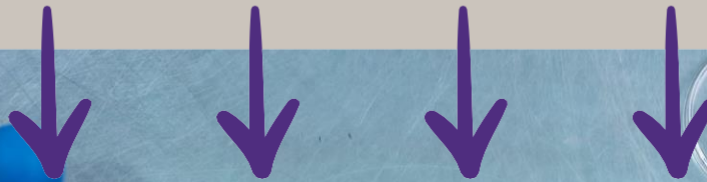




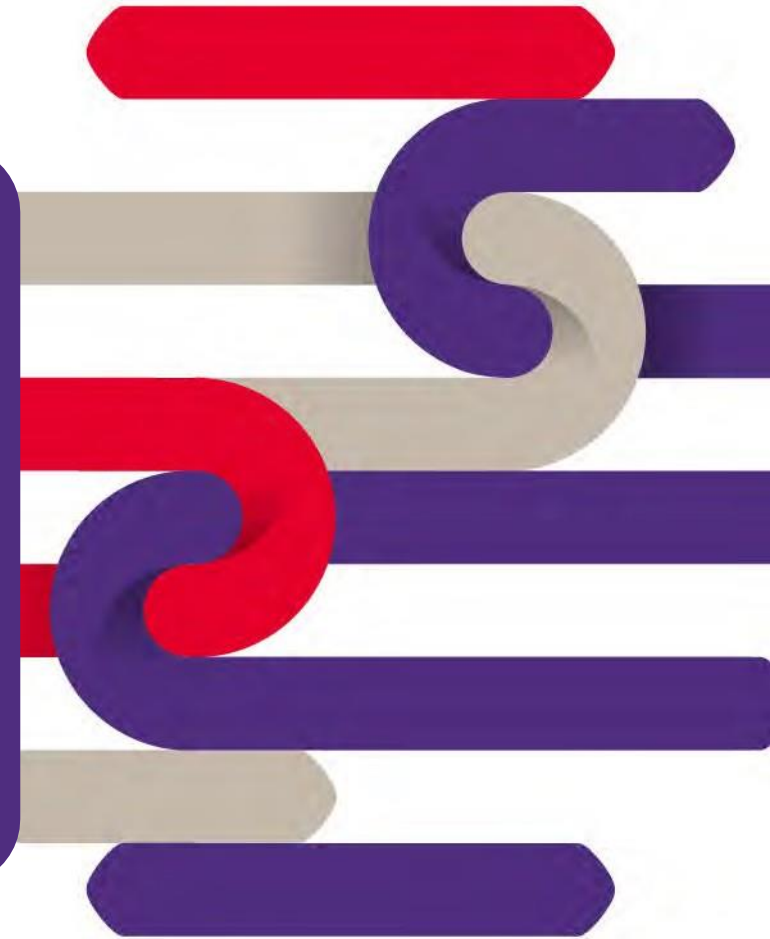
Tax incentives for innovation

Learn more about the tax incentives
for R&D, IP Box, robotisation,
prototype, expansion and
50% tax-deductible costs!



