



The Act on supporting new investments

Presentation prepared on the basis of *The Act* signed by the President on June 2, 2018 and draft of executive acts.

June 2018



PUBLIC AID GRANTED ON THE BASIS OF DECISION ON GRANTING THE SUPPORT

State aid granted to an entrepreneur in the form of tax exemptions shall be regional aid for:

1. costs of a **new investment**, the amount of which is calculated as the product of maximum aid intensity specified for the region and investment costs qualified to be covered by the aid (not exceeding the eligible costs defined in the decision on granting the support) *or*
2. creation of new jobs, the amount of which is calculated as the product of maximum aid intensity specified for the region and two-year labour costs of **newly engaged employees** which include their gross payroll costs increased by obligatory contributions, such as health insurance contributions, paid by the entrepreneur as from the date when these employees were engaged.

A **new investment** shall be understood as an investment in fixed assets and intangible assets which involves the establishing of a new enterprise or extension of an existing one, diversification of the enterprise's production by introducing additional new products or a fundamental change in the overall production process of the existing enterprise. Aid for replacement investments is not allowed.

Newly engaged employees shall be understood as the number of employees engaged after the date of when the permit was obtained in connection with the implementation of a new investment, however not later than within 3 years following the investment completion. Every job shall be maintained for at least 5 years and in the case of small and medium-sized enterprises for at least 3 years after the date when they were created.



AREAS OF SUPPORT

- The support available throughout Poland
- Poland divided into Economic Areas assigned to SEZ Managing Authorities, which perform tasks related to support for new investments



ECONOMIC AREAS BY SEZ MANAGING AUTHORITY (1)

1. The area comprising the following districts (powiats): jeleniogórski, kamiennogórski, lubański, lwówecki, m. Jelenia Góra, milicki, trzebnicki, zgorzelecki, kępiński, ostrowski, bolesławiecki remain within the management competence of Kamiennogórska Special Economic Zone of Small Business Managing Authority;
2. The area comprising the following districts: głubczycki, kędzierzyńsko-kozielski, krapkowicki, oleski, prudnicki, strzelecki, będziński, bielski, bieruńsko-lędziński, cieszyński, częstochowski, gliwicki, kłobucki, lubliniecki, m. Bielsko-Biała, m. Bytom, m. Chorzów, m. Częstochowa, m. Dąbrowa Górnicza, m. Gliwice, m. Jastrzębie-Zdrój, m. Jaworzno, m. Katowice, m. Mysłowice, m. Piekary Śląskie, m. Ruda Śląska, m. Rybnik, m. Siemianowice Śląskie, m. Sosnowiec, m. Świętochłowice, m. Tychy, m. Zabrze, m. Żory, mikołowski, myszkowski, pszczyński, raciborski, rybnicki, tarnogórski, wodzisławski, zawierciański, żywiecki remain within the management competence of Katowicka Special Economic Zone Managing Authority;
3. The area comprising the following districts: choszczeński, goleniowski, gorzowski, grodziski, gryficki, gryfiński, kamieński, kościański, krośnieński, łobeski, m. Gorzów Wielkopolski, m. Poznań, m. Szczecin, m. Świnoujście, m. Zielona Góra, międzychodzki, międzyrzecki, myśliborski, nowosolski, nowotomyski, pilski, policki, poznański, pyrzycki, słubicki, stargardzki, strzelecko-drezdenecki, sulęciński, szamotulski, świebodziński, wolsztyński, wschowski, zielonogórski, żagański, żarski remain within the management competence of Kostrzyńsko-Słubicka Special Economic Zone Managing Authority;
4. The area comprising the following districts: bocheński brzeski, chrzanowski, dąbrowski, gorlicki, krakowski, limanowski, m. Kraków, m. Nowy Sącz, m. Tarnów, miechowski, myślenicki, nowosądecki, nowotarski, olkuski, oświęcimski, proszowicki, suski, tarnowski, tatrzański, wadowicki, wielicki, jędrzejowski remain within the management competence of Kraków Technology Park Managing Authority;



ECONOMIC AREAS BY SEZ MANAGING AUTHORITY (2)

