



Polish Investment
& Trade Agency

PFR Group

Why Poland?



Macroeconomic information

Poland is located in the heart of Europe, which makes it a perfect investment location for companies wishing to export products both to the East and to the West. Investors can benefit from a strong **economic relationship with the Eurozone** as part of the EU's common market.

The stability of the Polish economy makes it more resistant to economic crises. Boasting **over 20 years of stable GDP growth**, the country provides a business friendly environment to investors.



5.1% economic growth in 2018 compared to 4.8% in 2017
(in constant prices from the previous year)



USD 244bn total exports



Large internal market
6th most populous country in the EU (38.4 million)
Unlimited access to the EU market of over 510 million inhabitants



Polish Złoty (PLN) currency
1 EUR ~ 4.3 PLN
1 USD ~ 3.8 PLN
100 JPY ~ 3.5 PLN



16 cities with more than 200,000 inhabitants



CIT 19% (base rate)
VAT 23% (base rate)
PIT 17%, 32%



USD 31,939 GDP per capita (PPP)



36th in Transparency International Ranking (top in CEE)
33rd in Ease of Doing Business Ranking (top in CEE)

The largest academic hub in the EU

Poland is the **5th largest country in the EU** in terms of size and the number of inhabitants. Poland's population amounts to over **38 million people** and comprises of 40% of the population of the Central and Eastern European countries.



Over **1.23m** university students
Almost **320,000** university graduates
11th in Europe and **1st** in CEE in English Proficiency

The country is also **the largest academic hub in the CEE region**, distinguished by the presence of major higher education institutions in all regions and not only in the capital city. Within the large pool of students, as many as 25% choose science, IT and technical majors. Poland also offers access to a **network of international schools** covering all stages of education.

The talent pool



IT specialists

71,000 students
11,000 graduates a year



Business and administration

165,000 students
62,000 graduates a year



Foreign languages

51,000 students
15,000 graduates a year



Engineering talent

323,000 students
82,000 graduates a year

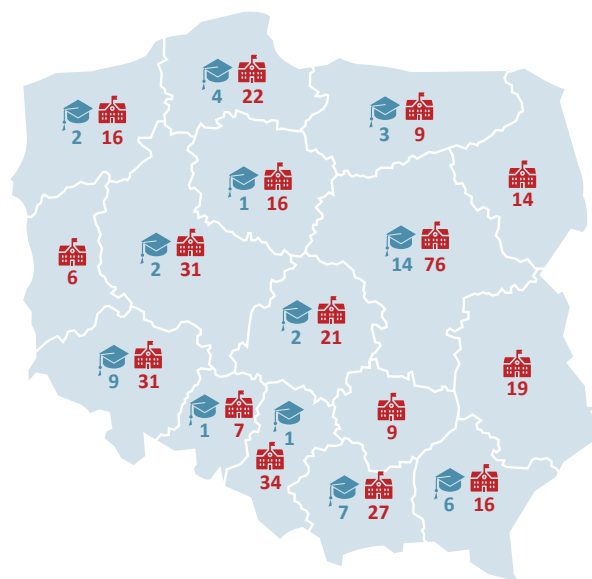
Map of international schools and higher education institutions



Higher education institutions









International schools



Logistical advantages

Map of Poland's logistical hubs

-  motorways and expressways: *existing*
-  *under construction*
-  *planned*
-  port
-  international airport
-  planned Solidarity Transport Hub
-  port & airport



Poland's location in the center of Europe is highly favorable from a logistical perspective. Five out of nine Pan-European transport corridors go through Poland, providing easy access to **the global market**. In Poland, the East meets the West, due to the Belt and Road connection that runs across the country. Moreover, Poland is a part of the Baltic-Adriatic and the North Sea-Baltic Corridor projects, which will soon link the North with the South of Europe.

The Solidarity Transport Hub (STH) is an emerging **infrastructure mega project** in central Poland, which will include two major components: a new international airport and a link to a new nationwide railway system consisting of 10 major corridors extending from the STH Airport towards all regions of Poland.



