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Introduction

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The past two years have brought about numerous changes in the Polish tax law. The increased activity of the legislator has resulted in a low assessment of the stability of the tax law – which was expressed by entrepreneurs in this year's survey on the Polish tax system conducted by KPMG. Given the dynamically changing business models and transaction forms as well as the significant economic role of the tax law, it appears that we shouldn't expect a significant improvement or an extraordinary stability in the Polish tax system.

We can and should, however, postulate for the planned changes to be discussed in advance and communicated to entrepreneurs as well as published in their final form. The disappointment associated with being informed about the planned changes too late was expressed by entrepreneurs through a very low note in this area.

A legal culture has developed in Poland, in line with which changes in the area of income tax are published until the end of November, with a date of entry into force from the following January. In practice, this implies that entrepreneurs have merely a month to familiarize themselves with the final shape of the changes and to prepare for their application. While in the past it was sufficient for the chief accountant to get acquainted with the changes, today accounting and tax systems are to a large extent integrated and automatized. As a result, almost any change in provisions of the tax law may require to conduct an implementation project with external tax advisors, IT advisors and numerous internal experts of the company – primarily in order to discuss the attainable simplifications and the possibility of acquiring appropriate tax interpretations.

In the following issue of the Frontiers in tax magazine we will examine some of the recently introduced changes in the tax law, which often cause difficulties for entrepreneurs. I also recommend to you following the OECD and EU initiatives, which will indicate the future directions and reasons of the changes in regulations.

I wish you a pleasant reading.

The post-BEPS reality – what to be prepared for?

Adjusting to the numerous changes occurring in the tax law constitutes a big challenge for the Polish tax payers. It should be noted that the introduction of a clause against tax evasion, the changes in transfer prices as well as reporting in the form of the Standard Audit File are all derived from the anti-BEPS package published in October 2015 by OECD/G20. Familiarity with the solutions developed on the international forum will mitigate the application of the new regulations for Polish tax payers when they will be implemented into the Polish law.

The OECD/G20 forum presumed the voluntarism of individual countries regarding the scope of realization of the anti-BEPS measures and the methods of national implementation. It should be emphasized that Poland belongs to the vanguard of countries which intensively implement the anti-BEPS solutions, having introduced between 2014-2017 a number of changes in tax law aimed at closing loopholes in the Polish tax system, both at the national and international level. The European Commission has reacted to the anti-BEPS measures with similarly intensive operations and activities by proposing the ATAD Directive and a number of other actions.

Considering the wide range of works conducted in the BEPS context and the number of countries (over 100) taking part in their implementation into national legislations, it can be already established that the BEPS Action Plan has exerted considerable influence on the international tax law and that a new post-BEPS tax reality has begun. Let us then look at what the OECD/G20 and EU agenda is in the post-BEPS world and what other changes in the Polish tax law can still be expected.

New multilateral instrument

On 24 November 2016 over 100 countries have concluded the negotiations on the multilateral instrument (MLI) whose purpose is to simultaneously implement anti-BEPS measures in over 2000 bilateral agreements on the Double Tax Treaty (DTT, Polish: UPO) concluded by participating parties, including Poland. After the MLI enters into force it will be necessary to ask the following questions before applying an exemption or a reduced rate from the DTT:

Was the principal purpose of the transaction non-tax (the principal purpose test)?

- Is the profit / assets taxed in another country or does double non-taxation arise?
- Was a minimum of 25% of shares in a subsidiary owned for at least a year before applying the preferential rate of tax on dividends?
- Does the distributor (Polish company / branch) have the principal role in concluding sales agreements, even if it doesn't actually conclude them, and has no negotiating mandate from a foreign entity?
- What is the actual scope of sales operations of the Polish subsidiary owned at least in 50% by a foreign entity?

In addition, if double taxation arises there will be more opportunities for an agreement between the tax authorities for the benefit of the tax payer as a result of the ever more popular arbitration or mutual agreements (so called MAPs).

The changes proposed in the MLI are often presented as a couple of alternative options, with the possibility of applying a few variants by one country for individual DTTs. This implies that at moment it cannot be determined which solutions and in which DTT agreements will be chosen by Poland. Poland and other countries have until June 2017 to notify of the details of specific options, variants and even the range of their application or

It should be noted that beginning this year a definition of a beneficial owner was introduced into the Polish Income Tax Act which will force Polish tax payers to investigate to whose benefit they're making out a payment before applying the tax exemption at the source of the paid out interest and royalties.

non-application in individual bilateral treaties which is why we should remain patient. However, it is worthwhile even now for companies to analyze their transactions and business models from the perspective of the transaction purpose, actual tax effects in another jurisdictions and the possibility of minimizing risks associated with the rejection of applying the DTT in a given case.

