**R&D Tax Relief** – significant growth of the deduction and costs of staff on civil law contracts as qualified costs since 2018

**May 2017**

**In brief**

The draft of bill proposed by the Ministry of Science and Higher Education assumes far more attractive terms of use of R&D Tax Relief.

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**Detailed Informations**

**Increase of the existing deduction limits**

The bill proposed by the Ministry of Science and Higher Education envisages, among others, increase of the existing deductions in income taxes from 50% and 30% (depending on the category of eligible costs and the size of the taxpayer) to 100% of qualified costs, irrespective of their category and size of the taxpayer (which has hitherto differentiated the allowed deduction limits).

This means that all taxpayers benefiting from R&D Tax Relief will be able to save in income tax PLN 19 on every PLN 100 of qualified costs starting from 2018.

**Extension of the scope of R&D Relief**

According to current rules of R&D Tax relief, taxpayers may deduct expenditure incurred on employees hired only on employment contract basis. The proposed bill provides that the right to deduct will also cover the costs of staff hired by taxpayers for R&D purposes under selected civil law contracts.

The new regulations also clarify that R&D Tax Relief will also be available to taxpayers who, during the tax year, have operated in a special economic zone on the basis of a permit, regarding eligible costs that were not recognized as costs of running the activity covered by the SEZ permit.

**Exceptional benefits for R&D Centers**

The bill provides for special treatment for entities holding R&D Center status. According to the proposed provisions, R&D Center will be able to deduct up to 150% of qualified costs incurred on R&D, including depreciation of buildings and constructions, as well as acquired expertise,
Status of the project

On 10 May the bill was put forward by the government for public consultation. According to the Ministry’s assumptions, changes in the functioning of R&D Tax Relief will come into force on 1 January 2018.

Let’s talk:

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