Rapidly developing road infrastructure
5th longest network of motorways and expressways in the EU
1,500 km of motorway and expressways under construction



Modernised railway network
4th longest railway network in the EU
250m tonnes of cargo transported in 2018
Belt & Road connection to Chengdu



Access to sea freight transport
92m tonnes cargo turnover in 2018
4 major seaports
Deepwater Container Terminal in Gdańsk



CEE aviation hub
45.8m passengers in 2018
114,000 tonnes of cargo shipped in 2018

Top destination for investors in Europe

For more than 20 years, like no other country in Central Eastern Europe (CEE), Poland has managed to attract a significant amount of foreign capital, totalling USD 196bn. The country offers a safe and **business friendly environment** for foreign investors, due to its **economic stability** and **highly skilled employees** who are proficient in numerous languages.

Poland is the primary **destination for investors** in the CEE region, and one of the top in Europe when it comes to establishing business operations.

The country is 5th in Europe when it comes to the inflow of new FDI projects. In 2018 it attracted USD 15.3bn in foreign direct investment (7% share in the European market), in 323 projects. Furthermore, **Poland ranks second** as an FDI destination in Europe by the numbers of jobs created.

Poland's Special Economic Zones (SEZ) are among the **top free zones in the world***. The list includes Katowice SEZ, Łódź SEZ, Wałbrzych SEZ, Pomeranian SEZ and Starachowice SEZ.

** The fDi Report 2019 Global greenfield investment trends, Doing Business, fDi Magazine's Global Free Zones*



Business Services Sector
• 307,000 employed in SSC+IT



Automotive and electromobility
• employing 210,000
• USD 1.8 bn in the Low-Emission Transport Fund for e-mobility



Aerospace
• employing 40,000



Food processing
• employing 400,000

Key Industries in Poland



Real estate
• 40.5 m sqm on property market (office+retail+warehouse)
• investments reaching USD 7.7 bn



Research & Development
• employing 170,000
• over 40% increase in internal employment in the last 5 years



Electronics and white goods
• employing 78,000

Taxation in Poland

The tax system in Poland includes direct taxes (corporate income tax, personal income tax, tax on civil law transactions and real estate tax), as well as indirect taxes (value added tax on goods and services). Taxation of entities with a limited tax obligation can be further limited pursuant to the provisions of an applicable **Double Taxations Treaty between Poland and Japan**.

A legal entity or a natural person will have a Polish tax residency if their registered office or management (for legal entities) or their place of residence (for natural persons) is located in Poland.

Value Added Tax (VAT)

- 23% base rate
- 8% reduced rate for e.g. construction services
- 5% reduced rate for food
- 0% reduced rate for export

Personal Income Tax (PIT)

- 17% lower tax bracket
- 32% for income exceeding USD 22,500

Corporate Income Tax (CIT)

- 19% base rate
- 9% reduced rate for income up to USD 1.35m
- 5% reduced rate for IP related income
- related income

Real Estate Tax (RET)

- Maximum rates:
- 6.18 USD/sqm for buildings
 - 0.24 USD/sqm for land
 - 2% of construction value

Overview of tax exemption in Poland



CIT exemption

- available in all of Poland
- 10 - 15 years tax free



R&D tax relief

- up to 250% deductions from income tax for R&D Centers
- an easy-to-apply tax instrument



RET exemption

- available as a local exemption tool



5% tax on IP-related income

- long-term tax benefit compliant with OECD's nexus approach
- invent & commercialise in Poland!

Incentives

Poland offers the **highest levels of investment support** out of all the European Union members. In the EU 2014-2020 financial budget, Poland has been the **biggest beneficiary** of structural funds reaching USD 91.8bn.

Investors can receive a return amounting up to 70% of eligible costs in various forms of aid depending on company size and project location. This includes the **longest period of corporate income tax exemption** in the EU (from 10 to 15 years tax free).

Overview of investment support incentives

International incentives

Involving international cooperation.

Horizon 2020, Norway Grants

EU Funds

Poland is the biggest beneficiary of the EU budget for 2014-2020 USD 91.8bn.

EU Funds available for specific projects

National incentives

Government cash grants.