In such a context it should be noted that beginning this year a definition of a beneficial owner was introduced into the Polish Income Tax Act which will force Polish tax payers to investigate to whose benefit they're making out a payment before applying the tax exemption at the source of the paid out interest and royalties.
The content of the obtained statements from the recipient of the payment has to be adjusted accordingly.
The change in the Tax Ordinance should be likewise noted, as it will enable the tax authorities to deliver the authorization to tax audit to the person actually managing the permanent establishment (PE).

In this view, one could expect the intensification of control measures against undisclosed establishments in Poland.

EU actions

In July 2016 the Anti Tax Avoidance Directive (ATAD) was adopted with the date of the application of these measures by Member State by January 2019 at the latest. However, Poland has already implemented the majority of its assumptions, by introducing CFC regulations, a general anti-tax avoidance rule and changing the regulations regarding thin capitalization. The Directive also introduces the so called exit tax, that is tax paid upon restructuring associated with transferring functions, assets and/or risks abroad, however the Ministry of Finance sustains that general regulations on transfer pricing in Poland already address this issue. What remains to be done in Poland is the implementation of the so called switch-over clause and the EU's answer to hybrid structures. The latter concerns the introduction

of regulations preventing the deduction of the same payment in two countries or the necessity to include in revenues the received payment (e.g. a dividend) when it constitutes a tax expenditure in another country. The EU is currently working on ATAD-2 in order to propose anti-hybrid rules involving third countries and permanent establishments. ECOFIN has just reached an agreement and has adopted a draft, however the presumed implementation of ATAD-2 until 2020 seems difficult to achieve. A deadlock has also been reached in the resumed works on the CCCTB directive, establishing, in simplified terms, a common CIT in the EU. The work has been taken up after several years under the name CCTB, eliminating the "C" standing for consolidation of the tax base. Despite such a simplification of the project, further work didn't gain the acceptance of e.g. the Netherlands. A limited CbC report was to be another novelty within the EU, which will be subject to wide publication, along with the requirement of disclosing a full confidential CbC report to the knowledge of tax authorities. This project, the so called public CbC, has also been delayed, however due to its importance for the business, it should be closely observed in the future.

As a result of the Directive 2015/2376, since 2017 the EU Member States have automatically begun to exchange 1-, bi- and multilateral- APAs, tax interpretations of cross-border scope concerning the existence of the establishment or regarding the depreciation base of an asset acquired from an affiliated foreign company. In practice for the Polish tax payers this may entail demanding tax inspections induced by improved information exchange between the tax authorities in the EU as well as increasing knowledge and cross-border experience of the Polish tax authorities.

Conclusion

To summarize the effects of the OECD/G20 and EU works, the post-BEPS reality will force Polish taxpayers to

gather information on the other side of a cross-border transaction, the method of its taxation in another jurisdiction and will force the necessity of exchanging tax interpretations within capital groups and the weighing of their importance on individual business plans and models. The Polish taxpayers will soon also have to learn to use the DTT after the changes expected in June 2017.

Currently the central focus of the tax payers is located in transfer pricing documentation, which can be understood due to the scale of the changes. However, it is worthwhile to look closely at the possibility of limiting documentary obligations by convening a tax group or applying other exclusions from the obligation to prepare such documentation.

