



## PRESS RELEASE

### Comparing host countries for life science companies in Europe

**San Francisco, 7 June 2016** – KPMG, in collaboration with Venture Valuation and EuropaBio, is today officially launching its report "[Site Selection for Life Sciences Companies in Europe](#)" at the BIO International Convention in San Francisco (11 AM local time at the European Commission booth #5978).

The third edition of the report offers a comprehensive and unique overview of the various aspects relevant for smart companies' site selection, such as size and specialization of the life sciences clusters, business-friendly legislation, macroeconomics and, importantly, the tax system. This combination of operational aspects and tax considerations gives life science companies a clear insight of how new or redesigned value chains can influence location selection.

The National Associations Council of EuropaBio is delighted to have contributed to widening the scope of the report to almost double the number of countries covered in the previous edition. It now covers thirteen countries which are often selected to host key value drivers of life science companies.

The new report has a clear focus on giving life science companies the basis for site-selection decisions related to the design of future-proofed value chains. This focus on operational and tax aspects makes this report an indispensable tool for life science executives and their advisors looking for information on different locations in Europe.

According to the report, there are three types of European countries in the Life Science space:

1. Countries with strong clusters of life science companies and an attractive tax and business environment
2. Countries that have significant clusters of life science companies in their jurisdictions, but lack the benefits of an attractive business environment
3. Countries which have attractive business and tax regimes without the support of a strong domestic biopharmaceutical industry

All three types can offer appealing opportunities for hosting certain key value drivers of life science companies. The report helps a smart site selection as well as preparing the value chain for upcoming challenges originating simultaneously from markets, investors and regulators.

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#### **Background for editors**

Value chains for life sciences companies consist of different value drivers such as Research & Development, Manufacturing, Centralized Services, Marketing and Sales, Design and Branding or Procurement. Life science companies usually locate these key value drivers across different locations, depending on their operational and tax models. Taxes have traditionally been a significant consideration for life science companies whose assets mainly consist of intellectual property (IP) and brands. Because such intangible

assets can be shifted easily from one location to another, they are also instrumental in reducing the global effective tax rate of the companies who own or exploit them.

In order to counter the excessive use of special tax regimes, which often include special tax treatments for income from IP, the OECD has developed a Base Erosion and Profit Shifting (BEPS) action plan designed to reduce the arbitrage between different tax rates and different interpretations of tax principles that arise as a result of tax sovereignty of individual countries. For life science companies, this means that they have to align their operational and their tax planning models in such a way that their value chain is compliant with the new BEPS regulations and offer potential for profitable growth and value creation. In other words, life science companies have to future-proof their value chain by placing functions, assets and risks in locations where they are planning to have their profits taxed. Structures where profit allocations are made in tax-beneficial locations with little or no substance are no longer viable.

This leaves executives of life science companies with the task of finding locations which offer the right mix of operational and tax benefits for certain value drivers. This is particularly challenging in Europe, which, on one hand, is one of the largest market for life science products but on the other hand is also the most rigorous in terms of applying the new BEPS standards.

The report responds to this growing need of life science companies for comprehensive and unbiased information on various countries and their ability to host key value drivers.

[Access the full report here.](#)

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**About EuropaBio:**

EuropaBio, the European Association for Bioindustries, promotes an innovative and dynamic European biotechnology industry. EuropaBio and its members are committed to the socially responsible use of biotechnology to improve quality of life, to prevent, diagnose, treat and cure diseases, to improve the quality and quantity of food and feedstuffs and to move towards a biobased and zero-waste economy. EuropaBio represents 77 corporate and associate members and bio regions, and 16 national biotechnology associations in turn representing over 1800 biotech SMEs.

Read more about our work at [www.europabio.org](http://www.europabio.org).