Ministry of Finance
Republic of Poland

National Revenue
Administration

CO PI
Centrum
Obsługi
Podatkowej
Inwestora

INVESTOR'S TAX GUIDE

TAX RELIEFS AND INCENTIVES

Legal status as of 1 January 2026.

Poland is one of the most appealing places to do business in Central and Eastern Europe, with an attractive and friendly investment climate. Contributing factors include the country's strategic location in the heart of Europe and at the crossroads of major trade routes, an ever-expanding transportation infrastructure, human capital as well as a stable and

crisis-proof economy. Wanting to strengthen Poland's investment potential, we are creating conditions for opening and conducting business that respond to the needs reported by entrepreneurs.

Thousands of entities trusted the favourable business climate, and 94% of foreign investors indicated that they would invest in Poland again.

Discover what you may gain by investing in Poland!
You can also find useful tax guidance at podatki.gov.pl

The guide has been prepared in Polish, English and German. All language versions can be found under the link presented below. In the event of any discrepancies between the language versions, the Polish text shall prevail.

https://www.podatki.gov.pl/pozostale/investment-agreement/handbooks-and-brochures

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Develop thanks to low taxes

Business projects require the right tax climate. Therefore, we are introducing solutions that do not hinder ambitious initiatives and give your business the opportunity to grow. Thanks to the tax reliefs and incentives introduced in Poland, new investors can reduce their tax or defer its payment. On the other hand, when taking advantage of the lump-sum corporate income tax (the so-called Estonian CIT), no tax needs to be paid as long as the money remains in the company, i.e. profits are reinvested in further development projects.

Polish Investment Zone (PIZ)

What is the Polish Investment Zone?

The Polish Investment Zone is an instrument operating on the basis of the Act on Supporting New Investments, which enables to obtain an exemption from the income tax related with the implementation of a new investment. You may benefit from this solution throughout Poland.

The basis for using the exemption is obtaining a decision on support based on an application filed for its issuance.

The decision on granting public aid for your venture will indicate such things as the validity period, the subject of the business activity, and the conditions you will have to meet regarding:

- the creation of a certain number of new jobs for a specified period in connection with the investment;
- eligible investment costs incurred within the specified time frame;
- the deadline for the completion of the investment, after which the investment costs incurred by the entrepreneur may not be considered eligible costs;
- the maximum amount of eligible costs that may be taken into account in determining the maximum amount of public aid;
- quantitative and qualitative criteria undertaken in the application;
- the location where the new investment will be carried out, taking into account the registered data of the property.

The decision on support is issued for a specified period of 12, 14, or 15 years, depending on the chosen investment location. It should be noted, however, that you will, as a rule, be able to benefit from the exemption only after your investment is completed.

How can you benefit from the Polish Investment Zone?

Under the Polish Investment Zone, you may receive support in the form of income tax exemption (CIT or PIT) due to the implementation of a new investment. The amount of aid depends on the size of the company and the chosen location. In some regions, this may be as much as 50% of the eligible costs incurred or the costs of creating new jobs. In addition, support for micro and small enterprises is increased by 20 percentage points, while for medium-sized enterprises by 10 percentage points.

Who is the Polish Investment Zone intended for?

The Polish Investment Zone is a solution intended, in principle, for companies in the industrial sector and selected modern service sectors.

The decision on support may apply to both greenfield and brownfield investments which meet the qualitative and quantitative criteria set forth in the Regulation of the Council of Ministers of 27 December 2022 on public aid granted to certain entrepreneurs for the implementation of new investments (i.e. Dz.U. /Journal of Laws/ of 2025, item 108, as amended).

The minimum investment project values may be further reduced depending on project type, as well as the size of the entrepreneur and whether it operates in the modern business services sector.

At least 25% of the total value of eligible costs related to the implementation of a new investment must be the entrepreneur's own funds or external sources of financing, free from any public support.

Collision with other incentives

The Polish Investment Zone may not be used by companies conducting strictly defined activities, which are excluded in Art. 2 of the Regulation of the Council of Ministers of 27 December 2022 on public aid granted to certain entrepreneurs for the implementation of new investments, including companies engaged in the production of alcohol, tobacco products, steel, or companies operating in the sector of energy production and distribution, wholesale and retail trade, facilities and construction works (specified in section F of the Polish Classification of Goods and Services (PKWiU)), accommodation and food services, and the operation of gaming centres. Also excluded from support are investment projects that do not meet the conditions set out in Commission Regulation (EU) No 651/2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty (hereinafter: Regulation 651/2014) and regarding regional investment aid.

Entities such as entrepreneurs who pay a lump-sum corporate income tax (the so-called Estonian CIT) may not benefit from the income tax exemption within the Polish Investment Zone.

What are the restrictions on the use of the Polish Investment Zone?

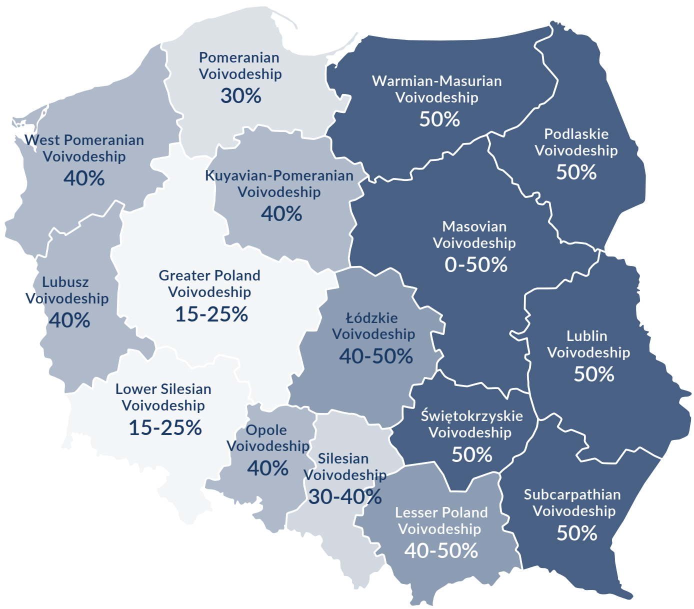
Further, taxpayers who simultaneously benefit from the research and development relief may take advantage of the exemption under the Polish Investment Zone to a limited extent; they are only entitled to a preferential deduction with respect to tax-deductible costs incurred for research and development activities, which are not included in the calculation of income exempted within the Polish Investment Zone.

Impact of the incentive on public aid restriction

The financial support provided under the Polish Investment Zone constitutes public aid. The method of calculating the permissible limit of public aid under the Polish Investment Zone depends in particular on:

- the amount of eligible costs specified in the decision on support;
- the maximum intensity of regional investment aid in the region where the investment will be carried out;
- the use of other forms of public aid.

The maximum intensity of regional investment aid for 2022–2027 with respect to individual areas is specified in the Regulation of the Council of Ministers of 14 December 2021 on the establishment of the regional aid map for 2022–2027 (Dz.U. /Journal of Laws/ of 2021, item 2422, as amended). The map indicates the intensity ranges of public aid for individual voivodeships, due to specific regulations applicable in selected sub-regions or municipalities. Due to potential changes in regulations, the value of public aid intensity for individual programmes may change. You can obtain precise information regarding the intensity of public aid for your investment by contacting representatives of the Polish Investment and Trade Agency.



If the eligible costs do not exceed EUR 50 million, the maximum amount of permissible public aid is the product of the eligible costs specified in the decision on support and the maximum intensity of regional investment aid determined for the given area, taking into account the size of the entrepreneur.

The maximum public aid for such investments is calculated according to the following formula:

$$I = R \times A$$

where individual symbols mean:

I – maximum permissible amount of aid,
R – maximum regional investment aid intensity for the area where the investment will be carried out,
A – amount of costs eligible for aid

EXAMPLE

Entrepreneur A Sp. z o.o. intends to make a *brown-field* investment - an increase in the production capacity of an existing plant. Eligible costs are expected to amount to PLN 115 million. The investment will be carried out in the Pomeranian Voivodeship, where the aid intensity is 30%. The entrepreneur has the status of a medium-sized enterprise.

In such a case, the maximum permissible amount of regional aid will be: PLN 115 million x 40% = PLN 46 million.

Assuming that the company pays income tax at the rate of 19%, in order to use the available tax exemption limit, it will have to generate income from the business activity achieved from the implementation of the new investment specified in the decision on support in the amount of PLN 242 million after the investment is completed.