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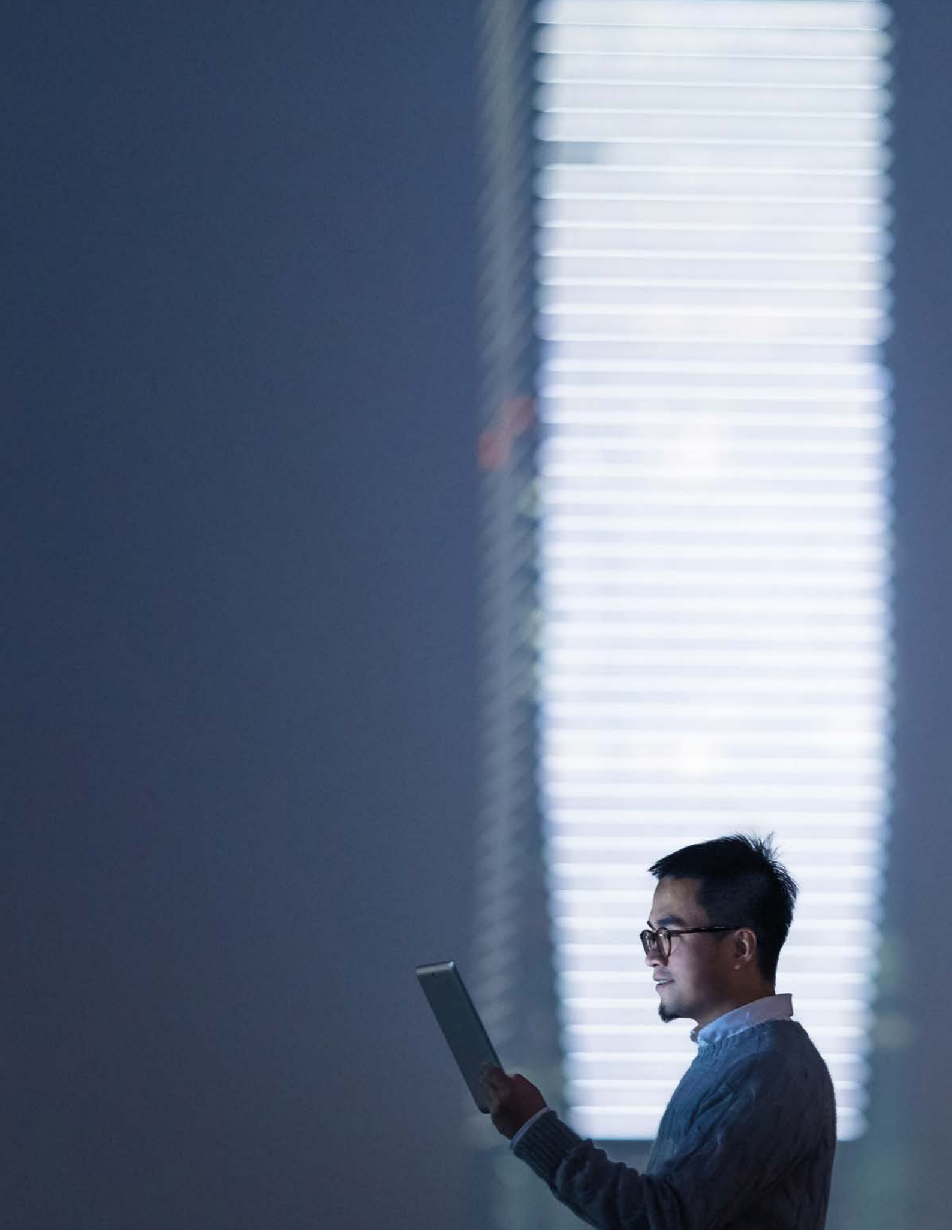


The economic justification of transactions is gaining importance

The tax law environment has recently significantly changed in Poland in terms of regulations aimed at combating tax avoidance. In this context, of particular importance is the proper preparation of taxpayers for the control and verification of performed transactions in terms of their economic motivations.

As a result of the implementation into the tax system of a series of anti-BEPS recommendations at the moment the following instruments (clauses) aimed at preventing tax avoidance in Poland can be indicated:

1. General clause (the so called GAAR – General Anti-Avoidance Rule), which constitutes a part of the Tax Ordinance Act;
2. specific anti-avoidance clauses in tax acts, providing for tax preferences subject the fulfillment of additional conditions. Among the particular clauses, notably the following should be mentioned:

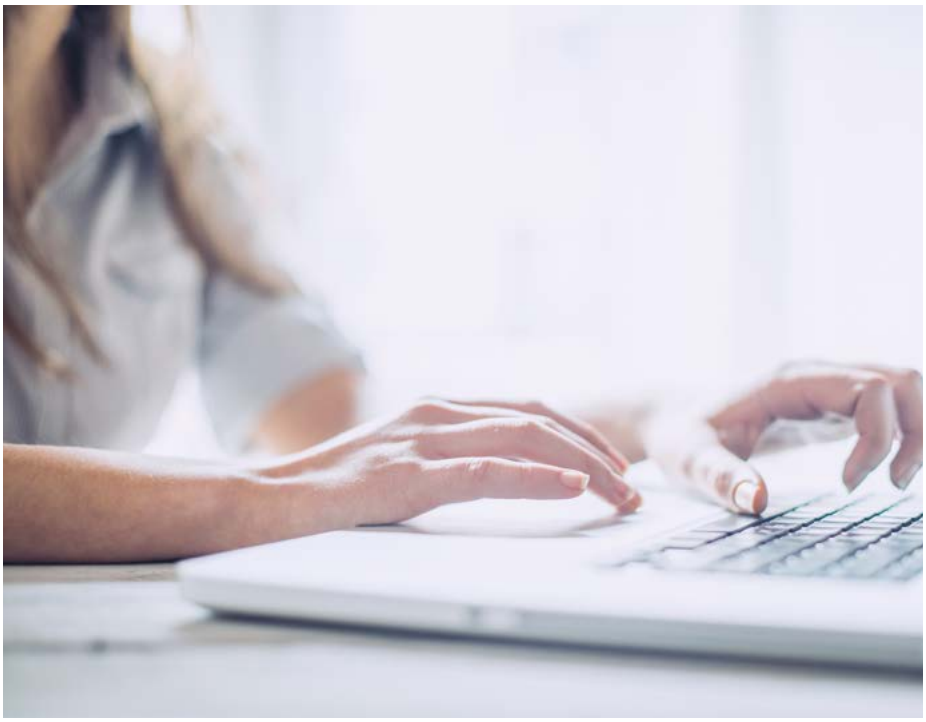
- General clause (test) of economic justification for the reorganization of companies, included in Article 10, Paragraph 4 and 4a of the Corporate Income Tax Act, under which mergers or divisions of companies as well as share exchange of transactions may benefit from tax neutrality only if they are carried out for legitimate economic reasons, and not exclusively or mainly to avoid or evade taxation;
- Particular clause (test) of economic justification for dividends included in the Corporate Income Tax Act, according to which a tax exemption is not applied if the dividend distribution is associated with activities aimed at primarily obtaining this exemption, when the actions for this purpose were not carried out for valid economic reasons.

