

DOING BUSINESS IN MAŁOPOLSKA

Guidebook for investors



POLAND INVITES INVESTORS



MAŁOPOLSKA

A PERFECT REGION FOR INVESTMENTS

3.4 MILLION

POPULATION (2018)

1.4 MILLION

ECONOMICALLY ACTIVE POPULATION

15,183 KM²

TOTAL AREA OF THE REGION

7.6%

GDP GROWTH IN 2018 (CURRENT PRICES)

61/ 22/ 182

NUMBER OF CITIES/ DISTRICTS/ COMMUNES

8.1%

REGION'S SHARE IN THE POLISH GDP (2018)

EUR 11,100/

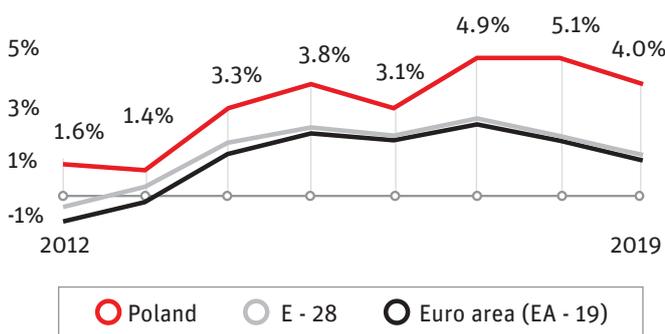
PLN 47,300

GDP PER CAPITA (2018)

10.1 BILLION EUR/

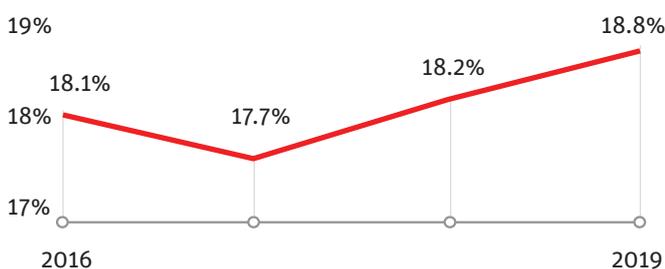
43.1 BILLION PLN

EXPORT OF FOOD AND SERVICES (2018)



The Polish economy with its exceptionally high growth rate and, most of all, its stability stands out from other European countries.

The GDP growth rate (constant prices) in 2019 in Poland totalled 4.0% and was much more rapid than the average growth rate in the eurozone and in the whole European Union.



Since 2017, the investment rate in Poland has been steadily increasing, reaching in 2019 the value of 18.8%.

FOREWORD

Małopolska is a region situated in southern Poland, placed since many years at the forefront of the provinces which are most attractive for both Polish and foreign investors. High rate of economic growth, numerous business support institutions, favourable transport infrastructure – these are just some of the reasons why global companies have decided to invest right here. In addition, the investment potential of the region has been recognised in prestigious European competitions: for instance, Małopolska has been awarded the label European Entrepreneurial Region and has taken first place in the international competition RegioStars 2016.

The historical city of Kraków, in which the modern business services sector is developing dynamically, is an unquestionable leader of Małopolska. The ecosystem of universities, research institutions and global corporations sets the scene for development of startups and technologies, distinguishing Kraków from other cities in Europe and worldwide.

Moreover, Kraków is one of the most prominent Polish academic centres. The Jagiellonian University and the AGH University of Science and Technology are the top universities in Poland as recognized in the PERSPEKTYWY, the most prestigious ranking of the Polish universities.

This guidebook will present the benefits of investing in Małopolska. Both foreign and domestic entrepreneurs will find here crucial information about the region and how to run a business in Poland.

Team of the Business in Małopolska Centre



WHY MAŁOPOLSKA?