R&D tax relief

**Find out how much
you can save due to
your R&D activities!**



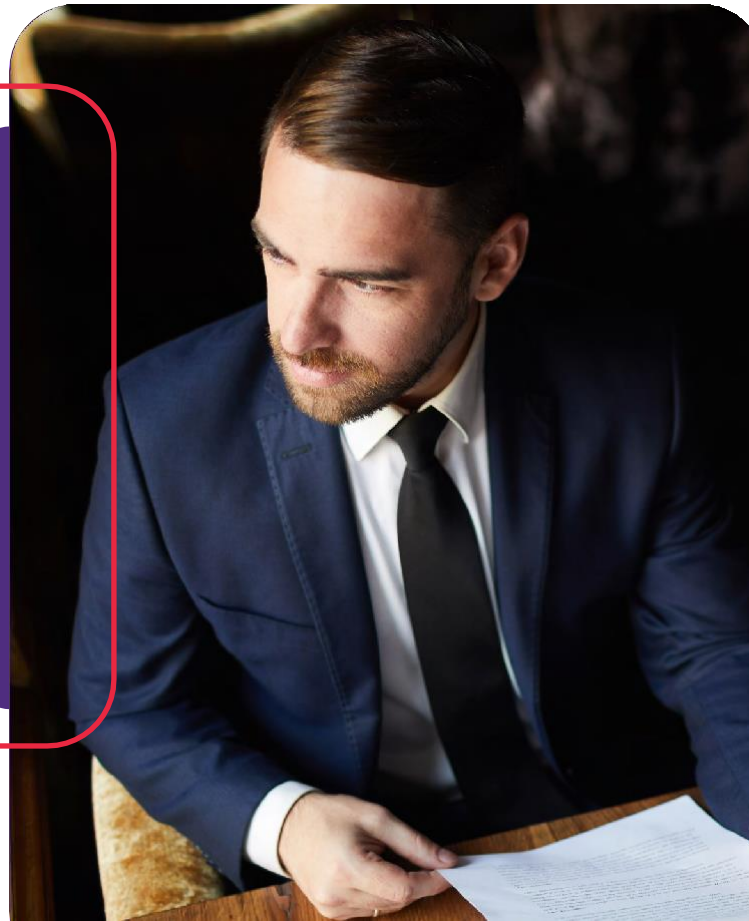
Research & development

The term covers creative activity including research and/or development works, carried out in a systematic manner, aimed at increasing the knowledge base and devising new applications of pre-existing knowledge.

R&D tax relief enables you to recover up to 38% of expenses

incurred on research and development activities, in particular on staff remuneration and costs of raw materials and supplies.

Expenses related to R&D activities are tax deductible, but they can also be treated as the so-called **qualifying costs** which are subject to an additional deduction to reduce tax.



You can combine R&D tax relief with other tax incentives: robotisation, prototype, IP Box and expansion.

Who is eligible for the R&D tax relief?



As a general rule, the relief is available to **undertakings** introducing new products into their range or working to improve their products

- **INVOLVED IN** research & development activities
- **DO NOT NEED** to have the status of an R&D centre
- **DO NOT NEED** to conduct scientific research
- **DO NOT NEED** to collaborate with scientific institutions

What kind of work qualifies for the R&D tax relief?



Development of new products and improvements to existing products



Software design or development



Own production, market research and testing of new or substitute materials as ingredients of products



Modification of paint and varnish formulations aimed at reducing costs, creating new colour schemes, etc.



Optimisation of the manufacturing process, e.g. by minimising costs, maximising yields, reducing labour intensity



Exploration of the potential for new and innovative uses of the available materials and supplies that significantly improve physical and chemical properties



Development of a new technology



Settlement of R&D tax relief in 2022 by a company subject to 19% CIT



Example

In 2022, the Company carried out research and development activities aimed at improving the features of its products, as well as developing new products.



Accounting for relief:

Personnel costs (in 2022, deductible at 200%)	PLN 200,000
Materials and supplies	PLN 100,000
Expert analyses and opinions	PLN 50,000
Total qualifying costs	$200,000 \times 200\% + 100,000 + 50,000 = \text{PLN } 550,000$
Tax credit	PLN 104,605

How can we help?

We offer **comprehensive support in the implementation of R&D tax relief**



- **Analysis of your eligibility** for R&D tax relief and other incentives.
- **Implementation of internal documentation** for the purposes of the relief.
- **Calculation** of qualifying costs.
- **Drafting the application** for an individual binding tax ruling.
- **Development of the R&D Report** containing the most important information related to the application of the relief. The report is helpful in the case of enquiries from tax authorities.
- **Representation of clients** before tax authorities and/or administrative courts.
- **Conducting an audit** concluded with a report on compliance with R&D tax relief obligations.