General and specific tax avoidance clauses

On the basis of GAAR the possibility of obtaining a tax benefit is directly dependent on whether the taxpayer acted in a rational or an artificial way, i.e. separated from the economic realities of business. To assess the "artificiality" of the conducted transactions, the Minister of Finance should primarily consider the unreasonable split of business operations, engaging special purpose vehicles in an economically unsubstantiated way or taking economic risks disproportionate to expected tax benefits.

In a similar way on the existence of economic reasons are based preferential taxation of mergers and exchange of shares within the EU/EEA. It should be noted that due to the recent Corporate Income Tax Act amendments the burden of proof in showing legitimate business reasons rests with the taxpayer because of the presumption that the lack of such reasons indicates tax avoidance / evasion as the main purpose of their actions.

The additional condition (test) introduced in 2016 also fits into this line and its fulfillment determines the exemption from tax on dividends paid or received by Polish companies. If it is established that the dividend payment was associated with activities performed without legitimate economic reasons, and obtaining the exemption brought additional tax benefits beyond eliminating double taxation, then the dividend has to be taxed – even if all the conditions required for a formal exemption are fulfilled. In practice this entails the introduction of the so-called business substance test for parent companies and subsidiaries with respect to Polish entities which respectively pay or receive dividends. Polish taxpayers should be able to justify the business need of introducing into the group structure such companies which are related to untaxed dividend flows.



How to document transactions for business purposes

A few conclusions can be drawn from these changes in the Polish tax legislation. First, it must be assumed that to a much greater extent than was the case until recently, the emphasis of the tax authorities will be placed on the actual motivations of the actions of taxpayers, and not merely on compliance with the law. This may lead to significant changes in the way of conducting tax audits and the assessment of the actions of taxpayers – not only the facts and related legal consequences can be controlled, but also the related intentions and motives of the taxpayer.

A few conclusions can be drawn from these changes in the Polish tax legislation. First, it must be assumed that to a much greater extent than was the case until recently, the emphasis of the tax authorities will be placed on the actual motivations of the actions of taxpayers, and not merely on compliance with the law.

Secondly, because of the direct link between the business justification of transactions and their tax effects, it is advisable that the taxpayers have appropriate documentation to demonstrate that their activities were primarily economically motivated. It should be noted, however, that the mere fact of obtaining the tax advantage should not automatically undermine the economic expediency of the transaction. Because at the moment the Ministry of Finance has not yet published any guidelines for the content of such documentation, it seems reasonable to gather all existing internal documents and possible external analyses, indicating the economic rationale of the conducted transactions. An analysis of the scenarios realistically available to the taxpayer can be useful for the taxpayer in certain circumstances indicating that the chosen alternative was the most justified for business reasons.

Using the example of a common practice of consolidating a legal structure following an acquisition, in the light of the new requirements, it is necessary to demonstrate the economic justification for the chosen variant. Usually, there are several ways to simplify the post-acquisition structure (upstream or downstream merger, sale of business or its transfer following liquidation), and each of them is associated with different tax consequences. In such a situation, the purpose of the required analysis would be to justify the choice of a particular path of consolidation, taking into account the entirety of the business plans and the tax settlements associated with the activities.

Legal protection of the taxpayer in the face of an audit

It should be noted that the actual underlying advantage of economic over tax motivess in a certain case cannot be confirmed by an individual interpretation. The only way of obtaining legal protection is currently to apply to the Minister of Finance for the so called protective tax ruling, which however, involves a costly and time-consuming procedure whose outcome is difficult to predict. Legal uncertainty has increased due to the possibility of the loss of protective power through tax interpretations obtained before 1 July 2016, if related tax advantages are still obtained.