There are many reasons why it is worth choosing Małopolska. Here are 10 of them:

LEADING REGION IN TERMS OF ECONOMIC GROWTH IN POLAND

second highest increase of the regional GDP in the years 2014-2018

5TH REGION IN POLAND IN TERMS OF INDUSTRY

industrial sale value in 2018 was EUR 24 billion/ PLN 100 billion

HIGH VALUE OF EXPORT

EUR 10.1 billion/ PLN 43.1 billion – value of export of Małopolska

MOST INNOVATIVE REGION IN POLAND

the only region in Poland in which the R&D expenses exceed the amount of 2% of GDP (Małopolska – 2.16%)

HIGH ACCESSIBILITY OF FUNDS FOR BUSINESS

- it is planned to channel EUR 576.5 million/ PLN 2.5 billion to support enterprises in Małopolska (within Axis 1 and 3 of RPO for the years 2014-2020)
- the enterprises in Małopolska will benefit from the Polish Anti-crisis Shield, a governmental programme to address the economic downturn caused by the pandemic, and will receive the financial support of more than EUR 79 million/ PLN 341 million

ENGINEERING AND MANAGERIAL STAFF AND THE BEST SPECIALISTS

- high percentage of employees with higher education and people with foreign language skills
- 1.4 million economically active people with 30% of the employees holding specialist positions

HIGH-QUALITY HIGHER EDUCATION

43,600 university graduates, of which 16,700 in engineering, technical and biological fields of studies in the academic year 2017/2018

FAVOURABLE BUSINESS INFRASTRUCTURE

1.42 million sq m of office space, a wide warehouse offer, transport accessibility:

- the A4 highway (672 km)
- main transit corridor from Western Europe to Ukraine – CORRIDOR III
- largest regional airport in Poland: Kraków Airport

HIGH LEVEL OF LIFE SATISFACTION

- first place as to the life satisfaction regarding the place of residence measured by provinces: 86% (Poland: 80%)
- rich cultural, commercial and educational offer, also in English

NUMEROUS BUSINESS SUPPORT ORGANISATIONS

PLN 2.3 billion – value of declared financial outlays based on 50 support decisions issued by the Krakow Technology Park in 2019

AWARDS AND DISTINCTIONS FOR MAŁOPOLSKA

MAŁOPOLSKA TOOK FIRST PLACE

in the prestigious international competition RegioStars 2016

MAŁOPOLSKA RANKED AT 6TH POSITION

with respect to the strategy of direct foreign investment attraction 'European Cities and Regions of the Future 2018/2019' FDI Intelligence

THE REGION IS PLACED AT THE FOREFRONT

of national rankings of investment attractiveness according to the Institute of Market Economy Research

EUROPEAN ENTREPRENEURIAL REGION 2016

award of the European Committee of the Regions and the European Commission

KRAKÓW IS PLACED AT 6TH POSITION

in the world in the prestigious ranking of most attractive cities for international business services Tholons Services Globalization City Index 2018

KRAKÓW - THE LARGEST BUSINESS SERVICE CENTRE IN POLAND ACCORDING TO THE ABSL REPORT (MODERN BUSINESS SERVICES SECTOR IN POLAND)

- the highest number of newly created jobs in the service sector (in the years 2018-2019)
- the highest number of employees in the BPO, SSC, IT and R&D service centres
- second highest number (after Warsaw) of BPO, SSC, IT and R&D service centres

COMPANIES THAT INVESTED IN MAŁOPOLSKA:

HUMAN CAPITAL IN MAŁOPOLSKA

One of the most important assets of Małopolska is the potential of its labour market:

- nearly 2.1 million residents (62% of the province's population) are people of working age, of which approximately 1.4 million are economically active (working or actively seeking work);
- it is predicted accordingly to the population growth forecast by the Central Statistical Office of Poland (GUS) that the number of population in Małopolska will be constantly increasing until 2035;
- Małopolska is considered by foreigners as an attractive place for working; in 2019 alone, over 37,000 work permits were issued to foreigners;
- salary level in the industry sector in Małopolska is on par with the average basic salary calculated for the whole country; the average salary in Małopolska is lower than in Mazovian or Silesia regions.