In the case of large investment projects with the value of eligible costs exceeding EUR 50 million but not exceeding EUR 110 million, the maximum amount of permissible public aid is calculated according to the following formula:

$$I = R \times (A + 0{,}5 \times B + 0 \times C)$$

I – maximum permissible amount of aid for a large investment project,

R – maximum regional investment aid intensity for the area where the large investment project will be carried out,

A – amount of costs eligible for aid not exceeding the equivalent of EUR 55 million,

B – amount of eligible costs exceeding the equivalent of EUR 55 million, but not exceeding the equivalent of EUR 110 million (EUR 55 million < B < EUR 110 million),

C – amount of costs eligible for aid exceeding the equivalent of EUR 110 million (C > EUR 110 million).

EXAMPLE

A Korean manufacturer of CNC machinery intends to open a new branch in Poland.

To this end, the manufacturer decides to establish a limited liability company and build a new factory near Lublin.

The company has applied for a decision on support with respect to the new investment.

On 17 January 2025, a decision on support was issued for the company for a period of 15 years. The eligible costs of the new investment specified in the decision on support amounted to PLN 426 million (they did not exceed the value of EUR 110 million, and thus the project was covered by Regulation 651/2014 and was not subject to notification to the European Commission).

The maximum intensity of regional investment aid for the Lublin Voivodeship is 50%.

In this case, the maximum amount of permissible regional aid, before considering the discount effect, should be determined according to the formula:

- Aid amount = aid intensity for the given area (50%) x (the equivalent of EUR 55 million + 0.5 x eligible costs above EUR 55 million, not exceeding EUR 110 million + 0 x costs exceeding the equivalent of EUR 110 million)
- The maximum amount of permissible public aid for the Korean manufacturer will be = 0.5 x (PLN 234,800,500 [equivalent of EUR 55 million] + 0.5 x PLN 191,199,500 [equivalent of EUR 44.78 million] + 0) = PLN 165.2 million [equivalent of EUR 38.7 million].

Assuming that the company pays income tax at a rate of 19%, in order to use the available tax exemption limit, it will have to generate income from the business activity achieved from the implementation of the new investment specified in the decision on support in the amount of ~PLN 870 million after the investment is completed.

* For the purpose of this example, the average euro exchange rate as of 17 January 2025 (PLN 4.2691) was used.

The above rules apply to investment projects covered by Regulation 651/2014 (they do not require notification, i.e. filing under a special procedure with the European Commission).

You may obtain more information in this regard from, among others, representatives of the Polish Investment and Trade Agency.

Please note that

Both the eligible costs (and consequently the amount of maximum permissible public aid) and the value of public aid granted in individual years are subject to discounting according to the rules set forth in the specific regulations (as of the date of obtaining the decision on support). Thanks to this mechanism, which is favourable to investors, the value of eligible costs specified in the decision on support and the available aid limit are not distorted over the period in which the entrepreneur uses the tax exemption.

Lump-sum corporate income tax
(i.e. Estonian CIT)

What is the lump-sum corporate income tax?

If you choose to account for company income on a lump sum basis, you will only be required to pay tax when you distribute profits from the company, i.e. in the form of dividends. Therefore, you do not have to pay tax as long as the profit earned by your company during the period of lump sum taxation on corporate income remains in the company.

As a result, the earned profit which is not decreased by tax, will increase the company's liquidity.

In addition, this form of taxation is based on the amount of financial result determined in line with accounting principles. Therefore, you do not need to keep separate records of income and expenses for tax purposes.

Who is the lump-sum corporate income tax intended for?

The lump-sum corporate income tax is a form of taxation intended for Polish tax residents who collectively meet the following criteria, among others:

- operate in the form of a joint-stock company, simple joint-stock company, limited liability company, limited joint-stock partnership, or limited partnership;
- less than 50% of business revenues earned in the previous tax year constitute the so-called passive income (e.g. interest income);
- have a simple ownership structure;
- employ at least three individuals under an employment contract or civil law contract (Full-Time Equivalents).

The lump-sum corporate income tax constitutes the so-called tax option. Eligible entrepreneurs may or may not decide to use. Therefore, if you are interested in this form of taxation, be sure to file the appropriate notice with the head of the tax office within the statutory deadline.

How can you benefit by choosing the lump-sum corporate income tax?

With this solution, you have the ability to decide when to pay tax. With CIT tax deferral, you may:

- increase your company's equity;
- improve liquidity;
- increase investment capacity.

What are the restrictions on the use of the lump-sum corporate income tax?

The following entities may not use the lump-sum corporate income tax:

- financial companies;
- lending institutions;
- entrepreneurs in bankruptcy or liquidation;
- entities that prepare financial statements in compliance with the International Accounting Standards during the lump-sum taxation period.

Collision with other incentives

The lump-sum corporate income tax is also unavailable to taxpayers with incomes generated from business activity:

- conducted in the Special Economic Zone
- on the basis of the relevant permit;
- due to the implementation of a new investment specified in the relevant support decision, obtained in the area specified in that decision.

In addition, during the period of lump-sum taxation on corporate income, entrepreneurs using this form of taxation may not take advantage of other tax preferences and tax reliefs provided for in the CIT Law (such as R&D tax relief or automation tax relief).

EXAMPLE

A video game publishing company set up an office, hired employees in Warsaw, and recorded a profit of PLN 5 million in its first year of operation. By opting for the lump-sum corporate income tax, the company does not have to pay tax, which means that its net profit also amounts to PLN 5 million. The company may allocate the entire profit earned (without deducting the income tax) for investments, such as setting up another office in Kraków.

If, over the next few years, generated profits are continuously allocated to the company's development, the company will not have to pay any tax thereon. Only in 2028, when the company pays out a profit in the form of a dividend of PLN 1 million, it will pay PLN 200k in tax, assuming that it will not have the status of a small taxpayer, whose sales revenue (including the amount of value added tax) did not exceed in the previous tax year the amount expressed in PLN corresponding to the equivalent of EUR 2,000,000.

Thanks to certain facilities under the lump-sum corporate income tax, tax will not be paid until the payment of the dividend. In addition, when receiving the dividend, shareholders will be able to decrease the tax on such dividends by 70% of the portion of the tax paid by the company.

If the company were a small taxpayer or a taxpayer starting a business, then the preference for shareholders would be 90% of the tax paid by the company.

In contrast, in the case of a "classic" CIT, the company will, as a rule, have to pay a tax of 19% of tax income. In turn, shareholders will have to pay tax on the dividends they receive.

Fund for investment purposes

If it is important for your company to include planned investment expenditures as tax-deductible costs as quickly as possible, creating a so-called fund for investment purposes may prove to be an attractive solution. The essence of this solution is the possibility of an economically accelerated settlement of investments in tax costs by including transfers to a separate fund for investment purposes established within reserve capital as tax-deductible costs. Detailed conditions and purposes of the said fund are specified in the provisions of the CIT Act.

By deciding to use this mechanism, you may recognise certain investment expenditures as tax-deductible costs in advance, instead of accounting for them for tax purposes only in subsequent years of the depreciation period.

Who can benefit from this solution?

Entities that meet, among others, the following conditions:

- operate in the form of a joint-stock company, simple joint-stock company, limited liability company, limited joint-stock partnership, limited partnership, or cooperative;
- less than 50% of business revenues earned in the previous tax year constitute the so-called passive income (e.g. interest income);
- have a simple ownership structure;
- employ at least three individuals under an employment contract or civil law contract (Full-Time Equivalents).

And who is not eligible?

The following are not entitled to the special accounting for transfers to a fund for investment purposes:

- financial companies;
- lending institutions;
- entrepreneurs in bankruptcy or liquidation and entities that have participated in certain restructuring activities;
- entities that prepare financial statements in compliance with the International Accounting Standards during the lump-sum taxation period.

Rules for creating a fund for investment purposes

- The basic condition for using the preference is the creation of a fund for investment purposes from the profit earned for the year preceding the tax year in which such a fund was created.
- It is necessary to pay an equivalent amount of cash corresponding to the value of the transfer to the fund for investment purposes no later than on the day of making the transfer to a separate account maintained for the taxpayer solely for this purpose.
- Cash paid into the investment account must come from the profit earned for the previous tax year and may not come from a loan (credit), grant, subsidy, surcharge or other forms of financial support.
- Funds accumulated in the fund for investment purposes must be spent on these purposes no later than in the tax year following the year in which the transfer was made, unless you provide the competent head of the tax office with information about the planned investments indicating the year of spending these funds. In such a case, the spending of these funds must take place no later than in the third tax year following the year in which this transfer was made.

Collision with other incentives

At its core, the fund for investment purposes was designed as an alternative to the so-called Estonian CIT. Therefore, it is not possible to make transfers to the fund for investment purposes during the period in which the taxpayer is subject to the lump-sum corporate income tax.

