



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**  
**6<sup>th</sup>** 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)



**36<sup>th</sup>** in Transparency International Ranking (top in CEE)  
**33<sup>rd</sup>** in Ease of Doing Business Ranking (top in CEE)

# The largest academic hub in the EU

Poland is the **5<sup>th</sup> 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  
**11<sup>th</sup> in Europe** and **1<sup>st</sup>** 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

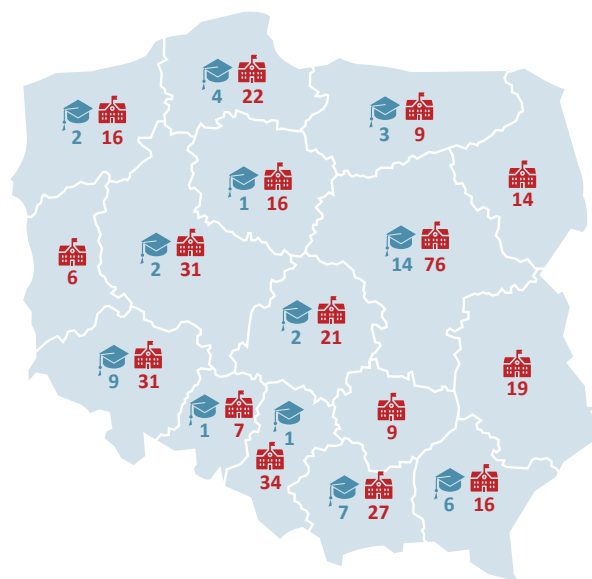
### Map of international schools and higher education institutions



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**  
**5<sup>th</sup> longest network of motorways and expressways** in the EU  
**1,500 km** of motorway and expressways under construction



**Modernised railway network**  
**4<sup>th</sup> 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  
 Regular flights to Japan

# 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 5<sup>th</sup> 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

