

[Poland]

- 폴란드 사업환경
- 폴란드 세무정보
- 폴란드 진출기업 Case study (진출 절차와 정부지원)

13:30 ~ 14:30 (60분)

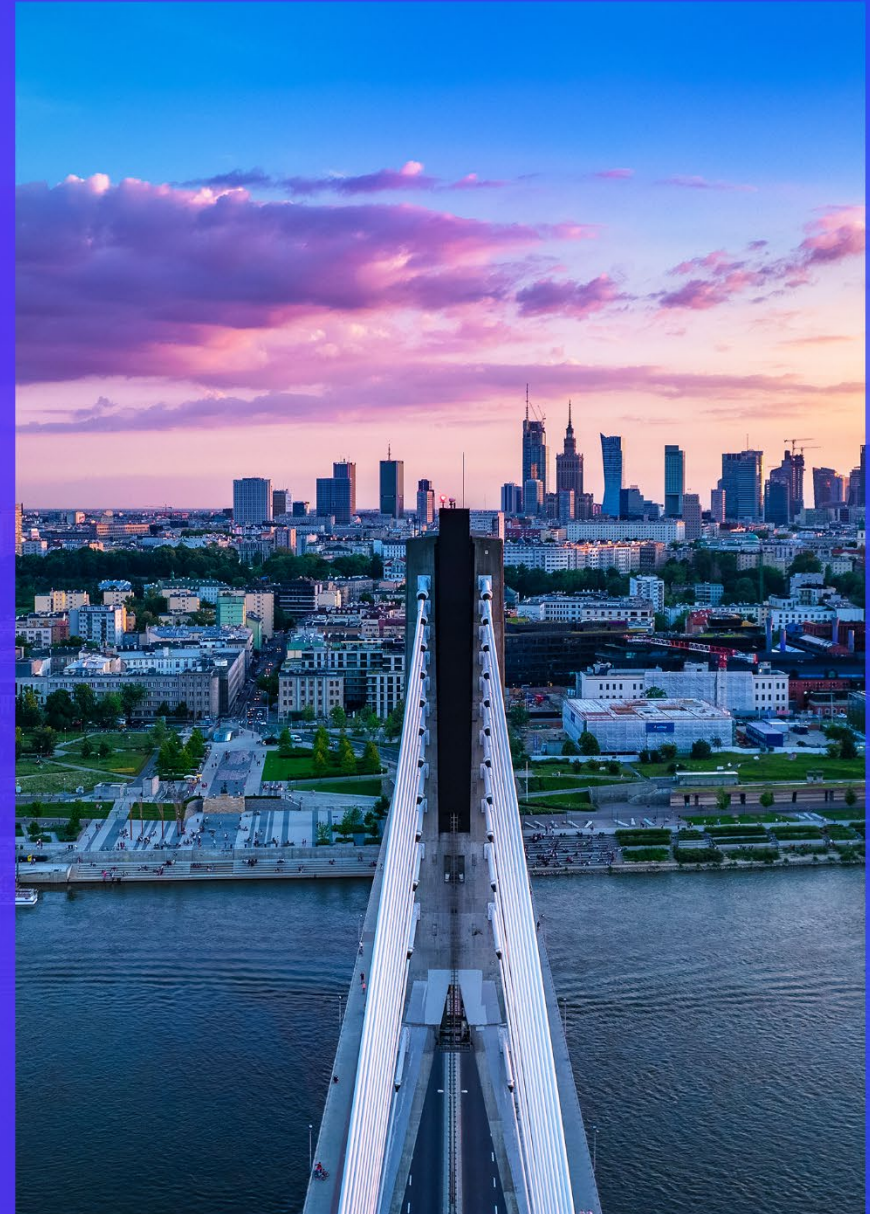
Zagun, Kiejstut Partner, KPMG Poland

오진호 Director, KPMG Poland



Invest in Poland

GKP Conference 2023



01

**Poland
Geographical
& Macroeconomic Outlook**

Geolocation of Poland



The largest country and economy of the CEE.



2 out of 9 corridors of the Trans European Transport Network (TEN-T).



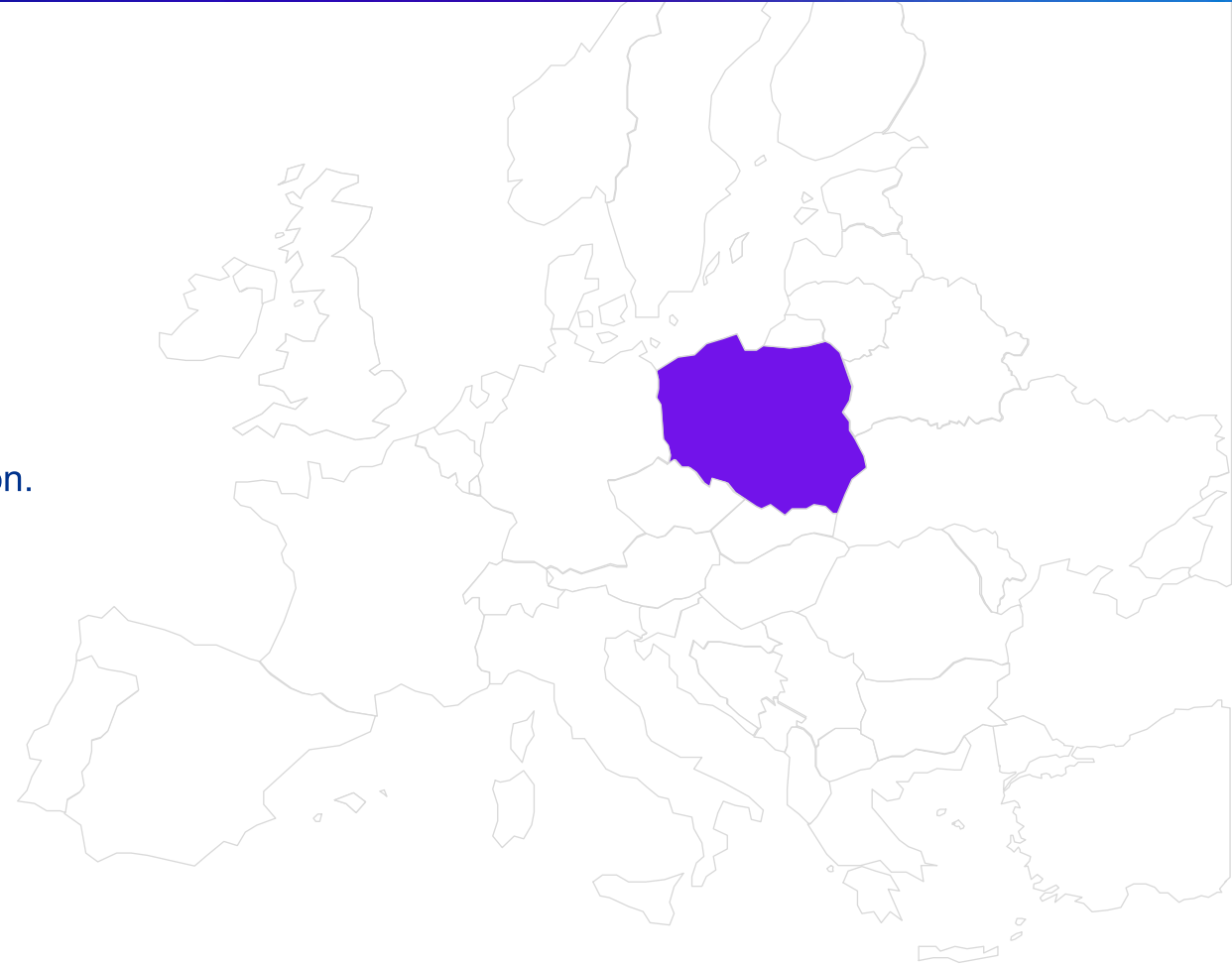
In 2022, Poland **exported** goods worth EUR 343.8 billion.
The value of **imported** goods was EUR 363.7 billion.



Machinery, equipment, and means of transport
- goods that accounted for the largest share of both exports and imports.