IP Box relief

**Find out if you qualify
for taxation at the
preferential 5% rate!**



IP Box relief

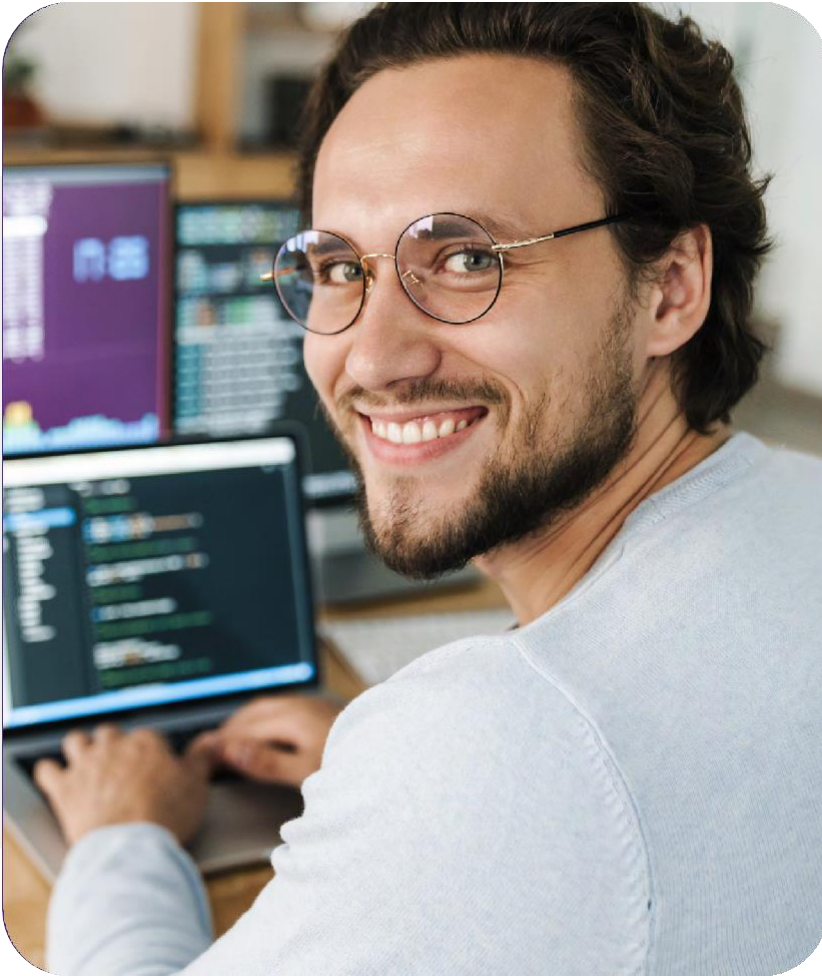
The objective of the relief is to increase the attractiveness of innovative business activities in Poland and to encourage entrepreneurs to explore the business potential of activities related to intellectual property rights.

The IP Box tax relief enables you to apply a **preferential tax rate amounting to 5%** (instead of the standard 19% rate) to the income obtained from the eligible intellectual property rights.



It can be claimed in combination with other tax incentives: robotisation, prototype, expansion and R&D tax relief.

Who is eligible for the IP Box tax relief?



Taxpayers who have earned income from qualifying intellectual property rights.

- **INVOLVED IN** research & development activities
- **HOLDERS OF IP** which has been developed, created or improved as a result of R&D activity or which generates income
- **DO NOT NEED** to work in the IT sector
- **DO NOT NEED** to own a laboratory

Catalogue of intellectual property rights

Znalazły się w nim:



Patents



Utility models



Rights in registered industrial designs



Rights in registered integrated circuit topographies



Supplementary protection certificates for patented medicinal or plant protection products



Rights in registration of medicinal products and veterinary medicinal products authorised for marketing



The exclusive right referred to in the Act on legal protection of plant varieties of 26 June 2003 (Journal of Laws of 2018 item 432)



Copyright in a computer programme



Examples of income from eligible intellectual property rights:

- licence fee
- sale of an eligible intellectual property right, and
- income from an eligible intellectual property right included in the selling price of a product or service;

Importantly, in the latter case, transfer pricing provisions apply accordingly to the determination of income.

Does my business qualify?



Example

You are engaged in computer software development. You bought a computer programme from a related party, and then significantly improved and enhanced it using own resources.

You then earn income from licensing your improved computer programme (IP).

Additionally, you maintain the relevant records and properly account for all costs as well as revenues related to the eligible IP right.



Your business meets the criteria of research and development work.

In other words, you have met all the statutory requirements to apply the preferential 5% rate to the income generated from the eligible IP rights.

Your income – after applying the relevant Nexus factor – will be subject to taxation at the 5% rate.

How can we help?

We offer **comprehensive support** in the implementation of **IP Box tax relief**



- **Analysis of eligibility** for IP Box tax relief and other incentives.
- **Implementation of internal documentation** for the purposes of the relief.
- **Preparing calculations.**
- **Drafting the application** for an individual binding tax ruling.
- **Development of the IP Box Report** containing the most important information related to the application of the relief. The report is helpful in the case of enquiries from tax authorities.
- **Representation of clients** before tax authorities and/or administrative courts.
- **Conducting an audit** concluded with a report on compliance with IP Box tax relief obligations.

