

December 2020

Fee on offshore wind farms

On 3 December 2020, the Government Bill on promoting electricity generation by offshore wind farms was submitted to the Lower House of the Polish Parliament.

The bill provides for introduction of a raft of measures aimed at promoting electricity generation, but also a new fee (in the previous versions of the bill referred to as a tax) on offshore wind farms.

More information on the fee can be found below.

Payers

The obligation to pay the fee, defined by the bill as an 'additional concession fee', will apply to energy sector companies engaged in the production of electricity via offshore wind farms.

Up to now, a statutory definition of offshore wind farms has not been provided.

Currently, according to the bill, an offshore wind farm shall mean an installation constituting a separate set of energy generation facilities consisting of one or more offshore wind turbines and a medium voltage grid together with substations located in the sea, excluding equipment on the upper voltage side of a transformer or transformers located at this substation.

An energy sector company with license obtained to generate electricity via offshore wind farm will be charged with an additional fee (increasing its operating costs), payable to the State budget annually.

The obligation to pay the fee will arise on the last day of the calendar year in which the energy sector company earned revenue - higher or equal to zero - on each type of activity covered by the concession.

Amounts

The amount of the fee will be the product of the installed capacity of a wind farm expressed in MW and the appropriate ratio specified in a decree issued under the Polish Energy Law.

The cap set on the ratio by the bill cannot exceed PLN 23k/MW.

Pursuant to the explanatory memorandum to the bill, the ratio was set in such a way to balance the fiscal burden on offshore and onshore wind technologies. It shall express the difference between the average real estate tax on onshore wind farms, amounting to PLN 36k/MW annually, less the average fee for issuing a permit for the construction and use of offshore wind farm artificial islands, structures and devices located in Polish maritime areas, under the Act on maritime areas of the Republic of Poland and maritime administration, calculated for a one year of project operation, amounting to PLN 5k PLN/MW/year and the average real estate tax, calculated as 2% of the estimated value of the land part of the offshore wind farm infrastructure, amounting to PLN 8k PLN/MW/year.

The new fee will directly fuel the State budget, with no participation of local communities.

According to the estimates of the Ministry of Climate and Environment, the revenues from the new concession fee are to amount to PLN 283 million per year.

Goal

The official goal behind introducing a new fee is to ensure that the tax system in force will not influence decisions on the choice of RES-based power generation technology. According to the explanatory memorandum, all electricity generation technologies, including renewable energy technologies, should be treated equally from a fiscal point of view, so that the choice of their implementation relies only on particular features they display.

Currently, offshore wind farms are not subject to real estate tax to the same extent as onshore renewable energy sources. The new fee is therefore to standardize the fiscal burdens on all RES facilities, regardless of their primary energy-generating product and place of electricity production.

The memorandum also indicates that the fee should be perceived as an equivalent service, as it takes into account the costs incurred by numerous bodies performing tasks related to the development of offshore wind farms in Poland.

Further developments

The bill is now assessed by the Parliament's Commission for Energy, Climate and State Assets.

The Ministry of Climate and Environment announced that the new regulations would enter into force on 1 January 2021 at latest.

Most of the provisions will enter into force 14 days following the Act's publication in the Polish Journal of Laws.

If you would like to learn more about the issues discussed, please do not hesitate to contact us at: mam pytanie@kpmg.pl

KPMG offices

Warsaw

ul. Inflancka 4a
00-189 Warsaw
Tel. : +48 22 528 11 00
Fax: +48 22 528 10 09
kpmg@kpmg.pl

Gdańsk

al. Zwycięstwa 13a
80-219 Gdańsk
Tel. : +48 58 772 95 00
Fax: +48 58 772 95 01
gdansk@kpmg.pl

Kraków

ul. Opolska 114
31-323 Kraków
Tel. : +48 12 424 94 00
Fax: +48 12 424 94 01
krakow@kpmg.pl

Katowice

ul. Francuska 36
40-028 Katowice
Tel. : +48 32 778 88 00
Fax: +48 32 778 88 10
katowice@kpmg.pl

Poznań

ul. Roosevelta 22
60-829 Poznań
Tel. : +48 61 845 46 00
Fax: +48 61 845 46 01
poznan@kpmg.pl

Łódź

ul. Składowa 35
90-127 Łódź
Tel. : +48 42 232 77 00
Fax: +48 42 232 77 01
lodz@kpmg.pl

Wrocław

ul. Szczytnicka 11
50-382 Wrocław
Tel. : +48 71 370 49 00
Fax: +48 71 370 49 01
wroclaw@kpmg.pl



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 trademarks used under license by the independent member firms of the KPMG global organization.

© 2020 KPMG Tax M. Michna sp. k., a Polish limited partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.