Based on the announced priority directions of fiscal audits, it should be assumed that the verification of business reasons for projects undertaken by taxpayers can relate especially to the intercompany transformations (e.g. mergers, divisions, changes in the ownership structure, including foreign entities) and transferring valuable assets between affiliated entities, especially if these activities were or are accompanied by certain tax advantages. At the moment it is, however, difficult to state, whether the tax authorities will try to undermine the financial and economic justifications presented by the taxpayers, or will confine themselves to examining whether such a justification has been at all presented. It would be also premature to make decisions concerning the level of activity of the administrative courts in determining the boundaries of undermining the validity of business decisions of taxpayers by the tax authorities.

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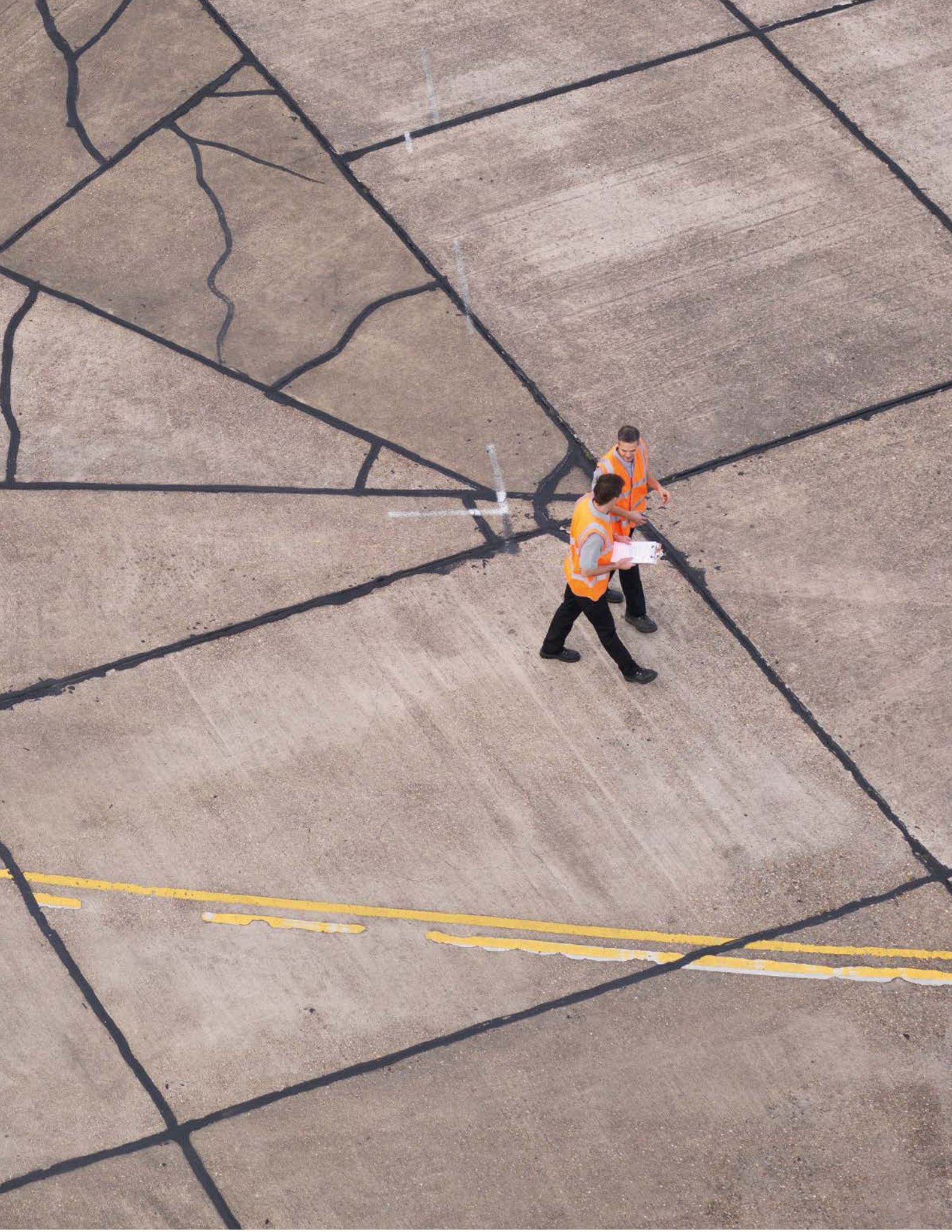
Uncertainties associated with the application of the general anti-avoidance rule (GAAR) to advantages obtained before its entry into force

The general anti-avoidance rule recently introduced into the Tax Ordinance is to be applied to tax advantages obtained after 15 July 2016. Despite the fact that the Tax Ordinance defines a tax advantage, considerable doubts exist regarding the application of the rule to the situations shaped before its entering into force, which tax results will occur also after 15 July 2016.



Scope of the rule

The act introducing the GAAR clause in its original version, sent to the parliamentary works, contained a transitional provision, according to which the provisions of the act were to apply only to transitions that would be conducted after its entry into force.