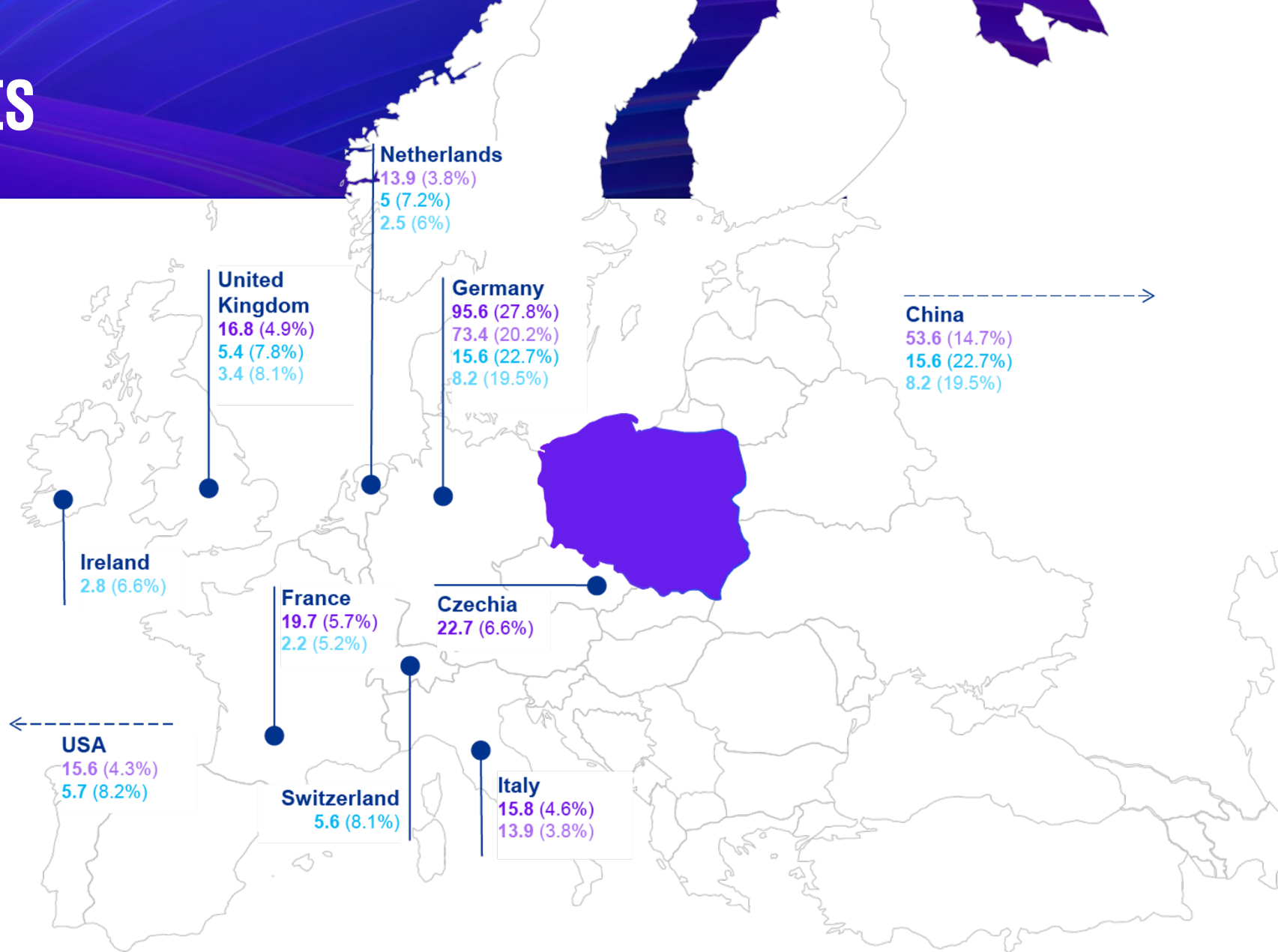
EU leader, with a 33% market share among member states in terms of **international transport performed**, measured in tone-kilometers (according to 2022 data).



Exports and imports

Data provided in EUR billion, % share

- █ Goods exports from Poland in 2022
- █ Goods imports into Poland in 2022
- █ Exports of services from Poland in 2021*
- █ Imports of services to Poland in 2021*



*Latest available data on date of publication

Transport accessibility of Poland

Poland has been rapidly expanding its road, rail, air and sea infrastructure. Due to its strategic location at the intersection of the main transport routes on both the north-south and the east-west lines, Poland places a lot of emphasis on maintaining a strong position on the logistics map of Europe. Major projects such as the **“Solidarity” Transport Hub**, Polish involvement in the **Belt and Road initiative**, and the **North-south “via Carpatia” route** testify to Poland’s position as a regional leader.



Transport modes

Poland's location at the heart of the continent and, at the same time, at the EU's border, means that major trade routes between Europe and Asia intersect within its territory.



Road transport

- The highest share in tonne-kilometres (33%) in the total EU international road freight transport in 2022
- 6,000 km of motorways and express roads will be operational by 2023, and 7,500 km by 2030



Maritime transport

- **4 strategic seaports**
- Gdańsk trans-shipment container terminal is the largest on the Baltic
- In 2022, the volume of goods handled at Polish ports was the highest ever, reaching nearly 133 million tonnes



Air transport

- **14 international airports**
- Warsaw Chopin Airport is largest in terms of cargo transport (nearly 102 million tonnes in 2022)
- Solidarity Transport Hub scheduled to open for passengers in 2028



Railway transport

- **The third-longest rail network in the EU**
- High-speed rail was launched in 2014 and is still being developed
- Cargo transport in 2022: 248,5 million tonnes
- Faster alternative to maritime transport

Poland vs CEE – macroeconomic snapshot

Indicator	Country / Region	2021	2022	2023f	2024f
Real GDP growth (%)	Poland	6.8	4.9	0.2	2.3
	CEE-8* avg	6.3	4.1	0.7	2.8
Average Inflation (%)	Poland	5.1	14.3	12.1	5.7
	CEE-8* avg	4.5	13.8	11.9	5.1
Unemployment (%)	Poland	5.9	5.1	5.2	5.0
	CEE-8* avg	5.4	4.8	5.0	4.9
Budget Balance (%GDP)	Poland	-1.8	-3.4	-5.0	-3.8
	CEE-8* avg	-4.2	-3.9	-4.7	-3.5

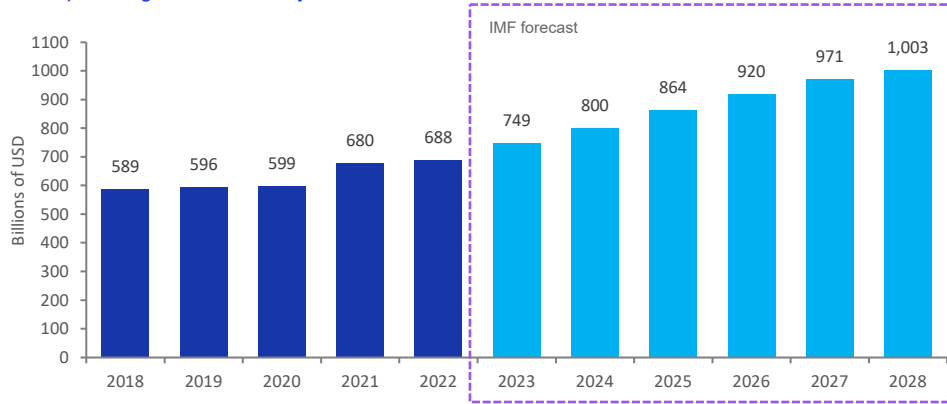
Source: Erste Group

*CEE-8: Croatia, Czechia, Hungary, Poland, Romania, Slovenia, Slovakia, Serbia

Poland – macroeconomic snapshot (1)

GDP

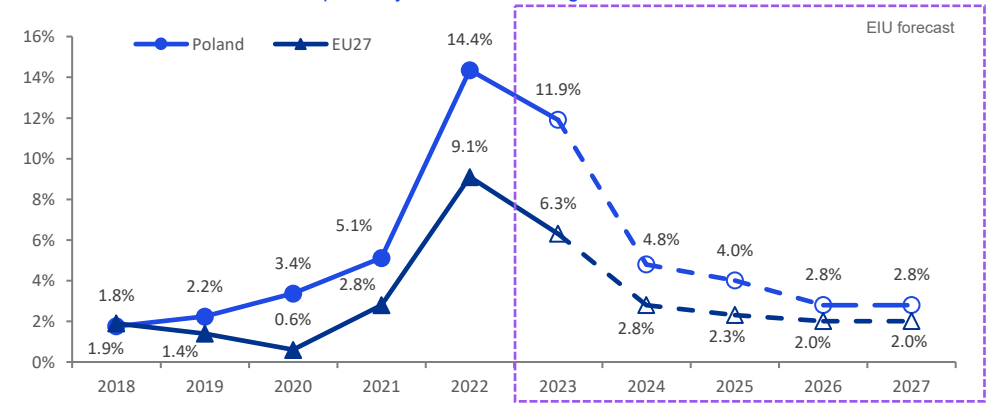
Poland's economy slowed down due to the Covid-19 pandemic, however the International Monetary Fund expects significant recovery.



Source: International Monetary Fund, as of September 2023

Inflation

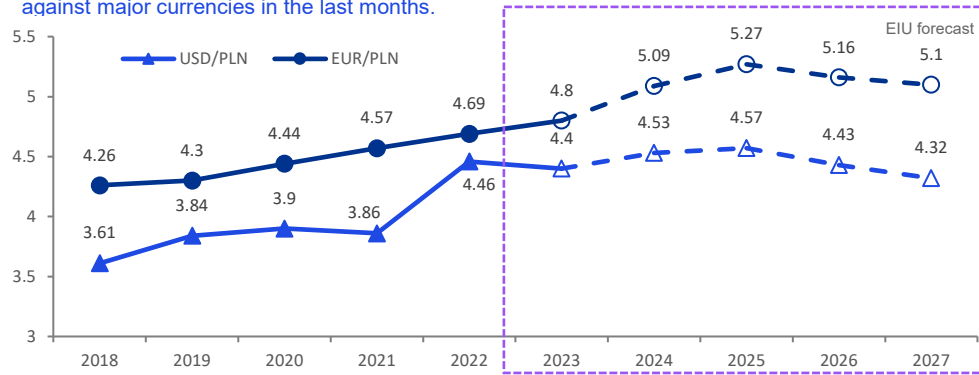
Elevated food and energy prices have driven inflation to historically high levels, but after a peak in 2022, a downward trend is anticipated by Economist Intelligence.