Expansion relief

**Discover how you can
make savings when
expanding your business!**



Tax relief for expansion

The Polish Deal has introduced a brand-new tax incentive, making business expansion-related expenses deductible from the tax base. The new solution is available to undertakings subject to both PIT and CIT.



The new tax incentive allows you to **deduct costs** incurred to increase product sales, enter new markets or launch a new product.



The tax relief for expansion provides for **tax savings** up to PLN 190,000 per year (the deduction is limited to the amount of income earned by the undertaking – but cannot exceed PLN 1,000,000 per year).



The mechanism of the tax relief for expansion is that undertakings (having met the statutory requirements) are entitled to **deduct double the costs** incurred to increase their product sales.

You can combine tax relief for expansion with other tax incentives: robotisation, prototype, R&D and IP Box.

How to claim the tax relief for expansion?



To qualify for the relief, the taxpayer must meet one of three conditions within a period of two consecutive fiscal years, counting from the baseline year.

- increase in revenue from the sale of products **compared to the revenue in the baseline year**
- generating revenue from the sale of products **not offered before**
- generating revenue from the sale of products **not offered before in the given country**

Catalogue of eligible expenses

The expansion relief does not enable you to deduct any and all expenses incurred in order to increase sales, but only those listed in a closed catalogue of eligible expenses.

The catalogue includes the cost of:



participation in trade shows, including:

- exhibition space;
- purchase of airline tickets;
- accommodation and meals for employees.



promotional and informational activities, including the purchase of advertising space, website development, press releases, brochures, information catalogues and flyers related to the products;



adaptation of product packaging to the requirements of contractors;



preparation of documentation making the sale of products possible, in particular related to product certification and registration of trademarks;



preparation of the documents required to participate in tenders, and for the purposes of submitting proposals to others.



The deduction is made **in the tax return for the year during which the taxpayer incurred the costs** for the purposes of increasing revenue from product sales.

Relief can only be claimed for expenses **incurred after 31 December 2021.**

Does my business qualify?



Example

During the year, you had some expenses related to participating in a trade show abroad. The purpose of the trade show was to showcase your new product and find new customers in a country where you had not previously offered your products.

Additionally, you incurred expenses to promote your product in the new market.



By showcasing your products, you have gained customers in a new country.

Therefore, the condition to qualify for the tax relief has been met. **You will be able to make a double deduction for your expenses.**

How can we help?

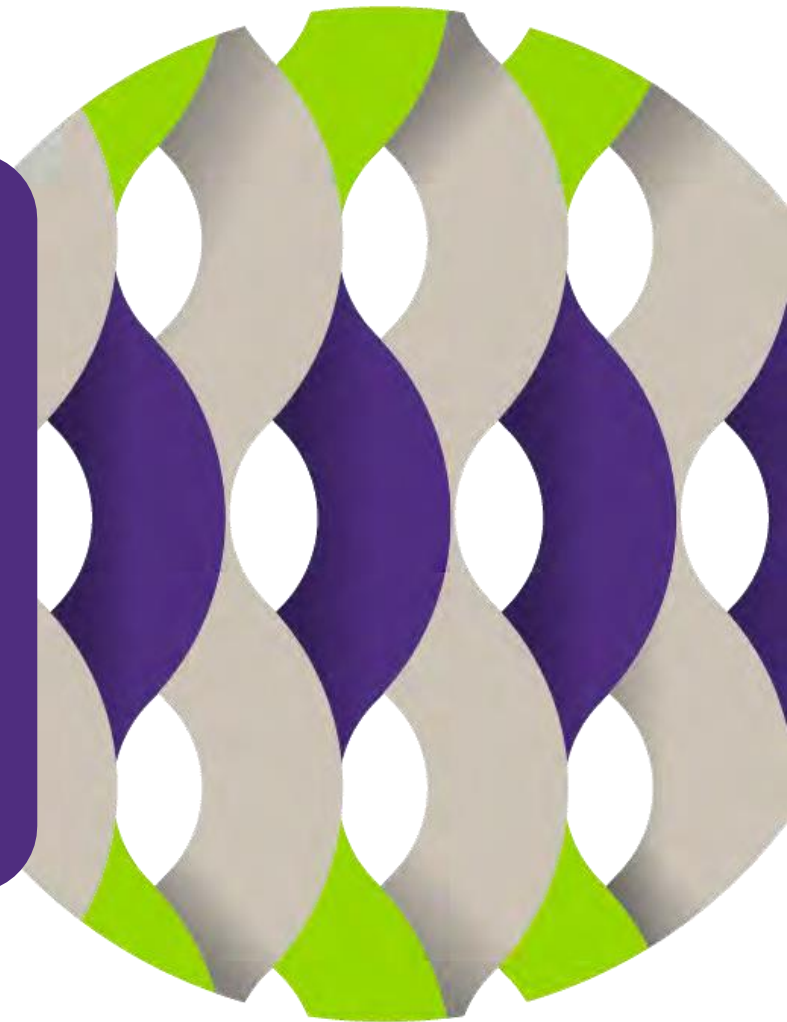
We offer **comprehensive support in the implementation of expansion tax relief**

