The Government is currently working on a new tax incentive for entrepreneurs raising revenues from commercialisation of research results. A new incentive, commonly referred to as “Patent Box” may be introduced into Polish tax law as soon as in 2018.

This will constitute a long-awaited supplement to the Polish system for promoting innovation activities in enterprises, where support can be obtained not only at the stage of creating new solutions (through already available grants and tax reliefs for R&D) but also after the commercialisation of developed processes, products and services (planned “Innovation Box”).

How does the “Innovation Box” work?

The name proposed for the Polish instrument is the “Innovation Box”. The incentive introduces preferential terms for taxing income coming from research and development activity performed. Revenues received as a result of patented or newly developed technology are taxed at a lower rate, which directly reduces the tax burden and provides an incentive for entrepreneurs to undertake innovation activities.

Similar solutions have already been implemented in numerous countries throughout the world, such as the United Kingdom, Ireland or the Netherlands.

Elements of the system for promoting innovation in Poland

What will “Innovation Box” offer in Poland?

Current plans assume the introduction of a preferential tax rate that would apply not only to solutions being the subject of a patent application, but also those that are only the result of R&D works. The preferential CIT rate is planned to amount to 4 percent.
It is possible that the “Innovation Box” will be closely related to the R&D tax relief, i.e. using the latter will enable entrepreneurs to benefit from the solution to be introduced. Considering the above, it is advisable to start identifying the costs of R&D for the purpose of the tax relief, so that once “Innovation Box” legislation is adopted it can be effectively claimed.

**How can KPMG assist you?**

KPMG advisers from the Innovation, Grants and Incentives team will support you in understanding what innovative activity is and in identifying the scope of it, as well as help you to allocate eligible costs and prepare documentation allowing you to use the available instruments in order to support R&D and innovation in the company.

We are experienced in advising related to effective obtaining of financial support for projects in the form of grants and reliefs. We will be happy to provide you with further information regarding the conditions for obtaining grants and reliefs, as well as:

- assess your activities in scope of possibility to support them financially with public funds, including identifying the relevant sources of support;

- assist you with structuring your activities in scope of organizational matters and legal framework, in order to obtain financial support in the most efficient way;

- support you in the process of choosing scientific entity, preparing consortium or subcontracting agreement;

- prepare a claim, declaration or documentation in order to apply for financial support for the project;

- assist you with appropriate settlement and documenting incurred expenses, in order to obtain the support, as well as with introducing relevant rules of recording them in scope of accounting and tax law.
The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

The KPMG name and logo are registered trademarks or trademarks of KPMG International. © 2018 KPMG Tax M.Michna sp.k., a Polish limited partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity. All rights reserved.