GROSS AVERAGE MONTHLY SALARIES IN THE BUSINESS ENTERPRISE SECTOR IN MAŁOPOLSKA (IN JUNE 2019):



GROSS MONTHLY SALARY IN THE INDUSTRY SECTOR (IN 2020):

- PRODUCTION OPERATOR - EUR 836 / PLN 3,615
- TECHNICIAN - EUR 1,031 / PLN 4,457
- ENGINEER - EUR 1,407 / PLN 6,083
- PRODUCTION MANAGER - EUR 2,112 / PLN 9,131
- SENIOR PRODUCTION MANAGER - EUR 4,627 / PLN 20,000

LABOUR MARKET IN MAŁOPOLSKA (2019):



3.4 MILLION
POPULATION SIZE



4.3%
UNEMPLOYMENT
RATE



62,600
WORKERS REGISTERED
AS UNEMPLOYED



2.1 MILLION
WORKING AGE
POPULATION



EUR 1,223 / PLN 5,256
GROSS AVERAGE MONTHLY SALARY
IN THE BUSINESS ENTERPRISE SECTOR

150,100
STUDENTS
IN THE ACADEMIC YEAR 2017/2018
IN MAŁOPOLSKA

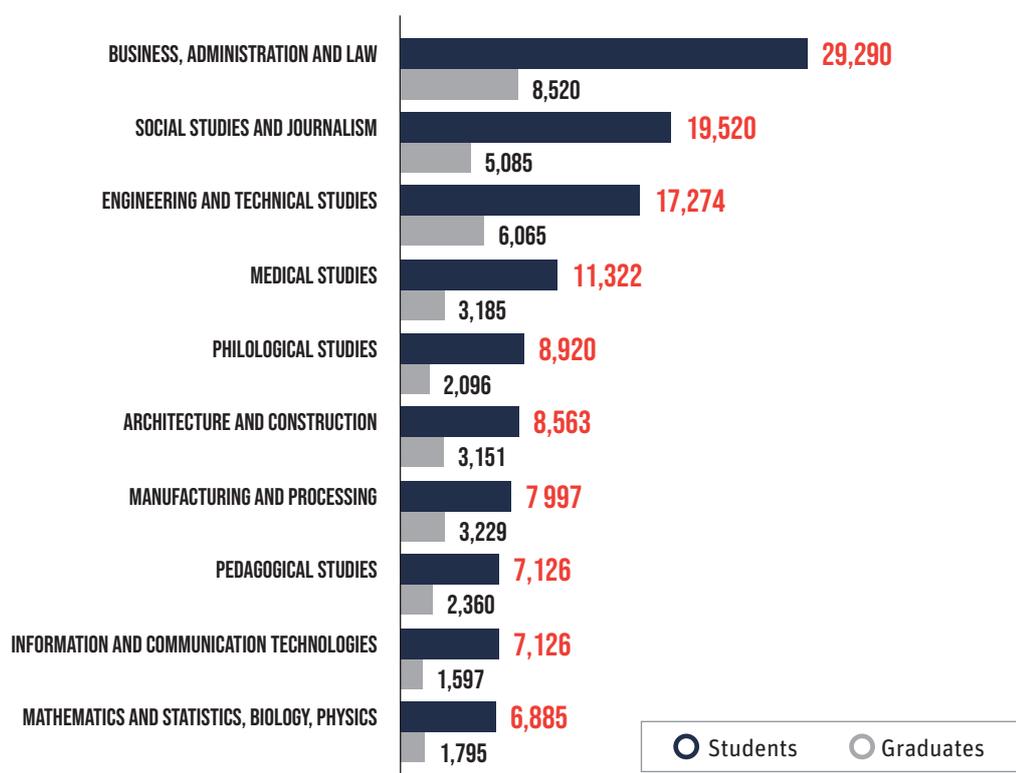


43,600
STUDENTS GRADUATED FROM THE
UNIVERSITIES IN MAŁOPOLSKA
IN THE ACADEMIC YEAR 2017/2018

In the academic year 2017/2018, there were 8,400 students from abroad studying in Małopolska. There were 17,000 students of post-graduate and PhD programmes.