Up to 15% of eligible costs

Key areas for support

R&D



Innovations



Human resources



Environment



SME



Cash support

- R&D projects
- new investments
- employee training

Tax exemptions and deductions

- R&D projects
- new investments

Preferential loans

- environmental projects
- technological innovations (SME)

Equity contribution

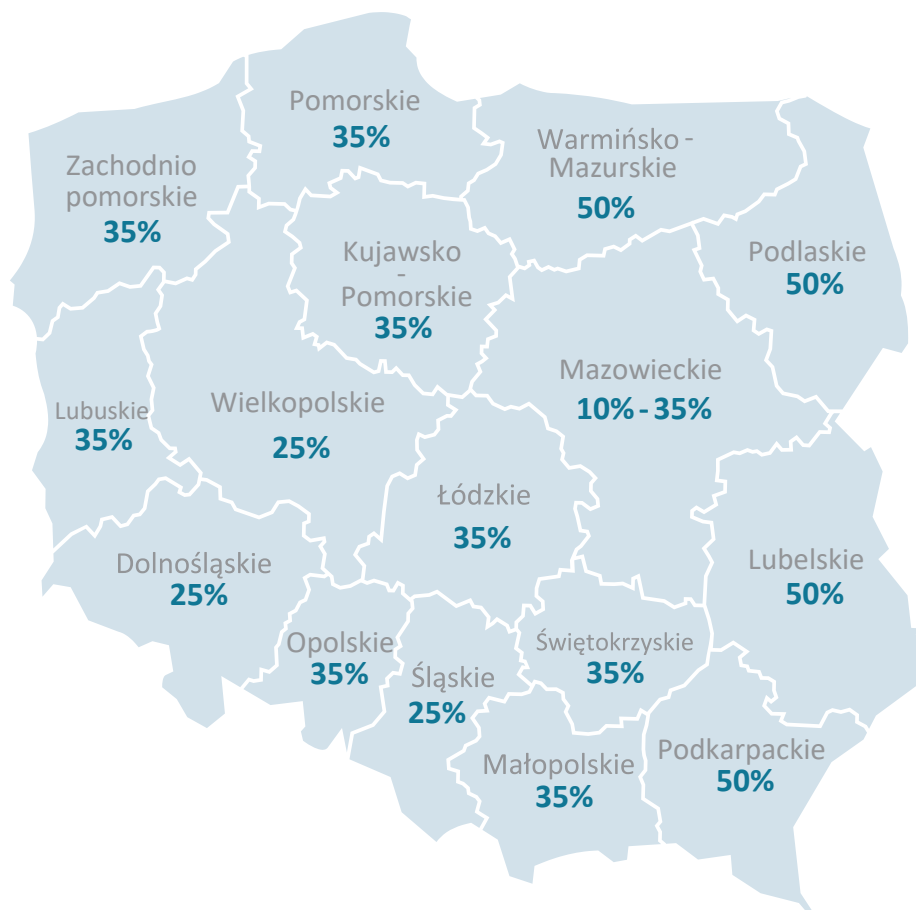
- startups
- strategic projects

Special Economic Zone

In order to meet business expectations, the Polish parliament introduced the New Investment Support Act in 2018. Thanks to these new regulations, **100% of Poland's area operates as one special economic zone** in which companies benefit from tax advantages.

The level of tax exemption depends on the location of the investment and the size of the company. It equals **10%-50% for large companies**, between **20%-60% for medium-size companies** and **30%-70% for micro and small-sized enterprises**. It is possible to obtain CIT or PIT exemption for a period of **10, 12 or 15 years**.

 **Map of maximum regional aid thresholds as a percentage of eligible investment costs**



*The aid intensity is increased for micro, small and medium enterprises by **20 and 10 pp** respectively*

Government cash grants

Awarded under the Programme for supporting investments of major importance to the Polish economy for the years 2011-2030.



New form of support - cash grants for training



New assessment criteria



Lower thresholds to receive support



Easier access for grants for SMEs



Programme goals

The Programme supports investment projects aimed at increasing the innovation and competitiveness of the Polish economy.



Form of support

Support is granted in the form of a subsidy based on a bilateral agreement concluded between the Minister for the Economy and the investor.



Types of cash grants

Under the Programme, the support will be granted based on eligible costs for creating new jobs and eligible costs of investments. The amount of the grant may be increased, if training programmes are offered.



Which investments are supported?