A change in the transitional provision in the course of the legislative works modified the time range of the application of the GAAR clause. This change was justified as being designed to address the interpretational problems associated with determining the moment of the conduction of a certain activity, however in practice it has turned out to be a source of many doubts. A situation can occur where despite that particular activity is conducted before 15 July 2016, its tax effects (advantages) will occur after that date and therefore theoretically it will be possible to apply the GAAR clause to them. However, is the application of the GAAR clause justified in such a situation?

it has been emphasized, in the jurisprudence of the Constitutional Court that one of the fundamental principles of the law is the principle of a democratic state of law, which implies a categorical prohibition of retroactivity of the law. The new law applies retroactively, if its effects are associated with an event which happened in the past and whose primary effect occurred in the past. In other words retroactivity occurs when the new law alters the legal consequences of already completed actions for which there was a justified expectancy that their effects will not have changed.

On the other hand, a retrospective effect of the law is permissible when the legislator covers with the force of the new regulations such legal relationships, which despite arising before the change of the law are still in effect at the time when the new law already applies.

In practice, assessing whether in a given case the inadmissible retroactive application of the law can occur may cause difficulties. In this respect it may be helpful to apply the idea of a closed factual status. It can be assumed that in a situation in which all the elements of the factual status had occurred before the entry into force of the clause, then their tax effects shouldn't be assessed through the prism of the GAAR clause. Such an assessment could result in a violation of constitutional principles of the law, apart from the already described principle of non-retroactivity also principles of protection of rightfully acquired rights and the protection of interests in progress.

Therefore in the assessment of the risk of applying the clause, non-retroactivity of the law should be the primary concern. **The GAAR clause should not be applied to activities which main tax effect occurred before 15 July 2016.** At the same time it should be observed when the "tax advantage" was generated and primarily whether it happened after 15 July 2016.

Situations which raise doubts

The situations, whose assessment from the perspective of the GAAR clause could raise doubts include:

1. Settlement of tax losses which were incurred before 15 July 2016
2. Depreciation of assets with an initial value set before 15 July 2016
3. Payout of a dividend by a foreign company which constitutes an element of optimization structure created before 15 July 2016

Settlement of tax losses which were incurred before 15 July 2016

The mere occurrence of a loss constitutes a tax advantage (within the meaning of art. 119e of the Tax Ordinance). Therefore if a tax loss arose in 2015, as a result of an "artificial" transaction, then its settlement in 2017 should not be assessed on the basis of an alleged reduction in the tax liability after 1 July 2016. Otherwise, we would have to consider the occurrence

The new law applies retroactively, if its effects are associated with an event which happened in the past and whose primary effect occurred in the past.

of another tax "advantage" as a result of the same event/transaction, and such an interpretation is not supported by neither logic nor the rule of law.

Furthermore, undermining the possibility of utilizing of a loss carried forward in the following tax years would constitute an example of constitutionally illegal, retroactive application of the law to a fully shaped and closed factual status.

Depreciation of assets with an initial value set before 15 July 2016

More complicated but equally important is the assessment of the possibility of qualifying as tax deductible deprecation write-offs from the initial value of assets, adopted for the use before 15 July 2016, as a result of an "artificial transaction."

It should be again noted that in such a situation the factual status is closed and had occurred prior to the entry into force of the GAAR clause. Depreciation charges don't constitute an autonomous entitlement, but merely a technical mechanism which leads to maintaining the commensurability of revenues and deductible costs in the tax calculation. In such a situation, the use of the GAAR clause could be qualified as the application of the GAAR clause to an already shaped and closed factual status, and therefore would in fact constitute a retroactive effect of the new law, which in the light of constitutional principles, is unacceptable.

Payout of a dividend by a foreign company which constitutes an element of optimization structure created before 15 July 2016

The situation should be assessed differently if the tax advantage is achieved after the entry into force of the GAAR clause and results from an event which is merely a consequence of actions taken in the past. In a situation where a foreign company, which constitutes an element of optimization structure created before 15 July 2016 pays out a dividend, it is theoretically possible to apply the GAAR clause (apart from the possibility of using other mechanisms to counter tax avoidance). In such a situation we are not dealing with a closed factual status, which occurred prior to the entry into force of the GAAR clause. It should be stressed that this example was the only one that was expressly pointed out in the justification to the amendment modifying the grandfathering rules of the GAAR clause and therefore the intention of the legislator seems to be to apply the clause only to similar cases.

Summary

Considering the provisions introducing the GAAR, it should be assessed every time whether the GAAR clause can be applied to the given tax advantage resulting from an activity undertaken before 15 July 2016. In such a context it is key to use the concept of the closed factual status and to presume that any possible tax advantages, which have occurred or will occur after 15 July 2016, however derive from events (closed factual statuses) which had occurred before 15 July 2016 shouldn't be challenged on the basis of the GAAR clause.

