

Poland



Background

The corporate tax rate is 19%. Poland provides incentives for R&D investments in new technology, with additional incentives available to entities that have “R&D Center” status. Poland also offers grants from both national and EU funds.

Nature of incentives

Deductions: Development activities are 100% tax deductible.

Tax deduction and exemptions for R&D centers:

Entities with R&D center status can establish an innovative fund. Monthly contributions to this fund amounting to 20% of revenue are treated as tax deductible costs.

R&D centers (initial investments): The government grants up to 10% of the purchase price of fixed assets or up to EUR 3.9K per one newly created work place. R&D centers located in special economic zones (SEZ) may qualify for a tax exemption capped at 50% of 2 years of labor costs or eligible capital expenditure. If, for example, the eligible capital expenditure is EUR 1M and the company qualifies for the maximum benefit of 50%, then the company does not pay tax on the first EUR 500K (50% x EUR 1M) of otherwise taxable income. There are, however, certain additional limitations on the utilization of this tax exemption. R&D centers also are eligible for a real estate tax exemption, and rural and forest tax exemptions. Enterprises planning to set up R&D centers or invest in R&D infrastructure also can apply for EU funds in the form of cash grants up to 70% of eligible costs under Operational Programme Smart Growth (OPSG). First calls for proposals open in the fall of 2015.

Technology tax relief: A company can deduct from its tax base up to 50% of expenditure incurred for the acquisition of new technology in the form of intangible assets, such as proprietary rights, licenses, rights under patents or utility models, know-how, that result in the improvement of existing products/services. If losses are incurred, the tax deduction may be used during the subsequent three tax years.

Grants: Poland is currently developing new programs for the support of R&D to be financed from EU funds during the period of 2014–2020. Poland will remain the largest beneficiary of EU funds with about EUR 82.5B funds in total and approximately EUR 10B purely for R&D. First calls for proposals have been announced, but support schemes will not be fully launched until the end of 2015 (or early 2016). At the same time, R&D support programs financed from national funds are available as the complementary sources.

Poland offers funding through research grants, but offers very limited tax incentives.

Entrepreneurs from Poland can apply for aid for R&D projects under the Program Horizon 2020 financed by the European Commission.

Eligible industries and qualifying costs

The following expenditure may be deducted when creating an R&D centers:

- Purchase and installment of equipment;
- Purchase of buildings and land;
- Construction works; and
- Rental costs; and
- Two-year labor costs (only if the R&D center is located in SEZ).

To acquire R&D Center status (which is granted by the Minister of Economy), a company must submit a formal application and meet the following requirements:

- Have at least EUR 1.2M in net sales revenue for the previous financial year;
- Have revenue from internal R&D services or industrial property rights accounting for 20% of net revenue; and
- Not have any outstanding regulatory liabilities.

The technology tax relief is available to all entities operating in Poland and acquiring new technology, except for taxable persons using the flat rate method and enterprises that carry out business activity in SEZs. The list of eligible expenditure includes only costs of acquired technological solutions in the form of intangible assets. Therefore, the costs of internal R&D and costs refunded from other public aid sources, do not qualify for the technology incentive.

To use the technology incentive, a technological solution may not be used worldwide for a period exceeding five years, and this must be substantiated by an opinion issued by an independent research unit. For audit purposes, the company must obtain an opinion issued by an independent research unit confirming that at the time of its acquisition the new technological solution had not been used worldwide for a period exceeding five years. An enterprise that is the beneficiary of this tax incentive may not grant other entities rights to the new technology before three years have passed from the date the tax incentive was used.

Technology tax relief is considered to have relatively low attraction to new companies and requires a highly formalized administrative procedure. As a result, only a small number of entities benefit from this incentive.

Contact:

Magdalena Burnat-Mikosz
mburnatmikosz@deloittece.com
48 22 511 00 65

Poland (cont.)



IP and jurisdictional restrictions

There are no specific jurisdictional restrictions on IP concerning R&D tax allowances.

Other concerns

The Polish government has announced that it will introduce a new tax relief benefit for R&D activities. The Ministry of Economy anticipates the introduction of tax relief for entrepreneurs in the form of a super deduction for eligible costs incurred in R&D (not just for purchased R&D results). The new tax relief is expected to be introduced no sooner than 2016.

Poland

Nature of benefit available	Income tax benefit generally available	Specific pre-approval required from government	Refundable/ Carryforward
Tax deduction and grants	<ol style="list-style-type: none"> 1. Development activities are 100% deductible. 2. R&D centers can make monthly contributions to an "innovative fund" amounting to 20% of revenue which are then treated as deductible costs. 3. A company can deduct from its tax base up to 50% of expenditure incurred for the acquisition of new technology in the form of intangible assets. 4. Grants. 	Yes, to obtain R&D center status.	New Technology Tax Relief—Carryforward to the subsequent three tax years.
R&D activities must occur in country	Cap/Limitations on benefits	IP must be retained in country	Industry eligibility restriction
No	No	No	No