



## Changes to new investment support rules

On 20 October the Ministry of Development and Finance published a draft act on the rules for supporting new investments. The proposed regulations address problems faced by investors: complex, lengthy procedure for including new sites in **special economic zones**, no territorial cohesion, and the approaching end of the period set for zones to operate, i.e. the end of 2026.

### After 20 years of special economic zones, what changes are the government planning?

- **Support will be available to businesses nationwide, regardless of where the investment is planned**

Support for new investments in the form of income tax exemption will be available across the country, not only in selected locations qualified as special economic zones. Poland will be divided into areas under the management of area managers – generally the companies that currently manage the special economic zones and carry out tasks laid down in the law involving support for new investments.

- **Support decisions will replace permits to operate in a special economic zone**

The basis for support in the form of income tax exemption will be a support decision issued by the minister responsible for economic matters for a term of between 10 and 15 years. So the new model does not specify one date for the term of the tax exemption instrument. It will be possible for businesses planning to set up new establishments and carrying out undertakings involving the expansion of existing establishments – by increasing production capacity, production diversification or making material changes to the production process – to obtain support decisions.

- **Planned undertakings will have to meet quantity and quality criteria**

No draft regulation laying down the criteria for obtaining support has yet been published. According to the draft act, quantity criteria will mean minimum investment expenditure, which will depend on the unemployment rate in the province where the investment is to be carried out. However, according to earlier Ministry of Development announcements, quality criteria will be correlated with the assumptions of the Strategy for Responsible Development, with support being available for investments:

- involving recruitment of staff with specialist education,

- offering highly-paid jobs,
- relating to export of goods and services,
- cooperating with research, academic and R&D centres,
- contributing to the development of sector clusters,
- carried out by SME,
- located in areas with high unemployment,
- offering additional benefits for employees, e.g. mentoring and support in gaining education and qualifications.

Investments carried out by SME will probably be treated in preferential manner.

- **Area manager will be contact point in the region for investors but not only**

According to the act assumptions, an entity that obtains a support decision will also be able to use free of charge training and advisory services provided by area managers. Area managers will also help businesses carry out their investments through activity taking the form of, e.g. providing businesses with assets, assisting with cooperation with provincial employment offices and taking measures to improve cooperation between businesses and the local community.

Public consultations are currently being held over the draft act and we should shortly see the outcome. The draft will then be sent to the Sejm (lower house of parliament) and there is a chance that the new regulations will come into force at the beginning of 2018.

If your company is planning any new investments, now is a good time to learn about the support rules and related requirements. Our team will be happy to answer any questions you may have about state aid under the proposed support system.

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