EXAMPLE

A limited liability company (Sp. z o.o.) intends to use the settlement within the fund for investment purposes in 2026. The company's profit for 2025 amounted to PLN 10 million. By a decision of the shareholders' meeting, part of the profit in the amount of PLN 5 million is transferred to the reserve capital for the purpose of this fund. In July 2026, the limited liability company makes a transfer and pays PLN 5 million into a settlement account opened exclusively for this purpose. Thus, it immediately recognises the specified amount as tax-deductible costs. In October 2026, the Company acquires a new production line for PLN 5 million using the funds from this account.

Please note that

The creation of a fund for investment purposes constitutes *de minimis* aid and is subject to the provisions of the Act of 30 April 2004 on Proceedings in Public Aid Matters.

This means that within 7 days from the date of creating the fund and including it as tax-deductible costs, the office competent for income tax must be notified and the required documents must be submitted.

The tax office will determine the amount of aid and issue a certificate of *de minimis aid*.

Notional interest deduction

What is hypothetical interest?

Notional interest deduction also has a pro-investment nature. This tax relief will enable your company to include the so-called hypothetical interest on retained equity as tax-deductible costs. Hypothetical interest should be understood as the value of interest that your company would have to pay if, instead of using earned profits or additional contributions from shareholders, it used an external source of financing, such as a loan or leasing.

How to determine the value of hypothetical interest?

Your company may include as tax-deductible costs an amount corresponding to the product of:

- the NBP reference rate on the last day of the year preceding the tax year, increased by 1 percentage point; and
- the amount of additional contributions made by shareholders or
- profits transferred to reserve or supplementary capital.

The deduction may be made in the tax year in which the additional contribution was made or the profit was retained, and in the two subsequent tax years.

The maximum amount of deduction in one year may not exceed PLN 250,000, which means that the total amount of deduction from the tax base may amount to up to PLN 750,000 over three years. Assuming a 19% CIT rate, the maximum tax benefit in this regard will amount to PLN 142,500.

Conditions for using the preference

- The condition for using the discussed deduction is to retain the additional contributions made or the retained profit in the company for a period of three years, counting from the end of the tax year in which the resolution on retaining the profit was adopted or the company was recapitalised.
- The company may not be taken over as a result of a merger or division or transformed into a company that is not a legal person before the expiration of the specified period; otherwise, a return of the deduction will be necessary.
- The profit retained in the company or the additional contribution made may not be used to cover a balance sheet loss.

It should also be remembered that this preference does not apply in a situation where the taxpayer or an entity related to them has performed a legal transaction or related legal transactions without justified economic reasons, primarily for the purpose of recognising the amount of so-called hypothetical interest as tax-deductible costs.

In summary, the described hypothetical interest mechanism, also referred to as notional interest deduction, constitutes a real and measurable tax incentive that can support long-term investments. The key advantage of this pro-investment institution is the fact that your company can recognise an additional tax-deductible cost without the need to obtain funds from outside. Thanks to this, you do not incur charges related to the remuneration for the provided capital, which in turn has a positive impact on the financial security of the company you run.

EXAMPLE

By way of a resolution adopted on 30 June 2025, the shareholders of a limited liability company (Sp. z o.o.) decided to transfer the profit earned in 2024 to the reserve capital. The amount of profit was PLN 4 million. The company's financial year coincided with the calendar year. The NBP reference rate on the last business day of 2024 was 5.75%. This means that the amount of hypothetical interest included in the tax-deductible costs for the tax year 2025 was PLN 250,000; it was calculated according to the formula:

(5.75% + 1%) x PLN 4,000,000 = PLN 270,000

The result obtained was then limited to the maximum value of hypothetical interest that may be included in the tax-deductible costs in a given year, i.e., the amount of PLN 250,000.

The company's tax benefit for this period, due to the 19% tax rate, was PLN 47,500.

It is worth remembering that the possibility of recognising the tax-deductible cost on account of hypothetical interest is available in the year of making the additional contribution or increasing the reserve or supplementary capital and in the next two consecutive tax years.

Be creative with the freedom to grow your investment portfolio

Poland is considered an attractive destination for foreign investors in Central and Eastern Europe. We know that a modern tax system should promote innovative investment ideas and minimise paperwork when settling taxes.

We have introduced tax tools tailored to the individual needs of investors, offering them flexibility, freedom of action and business expansion. We believe that a friendly tax climate will bring numerous tangible benefits to investments in Poland.

Relief for stock market newcomers

What is relief for stock market newcomers?

The relief allows the CIT tax base to be reduced by the costs associated with conducting an initial public offering of shares.

Who is the relief intended for?

The relief applies to joint-stock companies that:

- are Polish tax residents;
- are not and have not been previously listed on the stock market;
- intend to issue additional shares in an initial public offering, taking the company public by listing its shares on the stock exchange.

How can you benefit from the relief?

The relief effectively and directly meets the needs of taxpayers who, while searching for funds for further development, decide to list their company's shares on the stock market.

The relief for stock market newcomers allows a deduction of 150% of expenses directly related to going public, i.e. for:

- the preparation of the prospectus;
- notary, court, stamp and stock exchange fees;
- the development and publication of notices required by law.

In addition, you can deduct 50% of expenses for such services as:

- legal advice;
- tax advice;
- financial advice.

What are the restrictions on the use of the relief?

In the case of legal, tax and financial advisory services directly related to the issue, a deduction is allowed for up to PLN 50,000 (~EUR 11,647) and the expenditure does not include value added tax.

Expenses incurred directly in connection with the initial public offering of shares, including advisory services (tax, financial and legal services), are deductible if they have not been reimbursed to the taxpayer in any form or have not been deducted. This also applies to deductions from the income tax base.

Collision with other incentives

The relief may not be used if one chooses the lump-sum taxation on corporate income (i.e. Estonian CIT).

EXAMPLE

A joint-stock company providing tax advisory services planned to go public. As part of preparing the company for an initial public offering of shares, it incurred costs related to the prospectus, notary, court, stamp and stock exchange fees in the amount of PLN 100,000. In addition, it incurred advisory costs of PLN 110,000 gross (including VAT). In a given year, it earned PLN 500,000 in income.

If the company decided to use the relief, it could additionally deduct the following from the tax base:

- Tax = previously determined tax base – additional deduction (income – 150% of the value of specified categories of tax-deductible costs related to the prospectus, notary, court, stamp and stock exchange fees – 50% of the value of net advisory costs) x tax rate
- PLN 110,000 of costs incurred for advisory services includes 23% VAT, therefore the net amount is PLN 89,431.
- Tax = (PLN 500,000 – 150% x PLN 100,000 – 50% x PLN 89,431) x 19% = PLN 305,280 x 19% = PLN 58,003

If, on the other hand, the company did not decide to use the relief, it would pay:

- Tax = tax base (revenue – tax-deductible costs) x tax rate
- Tax = PLN 500,000 x 19% = PLN 95,000

By using the relief in the given factual situation, the company can save as much as PLN 37,000.

Polish Holding Company (PHC)

What is the Polish Holding Company?

PHC is an excellent tool promoting the allocation of investment capital in Poland. By creating a Polish holding company, you may benefit from an exemption from taxation on dividends and income from the sale of shares.

What are the conditions for obtaining the Polish Holding Company status?

To obtain the status of a Polish holding company, it is required to meet certain conditions uninterruptedly for a period of at least 2 years, including, among others:

- a specific legal form (limited liability company,
- joint-stock company, simple joint-stock company);
- being subject to unlimited tax liability in Poland;
- conducting genuine business activity;
- direct ownership, based on a legal title, of at least 10% of shares in a subsidiary.

Similarly, to obtain the status of a subsidiary (Polish or foreign), it is required to meet certain conditions uninterruptedly for a period of at least 2 years, such as not holding participation titles in investment funds.

How can you benefit under the holding regime?

Dividends received by a Polish holding company from a subsidiary are fully exempt from CIT. This solution will primarily benefit companies receiving dividends from subsidiaries that do not have their registered office in Switzerland, European Union member states, or the European Economic Area. While dividends paid by subsidiaries with their registered office in the aforementioned countries may (after meeting the conditions specified in the CIT Act) be subject to tax exemption, dividends received from a company with its registered office in, for example, the United States or Japan are taxed at 19% CIT.

In addition, capital gains achieved by a PHC from the sale of shares in a subsidiary to a non-related entity are fully exempt from CIT.

What are the restrictions on the use of the holding regime?

A company that is indirectly or directly owned by entities from countries or territories applying harmful tax competition, indicated in the EU list of non-cooperative jurisdictions for tax purposes, with which Poland or the European Union has not ratified an international agreement providing the basis for obtaining tax information, shall not obtain PHC status.

Furthermore, PHC status shall not be granted to a company using specific tax preferences, i.e. exemption of income from business activity within the Special Economic Zone / Polish Investment Zone, or being a member of a tax capital group.

In addition, capital gains of a Polish holding company from the sale of shares in a so-called real estate company, the value of which is derived at least 50% from real estate located in Poland or rights to such real estate, are not subject to CIT exemption.