- **Analysis of your eligibility** for expansion tax relief and other incentives.
- **Implementation of internal documentation** for the purposes of the relief.
- **Drafting of the application** for an individual binding tax ruling.
- **Development of the defence file** (preventive measure) - a document showing why you claimed the tax relief and what solutions you implemented. The defence file is helpful in the case of enquiries from tax authorities.
- Representation of clients before tax authorities and/or administrative courts.



Prototype relief

**Find out if your
business qualifies
for the new relief!**



Prototype relief

As of 01 January 2022, there are new incentives in Polish law for businesses investing in their development – including the prototype relief. The new solution is available to undertakings subject to both PIT and CIT.



This is an extension of the existing R&D relief, spanning the period from the completion of R&D work to the start of serial production of the developed product. **It makes it cheaper to produce a prototype** and, consequently, implement an invention into production.



The expenses incurred to buy fixed assets to be used in the production of a new product are **deductible from the tax base at 30% rate**. Taxpayers who take advantage of this tax relief deduct the depreciation costs of the acquired fixed assets in line with general rules.



The prototype relief does not apply to service activities. The legislator uses the term “product” according to the definition in the Polish Accounting Act, that is **product, with the exclusion of services**.

You can combine the prototype tax relief with other tax incentives: expansion, robotisation, R&D and IP Box.

New product

The prototype tax relief provides for a deduction from the tax base of the costs of trial production of a new product developed through R&D work and of the placement of this product on the market.

Trial production of a new product refers to the technological start-up stage of production which does not require additional design, construction or engineering works. Its purpose is to carry out trials and tests before launching the production process of a new product developed through R&D work. It covers the period from incurring the first cost related to this stage up to the beginning of serial production of a new product.

Costs of trial production of a new product

These include the purchase price or production cost of brand new fixed assets necessary to launch the trial production of a new product, classified under groups 3-6 and 8 in the classification of fixed assets (KŠT). Under the prototype tax relief, the taxpayer may make a one-off deduction of 30% of the purchase price or production cost of a fixed asset bought or made for the purposes of launching the trial production of a product, rather than applying gradual depreciation (subject to the limit of 10% of income from business activities).

Placement of a new product on the market refers to the activities undertaken to prepare the documentation used by the taxpayer to obtain certificates and permits needed to put the product on sale.

The costs of market placement include, among others, the costs of testing, expert opinions, preparation of the documentation necessary to obtain a certificate, approval, CE mark and safety mark.

Costs of placement on the market of a new product

These include the costs of: tests, expert opinions, preparation of the documentation necessary to obtain a certificate, approval, CE mark, safety mark, obtaining or maintaining marketing authorisation or other mandatory documents or markings related to the admission to trading

or use, as well as the cost of fees charged to obtain, renew or extend them; product life cycle assessment; environmental technology verification system.

Prototype relief in practice



Example

As a result of your R&D activities, you have developed a new product. In order to be able to put it into production, you need to purchase a fixed asset that will be classified in groups 3-6 or 8 of the classification of fixed assets.

In 2022, you purchased a new machine for PLN 500,000.



In the annual return for 2022, you will be able to claim prototype tax relief amounting to PLN 150,000, to be deducted from the tax base.

In this way, your tax burden will be reduced by PLN 28,500 (assuming that you are subject to the 19% tax rate).

How can we help?



We offer **comprehensive support in the implementation of the prototype tax relief**

- Analysis of your eligibility for prototype tax relief and other incentives.
- Implementation of internal documentation for the purposes of the relief.
- Drafting the application for an individual binding tax ruling.
- Development of the defence file (preventive measure) – a document showing why you claimed the tax relief and what solutions you implemented. The defence file is helpful in the case of enquiries from tax authorities.
- Representation of clients before tax authorities and/or administrative courts.