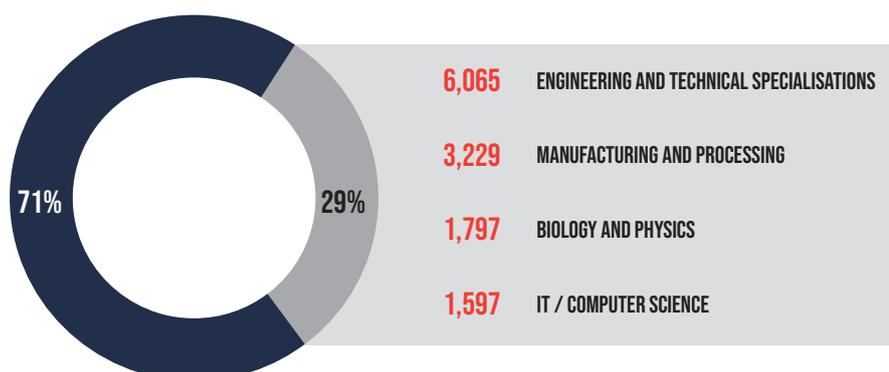
In the academic year 2017/2018, almost half of all the graduates of the universities in Małopolska obtained the Master's degree. Almost one in three of them graduated from technical university.

NUMBER OF STUDENTS AND GRADUATES OF UNIVERSITIES IN MAŁOPOLSKA IN THE ACADEMIC YEAR 2017/2018 (BY SELECTED TYPE OF STUDIES)



Students in Małopolska have the opportunity to choose from 28 universities (as of April 2020, the Polon base), whereas the majority of them study at the Jagiellonian University and the AGH University of Science and Technology in Kraków. As it appears from the statistical data for Małopolska, the number of students who decided to undertake technical studies is increasing every year.

GRADUATES IN THE ACADEMIC YEAR 2017/2018 BY TYPES OF SCIENCE AND TECHNOLOGY STUDIES



R&D ACTIVITY IN THE REGION

The human potential in the R&D sector, significant on the national level, attracts international corporations and favours the development of knowledge-based business. Kraków is the localisation of companies providing all types of business services, i.e. BPO (Business Process Outsourcing), SSC (Shared Service Centers), IT, ITO (Information Technology Outsourcing). This favors the appearance of R&D services.

Companies such as ABB, Akamai, Aptiv (formerly Delphi), Cisco, IBM, Motorola, Jacobs, Ericsson, Lockheed Martin, Grupa Azoty S.A., EC Grupa and Fideltronik have chosen to locate their R&D investments in Kraków and Małopolska.

Małopolska ranks:

1ST PLACE IN POLAND

- in terms of the value of the GERD/GDP and BERD/GDP indicators, which illustrate the importance of research and development in the region's economy (for Poland, GERD/GDP: 1.21%; BERD/GDP: 0.80%); Małopolska is the only region in Poland where the R&D expenses exceed 2% of GDP.

2ND PLACE IN POLAND

- in terms of total expenditure on R&D activity (after Mazovian region, where expenditure amounted to EUR 2.2 billion/ PLN 9.5 billion; for Poland EUR 6 billion/ PLN 25.6 billion; + 24.6% (y/y));
- in terms of amount of expenditure carried out on R&D activity in the business enterprise sector; this indicates good condition and investment activity of this sector (after Mazovian region, where expenditure amounted to EUR 1.2 billion/ PLN 5.2 billion; for Poland: EUR 3.2 billion/ PLN 13.6 billion);
- in terms of gross value of scientific and research equipment (after Mazovian region, where value of this equipment amounted to EUR 1.5 billion/ PLN 6.2 billion; for Poland: EUR 4.7 billion/ PLN 19.8 billion).

3RD PLACE IN POLAND

- in the ranking as to the number of entities possessing scientific and research equipment; this shows the availability of facilities for conducting research in the region (only Mazovian region – 385; and Silesia region – 202 scored higher; Poland: 1,639).