EXAMPLE

A Canadian subsidiary paid a dividend of PLN 1 million to a Polish parent company. In the case of a dividend received by a company that does not meet the conditions for obtaining the status of a holding company, the CIT due will amount to PLN 190,000. On the other hand, in the case of a dividend received by a company with the status of a holding company, the received dividend will be fully exempt from CIT.

Consolidation relief

What is consolidation relief?

Thanks to the consolidation relief, you may reduce the tax base by the amount of expenses for the acquisition of shares in companies, up to the amount of income earned in the tax year from revenue other than income from capital gains.

Under the relief, you may deduct all costs directly related to the acquisition of shares in a capital company, including:

- legal services for the acquisition of shares and their valuation;
- notary, court and stamp fees;
- taxes and other public levies paid in the Republic of Poland and abroad.

Who is consolidation relief intended for?

The relief is intended for investors who plan to acquire shares in companies with legal personality.

How can you benefit from consolidation relief?

The relief measurably increases the financial capacity of a company planning to grow through investment expansion. This strategy allows entrepreneurs to strengthen their market position, and also contributes to the diversification of business risk by opening up to new markets or seeking new sources of income.

What are the restrictions on the use of consolidation relief?

Under the consolidation relief, in addition to including the expenses related to the takeover of another company as tax-deductible costs, you will also be able to deduct their equivalent from the tax base. However, the amount of expenses that can be additionally deducted from income in a tax year may not exceed PLN 250,000 (~EUR 58,234).

The exemption may be used if certain conditions specified in the regulations are met, including:

- the company whose shares are acquired has its registered office or management in the territory of the Republic of Poland or in another state with which the Republic of Poland has concluded a double taxation agreement;
- the main business activity of the company is the same as the taxpayer's business activity, or the activity of such a company can be reasonably considered as activity supporting the taxpayer's activity, provided that the activity of such a company is not a financial activity;
- the activity was conducted by the company and by the taxpayer before the date of acquisition of shares in it for a period of not less than 24 months;

- in the period of two years before the date of acquisition of shares, the company and the taxpayer were not related entities;
- the taxpayer acquires shares in the company in one transaction in an amount constituting an absolute majority of voting rights.

The sale of shares that entitled to the use of consolidation relief involves certain tax consequences.

If an entrepreneur who has used the relief, or their legal successor, sells the acquired shares or redeems them before the expiry of 36 months (counting from the date of acquisition), they must increase the tax base by the amount of the deduction made. A correction of the deduction will also be required if, before the expiry of 36 months from the date of acquisition of the shares, the entrepreneur is put into liquidation or their bankruptcy is announced, or other circumstances of termination of activity provided for by law occur.

Collision with other incentives

The lump-sum corporate income tax excludes the possibility of using the consolidation relief.

EXAMPLE

A limited liability company based in Poland decided to take over another Polish company running a restaurant chain. In the same year, it recorded revenue other than revenue from capital gains in the amount of PLN 5,000,000 and incurred expenses in the amount of PLN 3,000,000, which were fully included in tax-deductible costs. Within these expenses, PLN 300,000 was spent on expenses related to the takeover transaction.

If the company decided to use the relief, it would pay:

- Tax = (tax base (revenue – costs) – acquisition expenses) x tax rate
- Due to the fact that the expenses related to the takeover transaction amount to PLN 300,000, they cannot be deducted in full, but only up to the limit of PLN 250,000.
- Tax = (PLN 5,000,000 – PLN 3,000,000 – PLN 250,000) x 19% = PLN 1.75 million x 19% = **PLN 332,500**

If the company did not decide to use the relief, it would pay:
Tax = tax base (revenue – costs) x tax rate

- Tax = (PLN 5,000,000 – PLN 3,000,000) x 19% = PLN 2,000,000 x 19% = PLN 380,000.

In the given factual situation, thanks to using the relief, the company will save as much as PLN 47,500.

Create your modern investment hub in Poland

The Polish economy is developing systematically. We realise that despite our successes, we must be inventive and focus on new technologies to keep up with the changing economic reality, in which innovation is particularly important. Regardless of whether your company is involved in developing new medicines or

you simply plan to improve the production process in your plants – we want to support your ventures and move boldly towards the future together with you.

The reliefs we are introducing in this area concern both the costs related to the implementation of innovation and new solutions, as well as investing in the development of your workforce.

Research and Development (R&D) relief

What is R&D relief?

R&D relief is an instrument supporting entrepreneurs conducting research and development activity.
The research and development activity for which you can obtain support includes both scientific research (basic and applied) and development work.

Scientific research and development work must collectively meet the following conditions:

- be creative in nature;
- be undertaken in a systematic manner;
- lead to an increase in the resources of knowledge (in the case of scientific research) or the use of existing or increased knowledge to create new applications for a given taxpayer (in the case of development work). However, these activities may not consist solely of routine and periodic changes, even if such changes are of an improvement nature.

Who is R&D relief intended for?

To benefit from R&D relief, an entrepreneur must first of all incur costs related to conducting research and development activity, including: remuneration and contributions due on remuneration, depreciation write-offs on fixed assets and amortisation write-offs intangible assets, materials, raw materials, expert opinions, advisory services, use of equipment, patent maintenance.

Furthermore, to benefit from R&D relief, the above costs must:

- be appropriately separated in the accounting records;
- constitute tax-deductible costs within the meaning of the PIT or CIT Act;
- fall within the closed catalogue of eligible costs
- specified in the provisions of the PIT or CIT Act;
- be disclosed in the annual tax return.

Entrepreneurs with the status of a research and development centre (RDC) have the right to apply preferential rules for settling R&D relief.

How can you benefit from using R&D relief?

Thanks to R&D relief, you can deduct eligible costs related to conducting research and development work from the tax base. Consequently, costs incurred for research and development activity can be taken into account twice when calculating the income tax due.

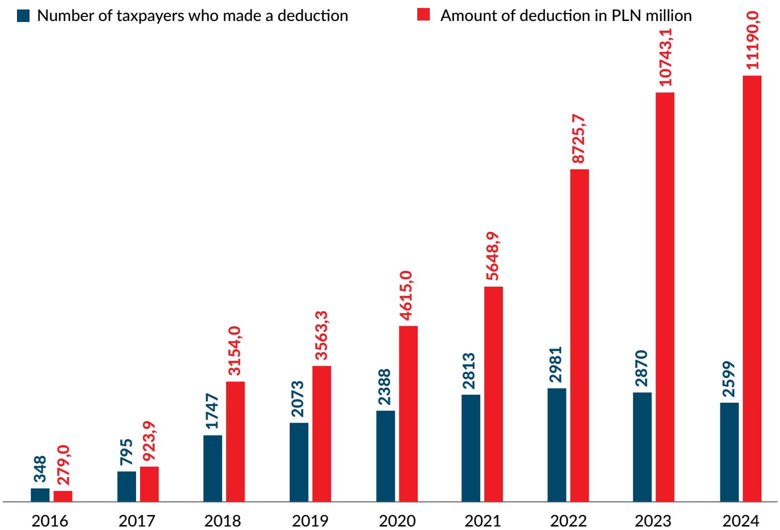
Costs are taken into account for the first time when calculating income, by recognising them as tax-deductible costs, and then the tax base is reduced by the eligible costs related to conducting research and development work.

Currently, the amount of eligible costs may range from 100% up to 200% (in the case of, among others, costs related to the employment of staff) of the amount of tax-deductible costs incurred for research and development activity.

CATEGORY OF COSTS	ENTERPRISE STATUS		
	SMEs	Large	RDC
Remuneration	**200%**		**200%** (with the exception of costs for obtaining and maintaining a patent, a protection right for a utility model, and a registration right for an industrial design, where it is 100% in the case of „large” RDCs)
Other categories of costs	**100%**		

The growing popularity of the R&D relief, especially among CIT taxpayers, is also evidenced by data from the Ministry of Finance.

R&D RELIEF among CIT taxpayers



Data source: National Revenue Administration (KAS) data as of 18 November 2025.

What are the restrictions on the use of R&D relief?

R&D relief is available exclusively in relation to income earned from revenue other than capital gains.

Consequently, if an entrepreneur records a loss or earns income in an amount lower than the deduction to which they are entitled from revenue other than capital gains, they will not be able to directly benefit from R&D relief in that tax year (under certain conditions, it is possible to deduct eligible costs using the cash refund mechanism or the so-called relief for innovative employees).

In such a case, the entrepreneur may, however, settle the entire or the remaining amount of the deduction to which they are entitled within the next 6 tax years following directly after the year in which the entrepreneur used or had the right to use the deduction under R&D relief.