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R&D tax credit – amendments without dispelling the doubts

The amendments to the CIT Act of 1 January 2017 have made the research and development (R&D) tax credit considerably more attractive. The percentages of deductions have been increased, thus the taxpayers conducting such activity may be able to reduce their tax burdens even further. Despite the favorable changes, the amendments to the regulations regarding the R&D tax credit have not dispelled the doubts existing since the beginning of its implementation into the Polish tax system.

Salaries of employees involved in R&D activities and the issue of working hours registry

The first very important issue is the matter of recognition of the salaries and social security costs concerning the employees hired "for the purpose of conducting research and development activities" as an eligible cost for R&D tax credit. The CIT act does not specify how to understand the phrase hired "for the purpose of" and does not refer in any way to the matter of employees temporarily involved in R&D activities.

According to the general principles of law interpretation, that is the textual and the interpretation considering the purpose of the law, the employees hired "for the purpose of" conducting R&D activities should be considered as employees who can objectively contribute to conducting R&D activities. Thus, if the responsibilities of the employees include R&D activities and in line with the signed contracts / internal guidelines or other documents they are designated to participate in the R&D activities, such employees may be considered as hired "for the purpose of" conducting research and development activities.

Nonetheless, the most controversial topic is the issue of employees hired "for the purpose" of conducting R&D activities, however not devoting 100% of their time to this end in a strict sense.

Recently, the tax authorities have presented a standpoint that the salaries and social security costs concerning such employees may constitute an eligible cost for R&D tax credit only in a part pertaining to the time devoted by such employees to R&D works on the basis of the working hours registry. In our opinion, such an approach of the tax authorities is contrary to the wording and the purpose of these regulations. It should be emphasized that the CIT Act includes only a requirement for employees to be hired "for the purpose of" conducting R&D works, however does not stipulate that as the employees hired "for the purpose of" should only be considered employees devoting 100% of their time to conducting R&D activities.

Provisions concerning the R&D tax credit do not include the requirement of keeping a working hours registry. They only indicate a separation of costs within the accounting records and records of fixed and intangible assets. It should be noted however that these records do not include working hours registry or registry separating the salaries between R&D and other activities. Imposition of such an additional requirement would have no grounds in the applicable regulations and would be contrary to their purpose.

Moreover, a requirement to maintain a working hours registry by the tax

It should be emphasized that the CIT Act includes only a requirement for employees to be hired "for the purpose of" conducting R&D works, however does not stipulate that as the employees hired "for the purpose of" should only be considered employees devoting 100% of their time to conducting R&D activities.

authorities would depart from the reality of conducting business activity and would appear to ignore the fact that cooperation between the R&D departments and other departments within the organization is necessary for the proper functioning of an enterprise as a whole. An occasional/partial cooperation with other departments does not change the fact that the employees remain hired "for the purpose of" conducting R&D activities, and that the main object of their duties remains R&D activities. It should also be noted that R&D departments do not operate in isolation from other activities within the enterprise, and cooperation with other departments is necessary for effective implementation of the R&D tasks. Therefore, it can be argued that not only the requirement for the working hours registry is unjustified, but even any additional / incidental activity performed by R&D employees might be considered as R&D activities in the broad sense and covered by the R&D tax credit.

Lastly, it should be indicated that the view presented by the tax authorities as per the working hours registry is contrary to the purpose of introducing mechanisms of incentives and preferences to support research and development activities, including the R&D tax credit. It should be emphasized that in the draft bill which assumes an intensification of instruments to support entities conducting R&D activities, it was clearly stated that the system of tax support for businesses (including R&D tax credit), is aimed at rewarding innovative activities. Creating additional restrictions and administrative duties would undoubtedly be contrary to this goal.

The moment of recognition of an eligible cost for R&D tax credit purposes

To calculate the R&D tax credit in a correct manner it is necessary to determine an appropriate moment for recognition of the eligible costs for

the R&D tax credit purposes for the given tax year – the moment of incurring the expense (payment) or the moment of recognizing the payment as a tax deductible. The provisions do not specify how to proceed, on the one hand using the term "tax deductible costs" and on the other stating that eligible costs should be "incurred". The tax authorities have not developed a uniform approach so far.

According to the Tax Chambers in Katowice and Warsaw, the moment of recognition of eligible costs for the R&D tax credit purposes is the moment of incurring the expense (payment), so it is not important when (on what date) such a cost will be recognized as tax deductible.

On the other hand, according to the view of the Ministry of Finance, presented in Dziennik Gazeta Prawna , the moment of recognition of an expense as tax deductible is decisive.

The issue at hand becomes important when the moment of incurring the expense (payment) and the moment of recognition of the expense as tax deductible relate to different tax years, e.g. in the case of salaries paid at the turn of years. Thus, this issue should be resolved at a statutory level or covered by a general ruling.