2.16% – GERD/ GDP

TOTAL EXPENDITURE ON R&D ACTIVITY IN RELATION TO GDP

1.66% – BERD/ GDP

EXPENDITURE OF BUSINESS ENTERPRISE SECTOR ON R&D ACTIVITY IN RELATION TO GDP

EUR 868 MILLION/

PLN 3.7 BILLION

TOTAL EXPENDITURE ON R&D ACTIVITY

EUR 516 MILLION/

PLN 2.2 BILLION

BUSINESS ENTERPRISE SECTOR EXPENDITURE ON R&D ACTIVITY

EUR 774 MILLION/

PLN 3.3 BILLION

GROSS VALUE OF SCIENTIFIC AND RESEARCH EQUIPMENT

168 ENTITIES

IN THE REGION WITH SCIENTIFIC AND RESEARCH EQUIPMENT



82%

OF R&D STAFF ARE RESEARCHERS, 12% TECHNICIANS AND EQUIVALENT EMPLOYEES, 6% OTHER STAFF



24%

OF EXPENDITURES IS INCURRED ON NATURAL SCIENCES (EUR 207 MILLION/ PLN 882.8 MILLION)



35,000

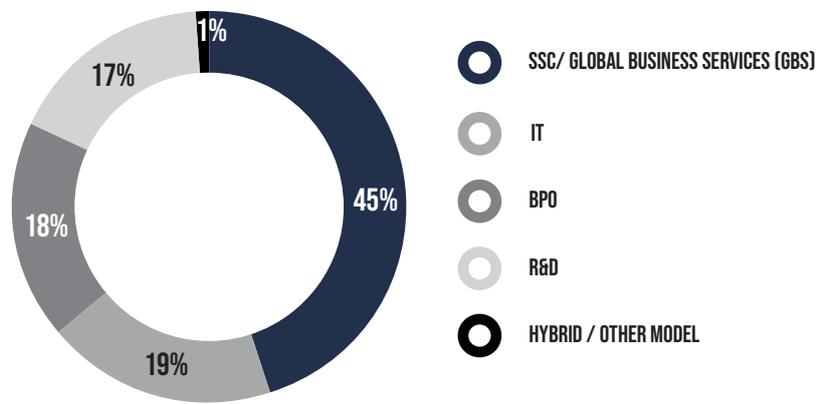
NUMBER OF R&D EMPLOYEES IN MAŁOPOLSKA, WHICH REPRESENTS 12.9% OF R&D STAFF IN POLAND

MODERN BUSINESS SERVICES IN KRAKÓW

Over 300,000 employees are employed with Polish and foreign BPO, SSC/GBS, IT and R&D service centres in Poland. Kraków remains unchangingly the leading city among the eleven largest business service centres in terms of:

- overall assessment of the centre as a place for doing business
- access to talented workforce and highly qualified staff.

EMPLOYMENT STRUCTURE IN SERVICES CENTRES IN KRAKÓW BY TYPE OF CENTRE (ACCORDING TO THE DOMINANT ACTIVITY PROFILE)



EMPLOYMENT STRUCTURE BASED ON THE LOCATION OF THE PARENT COMPANY HEADQUARTERS (TOP 3)



70,000

NUMBER OF EMPLOYEES EMPLOYED IN BPO, SSC/GBS, IT, R&D SERVICE CENTRES THAT PROVIDE SERVICES IN FOREIGN LANGUAGES

34

NUMBER OF BPO, SSC/GBS, IT, R&D SERVICE CENTRES EMPLOYING AT LEAST 500 PEOPLE

11%

COMPOUND ANNUAL GROWTH RATE (CAGR) IN THE SECTOR IN THE YEARS 2016-2019

217

NUMBER OF BPO, SSC/GBS, IT, R&D SERVICE CENTRES (FIRST QUARTER OF 2019)