Robotisation tax relief

**See if you can save
when buying a robot!**



Robotisation tax relief

As of 01 January 2022, there is a new tax relief for robotisation. It is intended to encourage entrepreneurs to innovate, and in particular to purchase robots. The new solution is available to undertakings subject to both PIT and CIT.



Apart from being able to deduct the expenses from income through depreciation write-offs, the taxpayer has the right to **deduct from the tax base the amount equal to 50% of the costs incurred for robotisation.**



The amount of the deduction **must not exceed** that year's net income generated from **non-agricultural business activities.**



The robots and other machinery acquired by the taxpayer **must be brand new**, acquired on the primary market.

The taxpayer **is not required to carry out research and development activity.**

You can combine the tax relief for robotisation with other tax incentives: expansion, prototype, R&D and IP Box.

Who can claim the robotisation tax relief?



An industrial robot is an automatically controlled, reprogrammable, multipurpose, stationary or mobile machine with at least three degrees of freedom, having handling or locomotion properties for industrial applications that **additionally meets all four of the conditions** listed below.

- ➔ **Condition 1.** It exchanges data in digital form with control and diagnostic or monitoring devices for the purposes of remote control, programming, monitoring or diagnosis.
- ➔ **Condition 2.** It is connected to ICT systems that improve the taxpayer's production processes, in particular to production management, planning or product design systems.
- ➔ **Condition 3.** It is monitored by sensors, cameras or other similar devices.
- ➔ **Condition 4.** It is integrated with other machines in the taxpayer's production cycle.

What costs are eligible for the robotisation tax relief?

The eligible costs of robotisation include:



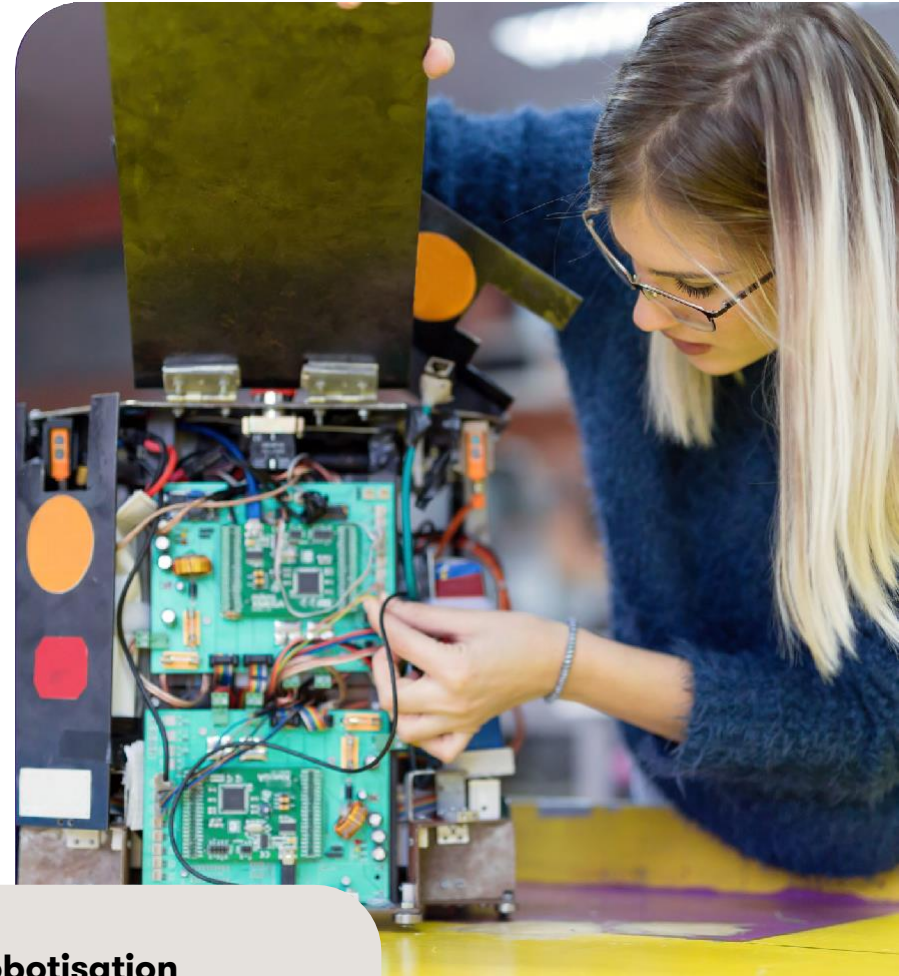
The cost of acquiring brand new industrial robots; machines and peripheral devices for industrial robots functionally related to industrial robots that are used to ensure ergonomics and workplace safety with respect to those workstations where humans interact with an industrial robot.