Source: Economist Intelligence Unit, as of September 2023

Foreign exchange

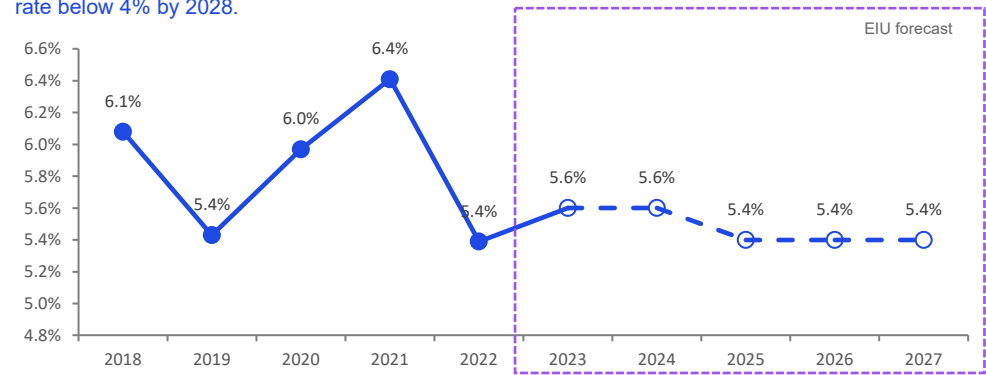
Proximity of war in Ukraine has negatively impacted Polish zloty, resulting in depreciation of PLN against major currencies in the last months.



Source: Economist Intelligence Unit, as of September 2023

Unemployment

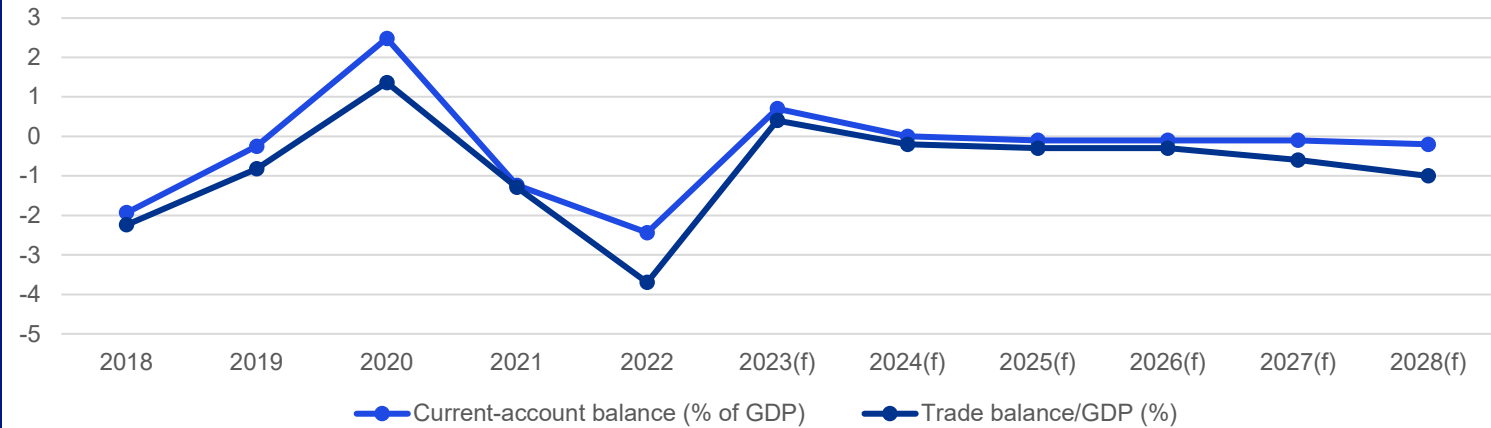
Domestic labour market, heavily supported by immigrant workers, is expected to reach unemployment rate below 4% by 2028.



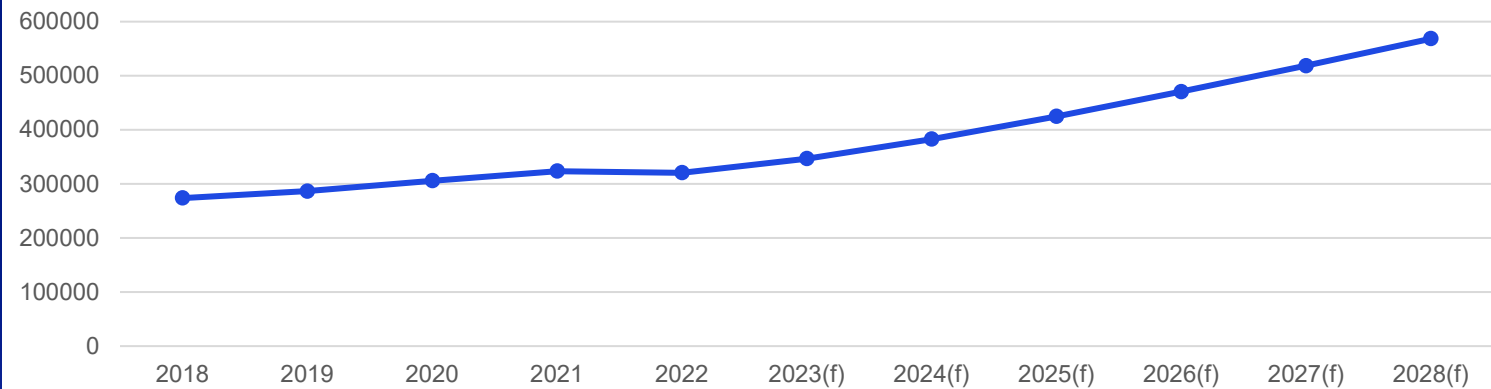
Source: Economist Intelligence Unit, as of September 2023

Poland – macroeconomic snapshot (2)

Current-account balance (% of GDP) and trade balance/GDP (%)



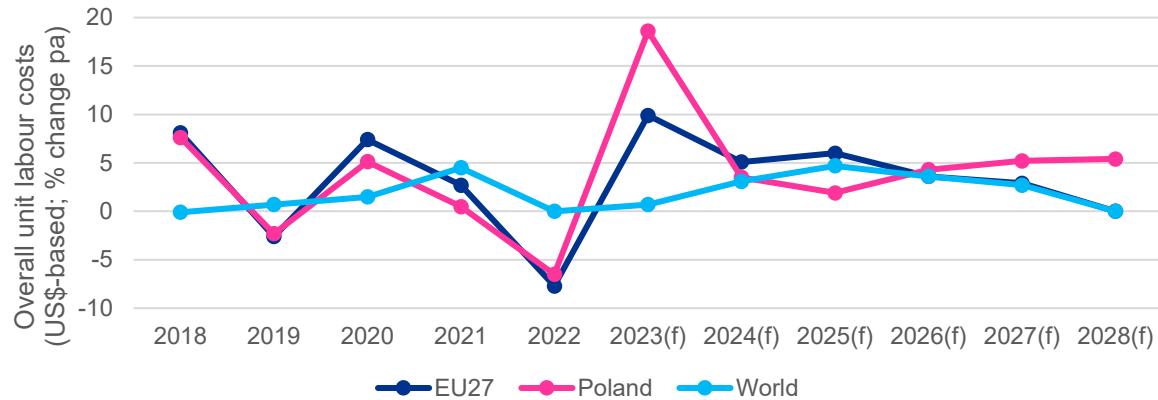
Inward FDI stock (US\$) (\$m)



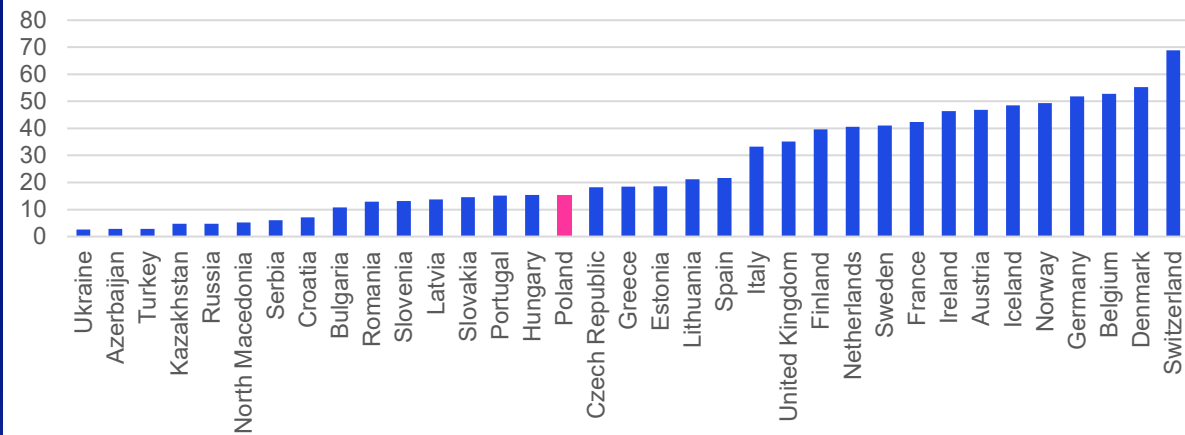
Source: Economist Intelligence Unit, as of October 2023

Labour costs

Overall unit labour costs



Labour costs per hour (US\$) 2023



Source: Economist Intelligence Unit, as of October 2023



Well-educated Polish economists, engineers, IT specialists and scientists are valued and sought-after employees of IT companies, R&D centres and scientific institutes.