5. The area comprising the following districts: głogowski, górowski, legnicki, lubiński, m. Legnica, polkowicki, średzki, wołowski, złotoryjski remain within the management competence of Legnicka Specjalna Strefa Ekonomiczna Managing Authority;
6. The area comprising the following districts: ostrzeszowski, bełchatowski, brzeziński, kutnowski, łaski, łęczycki, łowicki, łódzki wschodni, m. Łódź, m. Piotrków Trybunalski, m. Skierniewice, opoczyński, pabianicki, pajęczański, piotrkowski, poddębicki, radomszczański, rawski, sieradzki, skierniewicki, tomaszowski, wieluński, wieruszowski, zduńskowolski, zgierski, gostyniński, grodziski, legionowski, m. Płock, m. Warszawa, otwocki, piaseczyński, płocki, pruszkowski, sierpecki, sochaczewski, warszawski zachodni, wołomiński, żyrardowski, kaliski, kolski, koniński, m. Kalisz, m. Konin, turecki, włocławski remain within the management competence of Łódzka Special Economic Zone Managing Authority;
7. The area comprising the following districts: bieszczadzki, brzozowski, dębicki, jarosławski, jasielski, kolbuszowski, krośnieński, leski, leżajski, lubaczowski, łańcucki, m. Krosno, m. Przemyśl, m. Rzeszów, mielecki, przemyski, przeworski, ropczyko-sędziszowski, rzeszowski, sanocki, strzyżowski remain within the management competence of Euro-Park Mielec Special Economic Zone Managing Authority;
8. The area comprising the following districts: aleksandrowski, brodnicki, bydgoski, chełmiński, golubsko-dobrzyński, grudziądzki, inowrocławski, lipnowski, m. Bydgoszcz, m. Grudziądz, m. Toruń, m. Włocławek, mogileński, radziejowski, rypiński, świecki, toruński, tucholski, wąbrzeski, gdański, kartuski, kwidzyński, m. Gdańsk, m. Gdynia, m. Sopot, malborski, nowodworski, pucki, starogardzki, sztumski, tczewski, wejherowski, nakielski, sępoleński, żniński remain within the management competence of Pomorska Special Economic Zone Managing Authority;
9. The area comprising the following districts: chojnicki, chodzieski, czarnkowsko-trzcianecki, obornicki, wągrowiecki, białogardzki, kołobrzesci, świdwiński, kościerski, lęborski, bytowski, człuchowski, m. Słupsk, słupski, złotowski, drawski, koszaliński, m. Koszalin, sławieński, szczecinecki, wałecki remain within the management competence of Słupska Special Economic Zone Managing Authority;



ECONOMIC AREAS BY SEZ MANAGING AUTHORITY (3)

10. The area comprising the following districts: szydlowiecki, buski, kazimierski, kielecki, konecki, m. Kielce, opatowski, ostrowiecki, pińczowski, sandomierski, skarżyski, starachowicki, staszowski, włoszczowski, puławski, przysuski, radomski remain within the management competence of Starachowice Special Economic Zone Managing Authority;
11. The area comprising the following districts: łosicki, ostrowski, sokołowski, węgrowski, augustowski, białostocki, bielski, grajewski, hajnowski, kolneński, łomżyński, m. Białystok, m. Łomża, m. Suwałki, moniecki, sejneński, siemiatycki, sokółski, suwalski, wysokomazowiecki, zambrowski, etcki, gołdapski remain within the management competence of Suwalska Special Economic Zone Managing Authority;
12. The area comprising the following districts: białobrzesci, grójecki, lipski, m. Siedlce, siedlecki, bialski, biłgorajski, chełmski, hrubieszowski, janowski, krasnostawski, kraśnicki, lubartowski, lubelski, łączyński, łukowski, m. Biała Podlaska, m. Chełm, m. Lublin, m. Zamość, opolski, parczewski, radzyński, rycki, świdnicki, tomaszowski, włodawski, zamojski, garwoliński, kozienicki, m. Radom, miński, zwoleński, m. Tarnobrzeg, nizański, stalowowolski, tarnobrzesci remain within the management competence of Tarnobrzaska Special Economic Zone Managing Authority;
13. The area comprising the following districts: jaworski, dzierzoniowski, kłodzki, m. Wałbrzych, m. Wrocław, oleśnicki, oławski, strzeleński, świdnicki, wałbrzyski, wrocławski, ząbkowicki, brzeski, kluczborski, m. Opole, namysłowski, nyski, opolski, gnieźnieński, gostyński, jarociński, krotoszyński, leszczyński, m. Leszno, pleszewski, rawicki, słupecki, średzki, śremski, wrzesiński remain within the management competence of Wałbrzych Invest Park Special Economic Zone Managing Authority;
14. The area comprising the following districts: powiaty nowodworski, m. Ostrołęka, ostrołęcki, ciechanowski, makowski, mławski, płoński, przasnyski, pułtuski, wyszkowski, żuromiński, bartoszycki, braniewski, działdowski, elbląski, giżycki, iławski, kętrzyński, lidzbarski, m. Elbląg, m. Olsztyn, mragowski, nidzicki, nowomiejski, olecki, olsztyński, ostródzki, piski, szczycieński, węgorzewski remain within the management competence of Warmińsko-Mazurska Special Economic Zone Managing Authority