Acquisition costs of intangible assets necessary for the proper commissioning and putting into service of industrial robots and other fixed assets referred to above.



Acquisition costs of training services related to industrial robots and other tangible or intangible assets referred to above.



The robotisation tax relief applies to deductible expenses incurred for robotisation between 2022 and 2026. As with other innovation-oriented incentives, the relief for robotisation is claimed when filing the annual tax return.

Robotisation relief in practice



Przykład

You purchased a new machine meeting the definition of an industrial robot. The acquisition cost of the machine is PLN 500,000.

The depreciation period is 5 years, and so the annual depreciation will be PLN 100,000.



Under the robotisation tax relief, you will be able to make an additional deduction of PLN 50,000 from your tax base each year.

Therefore, the **annual tax saving will be PLN 9,500**, yielding PLN 47,500 over the entire period of depreciation of the robot (assuming that you are subject to the 19% tax rate).

How can we help?

We offer **comprehensive support in the implementation of the robotisation tax relief**



- **Analysis of your eligibility** for robotisation tax relief and other incentives.

- **Implementation of internal documentation** for the purposes of the relief.

- **Drafting the application** for an individual binding tax ruling.

- **Development of the defence file** (preventive measure) – a document showing why you claimed the tax relief and what solutions you implemented. The defence file is helpful in the case of enquiries from tax authorities.

- **Representation of clients** before tax authorities and/or administrative courts.

50% tax-deductible costs

**See if your employees
can benefit!**



50% tax-deductible costs for creative work

With this preferential tax treatment, businesses can effectively increase the remuneration of employees involved in creative activities. If you have employees doing creative work, they are most likely entitled to 50% tax-deductible costs.



Pursuant to the provisions of the PIT Act, the tax-deductible cost of income earned by creators for using or disposing of their copyrights and related rights amounts to **50 per cent of the gross income earned.**



In practice, **the range of employees** who qualify for this preferential treatment **is very wide.**



The limit of tax-deductible costs for creative work is **PLN 120,000 per year.** Please note that this amount represents 50% of gross income, meaning it applies to remuneration of PLN 240,000 per year.

Tax-deductible costs for creative work have become more attractive as of 2022.

50% tax-deductible costs: what you need to know?

Core rules



The preferential treatment is available to employees working in IT, translators, journalists, artists, architects, filmmakers, photographers, teaching and research staff, etc.



Importantly, the 50% tax-deductible costs apply only to the portion of remuneration which represents royalties, not to the entire income from employment.



Under the Copyright and Related Rights Act, a royalty is a one-off or regular payment for the use or disposal of copyright or related rights payable to the creator, artist or scientist.



For the purpose of claiming the 50% tax-deductible costs, contracts should list separately the base pay (not subject to the preferential tax treatment) and the royalties. The higher rate of tax-deductible costs can only be applied if the contract explicitly indicates the actual amount of royalties for the creative work performed by the employee.



The employee's base pay, in turn, cannot be less than the statutory minimum wage.



The 50% tax-deductible costs can be applied in engagements based on: :

- employment contract
- contract of mandate
- contract for specific work.

The key criteria are: the deliverable, that is the creation of a specific work, and the transfer of copyright from its holder (the employee or contractor) to the ordering party (the employer or principal).

How can we help?

We offer **comprehensive support in the implementation of 50% scheme**

- **Eligibility analysis for** 50% tax-deductible costs.
- **Support in determining** which employees and which deliverables qualify for the preferential tax treatment.
- **Making the relevant amendments** in the current documentation.
- **Implementation** of new documents.
- **Representation of the client** before tax authorities.
- **Providing training** to the payroll department on the correct application of 50% scheme.

Grant Thornton is one of the leading audit and advisory organizations in the world, with a presence in 140 countries and headcount of more than 56,000 employees. We have been in Poland for nearly 30 years. Our team of 900 employees supports clients in such areas as audit, tax advisory services, transaction advisory, payroll & HR outsourcing, as well as accounting outsourcing.

**We look forward
to hearing from you!**



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