Entrepreneurs who incurred a loss in the year they started their business or earned income in an amount lower than the deduction to which they are entitled under R&D relief have the right to a cash refund, i.e. a deduction of an amount corresponding to the product of incurred, non-deducted eligible costs and the applicable tax rate (in the case of SMEs, a cash refund is also available in the second year of business).

In order for eligible costs to be settled under R&D relief, they cannot be returned to the entrepreneur in any form or previously deducted by them from the tax base.

Collision with other incentives

Entrepreneurs who use the exemption under the Polish Investment Zone or Special Economic Zones have the right to deduct eligible costs under R&D relief only in relation to those tax-deductible costs which are not included in the calculation of income subject to exemption based on the above instruments.

Entrepreneurs who have chosen lump-sum taxation on corporate income (i.e. Estonian CIT) may not use R&D relief.

Impact of the incentive on public aid restrictions

R&D relief, as a rule, does not constitute public aid.

The exception is certain preferences in the settlement of R&D relief by research and development centres, which constitute public aid. However, the cash refund constitutes *de minimis* aid.

Please note that:

The cash refund constitutes *de minimis* aid and is subject to the provisions of the Act of 30 April 2004 on Proceedings in Public Aid Matters.

This means that within the deadline for submitting the annual return in which the cash refund was shown, the required documents must be submitted.

The tax office will determine the amount of aid and issue a certificate of *de minimis aid*.

EXAMPLE

A Polish company involved in food production and not having the status of a research and development centre invested a total of PLN 10,000,000 in the development of an innovative production line. All costs and expenses related to the development of the innovative production line constitute tax-deductible costs and eligible costs.

Assuming that the company's revenue amounted to PLN 23,000,000 and it incurred:

- costs related to the employment of qualified personnel,
- 100% of whose working time is spent on research and development activity, in the amount of PLN 3,000,000 (the company is entitled to deduct as much as 200% of the sum of these costs);
- costs of acquiring materials and raw materials directly related to
- the research and development activity in the amount of PLN 5,000,000;
- costs of acquiring laboratory vessels, utensils and measuring devices used directly in the research and development activity in the amount of PLN 2,000,000.

The company, using R&D relief, would pay:

- Tax base = revenue – tax-deductible costs – eligible costs = PLN 23,000,000 – PLN 10,000,000 – (PLN 3,000,000 x 2) (eligible costs related to employment, 200% of which can be deducted) – PLN 7,000,000 (remaining eligible costs, 100% of which can be deducted) = 0.
- Tax = tax base x tax rate = 0 x 19% = 0.

If, however, the company did not use R&D relief, it would pay:

- Tax base = revenue – tax-deductible costs = PLN 23,000,000 – PLN 10,000,000 = PLN 13,000,000.
- Tax = tax base x tax rate = PLN 13,000,000 x 19% = PLN 2,470,000.

By using R&D relief in this factual situation, the company would not pay income tax, resulting in savings of as much as PLN 2,470,000.

Relief for innovative employees

What is relief for innovative employees?

Relief for innovative employees is a supplement to R&D relief which enables an entrepreneur to settle qualifying costs incurred for research and development activities more quickly. The amount of qualifying costs incurred for research and development activities that exceeds the amount of income in a given tax year can be used by reducing the amount of PIT advances which the entrepreneur is obliged to collect as a payer from the remuneration paid to innovative employees.

Who is relief for innovative employees intended for?

Relief for innovative employees can be used by companies that conduct research and development activities and employ innovative employees. Innovative employees, within the meaning of the PIT and CIT Acts, are individuals directly involved in research and development activities whose:

- working time devoted to the implementation of research and development activities amounts to at least 50% of the total working time in a given month; or
- time devoted to performing a service in the field of R&D activities on the basis of a contract of mandate or a contract for specific work amounts to at least 50% of the total time devoted to performing the service.

Thanks to the relief, entrepreneurs conducting research and development activities can benefit from R&D relief even when the amount of qualifying costs exceeds the income earned in a given tax year or when they have incurred a loss.

How can you benefit from relief for innovative employees?

By using relief for innovative employees, it is possible to reduce the amount of PIT advances that an entrepreneur is obliged to collect as a payer on the remuneration paid to innovative employees. The reduction is an amount equal to the product of the lowest tax rate specified in the PIT tax scale (i.e. 12%) or 19% in PIT and 9% or 19% in CIT and the unused deduction under R&D relief.

What are the restrictions on the use of relief for innovative employees?

Relief for innovative employees is available exclusively to entrepreneurs who use R&D relief and who incurred a loss or earned income lower than the entitled amount of R&D relief deduction in a given tax year.

The taxpayer is entitled to the relief only in relation to PIT advances withheld by the taxpayer in connection with the payment of remuneration to innovative employees.

Entrepreneurs using the relief must maintain additional working time records for the purpose of R&D relief.

The relief applies to advance payments of income tax and lump-sum income tax collected from the income of individuals due to:
- service relationship, employment relationship, home-based work and cooperative employment relationship, as well as social security cash allowances paid by the taxpayer;
- performance of services under a contract of commission or contract for a specific task;
- copyrights.

Interaction with the R&D tax relief

Relief for innovative employees is not available to entrepreneurs who do not use R&D relief.

EXAMPLE

A Qatari company does not have the status of a small taxpayer and conducts research and development activities in the territory of the Republic of Poland.

The annual tax return for 2022, filed in April 2023, shows that the company earned revenue other than capital gains in the amount of PLN 5,000,000 and incurred tax-deductible costs in the amount of PLN 6,000,000 (including PLN 2,000,000 of qualifying R&D costs), thereby recording a tax loss of PLN 1,000,000.

For the purpose of its research and development activities, the company employs 10 individuals on the basis of an employment contract, whose 100% working time is devoted to the implementation of research and development activities.

Due to the loss, the company cannot reduce its tax base by applying R&D relief.

In such a case, the company may benefit from the relief for innovative employees. The maximum limit of the relief for innovative employees is the product of the amount non-deducted under R&D relief and the tax rate (PLN 2,000,000 x 19% = PLN 380,000).

Of this, the sum of PIT advances that the company is obliged to withhold as a payer from the remuneration paid to innovative employees under the employment relationship in the period from May 2023 (i.e. the month following the month of filing the return) to December 2023, amounted to PLN 190,000.

The remaining amount of qualifying costs incurred in 2022, which the company did not deduct as relief for innovative employees, may be included when calculating the income tax for 2023.

Thanks to the relief for innovative employees, the company will gain PLN 190,000 in 2023, which it would have had to transfer to the tax office's account as a payer of income tax advances on remuneration paid to innovative employees in the period from April to December 2023.

Prototype relief

What is prototype relief?

Prototype relief supports entrepreneurs at the stage of testing a new product, before the start of mass production. Thanks to the relief, entrepreneurs have the possibility to deduct from the tax base the costs of trial production of a new product and the costs of launching a new product on the market.

Who is prototype relief intended for?

The relief is intended for enterprises that incur costs related to the trial production of a new product and its launch on the market. New products are considered to be products not previously offered on the market that were created as a result of research and development activity conducted by the entrepreneur.

Trial production of a new product is the technological start-up stage of production, not requiring further design, construction or engineering work. During trial production, trials and tests can be performed before mass production. It covers the period from the moment the first cost related to this stage is incurred until the start of mass production of the new product.

On the other hand, launching a new product on the market includes actions taken by the entrepreneur to prepare the necessary documentation, such as certificates and permits, enabling the product to be offered for sale. The relief will allow for a cheaper production of a prototype and its subsequent implementation into production.

How can you benefit from prototype relief?

Thanks to prototype relief, it is possible to deduct from the tax base an amount constituting 30% of the sum of the costs of trial production and launching a new product on the market. This amount may not exceed 10% of income earned from sources of revenue other than capital gains. Trial production costs may include, for example:

- the acquisition price or production cost of brand-new fixed assets necessary to start the trial production of a new product;
- expenses incurred for the improvement of fixed assets in order to adapt them for starting the trial production of a new product;
- costs of acquiring materials and raw materials purchased exclusively for the purpose of trial production of a new product.

In turn, the costs of launching a new product on the market include, among others, the costs of:

- any documents required by law, the obtaining of which is a condition for admission to marketing or use of the new product;
- research on the life cycle of the new product;
- the environmental technology verification system.

What are the restrictions on the use of prototype relief?

The amount of the deduction under prototype relief in a tax year will be a maximum of 30% of the costs of trial production and launching a new product on the market, but it may not exceed 10% of the income earned from sources other than capital gains.

The deduction is available if the costs of trial production or launching a new product on the market:

- were actually incurred in the tax year for which the deduction is made;
- have not been reimbursed to the taxpayer in any form or have not been deducted from the income tax base.

What to do to benefit from prototype relief?