DECISION ON GRANTING THE SUPPORT (1)

Issuing authority: the Minister responsible for economic affairs at the request (containing a plan for the implementation of a new investment) of the entrepreneur applying for support (in practice, the decision is issued by area Managing Authority based on the Minister's mandate)

Duration of support for the project:

the decision on support is issued for a definite period of time, not shorter than 10 years and not longer than 15 years (the period depends on the location)

Suspending issuing support decisions:

- The Council of Ministers may, by regulation, suspend issuing decisions on support, indicating the period in which they are not issued
- the suspension of issuing support decisions in case of ongoing proceedings regarding the issue of support decisions, as well as investments entered in the New Investment Support Records as planned new investments, shall not apply.



DECISION ON GRANTING THE SUPPORT (2)

The support decision may not relate to activities within the scope of:

- Manufacturing explosives, tobacco products, engine fuel processing, and manufacturing, bottling and processing of alcoholic beverages and spirit intended for other purposes than manufacturing biocomponents;
- Running game centres and Betting points;
- Services related to the sewage and sewage sludge disposal and treatment, specified in section E, division 37, of the Polish Classification of Goods and Services (Polska Klasyfikacja Wyrobów i Usług, or PKWiU)
- Services related to waste collection, processing and disposal, and recovery of recyclables, specified in section E, division 38 of PKWiU, except:
 - a) Waste other than hazardous waste which is suitable for recycling, specified in category 38.11.5;
 - b) Hazardous waste specified in items 38.12.22.0, 38.12.24.0, 38.12.25.0 and in subcategory 38.12.27;
 - c) Organic solvent waste specified in category 38.21.3;
 - d) Services of recovery of raw materials and recyclables specified in group 38.3;
- Buildings and construction work specified in section F of PKWiU;
- Wholesale and retail trade, repairs of motor vehicles, including motorcycles, and accommodation and catering services, specified in sections G and I of PKWiU;
- Towing services in road transport, specified in section H, subcategory 52.21.25, of PKWiU;
- Licensing services with respect to information and communication, specified in section J of PKWiU, connected with:
 - a) Acquiring rights to books, brochures, leaflets and maps specified in category 58.11.6;
 - b) Acquiring rights to use lists, in particular address and telephone lists, specified in category 58.12.3;
 - c) Acquiring rights to magazines and other periodicals specified in category 58.14.4;
 - d) Acquiring rights to other printed products specified in category 58.19.3;
 - e) Acquiring rights to use computer games specified in category 58.21.4;
 - f) Acquiring rights to use computer programs specified in category 58.29.5;



DECISION ON GRANTING THE SUPPORT (3)

The support decision may not relate to activities within the scope of (continuation):

- Services with respect to information and communication, specified in section J of PKWiU, connected with:
 - a) Producing films, video recordings, TV programmes, sound and music recordings, specified in division 59, except services related to publishing sound and music recordings specified in category 59.20.3;
 - b) Broadcasting programmes available to general public and subscription programmes specified in division 60;
 - c) Other information services specified in group 63.9;
- Financial and insurance services and services related to real estate market management, specified in sections K and L of PKWiU;
- Professional, scientific and technical services specified in section M of PKWiU, except:
 - a) Financial auditing services specified in category 69.20.1;
 - b) Accounting and bookkeeping services specified in category 69.20.2;
 - c) Technical testing and analysis services specified in group 71.2;
 - d) Scientific research and development services specified in division 72;
- Administrative and supporting services specified in section N of PKWiU, except call centre services specified in group 82.2;
- Public administration and national defence services; obligatory social security and education services; health care and social assistance services; cultural, entertainment, sport and recreation services, specified in sections O-R of PKWiU;
- Other services specified in section S of PKWiU, except repair and maintenance services of computers and communication equipment specified in group 95.1 of PKWiU;
- Household services and services provided by extraterritorial organisations and bodies, specified in sections T and U of PKWiU;



DECISION ON GRANTING THE SUPPORT (4)

The decision on support is not issued, among others:

- for economic activity which requires a license according to Article 32(1) of the Act of 10 April 1997, Energy Law,
- **to large enterprise within the meaning of the Commission Regulation (EU) No. 651/2014 for conducting economic activities in the areas belonging to the Mazowieckie voivodship within the same class of activity as those already carried out by this entrepreneur in these areas.**



