



Innovation Box

Innovation, Grants & Incentives



„Innovation Box”



– taxation of income from implementation of R&D results

On 1 January 2019, the amended PIT and CIT Acts introduced a new favorable tax regime - Innovation Box.

The new incentive, also commonly referred to as “Patent Box” or “IP Box”, is a long-awaited addition to Poland’s framework for supporting business innovation providing aid not only at the stage of development of new solutions (a wide range of R&D reliefs and grants has already been made available), but also at the stage of their implementation.

The new incentive was introduced as a preferential form of taxation for entrepreneurs deriving income from intellectual property rights primarily attached to the conducted R&D activities. The tax rate on the eligible income obtained by a taxpayer amounts to 5% of the tax base.

The amount of the eligible income depends on the level of independence in performing R&D activities. In other words, the greater the taxpayer’s involvement in the development or improvement of an innovation (meaning R&D activities from which intellectual property rights arise), the bigger the potential tax advantage.



What is Innovation Box?

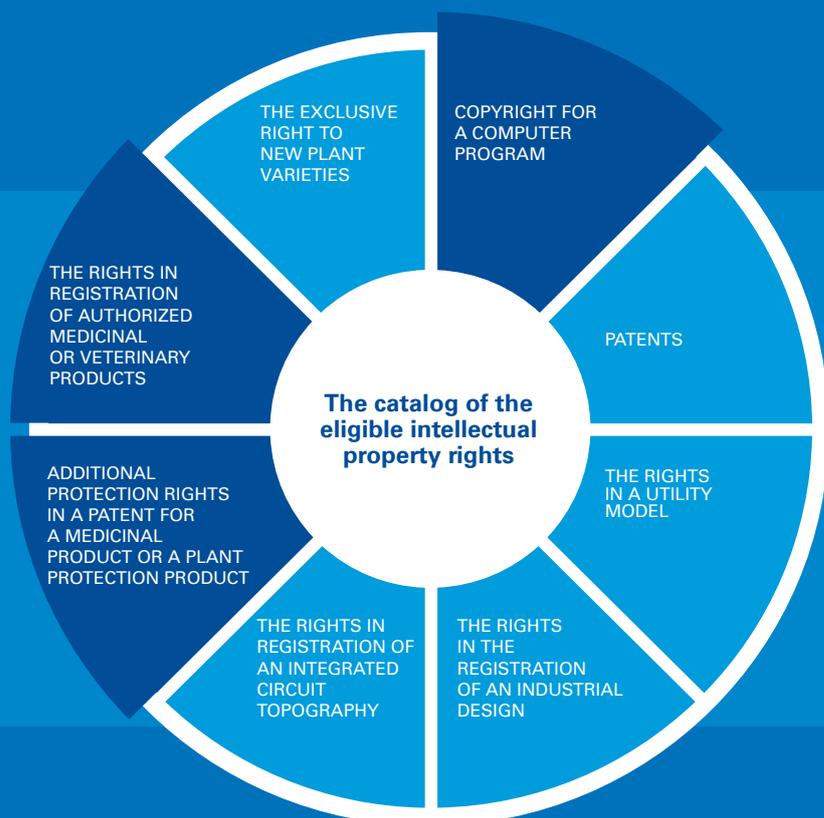


The purpose of the Innovation Box is to provide support to entrepreneurs developing new or significantly improved products, processes and technologies, thus enabling them to draw additional tax benefits from commercialized R&D outcomes.

Eligible intellectual property rights and income



The preferential rate is applicable throughout the entire duration of the legal protection of intellectual property rights the catalog of which is presented below:

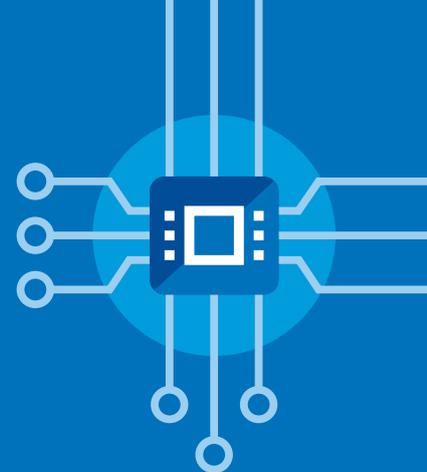


The income eligible for preferential taxation includes income from:

- eligible intellectual property rights included in the sale price of products or services,
- fees or charges arising from a license agreement,
- sale of eligible intellectual property rights,
- compensation for infringement of eligible intellectual property rights.



Potential benefits to be gained through the R&D tax relief and Innovation Box



The Innovation Box should be perceived as a complementary element and the closure of the chain of fiscal incentives for innovation. An illustrative analysis of benefits for 2019 assigned to a taxpayer who has fully and independently developed a proprietary product, while solely obtaining income eligible for the Innovation Box relief, can be found below:

	No tax relief on R&D and Innovation Box (PLN)	Tax relief on R&D, no Innovation Box (PLN)	Tax relief on R&D and Innovation Box (PLN)
R&D eligible costs	10 000 000	10 000 000	10 000 000
Tax base	20 000 000	20 000 000	20 000 000
Deduction of R&D tax relief	-	10 000 000	10 000 000
Tax base after deduction	20 000 000	10 000 000	10 000 000
CIT rate	19%	19%	5%
Tax amount	3 800 000	1 900 000	500 000
Benefit	-	1 900 000	3 300 000

How can we help?

KPMG advisers from the Innovation, Grants and Incentives Team will support you in understanding the nature and scope of an innovation-driven activity. They will also help you allocate eligible costs and prepare documentation allowing you to effectively use the available instruments in order to support R&D and innovation activities.

As a member of KPMG R&D Incentives Network, we have a vast experience in implementing IP Box-related projects as well as other forms of supporting innovation worldwide.

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we will assess your activities, paying special attention to the possibility of obtaining incentives, including identification of the relevant sources of support at each stage of business, starting from an idea, ending with market introduction
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we will carry out an eligibility analysis of intellectual property rights and we will support the process of acquisition of a suitable intellectual property right
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we will conduct a track and trace analysis to identify the costs of innovation activities eligible for the Innovation Box relief and other types of support
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we will perform an income calculation for the purposes of the Innovation Box relief
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we will establish appropriate documentation to be used in the process of applying for the incentive and its supervision
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we will advise you on how to develop innovation activities in an enterprise in order to fully benefit from the available chain of incentives.

Contact information

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