- innovative and R&D investments
- investments in less developed regions
- promoting specialized, well-paid, stable jobs
- strategic manufacturing investments

The Polish Investment and Trade Agency

The Polish Investment and Trade Agency's (PAIH) mission as a government agency is:

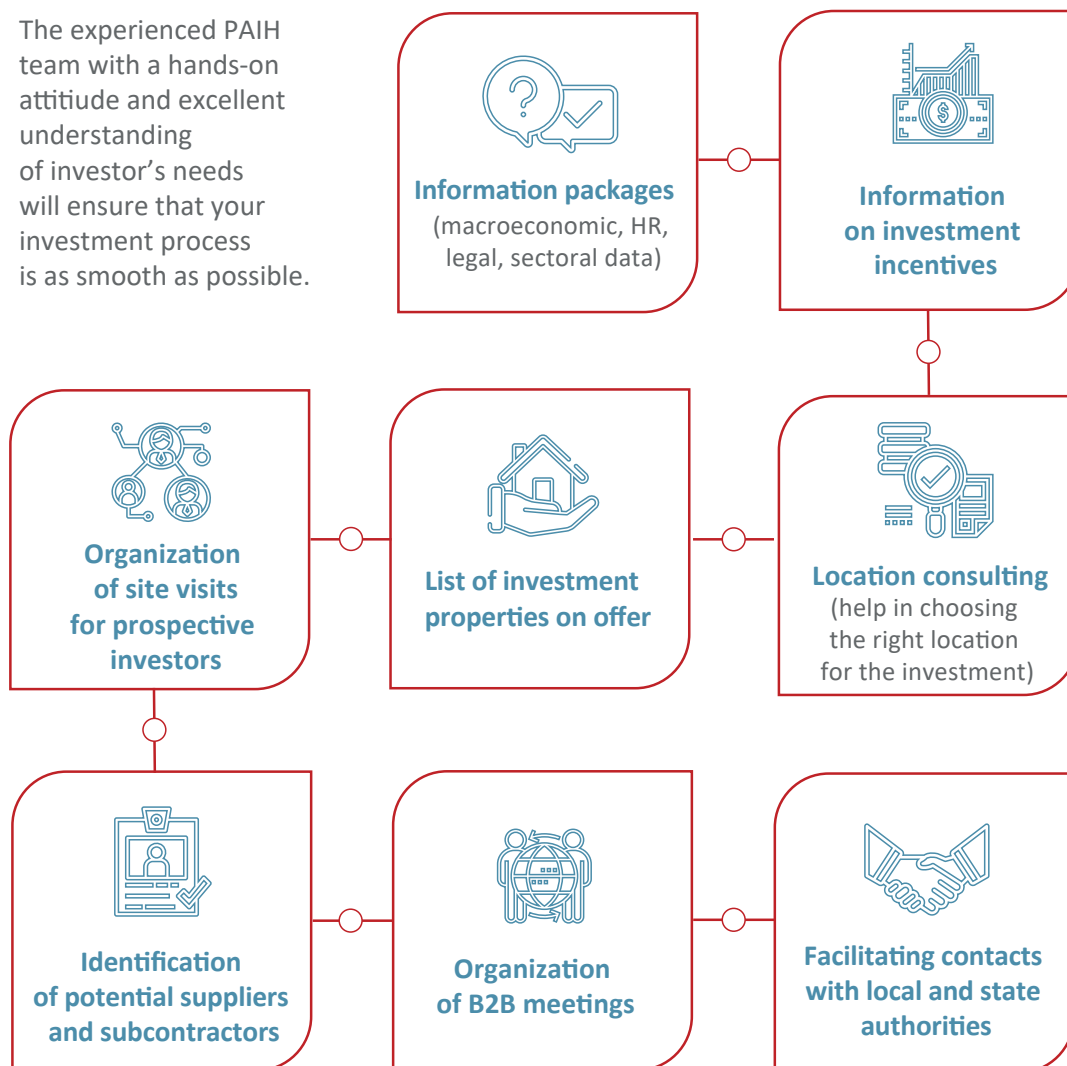
☰ to enable small- and medium-sized Polish companies to reach their full potential in exporting their products and services around the world.

☰ to support potential investors in Poland by providing comprehensive and up-to-date information services regarding legal and tax aspects, location and human capital, as well as on the available financial incentives.

☰ to promote „Poland as a Brand”.

How we can help

The experienced PAIH team with a hands-on attitude and excellent understanding of investor's needs will ensure that your investment process is as smooth as possible.



Contact us

The Polish Investment and Trade Agency (PAIH)

50 Krucza Street
00-025 Warsaw, Poland
invest@paih.gov.pl



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