Prototype relief is deducted in the tax return for the tax year in which the company incurred the costs of trial production of a new product or its launch on the market. If the company's income does not allow for the use of the entire deduction, the relief may be settled in tax returns within 6 consecutive tax years.

Collision with other incentives

Entrepreneurs who use the exemption under the Polish Investment Zone or Special Economic Zones have the right to deduct qualifying costs under prototype relief only in relation to those costs which are not included in the calculation of income subject to exemption based on the above instruments.

Prototype relief is also unavailable to entrepreneurs who have opted for lump-sum taxation on corporate income.

EXAMPLE

A Polish company manufacturing household appliances decides to expand its product range. As part of its research and development activity, the company has developed a new model of juicer. This is not a groundbreaking project, but you can also count on prototype relief for such ventures! The company incurred costs for trial production and launching the new product on the market in the total amount of PLN 5,000,000. In the same year, the company's income earned from sources of revenue other than capital gains amounted to PLN 10,000,000.

If the entrepreneur decides to benefit from prototype relief, they may deduct up to 30% of the sum of the costs of trial production and launching the new product on the market. This value may not, at the same time, exceed 10% of the income. Therefore, they are entitled to a deduction of PLN 1,500,000 (PLN 5,000,000 x 30%), but they may deduct a maximum of PLN 1,000,000 (PLN 10,000,000 x 10%) from the income earned in a given tax year.

If the company decided to use the relief, it would pay:
Tax = tax base x tax rate = (PLN 10,000,000 – PLN 1,000,000) x 19% = PLN 1,710,000.

If, on the other hand, the company did not decide to use the relief, it would pay:

Tax = tax base (income) x tax rate = PLN 10,000,000 x 19% = PLN 1,900,000.

This means that the company will save PLN 190,000 after using the relief.

Robotisation relief

We know how important it is to build a modern and innovative economy. To encourage entrepreneurs to invest in modern solutions using Industry 4.0 technologies, we have decided to introduce robotisation relief. In this way, production automation pays off twice – you increase the innovativeness of your production and, in the long term, reduce its unit cost, as well as reduce the amount of your tax liabilities, thanks to an additional deduction from the tax base of the so-called robotisation costs.

Who is robotisation relief intended for?

Robotisation relief is intended for every entrepreneur regardless of their turnover or the industry in which they operate.

How can you benefit from robotisation relief?

By using robotisation relief, an entrepreneur can obtain an additional deduction from the tax base – 50% of the tax-deductible costs incurred in a tax year on robotisation. These include, among others, the costs of acquiring brand-new industrial robots, machines and peripheral equipment for industrial robots functionally related to them, as well as machines, devices or systems used for remote management, diagnosis, monitoring or maintenance of industrial robots, in particular sensors and cameras.

What are the restrictions on the use of robotisation relief?

Those robotisation expenses on the basis of which the entrepreneur has not used other tax preferences may be deducted. The additional deduction may not exceed 50% of the costs related to the investment in robotisation, and the amount of the deduction may not exceed the amount of income earned by the taxpayer in a tax year from revenue other than capital gains.

Robotisation costs must comply with the so-called „DNSH" (Do No Significant Harm) *clause indicating the requirement not to cause significant harm to the environment*.

Please note that

The relief can only be used for robotisation costs incurred until the end of the tax year starting in 2026.

Collision with other incentives

Entrepreneurs who use the exemption under the Polish Investment Zone or Special Economic Zones have the right to deduct qualifying costs under robotisation relief only in relation to tax-deductible costs which are not included in the calculation of income subject to exemption based on the above instruments.

EXAMPLE

A limited liability company that is a CIT taxpayer and manufactures water desalination systems decides to expand its operations and build a new production line in Poland. For this purpose, it orders robotic installations meeting the definition of industrial robots,

which support humans in this process. The process is highly profitable but also costly. The installation was purchased

and commissioned in 2025.

The cost of the installation amounted to PLN 12,000,000. The company depreciates the robotic installation according to an 18% depreciation rate (Symbol of classification of property, plant and equipment (KŚT) 489).

The company's revenue in a given year amounted to PLN 20,000,000, and total tax-deductible costs were PLN 10,000,000.

If the company decided to use the entitled robotisation relief, it would pay:

- Tax base = revenue – tax-deductible costs
- Tax base not taking into account robotisation relief = PLN 20,000,000 – PLN 10,000,000 = PLN 10,000,000
- Additional deduction of robotisation costs = 0.18 x 50% x PLN 12,000,000 = PLN 1,080,000
- Tax after taking into account robotisation costs = tax base x tax rate = PLN 8,920,000 x 19% = PLN 1,694,800

If, on the other hand, the company did not decide to use the robotisation relief, it would pay:

- Tax base (income) = revenue – tax-deductible costs = PLN 20,000,000 – PLN 10,000,000 = PLN 10,000,000
- Tax = tax base x tax rate = PLN 10,000,000 x 19% = PLN 1,900,000

Thanks to the relief, in this example the company can save as much as PLN 205,200

IP BOX

IP Box is a solution intended for both PIT and CIT taxpayers. It enables entrepreneurs to tax income earned from qualified intellectual property rights (qualified IP) at a reduced, 5% tax rate. IP Box is a solution supporting entrepreneurs at the stage of commercialisation of the results of their research and development activity.

Who is IP Box intended for?

IP Box is a solution intended for entrepreneurs earning income from qualified IP, which include:

- a patent;
- a protection right for a utility model;
- a registration right for an industrial design;
- a registration right for the topography of an integrated circuit;
- a supplementary protection right for a patent on a medicinal product or a plant protection product;
- a registration right for a medicinal product and a veterinary medicinal product that has been authorised for marketing;
- a right to the protection and commercial use of a bred or discovered plant variety;
- copyright to computer software, subject to legal protection on the basis of specific provisions, the subject of protection of which was created, developed or improved by the entrepreneur as part of their research and development activity.

An entrepreneur may benefit from the IP Box relief also if they are a joint owner or a user with rights to use the IP on the basis of a licence agreement. Furthermore, due to the duration of certain procedures for granting legal protection to intellectual property rights, the legislator allows for the conditional use of preferential taxation on the basis of expectancy, i.e. already during the period of waiting for legal protection for a qualified IP to be granted.

What are the restrictions on the use of IP Box?

The right to apply the reduced 5% tax rate is available to the entrepreneur exclusively in relation to qualified income earned from qualified intellectual property rights.

The amount of qualified income from a qualified intellectual property right is determined as the product of the income from the qualified intellectual property right earned in a given tax year and the so-called NEXUS ratio.

What obligations do entrepreneurs using IP Box have?

The most important obligations incumbent on entrepreneurs using the IP Box relief include record-keeping obligations, which include, among others:

- separating each qualified IP in the accounting records maintained;
- maintaining accounting records in a manner that ensures the determination of revenue, tax-deductible costs and income (loss) attributable to each qualified IP;
- separating costs taken into account when calculating the NEXUS ratio attributable to each qualified IP in a manner ensuring the determination of qualified income.

The provisions also provide for certain facilitations in the event that an entrepreneur uses several qualified IPs and when they use several qualified IPs in relation to several products or services.

Collision with other incentives

Entrepreneurs who have opted for lump-sum taxation on corporate income may not benefit from IP Box relief.

EXAMPLE

In 2021, a US company, through a permanent establishment in Poland, conducted R&D activity involving the development of an audit and accounting system

subject to legal protection in Poland. Development work on the audit and accounting system resulted in the addition of proprietary functions to the system that did not previously exist in it. In the same year, the Polish branch of the US company incurred research and development activity costs related to the development of the audit and accounting system (qualified IP) in the total amount of PLN 200,000. In 2022, revenue from the sale of licences to use the developed audit and accounting system amounted to PLN 1,300,000, while tax-deductible costs from research and development activity related to this qualified

intellectual property right amounted to PLN 500,000. The taxpayer did not acquire the results of R&D work or a qualified intellectual property right. If the company decided to use IP Box, it would determine the tax in the following way:

Qualified income from a qualified intellectual property right, which may be taxed at a preferential rate of 5%, is calculated as the product of the income from qualified intellectual property rights and the NEXUS indicator. This indicator is calculated according to the following formula:

$$(a + b) \times 1{,}3 / a + b + c + d$$

The individual letters in the formula represent costs incurred by the taxpayer for:

a. – research and development activity conducted directly by the taxpayer related to the qualified intellectual property right;

b. – the acquisition of research and development results related to the qualified intellectual property right, other than those mentioned in point d, from an unrelated entity;

c. – the acquisition of research and development results related to the qualified intellectual property right, other than those mentioned in point d, from a related entity;

d. – the acquisition of the qualified intellectual property right by the taxpayer.