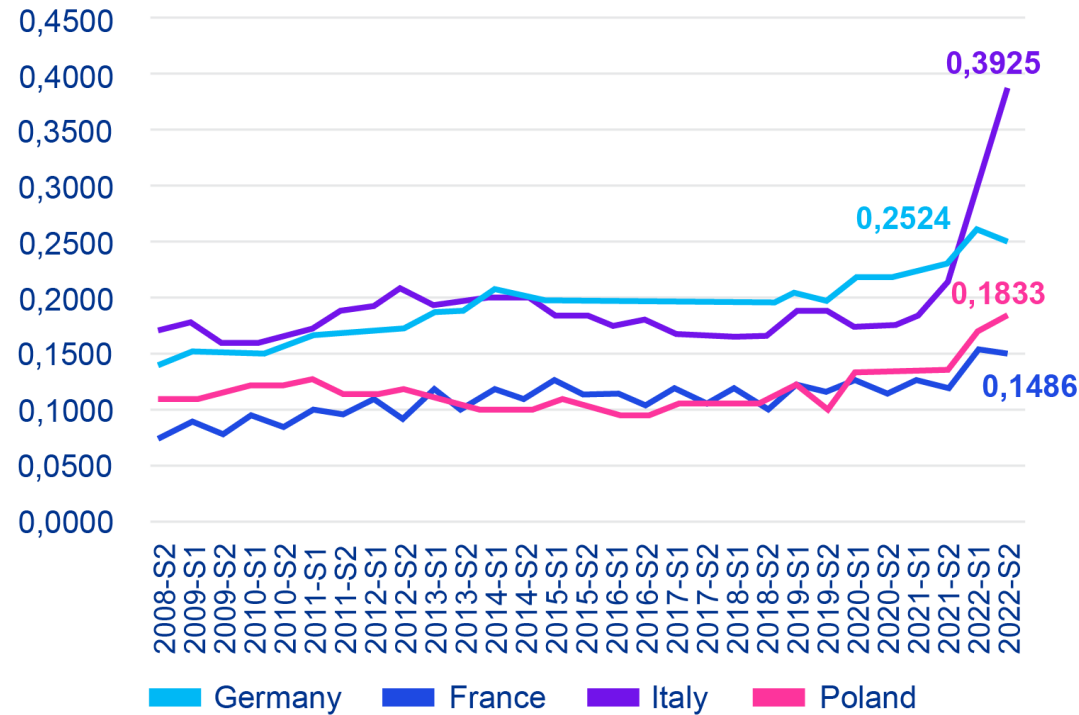
As many as 92% of Poland's citizens, aged 25-64, have at least a secondary education according to Better Life Index, OECD.



There are over 1.2 million students studying at Polish universities. This places Poland fourth in Europe in terms of number of students. What makes the Polish higher-education system stand out is the large number of students majoring in STEM faculties (science, technology, engineering and mathematics).

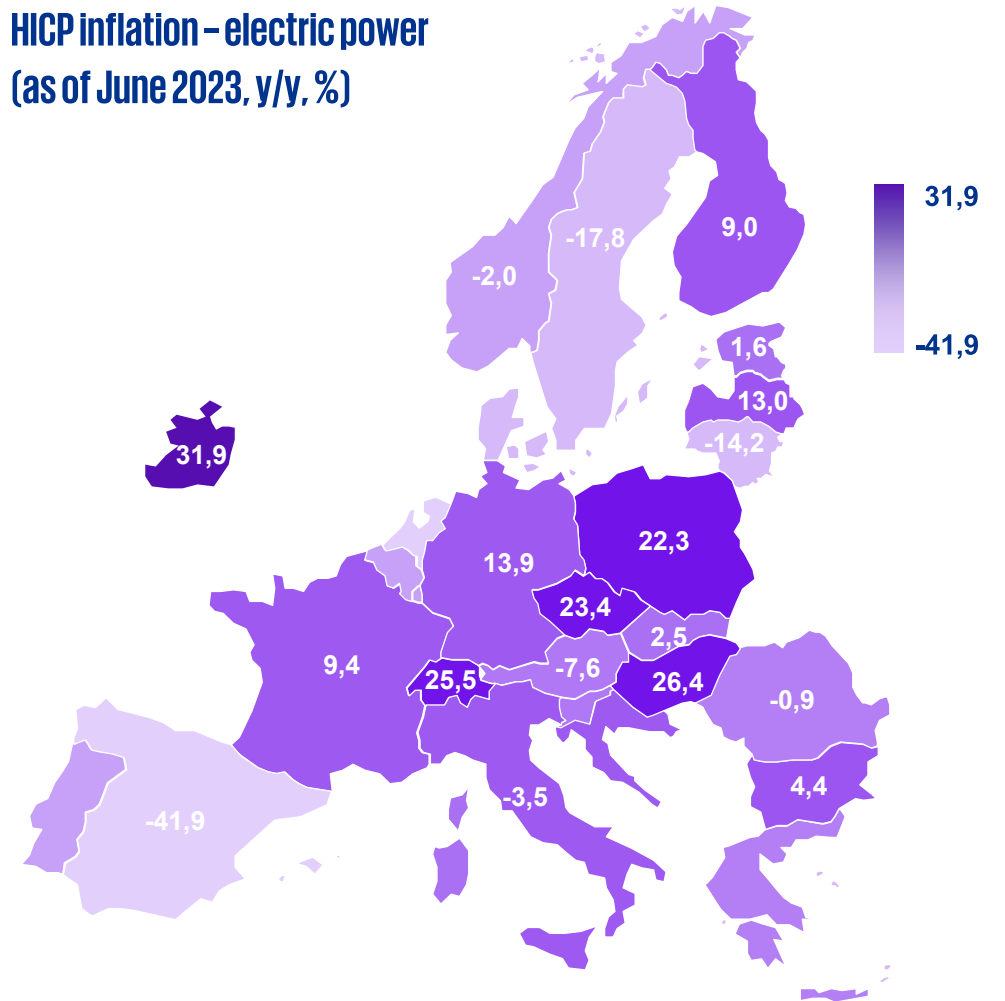
Energy market

Energy prices for industry (including taxes, EUR/kWh)



Source: Biuro Analiz PFR S.A.

HICP inflation – electric power (as of June 2023, y/y, %)



M&A in Poland

Top 5 foreign buyers (01.2022 - 06.2023)

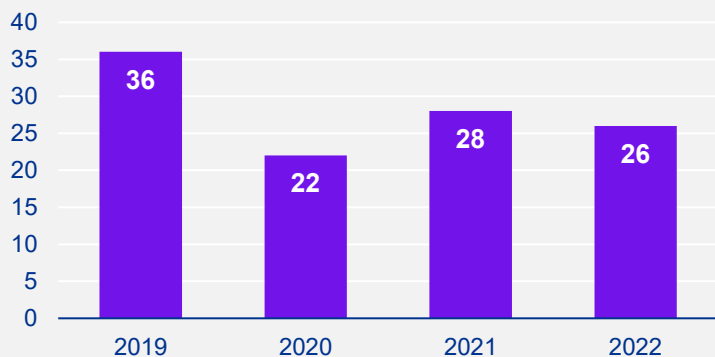
	Buyer	Target	Target Mid-industry	Rank Value inc. Net Debt of Target (USD, Millions)
1	MOL Hungarian Oil & Gas (Hungary)	Lotos Paliwa, Petrol Stations (417)	Oil & Gas	610,0
2	Cordiant Digital Infrastructure (GB)	EmiTel	Telecommunications	476,3
3	InfraVia V Invest Sarl (Luxembourg)	Fiberforce	Telecommunications	398,8
4	Eurowage (GB)	Inelo Polska	Software	293,2
5	Aramco Overseas (Saudi Arabia / Netherlands)	1) LOTOS Asfalt 2) LOTOS SPV 1	Construction Materials, Petrochemicals	551,2 (sum)

Poland's high appeal as an investment destination is reflected in its well-developed mergers and acquisitions market. The number and value of M&A transactions in Poland was rising for years, until it fell during the coronavirus pandemic and accompanying economic uncertainty. **But in 2021 and 2022 the number of cross-border transactions in Poland announced by foreign investors increased to 189 and 216 respectively.**

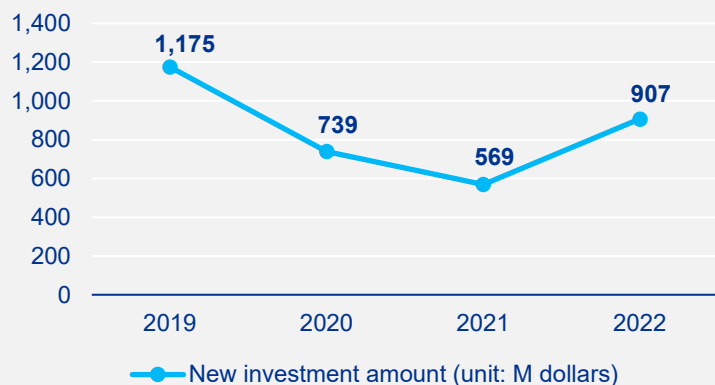
While this is still smaller than in the largest Western European markets, this is a **significantly higher figure compared with the total transactions announced at that time in other CEE countries.**