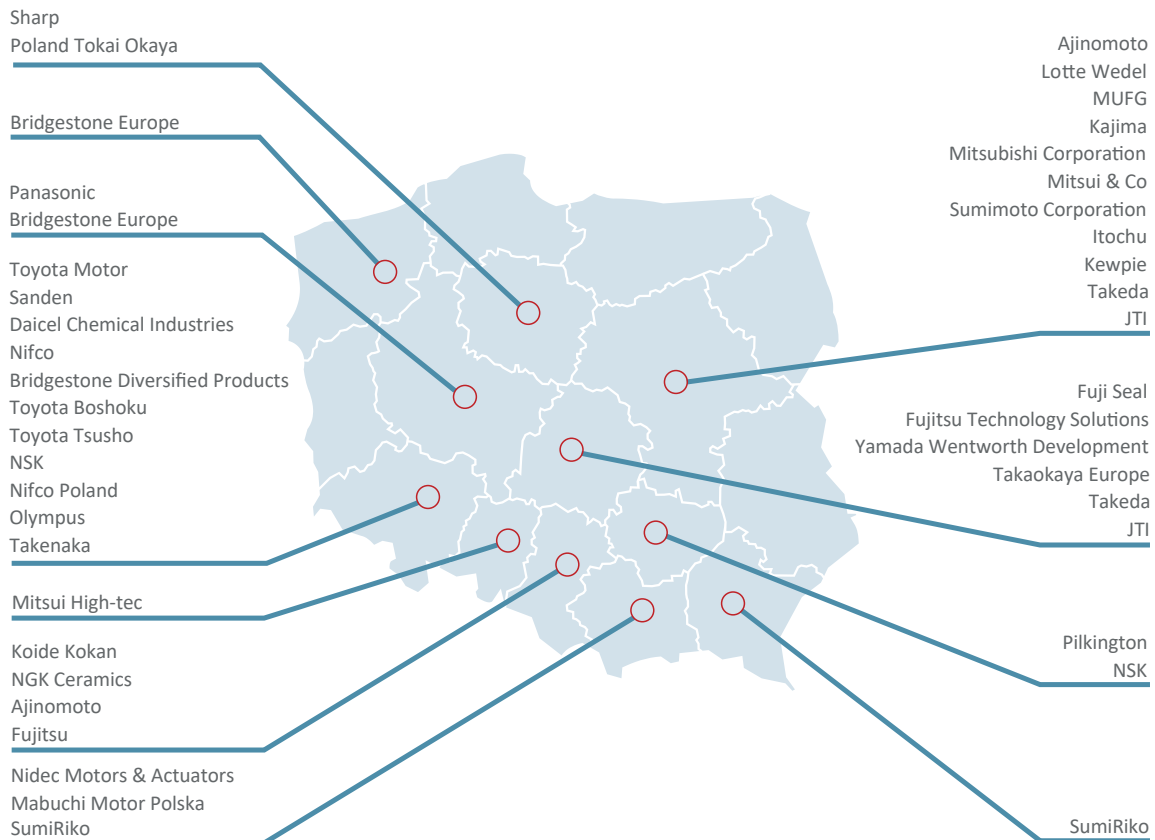
# Japanese companies in Poland

Poland is an attractive partner for Japanese business. **Over 300 companies are active in Poland and employ more than 40,000 people.**

Japanese companies in Poland represent a variety of sectors - from the manufacturing of industrial, machinery, equipment and tools through food and consumer products to a wide variety of business services. The majority of Japanese companies are located in the provinces of Dolnośląskie and Mazowieckie.

**The Polish Investment and Trade Agency has served over 70 Japanese projects** with a total investment value of USD 2.8bn and nearly 18,000 new jobs created. The biggest number of Japanese FDI's in Poland comes from the automotive sector. This shows the maturity of the Polish automotive market and its readiness to satisfy even the most demanding players such as Toyota, Bridgestone and Pilkington.

## Map of Japanese investments in Poland



# 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

## 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

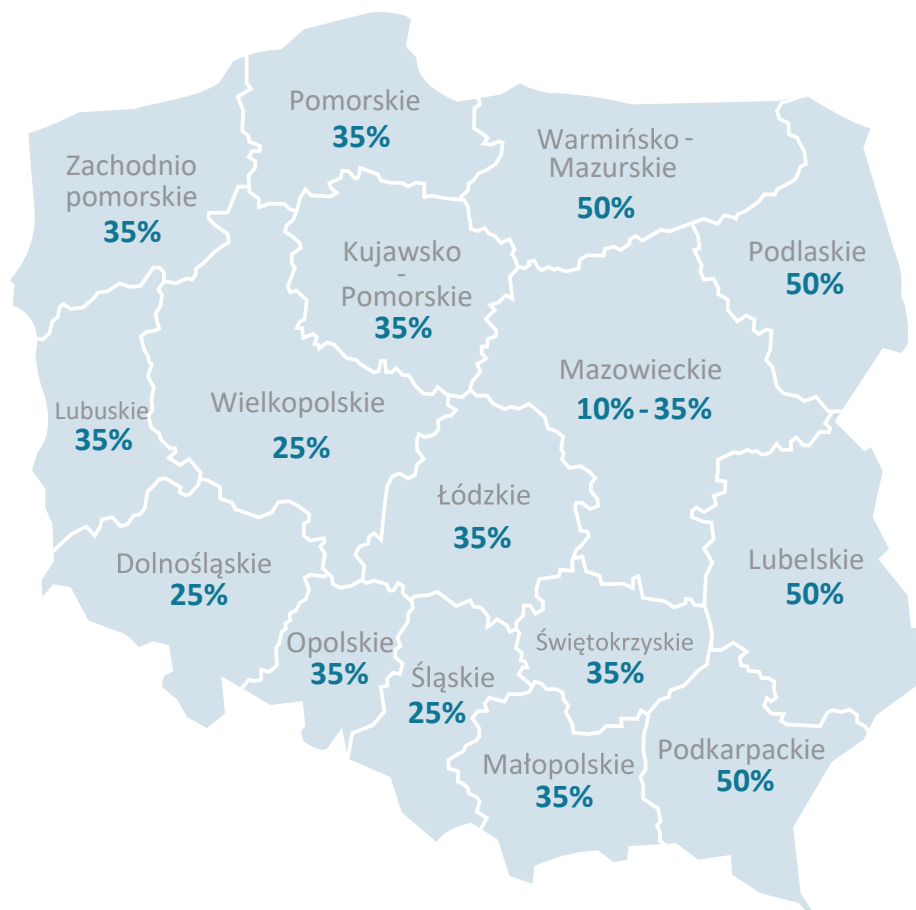


# Special Economic Zone

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:

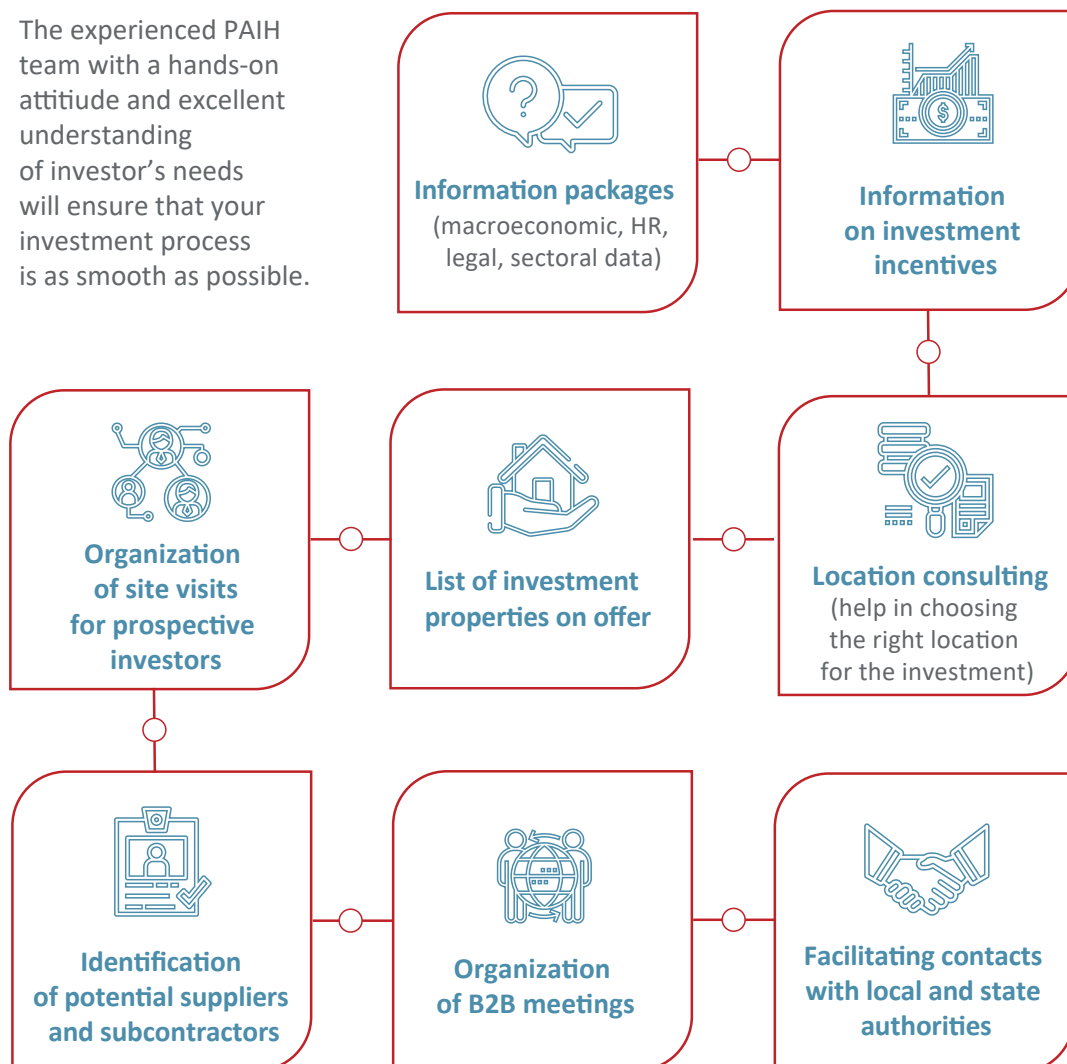
☰ to enable small- and medium-sized Polish companies to reach their full potential in exporting their products and services around the world.

☰ 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](mailto:invest@paih.gov.pl)

## PAIH Tokyo Office

**Ewa Małocha**  
Office Head  
[ewa.malocha@paih.gov.pl](mailto:ewa.malocha@paih.gov.pl)

2nd Floor, Orix Meguro Building  
1-24-12 Meguro, Meguro-ku  
Tokyo 153-0063, Japan



Polish Investment  
& Trade Agency  
PFR Group