic competitiveness through **digital transformation**, while also attracting foreign talent with a more **digital government**

Specific recommendations for action

The current digital strategy addresses a number of issues, but companies need to be more involved in the measures, our advice:

- Implementation of **specific tax incentives for companies** that **invest in innovative technologies and the digital education of their employees** in order to further accelerate the digital transformation.
- Specifically, companies should be able to **partially deduct the costs** of digitalization-related training **from taxes** and **apply reduced tax rates** for investments in innovative technologies.