Korean investments in Poland (1)

Number of new corporations



New investment amount

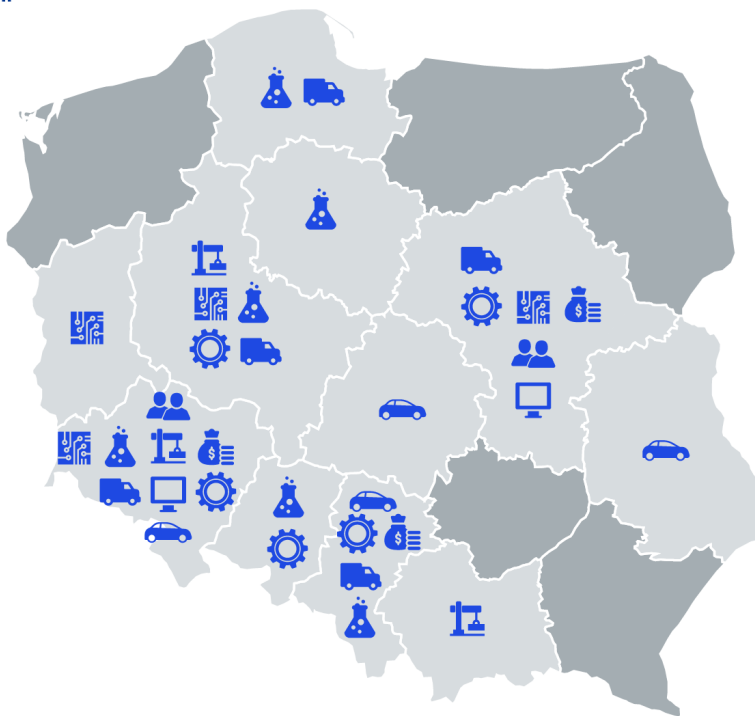


Plastic and metal part stream / machine construction

- LG Chem Poland
- Posco – PWPC
- Dongsung Poland
- Deerfos Europe
- Yushin Precision Industrial
- Erae Poland
- Starion Wroclaw/Starion Poland
- ST Automotive
- Dong Yang Electronics
- Mudeung Electronics
- KET Poland
- Seoyon Ehwa/Seoyon Elec./Koam
- Sekonix Poland
- Dongil
- Ace Rico
- ILP
- KCP
- Nara Battery Engineering
- Fine Altech
- Nifko Korea Poland
- Dongseo Display
- Dongshin Mo Tech
- BMC Poland
- Derkwoo Electronics

Logistics and Service

- Pantos
- Samsung SDS
- Serveone MRO
- LS Mtron Poland
- Hanjin
- Air Container
- Adampol (Hyundai Glovis)



Construction

- S&I
- Samsung Heavy Industry
- Posco E&C
- GS E&C

Financial

- Industrial Bank of Korea
- Shinhan Bank
- Woori Bank

R&D and IT

- Samsung R&D
- LG CNS
- KT Corporation

Automotive related

- LG Chem Wroclaw Energy
- Mando Corporation
- SK Innovation
- LS EV Poland
- Woobo Tech
- S&T Motiv
- Daewon Europe
- LT Precision
- Humax

Electronics

- LG Electronics Wroclaw
- Samsung Electronics Poland Manf.
- LS Cable & System Poland
- Sam Dong Europe
- Samwha Poland
- Kyungshin Cable

Displays

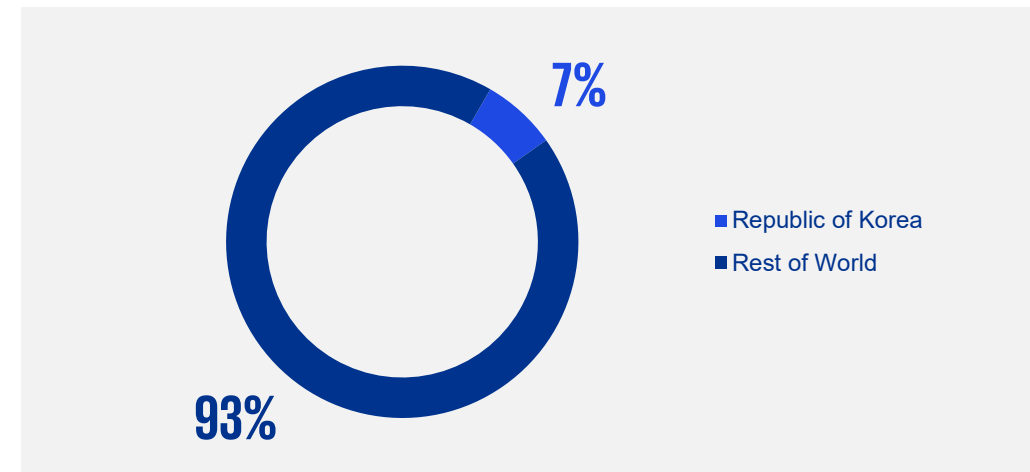
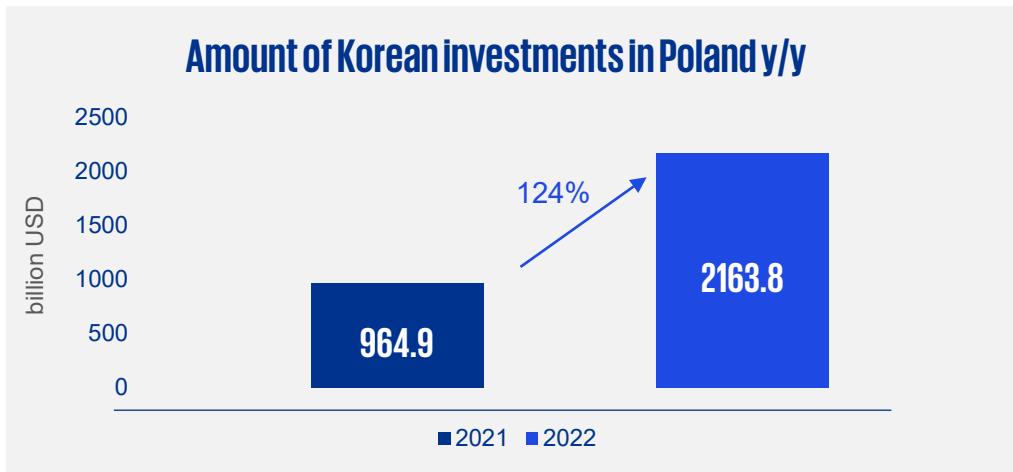
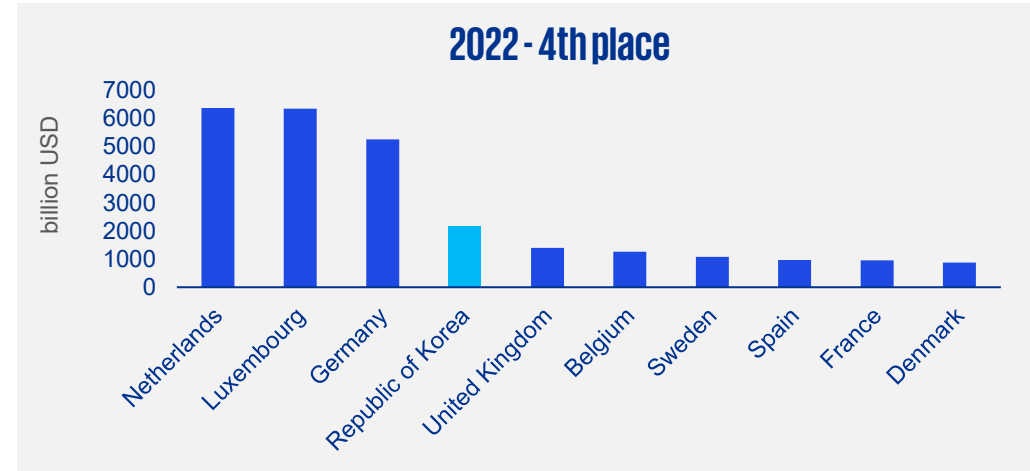
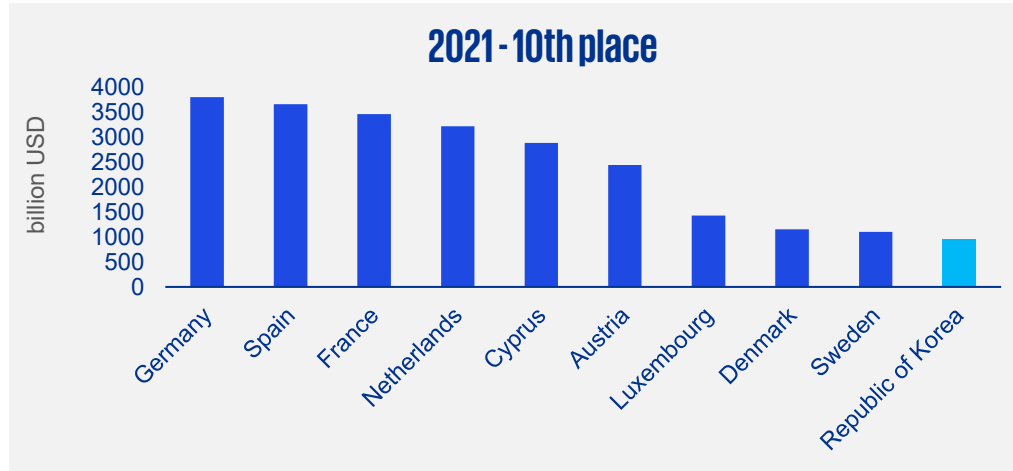
- LG Electronics Mlawa
- LG Display
- Heesung Electronics
- SKC Hi-Tech and Marketing

