

# State aid support for new investments in Poland

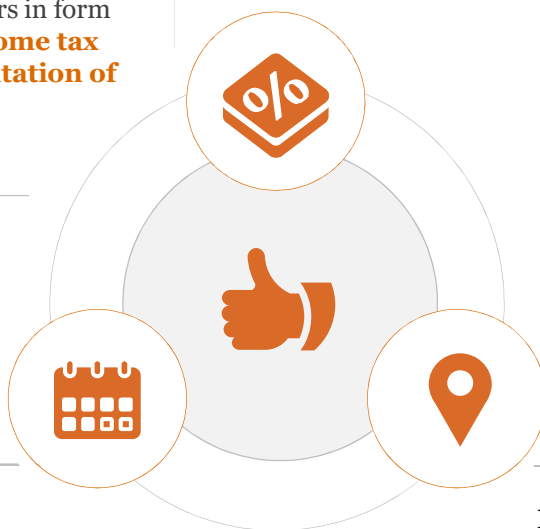
*On June 30th, 2018 a new law on supporting new investments was implemented. It significantly changes the current system of granting the income tax exemptions within the Special Economic Zones (SEZ).*

**Attention!** - SEZ will exist until the end of 2026, however, from now on, the investors in Poland may obtain income tax exemption for their new investment projects according to the new rules.

## Benefits of the new state aid instrument available for investors in Poland

### Exemption from the income tax

State aid is provided to investors in form of the **exemption in the income tax (PIT/CIT) for the implementation of a new investment.**



### Long period to use the tax exemption limit

The right to use the exemption is due in a **10-, 12- or 15-year period depending on the location.** 15 years always apply in case of investments implemented within the area of current SEZs.

### Flexible location of the investment

Income tax exemptions are available for investments **located anywhere in Poland.** The investment does not have to be located in the area covered by the SEZ status.

## New investment requirements



Evaluation criteria\*  
for the investment  
project





Investment eligibility evaluation will be based on:

- 1) quantitative criteria and
- 2) qualitative criteria.



Quantitative  
criteria

**Quantitative criteria - minimum value of investment expenditures** necessary for the investor to incur. This value depends on the unemployment rate in the area in which the investment will be located and the size of the enterprise. The preferences are envisaged for micro, small and medium enterprises as well as investments in the field of modern business services or research and development activities and investment located in particular areas (preferred towns).

Unemployment rate in poviats as % national average	Minimum eligible costs in PLN milion (depending on the size of the enterprise and nature of the investment)			
	Large 	Medium 	Small / Investment in modern business services or R&D activities 	Micro 
<60% national average	100	20	5	2
from 60% to average	80	16	4	1,6
from average to 130%	60	12	3	1,2
130% -160%	40	8	2	0,8
160% - 200%	20	4	1	0,4
200% - 250%	15	3	0,75	0,3
>250% or an investment in one of the 122 preferred towns or municipalities bordering these towns	10	2	0,5	0,2



Qualitative  
criteria

Gaining the income tax exemption by the investor due to implementation of a new investment requires him to meet numerous quality criteria. Some of them remain common for all types of investment projects, and some of them are intended for evaluation only for industrial projects and for service projects.

*\*Information regarding quantitative and qualitative criteria is drawn up on the basis of the Council of Ministers' decree of 28th August 2018 on state aid granted to some entrepreneurs for new investments (Dz.U. 2018, 1713)*

## New investment requirements

### Common criteria for all projects

1. Investments in projects supporting **industries in line with the current development policy of Poland** (sectors: high quality food, means of transport, professional electrical and electronical devices, aerospace and aviation, pharmaceutical, hygienic products and medical components, machine industry, recovery of raw and new materials, eco-architecture, specialized services, and ICT) and Regional Smart Specialisation
2. The level of **export sales** (the share of sales for export in net sales revenues >23.1% (2017))
3. Running **R&D activities**
4. Support for **micro-, small and medium enterprises** (the investor belongs to the SME sector according to EU rules)
5. **The location of the investment** (in one of the 122 preferred cities or municipalities bordering them or in poviats where the unemployment rate is above 160% of the national average)
6. **Small negative impact of the investor's economic activity on the environment**
7. Support for new employees in gaining **education and professional qualifications and cooperation with industry schools**
8. Undertaking activities concerning **the employee care**



#### Additional criteria for industrial project

1. **Creating highly specialized jobs** and offering stable employment under a contract of employment
2. **Belonging to a Key National Cluster**



#### Additional criteria for service project

1. **Creating highly-paid jobs** and offering stable employment under a contract of employment
2. Creating a **center of modern business services** with a range extending beyond the territory of the Republic of Poland

- ✓ Minimum number of points in qualitative criteria is from 4 to 6 points out of 10 possible
- ✓ Minimum number of points depends on the investment location - investments in less developed voivodeships are preferred

## The exemption amount to be used by the investor

The amount of tax exemption depends on the **value of eligible costs of the investment** (investment expenses or 2-year labour costs of new employees) and the permissible **intensity of state aid** applicable in a given region (see map\*), as well as the size of the enterprise.

### Amount of the tax exemption:



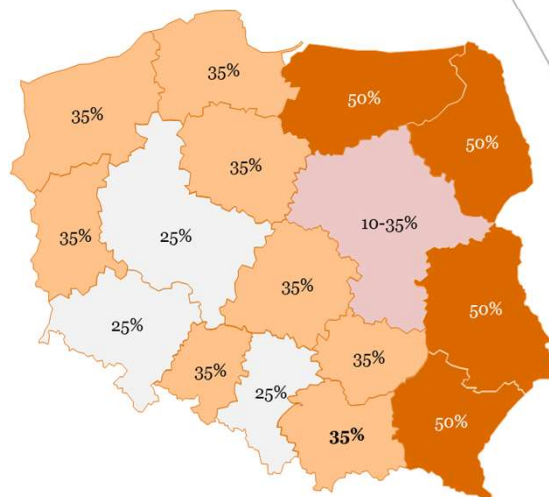
Value of eligible costs



Intensity of state aid (see map)



Amount of available exemption in PIT/CIT



\* Map shows intensity of state aid for large companies. This intensity is increased by:

- 10 % for medium enterprises
- 20 % for small and microenterprises

## How can we help?



Innovation and R&D, Grants and Incentives team operates within PwC, specializing in the tax exemptions.



We have extensive and long-term experience in supporting entrepreneurs in obtaining financing and implementing various forms of state aid available in Poland, including tax exemptions - we provide tax consultancy services to companies operating in the SEZs since 2002.



We offer comprehensive services covering the investment planning stage, implementation and settlement of the granted stated aid, including i.a.:



Support in applying for state aid, including tax exemption.

Support in the investment planning process.



Advising on tax settlements to maximize the benefits of the tax exemptions.

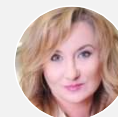
Free preliminary analysis of the project in terms of eligibility and chances for receiving support.



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