THE MAXIMUM INTENSITY OF REGIONAL INVESTMENT AID (1)

1. The maximum intensity of regional investment aid, calculated as the gross grant equivalent in relation to the eligible costs, is as follows:

- 1) 50% - in the areas belonging to the following voivodships: Lubelskie, Podkarpackie, Warmińsko-Mazurskie and Podlaskie;
- 2) 35% - in the areas belonging to the following voivodships: Kujawsko-Pomorskie, Lubuskie, Łódzkie, Małopolskie, Opolskie, Pomorski, Świętokrzyskie, Zachodniopomorskie, and in the areas belonging to the Ciechanowsko-Płockie, Ostrołęcko-siedleckie subregions, Radomsko and Warsaw Eastern;
- 3) 25% - in the areas belonging to the following voivodships: Dolnośląskie, Wielkopolskie and Śląskie;
- 4) 20% - in the area belonging to the Warsaw-Western subregion;
- 5) 10% - in the area belonging to the capital city of Warsaw.

The maximum aid intensity is increased by **20 percentage points gross** in case of small enterprises and by **10 percentage points gross** in case of medium-sized enterprises. The increase shall not apply to large investment projects.



THE MAXIMUM INTENSITY OF REGIONAL INVESTMENT AID (2)

In case of regional aid granted to an enterprise for a large investment project, the maximum amount of aid is determined according to a formula:

$I = R \times (\text{EUR } 50 \text{ million} + 0,5 \times B + 0 \times C)$, where the individual symbols indicate:

- a) I - maximum aid value for a large investment project,
- b) R - maximum intensity of regional investment aid for the area where the large investment project is located,
- c) B - the amount of eligible costs exceeding the equivalent of EUR 50 million and not exceeding the equivalent of EUR 100 million,
- d) C - the amount of eligible costs exceeding the equivalent of EUR 100 million.

A **large investment project** should be understood as a new investment whose eligible costs exceed the equivalent of EUR 50 million according to the exchange rate announced by the National Bank of Poland on the date of the support decision.



EXPENDITURE ELIGIBLE FOR SUPPORT

Following investment costs of new investment, incurred during the period of validity of the decision on granting the support valid for specific location, are considered eligible:

- 1) purchase price of the land or the right to its perpetual usufruct;
- 2) purchase price or production cost of fixed assets, provided that they are included, in accordance with separate regulations, in the taxpayer's assets;
- 3) cost of expanding or modernising existing fixed assets;
- 4) purchase price of intangible assets related to technology transfer through acquisition of patent rights, licences;
- 5) costs related to the rental or lease of land, buildings and structures - provided that the lease period lasts for at least 5 years, and in case of small and medium-sized enterprises - for at least 3 years, starting from the expected date of completion of a new investment;
- 6) the purchase price of assets other than land, buildings and structures covered by lease or rental, where the lease takes the form of finance lease and includes a commitment to purchase assets on the date of expiry of the lease or rental period.

In case of enterprises other than micro, small and medium, investment costs relating to intangible assets are eligible for aid up to 50% of the eligible costs.

Fixed assets must be new, except for assets acquired by SMEs and except for projects consisting in the acquisition of a business. The condition of granting aid for the costs of a new investment **is the share of the entrepreneur's own resources** understood as the resources which have not been obtained within the assistance granted to him, amounting to at least **25% of the total eligible costs of the investment.**



QUANTITATIVE PROJECT EVALUATION CRITERIA

The project must meet the quantitative criterion of incurring minimum eligible investment costs depending on the unemployment rate in the poviats appropriate for the place where the investment is implemented:

- a) district unemployment rate \leq 60% national average - PLN 100 million
- b) $60\% <$ district unemployment rate \leq 100% national average - PLN 80 million
- c) $100\% <$ district unemployment rate \leq 130% national average - PLN 60 million
- d) $130\% <$ district unemployment rate \leq 160% national average - PLN 40 million
- e) $160\% <$ district unemployment rate \leq 200% national average - PLN 20 million
- f) $200\% <$ district unemployment rate \leq 250% national average - PLN 15 million
- g) $250\% <$ district unemployment rate - PLN 10 million

Fulfillment of quantitative criteria is assessed on the basis of data concerning the average unemployment rate in Poland and in districts, in accordance with the announcement of the President of the Central Statistical Office published in the Official Journal of the Republic of Poland "Monitor Polski".

The above minimum values of eligible investment costs are reduced:

- a) in case of investments in modern business services and research and development works (R&D) by 80%;
- b) for micro-entrepreneurs by 98%;
- c) for small entrepreneurs by 95%;
- d) for medium-sized enterprises by 80%.