Chemical and rubber industry

- MCNS Polyurethanes Europe
- Able Cosmetics
- DK Sungshin
- Dong-A Hwasung
- Enchem Poland
- Foosung
- Hanhwa Q Cells

Source: Korea Eximbank data, PAIH, as of October 2023

Korean investments in Poland (2)

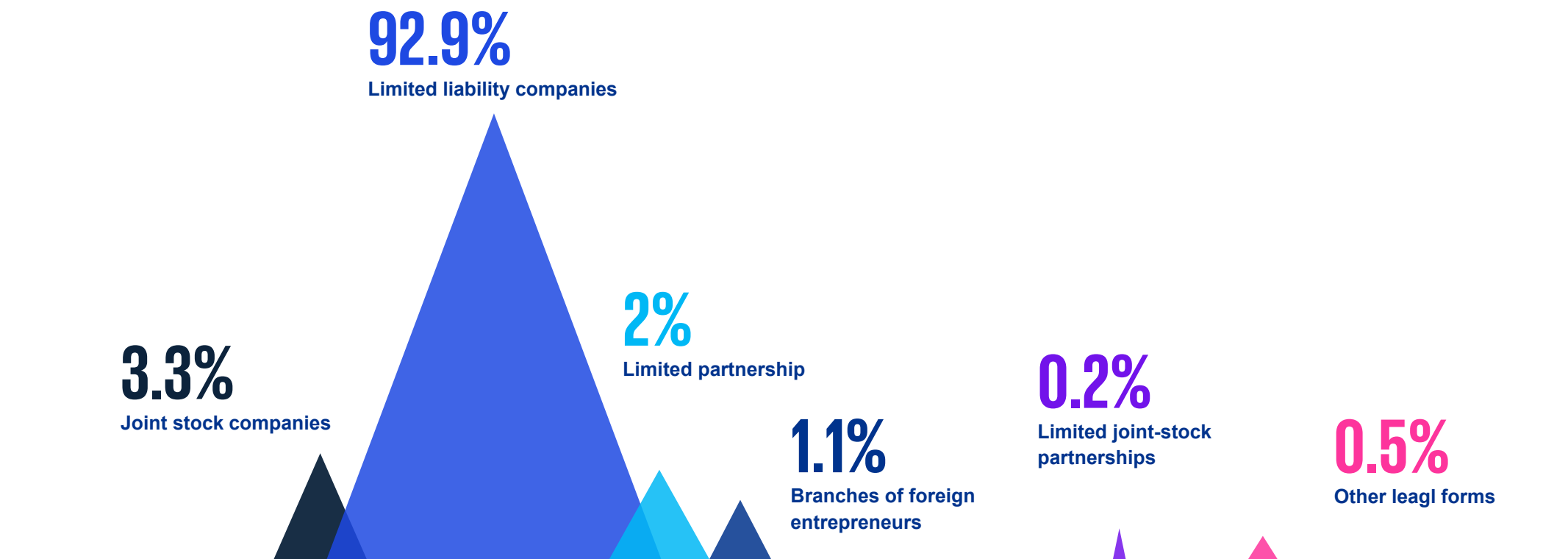


Source: National Bank of Poland, as of October 2023

02

**Poland
Tax environment**

Legal forms in Poland



Business entities with foreign capital by legal form in Poland in 2021

Polish tax environment

Corporate Income Tax

- Rates – **9% / 19%**
- **Tax losses** deducted in 5 years
- **Transfer Pricing**

Personal Income Tax

- Rates – **12% / 32%**
- Capital gains – **19%**
- **Social security** (ZUS)



Tax overview

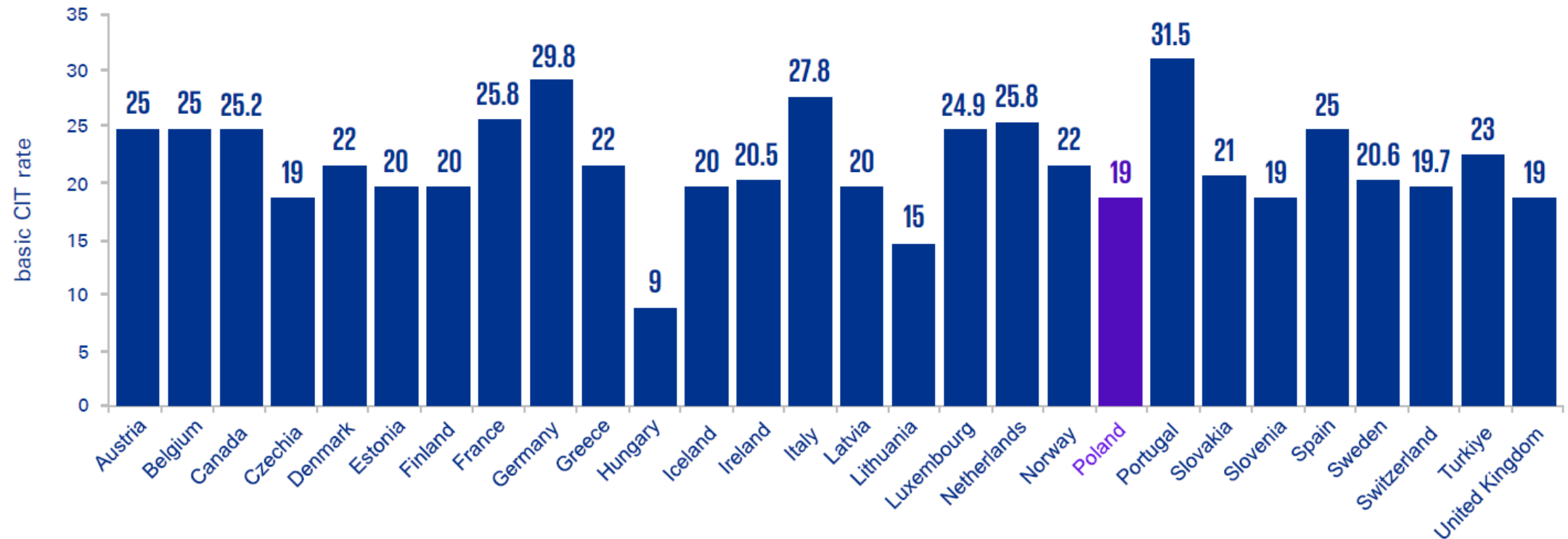
- **Tax rulings**
- **Statue of limitations** 5 year period
- **Tax incentives**

Value Added Tax

- **23%** - standard rate
- **8%** - sale of buildings, pharmaceuticals etc.
- **5%** - agriculture products, food, books

