

## R&D relief

We would like to emphasize that companies conducting research and development activities in Poland are entitled to an R&D relief consisting of a deduction from the tax base of a part of the tax-deductible costs incurred for this type of activity - so-called 'qualified costs' and therefore a reduction of the tax (CIT/PIT) to be paid.

The amount of possible deductions for 2023 is, in general, 100% of eligible costs. For certain costs, deductions of up to 200% are available, including for R&D centers, as well as for micro, small and medium-sized taxpayers in the case of employee costs.

Potential eligible costs that we can deduct include:

- salaries and contributions financed by the employer (employment contract, contract of specific work and contract of mandate);
- costs of materials and raw materials directly related to R&D activities;
- acquisition of non-tangible specialized equipment;
- the use of research and development apparatus against payment;
- the acquisition of services for the use of research and development apparatus;
- expenditure on expert opinions, opinions, consultancy and equivalent services; and the acquisition of research results.

Currently, the R&D allowance can be settled in combination with the IP Box, allowing the tax liability to be further reduced by crediting the additional costs and then taxing the result at the 5% rate.



**Increased costs**



**Preferential rate of 5%**



**R&D activities**



**Innovative employees**



**Robotisation**



**Prototype**

## **Innovation Box**

The Innovation Box is a solution aimed at increasing the attractiveness of conducting R&D activity in Poland and encouraging entrepreneurs to more courageously seek business potential in activity related to intellectual property rights.

The prerequisite for benefiting from the Innovation Box is conducting R&D activity directly related to the creation, development or improvement of an intellectual property right.

In addition, an important element conditioning the use of the relief is keeping appropriate records, consisting of separating each intellectual property right in the books kept by the taxpayer. The separation should make it possible to calculate the tax base and to allocate individual costs incurred for research and development to income obtained from intellectual property rights. The use of the IP Box allows income to be taxed at the rate of 5%.

Importantly, the application of this preference does not exclude the possibility of simultaneous use of the R&D relief described above.

## **Relief for innovative employees**

In the event that it is not possible to take advantage of the R&D relief, due to insufficient income for the additional deduction of costs, or in the event of a loss, the tax paid for employees involved in R&D activities can be reduced.

As a result, in the case of employees involved in at least 50 per cent in R&D activities, there is a possibility to reduce the advance payments made to PIT by the employer.

## **Robotization allowance**

This arrangement allows for the deduction of an additional 50% of deductible costs related to robotization. There is a strict catalogue of deductible costs and a precise definition of the equipment that is considered industrial robots.

Under the allowance, it is possible to account for costs not only for the purchase of a robot, but also for training services, the acquisition of necessary intangible assets, or lease payments on robots.

## Prototype relief

The ability to account for an additional 30% of deductible costs associated with the development of prototypes for new products. Under the relief, it is possible to settle not only the costs of trial production, manufacture of a prototype or R&D work related thereto, but also the costs of launching a new product on the market, i.e. preparing appropriate documentation, obtaining certificates, etc.

## Pro-growth relief

Also referred to as the expansion relief, it consists in the possibility of settling additional tax-deductible costs (no more than PLN 1 million per year) relating to the increase of revenue from the sale of products. The catalogue of costs eligible for this relief is quite broad and includes typical marketing costs such as the purchase of advertising space or preparation of a website, but also the cost of participation in fairs, adaptation of packaging to customer requirements, certification of goods, registration of a trademark or the cost of entering a tender.

We hope that the above topics are of interest to you.

Please do not hesitate to contact us and come to a no-obligation meeting with us, during which we could introduce you to these and other interesting tax solutions for your business.

## Contact us:



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