The costs referred to in points a to d do not include costs that are not directly related to the qualified intellectual property right, in particular interest, financial fees and costs related to real estate. However, in the event that the value of the indicator in the formula is greater than 1, it is assumed that this value is 1.

In the given factual situation, the NEXUS indicator will be:

- PLN 700,000 x 1.3 / PLN 700,000 = 1.3, therefore its maximum possible value, i.e. 1, should be applied. It should be remembered that the NEXUS indicator should be calculated cumulatively over the years.

- Tax base (qualified income from a specific qualified intellectual property right) = revenue – costs = PLN 1,300,000 – PLN 500,000 = PLN 800,000.

The income that can be taxed at the 5% rate is the product of the income from the qualified intellectual property right and the NEXUS indicator, i.e. PLN 800,000 x 1 = PLN 800,000.

- Tax from IP Box = PLN 800,000 x 5% = PLN 40,000.

If the company did not decide to use IP Box, in 2022 it would pay:

- Tax = tax base (revenue – costs) x tax rate
- Tax = (PLN 1,300,000 – PLN 500,000) x 19% = PLN 800,000 x 19% = PLN 152,000.

By using IP Box in the given factual situation, the company can save as much as PLN 112,000.

Reservations regarding family foundations

It is worth noting that in 2023, a new institution, the family foundation, was introduced into the Polish legal system. This entity is a legal person, but it is generally subject to exemption from corporate income tax.

Exceptions are provided for the above-mentioned rule, including situations in which the family foundation conducts business activity exceeding the scope permitted by the legislator. To the extent that a family foundation conducts such prohibited business activity, most exemptions and deductions do not apply.

In particular, this applies to the exemption under the Polish Investment Zone, R&D relief, relief for innovative employees, prototype relief, robotisation relief, expansion relief, consolidation relief or relief for stock market newcomers. It should be noted, however, that the regulations specifying the rules for using the aforementioned reliefs may additionally inherently exclude family foundations from the possibility of their application by defining requirements that a family foundation never meets.

Issues concerning family foundations have been omitted from this guide. If you are looking for information regarding this institution, we encourage you to use the National Tax Information hotline.

Contact details can be found on the last pages of the guide.

Reduce your business costs

Your business may generate significant revenue, but it is often diminished by substantial business operating costs, which are frequently divided among different business entities. An interesting solution, which has also become available to foreign investors, is Tax Capital Groups (TCG). In this way, you will reduce many administrative costs that your capital group would otherwise have to incur!

Tax Capital Groups (TCG)

What are Tax Capital Groups?

It is a business model allowing for the joint settlement of income and losses by companies within the group. The parent company is responsible for calculating the tax and the amount of advance payments, as well as collecting and paying the tax for the entire group. Additionally, transactions taking place between companies within the group are exempt from the obligation to maintain transfer pricing documentation. We are introducing a range of facilitations for investors to make TCGs even more attractive and to tailor them to your needs.

Who are Tax Capital Groups intended for?

A Tax Capital Group may be formed by capital companies whose average share capital per company is no less than PLN 250,000.

What can you gain by establishing a Tax Capital Group?

By establishing a Tax Capital Group, you gain greater freedom to conduct transactions between related entities within the group, as well as an absence of the obligation to prepare transfer pricing documentation.

Companies forming a Tax Capital Group are required to conclude an agreement on the formation of the TCG in writing, without the need to execute it in the form of a notarial deed.

At the Tax Capital Group level, the income and losses of companies from specific revenue sources are aggregated. If the total losses from a given source exceed the total income of the TCG from that source, you will be able to deduct the loss incurred from that revenue source in the subsequent 5 years from the income from that source.

What are the restrictions on the use of Tax Capital Groups?

A Tax Capital Group may be formed exclusively by limited liability companies, joint-stock companies or simple joint-stock companies with their registered office in Poland. The parent company must hold a direct, 75% stake in the share capital of the subsidiaries.

Collision with other incentives

Tax Capital Groups may not benefit from the exemptions provided for income earned from business activity conducted in a Special Economic Zone on the basis of a permit or from the implementation of a new investment specified in a decision on support, nor can they be taxed with lump-sum taxation on corporate income.

EXAMPLE

An airline from the United Arab Emirates is entering the Polish market along with its subsidiaries (A, B and C).

Due to the COVID-19 pandemic, only company A managed to achieve a profit (PLN 1,000,000), while companies B and C recorded losses of PLN 300,000 and PLN 400,000, respectively.

If the companies were associated within a Tax Capital Group, they would pay:

- Tax = tax base (income of A – loss of B and C) x tax rate
- Tax = (PLN 1,000,000 – PLN 300,000 – PLN 400,000) x 19% = PLN 300,000 x 19% = PLN 57,000

If, on the other hand, the companies were not associated within a Tax Capital Group, they would pay in total:

- Tax = tax base (income) x tax rate
- Only company A achieved a profit.
- Tax = PLN 1,000,000 x 19% = PLN 190,000

In the given factual situation, as much as PLN **133,000 would be saved within the capital group.**

VAT groups

What is a VAT group?

This solution allows entrepreneurs to form a VAT group. Such a group is treated as a single taxpayer for VAT purposes. A VAT group can be described as a legal form of cooperation for VAT purposes. As a special type of taxpayer, it exists only for VAT purposes. As a result, entrepreneurs belonging to a VAT group are not charged VAT on transactions between themselves. The obligation to pay tax applies only to transactions with entities outside the group.

Who is a VAT group intended for?

A VAT group can be formed by taxpayers with a registered office in the territory of the country, as well as taxpayers without a registered office in the territory of the country if they conduct business activity in the territory of the country through a branch located here.

What can you gain by forming a VAT group?

- reduction of accounting obligations regarding activities performed between VAT group members;
- exclusion of the split payment mechanism for intra-group transactions;
- increased liquidity of the entities belonging to the VAT group.

What are the restrictions on the use of a VAT group?

The period of operation of a VAT group may not be shorter than 3 years. An entity may be a member of only one VAT group. It should also be noted that it is necessary to join a VAT group in its entirety, meaning that it is not possible to join a VAT group partially while settling VAT outside the group for the remaining part. At the same time, entities wishing to form a VAT group must be financially, economically and organisationally related, whereby taxpayers are considered to be related:

- **financially**, if one of the taxpayers being a member of the VAT group directly holds more than 50% in each of the other taxpayers being members of that group in terms of:
  - shares in the share capital; or
  - voting rights in control, constitutive or management bodies; or
  - the right to a share in the profit;
- **economically**, if:
  - the nature of the main business activity of the VAT group members is the same; or
  - the types of activities conducted are complementary and interdependent; or
  - a VAT group member conducts activities which are wholly or largely used by other VAT group members;
- **organisationally**, if:
  - the group members are under common management, including indirectly; or
  - they organise their activities wholly or partially in concert.

Throughout the entire period of existence of a VAT group, all three types of relationships must occur. The cumulative fulfilment of the conditions provides an additional guarantee that no abuses will be committed within the activities of VAT groups. The linkage test must be passed by every entity within the group.

EXAMPLE

FACTUAL SITUATION

A Brazilian company opens its branch in Poland (branch A).

On the Polish market, it is related to a Polish company B. These entities may form a VAT group, thanks to which branch A (in this case, only the branch of the Brazilian company may join the VAT group) and company B will be a single taxpayer for VAT purposes.

Branch A purchased goods from company B and services from another company. Company B, on the other hand, purchased services from branch A and goods from another company.

Furthermore, branch A and company B sold services to a customer as part of their activities

SETTLEMENT WITHIN THE GROUP

Within the VAT group, branch A and company B would settle as a single VAT taxpayer, whereby the amount of output VAT would be the result of taxing this output VAT on services sold to customers by both entities. Settling tax separately would involve

the necessity of both documenting every intra-group transaction (which in reality will be much more complex than in the model example) and settling with the tax office by each of the entities separately.

Use Poland as your springboard to European markets

The cumulative value of Polish foreign direct investment at the end of 2024 amounted to PLN 164,900,000,000 (~EUR 38,620,000,000). We care about your development and the possibility of offering your products or services to the widest possible audience. Expansion relief will enable you to additionally deduct selected categories of costs which may pose a challenge in conquering new markets and expanding on the Polish market.

Expansion relief

What is expansion relief?

Expansion relief offers the possibility of a double deduction of certain categories of expenses which, in the intention of the legislator, indicate the expansive nature of the taxpayer's activity. This creates an opportunity for the development of enterprises by expanding or acquiring new sales markets and, on a broader scale, stimulating the economic situation.

These are costs incurred in order to increase revenue from the sale of products manufactured by the entrepreneur.