Corporate Income Tax in Europe

Corporate Tax Rates in Europe



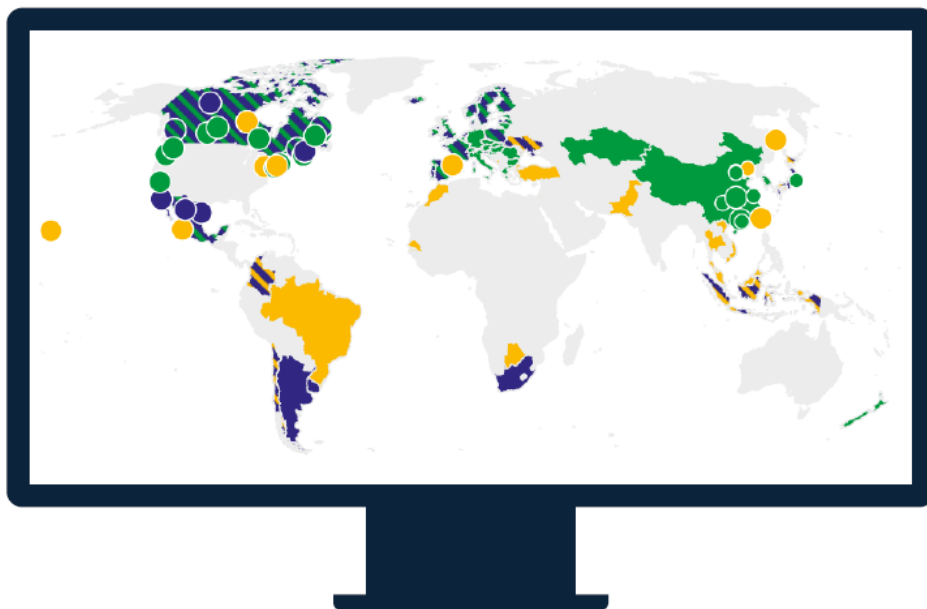
ESG drivers

Environmental, social, and corporate governance

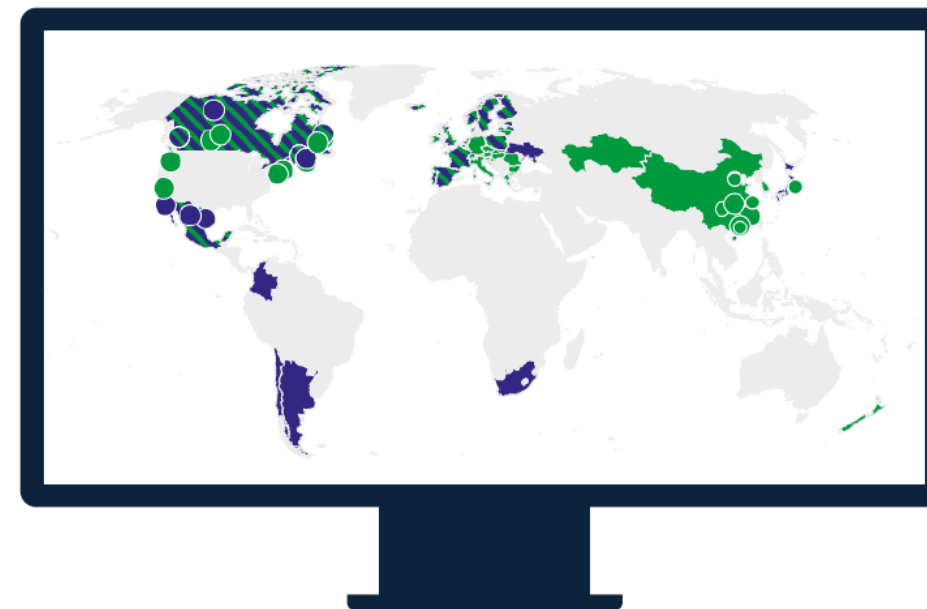


Carbon pricing – global overview

Current status of carbon pricing initiatives (2022)



Status of carbon pricing initiatives - 2021



- ETS implemented or scheduled for implementation
- ETS and carbon tax implemented or scheduled

- Carbon tax implemented or scheduled for implementation
- ETS implemented or scheduled, ETS or carbon tax under con...

- ETS or carbon tax under consideration
- Carbon tax implemented or scheduled,

03

Poland Incentives

Investment incentives – Introduction

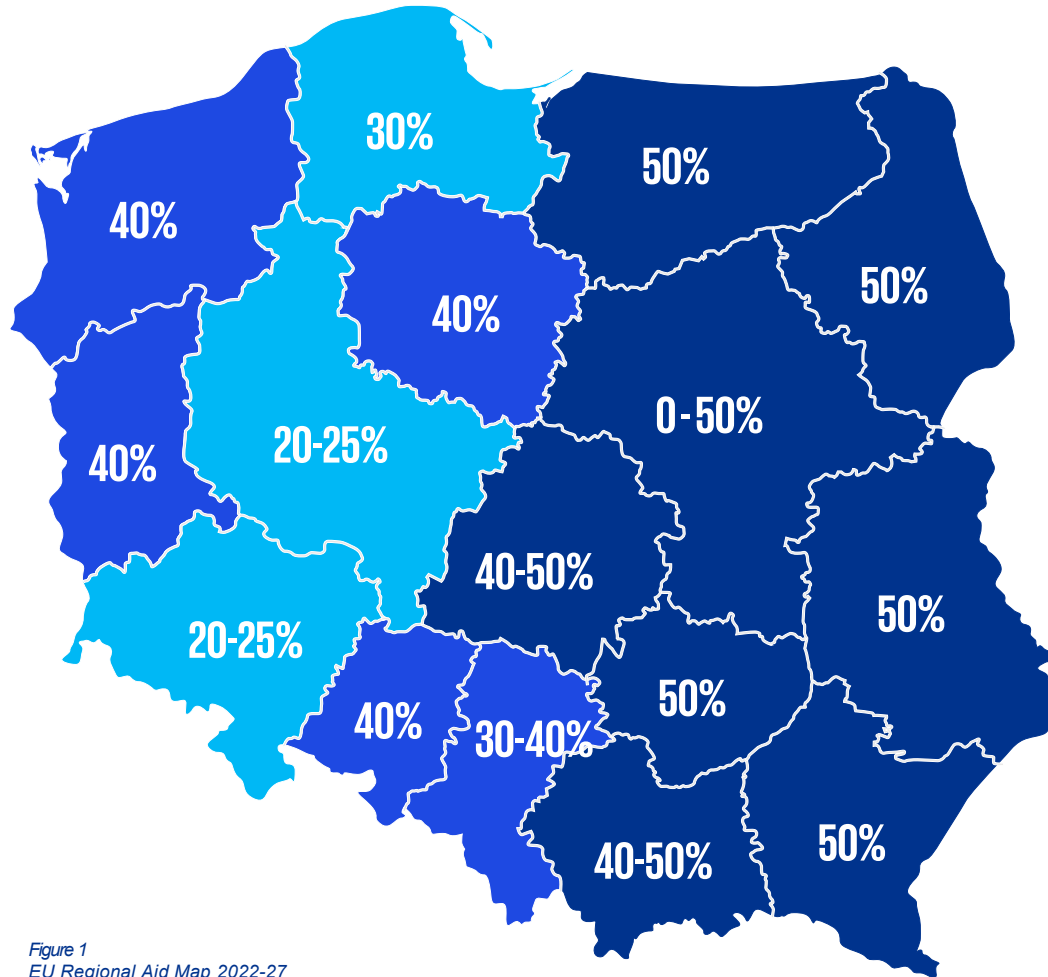
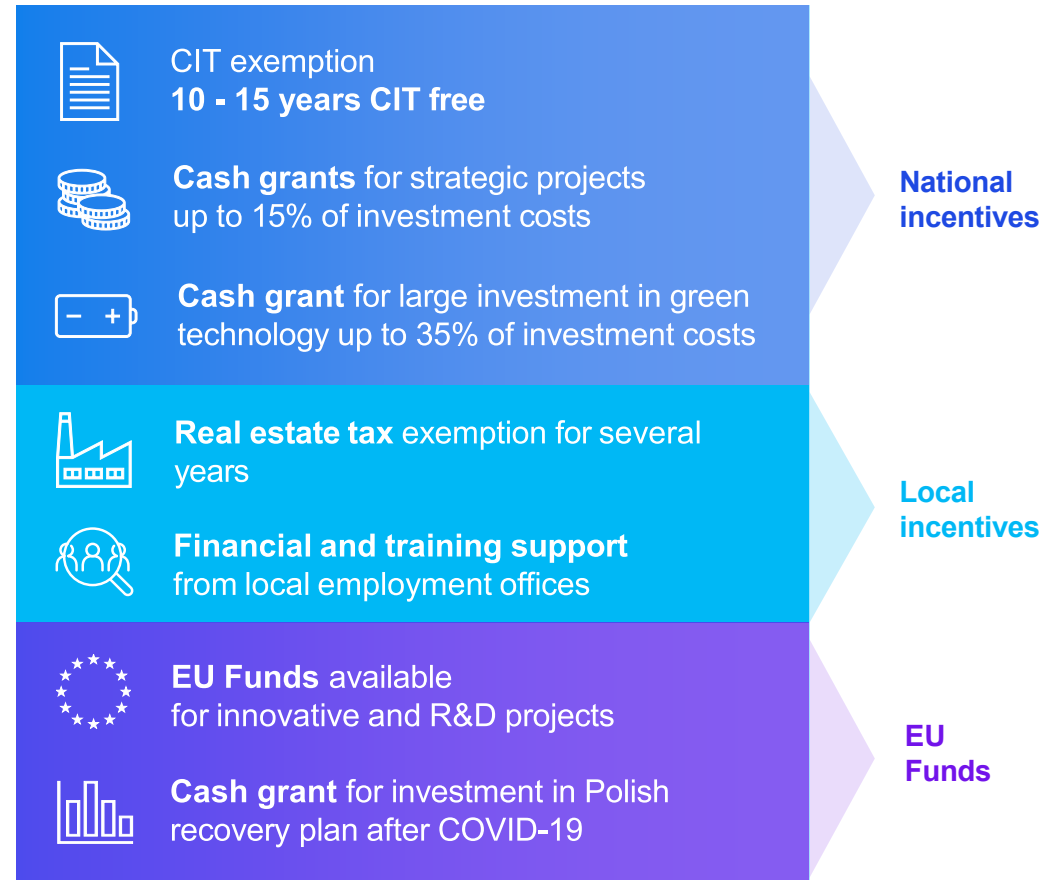


Figure 1
EU Regional Aid Map 2022-27
including the Just Transition Fund.

EU Regional Aid Map 2022-2027 for Poland establishes the maximum aid intensities in the eligible regions.



