



Pragmatic
Solutions



CHINA DESK ARTICLES



Why Poland became the promised land for foreign investors in the EU

EU has developed a comprehensive system of regional aid and EU Structural Funds supporting both productive investments and Research&Development (R&D) activity. What makes Poland stand out and very attractive for Chinese investors, is it has gone a step further, creating unique mix of grants, tax incentives and VC ecosystem based on the best practices from around the world which makes it probably the best location for innovative business in Europe right now. So any company from China having innovative product, requiring further research and development and thinking of its launch in the EU market, should take Poland seriously into consideration.



What's in the store?

Tax incentives: a unique mix of R&D tax relief (effectively doubling the deduction of R&D costs from the taxable income) is coupled with IP BOX regime, whereby IP developed in Poland can be licensed to any other jurisdiction with income taxed as low as 5%. This makes innovative businesses almost tax-free in Poland.

If this isn't enough, you can also benefit from a wide range of grants from EU funds for R&D activities, adding pure cash contributions to R&D projects from various industries.

Even more interestingly, innovative businesses may easily find VC funds willing to invest, owing to the creation of a vast number of entities where PFR sovereign fund or the National Center

for Research and Development co-invest in startups at different stages of development together with private investors. These sovereign co-founded VC funds offer also an interesting arrays of innovative targets to invest in.

Finally, if your project requires upscaling and launching production facilities, you may count on investment tax breaks, which offer a tax credit of between 25 and 50% of invested capex. This means that e.g. by investing EUR 20M in a production facility in Poland, you will enjoy CIT tax holidays until your unpaid tax amount reaches up to EUR 10M.

If you add to this landscape a 40M-strong consumer base, human capital with very strong academic background and language skills, this explains why Poland is regularly listed in the top 3 investment locations worldwide, while Polish cities rank regularly in top 20 of various investment rankings.

We will be delighted to provide you with further details on these investment opportunities.



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