QUALITATIVE PROJECT EVALUATION CRITERIA (1)

The project must meet the qualitative criteria, i.e. it must obtain:

- not less than 60% of the maximum number of points for an investment project in the sector of modern business services
- not less than 60% of the maximum number of points for an investment project in the industrial processing sector
- due to the location of the project, a lower percentage threshold (50% or 40% of the maximum number of points) is set for some sites.



QUALITATIVE PROJECT EVALUATION CRITERIA (2)

Evaluation criteria of investment projects in the sector of modern business services

A STRUCTURAL DEVELOPMENT - 3 points

- Creates highly paid jobs and offers stable employment
- Invests in service projects supporting industries consistent with the current development policy of the country, where Poland can gain a competitive advantage
- Export sales volume

B SCIENTIFIC DEVELOPMENT - 2 points

- Collaborates with research and development or scientific entities
- Creates a centre of modern business services with a scope extending beyond Poland

C SUSTAINABLE DEVELOPMENT - 2 points

- Invests in areas with a high level of unemployment
- Support for micro, small and medium-sized enterprises
- Place of investment location

D DEVELOPMENT OF HUMAN RESOURCES - 2 points

- Supports employees in gaining education and vocational qualifications
- Undertakes activities in the field of employee care (e.g. it offers employees access to additional health care programmes)



QUALITATIVE PROJECT EVALUATION CRITERIA (3)

Evaluation criteria for industrial projects:

A STRUCTURAL DEVELOPMENT - 3 points

1) Creates highly paid jobs and offers stable employment

When implementing the investment, the company offers new jobs outside the management team requiring employment of people qualified to practice, certified by a diploma or certificate or other document authorizing to practice (people with higher education or secondary technical or vocational education), employing at least 70% of employees under a contract of employment.

2) Invests in industries consistent with the current development policy of the country, where Poland can gain a competitive advantage

The project concerns a strategic industry of an industrial nature in accordance with the Strategy for Responsible Development: aeronautics, shipbuilding, biotechnology, pharmaceutical, electronics, engineering, chemical, furniture or food industry and manufacturing of means of transport, including parts and accessories for means of transport, medical devices and IT.

3) Export sales volume

Intensity of export sales, i.e. the share of export sales in net income from sales of products, goods and materials of the company, at least equal to the average export sales intensity of non-financial corporations in the national economy for a year, according to the latest data of the Central Statistical Office (GUS) for the full financial year.



QUALITATIVE PROJECT EVALUATION CRITERIA (4)

Evaluation criteria for industrial projects (continuation):

B SCIENTIFIC DEVELOPMENT - 2 points

1) Development of sectoral clusters

Membership in a cluster from the strategic industry in accordance with the Strategy for Responsible Development: aeronautics, shipbuilding, biotechnology, pharmaceutical, electronics, engineering, chemical, furniture or food production and production of means of transport, including parts and accessories for means of transport, medical devices and IT.

2) Conducts R&D activity

In addition to industrial activity, employment within the project of employees conducting industrial research according to the definition of Central Statistical Office (GUS) for R&D activity.

C SUSTAINABLE DEVELOPMENT - 3 points

1) Invests in areas with a high level of unemployment

Districts with unemployment rate higher than the average unemployment rate in Poland according to data from the Central Statistical Office (GUS).

2) Support for micro, small and medium-sized enterprises

An entrepreneur qualifies for the status of a micro, small and medium-sized enterprise

3) Place of investment location

The company undertakes investments:

- a) in medium-sized cities losing their socio-economic functions (the list of cities is attached as Appendix no. 3 to the Regulation of the Council of Ministers on public aid granted to entrepreneurs in areas) or communes bordering on these cities, **or***
- b) in the area of districts or cities with district (powiat) rights, in which the unemployment rate amounts to at least 160% of the average unemployment rate in the country, excluding cities in which the voivode or voivodeship council is located.*



QUALITATIVE PROJECT EVALUATION CRITERIA (5)

Evaluation criteria for industrial projects (continuation):

D DEVELOPMENT OF HUMAN RESOURCES - 2 points

1) Cooperation with industry schools

Offering free extracurricular activities for students to obtain, supplement or improve the professional and general skills and qualifications needed to perform work, including job search skills financed by the investor, offering students paid internships or apprenticeships, or providing the school with new machinery or tools - creating a patronage class.

2) Supports employees in gaining education and vocational qualifications

Providing all employees with training to obtain, supplement or improve the professional and general skills and qualifications needed to perform their work, or subsidising education costs.

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OPPORTUNITY OF INVESTMENT