Investment incentives – Investment Zone



Form of support

10 – 15 years CIT tax exemption



Subject of support

New investments



Max intensity

Up to 50% for large enterprises



Maintenance

Obligation to maintain ownership of purchased assets (capital expenditures) and jobs created up to **5 years**



Quantitative requirements

Minimum PLN 10 - 100M (**EUR 2 – 20M**) CAPEX for manufacturing investments depending on:

- **unemployment rate in the location**
- **the size of the enterprise**



Qualitative requirements

Minimum 4 - 6 out of 10 criteria of:

- **sustainable economic development**
- **sustainable social development**

Investment incentives – Cash Grant

Investment type	Large company	Developing or medium-sized company	Micro or small company
Strategic or Innovative	Up to 15%	Up to 20%	Up to 25%
R&D Center	Up to 25%		
Shared Services Center	Up to PLN 40.000 (EUR 9.000) / per each new job		
	Up to PLN 15.000 (EUR 3.500) / per each new job		

+ **Additional training support** for any type of investment: up to PLN 7.000 (EUR 1.500) / per each new job

Conditions

- investment expenditures in a specified amount
- new jobs in a specified number
- 4 - 6 out of 10 qualitative criteria (depending on the project location)
- For large enterprises:

spending 15% of the granted aid on cooperation with higher education and science institutions

Investment incentives – TCTF

Temporary Crisis and Transition Framework

- aid in sectors strategic for the transition towards a net-zero economy

- sectors include the production of:



equipment, key components, critical raw materials to:



batteries



solar panels



wind turbines



heat-pumps



electrolysers



equipment for carbon capture usage and storage (CCUS)

TCTF Point 85

- up to **35%** of investment expenditures or up to **EUR 350 M**

- Min. EUR **110 M** CAPEX investment

TCTF Point 86

- Aid amount is either, **whichever is the lowest:**

- the amount which the company could receive in the alternative location (matching aid), or
- the amount needed to incentivise the company to locate the investment in the EEA (funding gap)

- Min. PLN 6 Billion
(EUR **1.5 B**)
CAPEX investment

Investment incentives - Application process



Investment Incentives – Case study

CAPEX (EUR)		110M	250M	1B
Investment Incentives	Cash Grant	✓	✓	✓
	CIT Exemption	✓	✓	✓
Max. aid intensity (large enterprises)		50%		
Max. support without EU notification		41.25	41.25	41.25
Max. support with EU notification		41.25	65.05	192.55
TCTF Incentives	Point 85: max. intensity	Up to 35% or EUR 350 M		
	Point 85: max. support	38.5	87.5	350
	Point 86	Individually negotiated with EC to cover the funding gap i.e. the amount needed to incentivise the company to locate the investment in the EEA compared to other areas.		

Additionally: EU 2021 – 2027: Next Generation Funds, National Recovery and Resilience Plan, Horizon Europe

Investment incentives – Key points



Incentive effect

Prior to the submission of the application for the state aid the investment cannot be commenced.



Legal entity

Applying for the state aid an applicant must be a legal entity registered in Poland.



Maintenance period

The investment must be maintained for at least 5 years.



No relocation

No transfer of the same or similar activity within EEA is permitted.



Negotiations

Applying for state aid is a dialogue between the investor and the authorities.

Operational-phase incentives

Aid measure	Overview	Benefit amount, example
<p>R&D Tax Relief</p>	<p>Additional deduction of R&D costs from the tax base</p>	<p>For every EUR 1M of R&D costs:</p> <ul style="list-style-type: none"> - Salaries: 380 thousand - Depreciation / materials: 190 thousand
<p>Innovative Empl. Tax Relief</p>	<p>Allows for utilizing surplus R&D Tax Relief to finance part of employment costs</p>	<p>For every EUR 1M of R&D costs:</p> <ul style="list-style-type: none"> - 190 thousand reduction of employees' PIT advances
<p>R&D Center Status</p>	<p>Allows for increasing R&D Tax Relief to 200% for all categories of costs</p>	<p>For every EUR 1M of R&D costs:</p> <ul style="list-style-type: none"> - 380 thousand in tax relief
<p>Tax Capital Group</p>	<p>Allows for sharing the benefits of the R&D Tax Relief with other group entities</p>	<p>Reduction of CIT by TCG companies</p>

Additionally: EU 2021 – 2027: Next Generation Funds, National Recovery and Resilience Plan, Horizon Europe

Operational-phase incentives – EU Funds

European Funds for Modern Economy (FENG)



Research and innovation

advanced technologies, skills development, industrial transformation and transformation of the economy towards Industry 4.0 and green technologies.



Broad range of beneficiaries

to entrepreneurs and consortia.



Examples of projects from previous years

- innovative series of boilers producing heat in 100% from RES
- low-emission hydrogen fuel combustion technology
- innovative medium-voltage energy storage with the lowest carbon footprint on the market



In progress

In total, funds in the amount of over **EUR 5,467 M** have been allocated for R&D.

Operational-phase incentives – SMART Track Programme

up to **65%** of costs for the most innovative R&D projects for large companies

Remuneration

staff employed under an employment or civil contract.

Resources and materials

e.g. sheet metal and steel for the construction of prototypes, semi-finished products, chemical reagents, injection molds or other materials necessary for the implementation of the project.

Intangible and legal assets

e.g. patents, licenses, know-how and other intellectual property rights, licenses, software.



Elements of the prototype

..... all expenses related to the purchase or production of a prototype production line.

Subcontracting

..... All costs of delegated tasks to an University or another company.

Scope of services - Grants and Incentives

KPMG in Poland operates a dedicated team which specialises in advising foreign investors on incentives available on the national and EU level. Our role is to secure support in the form of grants and tax exemptions for the planned projects.



Analysis of available sources

Analysis of available incentives opportunities, including:

- Overview of incentive schemes and trends in Poland
- Case study analysis (EU approval cases)
- Estimation of the maximum level of cash grants and tax incentives, based on the information provided on the investment project
- Outlining the key formal requirements and obligations
- Review of the activity to determine if operational-phase incentives will be available – e.g. for R&D, energy efficiency
- Recommending the strategy for applying



Drafting of state aid applications

Preparation of the documentation necessary to obtain public support:

- Analysis of the planned investment (project) in terms of requirements for applying for grants or tax exemptions
- Support in the scoping of the project, in order to maximize the funding and the chances of obtaining a positive score, including an analysis of the eligibility of costs planned to be incurred
- Drafting of the application for securing funding, collecting and verifying attachments
- Communication with the institution and support in the evaluation process, including the amendments in the application



Discussion / negotiation w/ authorities

- Participation in discussions and/or negotiations with Ministries, PAIH, and relevant governmental bodies to determine possible incentive options
- Support during the negotiation with the Poland governmental bodies during the issue of administrative decisions and signing relevant agreements



Settlement of granted aid

- Providing assistance with reporting obligations
- Assistance with tax audits or checks performed by institutions granting support

Scope – Global Location and Expansion Services

KPMG in Poland operates a dedicated team which specialises in advising foreign investors on choosing the best location for their business. The proposed scope of works is presented below and includes our support in screening of potential sites.



Feasibility analysis

- Prepare a detailed Request for Information (“RFI”) for review
- Agree key priorities for the potential site e.g. location, transport network, utilities capacity (electricity, gas, water), etc.
- Assist in identifying anticipated construction times including permit process, as well as industrial land prices
- Issue RFI to officials to request site submissions which meet project criteria
- Compile responses and catalogue site features in a site matrix; initial analysis to qualify sites
- Prepare national, regional and local-level desktop incentives feasibility analysis that categorizes potential incentive offerings
- Provide relevant economic and tax information considerations



Site Due Diligence

- Correspondence with representatives of each location to review submitted sites and initial business incentives information
- Identify positive and negative aspects of sites and complete interim progress report outlining short-list meeting the project requirements
- Assist in coordinating pre-fieldwork workshop in order to detail and analyze all site and location attributes for finalists
- Conduct fieldwork investigation for shortlisted sites to validate compatibility, project readiness and confirm the project support
- Incentives comparison that identifies potential business incentives and inducements available to offset project costs
- Analysis of sites and business support climate (site characteristics, demographics, labor market, logistics considerations, available infrastructure, etc.)
- Benchmark of incentives provided to other companies
- Call/meeting with the Company’s project team to discuss report findings and short-list qualified sites for a final cost analysis



Comparative Analysis and Location Validation

- Perform a comparative analysis of national, regional, and local incentive offers for short-listed sites
- Comparison of incentive values and useable amounts
- Assistance in conducting fieldwork for finalist sites to further validate site information
- Provide advice and guidance regarding timing to obtain incentives identified in desktop incentive feasibility

Scope of services – Our experience

Since

1990



In Poland

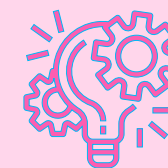


Engineers, scientific experts, lawyers, financial analysts, former experts from public entities implementing the support



Scientific experts from **All technical universities and institutes**

in Poland



We are members of working groups and experts of ministries and public sector units



1000+

successfully implemented projects



Unique combination of competencies

implementation of all available sources of support, commercial, non-commercial, tax, grants, financial instruments

Satisfied clients



From all major sectors: ICT, chemical, motorisation, logistics, life science, financial, industrial, construction, FMCG



Unique

International KPMG network

KPMG R&D&Innovation Tax Incentives Network

Scope of services - KPMG R&D Incentives Network exp.





Contact



Kiejstut Żagun

Tax Partner

Head of Innovation,
Grants & Incentives

GLES and ESG services

M: +48 664 080 040

E: kzagun@kpmg.pl



Jinho Oh

Senior Manager

Korean Desk

T: +48 503 386 899

E: jinhooh1@kpmg.pl



Grzegorz Wójcik

Senior Tax Manager

Corporate Tax Advisory

T: +48 664 718 666

E: gwojcik@kpmg.pl



Jakub Olender

Tax Manager

Innovation,
Grants & Incentives
GLES services

T: +48 500 088 419

E: jolender@kpmg.pl



The information contained herein is of a general nature and is not intended to address the specific 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.

© 2023 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.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.

Document Classification: KPMG Public