Expertise, advisory services and services of similar character (not) only from science institute

Recently, the tax authorities have changed their view regarding the eligibility of expertise, advisory services and services of similar character for R&D tax credit purposes. According to the currently presented line, such costs may be considered as an eligible cost for the purposes of R&D tax credit only in the case of their purchase from science institutes.

It is hard to agree with such standpoint, which appears to be contrary to both the grammatical structure of article 18d paragraph 2 point 3 of the CIT Act, as well as with the purpose of this provision. The wording of this provision, particularly through the use of the connector "as well as", clearly indicates that the need to receive a service based on a contract with a science institute applies only to research results. However, the expenditures for expertise, advisory services and

services of similar character, incurred for the purposes of conducting R&D activities, should be considered as eligible for R&D tax credit even if not purchased from science institutes. This interpretation is consistent with the purpose of this provision and the nature of research and development activities, in which expertise, advisory services and services of similar character are often obtained from third parties which are not science institutes.

Summary

To summarize, the amendments of the CIT Act regarding the R&D tax credit and further works announced by the Ministry of Science and Higher Education on increase of the R&D tax credit rates are deserving of approval. Notwithstanding, the existing doubts in the key areas regarding the application of the R&D tax credit should be resolved at a statutory level or covered by a general ruling. Otherwise, legal uncertainty will continue at least until these concerns are resolved by the courts, which may adversely affect the application of the R&D tax credit in practice.

[1] Standpoint presented by the Ministry of Finance in Dziennik Gazeta Prawna of 30 November 2016 in article titled „Jest ulga, tylko nie wiadomo, kiedy z niej korzystać".

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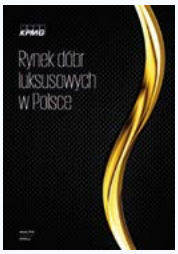
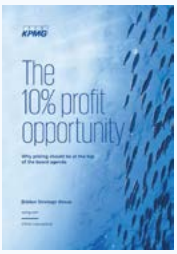
KPMG Publications

The KPMG analyses and reports are an output of our expertise and experience. The publications take up issues important to enterprises operating in Poland and globally.



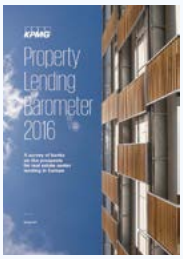
Luxury goods market in Poland. Edition 2016

The seventh edition of the KPMG publication on luxury market in Poland. The main theme of this year's report is the analysis of the individual segments of the luxury goods market which was supplemented with the results of a consumer survey and statements by industry experts. The results of a survey conducted on a group of 354 respondents in October 2016 through an Internet survey were presented in the report. The analysis was complemented with statements by experts from the segments analyzed in the report.



The 10% profit opportunity

The report was compiled based on a survey conducted among 200 higher management representatives from companies in the United Kingdom. The respondents represented the biggest enterprises in other sectors, including industry goods and services, the automotive sector, the consumer goods sector and business services. The survey was conducted in order to verify the attitude of companies towards the area of pricing of products.



Property Lending Barometer 2016

The report was produced based on the responses given by nearly 100 financial institutions operating within the real estate sector in 21 countries in Europe. The representatives of leading financial institutions presented through in-depth interviews their opinions on key issues associated with property lending. The economies included in the survey were divided into the categories of: dominant economies (Germany, Great Britain, Italy, Spain), stabilized economies (Poland, Austria, Czech Republic, Sweden, Belgium and the Netherlands) and other – less stabilized (Bulgaria, Croatia, Cyprus, Ireland, Romania, Serbia, Slovenia and Turkey).

Empowered for the future: Insurance reinvented

The report by KPMG International entitled "Empowered for the future: Insurance reinvented" was compiled based on a survey which included 70 managing directors in the insurance industry around the world. The respondents came from Europe (48%), both Americas (33%) and the region of Asia and Pacific (19%). The analysis encompasses the results of the survey, along with

the insights of the global network of KPMG insurance experts, opinions of industry experts and specialists dealing with business transformations.

Automotive Industry. Edition Q4/2016

The Q4/2016 edition belongs to a series of quarterly reports whose purpose is to present the current trends in the automotive industry, understood as the automotive market, industry production and automotive financial services. The analysis is based on the newest available registration, statistical and market data. The publication is a joint enterprise between the Polish Association of Automotive Industry and KPMG in Poland.

Family businesses barometer

The purpose of the survey was to discover the specificity of the operations of family firms – the problems they encounter, the changes they expect and the strategies they implement in their enterprises. "The family businesses barometer" in Europe was conducted using the CAWI (Computer Assisted Web Interview) between 1 May and 30 July 2016. 900 answers were collected, including 139 from Poland. The Polish edition of the publication is produced in cooperation with the Family Business Initiative.

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