The following are considered costs incurred in order to increase revenue from the sale of products:

- participation in trade fairs, including costs incurred for the organisation of the exhibition space, the purchase of airline tickets, as well as accommodation and board for employees and the taxpayer;
- promotional and information activities, including the purchase of advertising space, preparation of a website, press publications, brochures, information catalogues and leaflets regarding products;
- adaptation of product packaging to the requirements of contractors;
- preparation of documentation enabling the sale of products, in particular regarding the certification of goods and the registration of trademarks;
- preparation of documentation necessary to join a tender, as well as for the purpose of submitting offers to other entities.

Who is the relief intended for?

The expansion relief may be used by:

- Corporate Income Tax (CIT) taxpayers earning revenue other than capital gains;
- Personal Income Tax (PIT) taxpayers conducting business activity and applying the tax scale or settling according to a flat tax rate.

Conditions and restrictions on the use of the relief

A taxpayer may use the relief provided that within two consecutive tax years, counting from the year in which they incurred the costs of increasing revenue from the sale of manufactured products, there has been:

- an increase in revenue from the sale of these products in relation to the revenue from the year preceding the year in which these costs were incurred, determined as of the last day of the tax year; or
- the achievement of revenue from the sale of products not previously offered; or
- the achievement of revenue from the sale of products not previously offered in a given country.

A maximum of PLN 1,000,000 of tax-deductible costs intended for expansion may be deducted in a tax year.

A taxpayer may deduct the relief in the tax return for the tax year in which they incurred the costs to increase revenue from the sale of products, provided that they are not taken into account by the taxpayer in the calculation of exempt income. Furthermore, costs incurred to increase revenue from the sale of products may not be returned to the taxpayer in any other form, nor may they be deducted from the income tax base.

If the entrepreneur incurred a loss in a given year or the amount of their income is lower than the amount of deductions to which they are entitled, they shall make the deduction, in the full amount or the remaining part, respectively, in the tax returns for the next 6 tax years immediately following the year in which they used or had the right to use the deduction.

Collision with other incentives

Lump-sum taxation on corporate income excludes the possibility of using the expansion relief.

EXAMPLE

A Polish company engaged in the production of high-quality dietary supplements plans to expand its operations (expansion) to the Middle East market, where these products are not offered on the local markets. In a given year, the company recorded PLN 5,000,000 of revenue other than capital gains and PLN 2,000,000 of costs. Within these costs, a significant part (PLN 900,000) was allocated to marketing activities related to expansion to the new market, including participation in local trade fairs, the creation of a professional website, purchasing advertising time on foreign television, and the adaptation of products to the needs of local market realities, such as the preparation of new packaging, certification of goods and registration of trademarks. Thanks to these activities, in the following tax year, the company achieved revenue from the sale of products not previously offered in the Middle Eastern countries.

If the company decided to use the relief, it would pay:

- Tax = tax base (revenue – costs – costs intended for expansion) x tax rate
- Tax = (PLN 5,000,000 – PLN 2,000,000 – PLN 900,000) = PLN 2,100,000 x 19% = **PLN 399,000**

If, on the other hand, the company did not decide to use the relief, it would pay:

- Tax = tax base (revenue – costs) x tax rate
- Tax = (PLN 5,000,000 – PLN 2,000,000) x 19% = PLN 3,000,000 x 19% = **PLN 570,000**

By using the relief in the given factual situation, the company can save as much as PLN **171,000**.

Where to look for support for your investment?

In this chapter, you will learn more about:

- Investor's Tax Service Centre
- Polish Investment and Trade Agency.

Investor's Tax Service Centre

Whether you are planning to invest in Poland or have already started, the Investor's Tax Service Centre is here to help you with tax law.

Our goal is to make your investment process easier by providing you with reliable, up-to-date information on tax regulations, with a focus on your specific needs.

One-stop-shop for all your tax needs

No need to search for information on the tax implications of your investment plans yourself. Thanks to the Investor's Tax Service Centre, you can obtain information on various types of taxes in one place, through a single point of contact (one-stop shop).

We can provide you with information on the tax system in Poland, present tax reliefs and incentives, and provide other guidance on tax law. If necessary, we can also put you in touch with our partners who can assist you with non-tax matters.

If your investment project requires a binding interpretation of tax regulations, we can assist you in the process of concluding an investment agreement.

What does the Investor's Tax Service Centre offer?

- **First-hand information:** The Centre's staff, in consultation with relevant experts, will provide answers to questions related to your investment project. The Centre can also arrange meetings with experts who can help you determine the legal and tax status of your project.
- **Individual approach:** We tailor our support to your needs and the specific nature of your project. We can provide information in writing and during meetings, both in person and online. Information can be provided in Polish and English.
- **Direct support:** At the Centre, you will be in contact with a dedicated employee. You will be able to contact them quickly and directly in a manner convenient for you, by phone, email or during meetings.
- **Binding interpretation of tax law:** If you want to be sure of the tax impacts of your project, the Centre will support you in the process of concluding an investment agreement.

Who does the Investor's Tax Service Centre support?

The Investor's Tax Service Centre is primarily dedicated to supporting key investors, meaning those who plan to launch projects worth PLN 50,000,000. Nonetheless, we also offer support to smaller-scale investors.

We can assist your investment at every stage of its implementation. You can contact the Centre as early as the stage of considering Poland as the destination for your investment. You can also contact us if you are already in the process of implementing your investment

What are the benefits of the Investor's Tax Service Centre?

- **Time savings:** The Centre is a one-stop shop, allowing you to obtain information on various tax issues and different taxes in one place. Our support is fast and effective to enable you to focus on pursuing your investment objectives.
- **Assistance with tax issues:** With our support, you can focus on the development of your investment in Poland.
- **Information tailored to your needs:** We can provide you with information tailored to the needs of your investment. Moreover, we prepare publications and webinars tailored specifically to the needs of investors.
- **Security of your investment:** If you decide to enter into an investment agreement, you will minimise tax risks and ensure the legal stability of your investment.

Who does the Investor's Tax Service Centre work with?

We work with other institutions supporting investments in Poland. These include, among others:

- the Polish Investment and Trade Agency;
- the Ministry of Development Funds and Regional Policy;
- Regional Investor and Exporter Service Centres.

Investor's Tax Service Centre publications

The Centre prepares tax guides for investors. They will provide you with information on tax law that is useful in the investment process.

Polish Investment and Trade Agency

PAIH
Grupa PFR

The Polish Investment and Trade Agency is a company within the Polish Development Fund and the first point of contact for exporters and investors. The mission of the Agency is to increase the inflow of foreign direct investment into the country and to expand the scope and dynamics of the internationalisation of Polish enterprises, implemented through the activities of both the Head Office and the Foreign Trade Offices.

The Polish Investment and Trade Agency offers access to comprehensive information on the economic and legal environment as well as supports entrepreneurs in complying with administrative procedures for specific projects and in developing legal solutions, finding a suitable location, and finding reliable partners and suppliers. Its role is also to support companies in accessing financial instruments, including insurance options offered by institutions affiliated with the Polish Development Fund Group.

The support provided by the Polish Investment and Trade Agency consists of three key pillars:

- Support of Polish exports with a special focus on
- small and medium-sized enterprises (SMEs).
- Cooperation with public administration and business environment institutions in the implementation of joint projects.
- Increase of the inflow of investment to Poland and the support of Polish enterprises planning direct investment at home and abroad.

Key services of the Polish Investment and Trade Agency:

Export consulting:

- export potential analysis;
- preparation of information packages;
- development of an expansion strategy in selected markets;
- development of lists of business partners;
- verification of business partners;
- organisation of B2B meetings;
- organisation of business missions;
- provision of support in dealing with the administration;
- organisation of training.

Investment consulting:

- preparation of information packages;
- preparation of information on investment incentives;
- preparation of investment property offers;
- property audits;
- location consulting;
- organisation of B2B meetings;
- provision of support in dealing with the administration;
- organisation of training.

For more information, visit
https://www.paih.gov.pl/en/

Note: the information presented in the material does not constitute any interpretation of the law, legal opinion or advice and is intended for informational purposes only.

For more information, we encourage you to use the National Tax Information hotline:
tel. 801 055 055 (for calls from landlines)

tel. **22 330 03 30** (for calls from mobile phones)

tel. **+48 22 330 03 30** (for calls from abroad)

Detailed information is available at:
https://www.podatki.gov.pl/skontaktuj-sie-z-nami/

https://www.podatki.gov.pl/pozostale/investment-agreement/investors-tax-service-centre

Ministry of Finance
Republic of Poland

National Revenue Administration

Centrum Obsługi Podatkowej Inwestora

Ministry of Finance,
ul. Świętokrzyska 12
00-916 Warszawa

www.gov.pl/finanse **www.gov.pl/web/national-revenue-administration/about-us**
More on taxes: **www.gov.pl/web/finance**

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