ABB / ACCENTURE OPERATIONS / ALK-ABELLÓ / AMWAY BUSINESS CENTRE EUROPE / AON / APTIV / ARROW SERVICES / BROWN BROTHERS HARRIMAN / CAPGEMINI BUSINESS SERVICES / CAPGEMINI CLOUD INFRASTRUCTURE SERVICES / EUROCLEAR BANK / GENPACT / GLOBALLOGIC / HAYS POLAND CENTRE OF EXCELLENCE / HEINEKEN GLOBAL SHARED SERVICES / HITACHI VANTARA / HSBC SERVICE DELIVERY / IBM BTO / IBM SOFTWARE LAB / INNOGY / INTIVE / IT KONTRAKT / JACOBS / LUFTHANSA GLOBAL BUSINESS SERVICES / LUXOFT / MAJOREL / MOTOROLA SOLUTIONS SYSTEMS / PMI SCE / QVC POLAND GLOBAL SERVICES / SABRE / SHELL / SII / SPYROSOFT / STATE STREET BANK INTERNATIONAL / TELEPERFORMANCE POLSKA / TIETO / TTEC EUROPE / UBS BUSINESS SOLUTIONS POLAND / WIPRO

KRAKÓW - THE CITY OF STARTUPS

Universities, students, branches of global corporations and research institutes – this is an excellent ecosystem for the flourishing of startups and technologies that stand out not only in Poland.

EDUTECH, BIG DATA, INTERNET OF THINGS (IOT) AND MARKETECH ARE THE MOST COMMON INDUSTRIES in which startups operate in the Małopolska region

ARTIFICIAL INTELLIGENCE AND MACHINE LEARNING, INDUSTRY 4.0, BUSINESS INTELLIGENCE are next in terms of popularity

65% OF ALL POLISH STARTUPS ARE LOCALISED IN 5 HUBS: Warsaw, Wrocław, Kraków, Lublin and the Tricity

APPROX. 10% OF POLISH STARTUPS are based in Kraków

40% OF STARTUPS THAT HAVE RAISED FUNDS IN THE AMOUNT OF MORE THAN EUR 2.3 MILLION/ PLN 10 MILLION come from Małopolska

AS MANY AS 24% OF STARTUPS THAT OBTAINED FINANCING found it thanks to the help of national accelerators

EUR 117 MILLION/ PLN 500 MILLION - FUNDS RAISED IN 2017 BY 8 LEADING STARTUPS IN THE REGION, employing approximately 800 people

13 UNIVERSITY INCUBATORS support the commercialisation of research

600 TECHNOLOGY EVENTS ARE ORGANISED ANNUALLY for startups in Małopolska

The strong position of Kraków among other large cities is primarily due to the fact that the most efficient mentors, investors and organisations supporting the startup ecosystem operate here, e.g.: Krakow Technology Park, #StartUP Małopolska, Hub:raum, Supporting Foundation #omgkrk, The Kraków as a City of Startups Foundation.

SELECTED STARTUPS FROM THE REGION:










INVESTMENT INCENTIVES FOR ENTREPRENEURS

Poland offers a broad range of investment incentives for entrepreneurs:

<p>POLISH INVESTMENT ZONE income tax break</p>	<p>R&D TAX RELIEF</p>	<p>REAL ESTATE TAX EXEMPTION</p>
<p>INVESTMENT SUPPORT PROGRAMME (PWI) GOVERNMENTAL GRANTS (employment, investments)</p>	<p>IP BOX preferential rate of PIT/CIT</p>	<p>EUROPEAN FUNDS</p>

POLISH INVESTMENT ZONE – INCENTIVE FOR NEW INVESTMENT PROJECTS AS AN INCOME TAX BREAK

1. Who makes the decision about granting this income tax break?

The administrative decision ('Support Decision') in that matter is issued by the Krakow Technology Park (KPT) in the Małopolska Region and the Jędrzejowski County, on behalf of the Minister responsible for the economy.

www.kpt.krakow.pl

2. What kind of investment project qualifies for this tax break?

This tax break can be granted to businesses that carry out new investment projects, such as:



setting-up of a new facility



increasing the production capacity



launching new products



fundamental change in the overall production process

3. What is the amount of tax break?

The level of the public aid (corporate and personal income tax breaks), within the area in which Krakow Technology Park operates, amounts to:

35%* for large enterprises

45%* for medium-sized enterprises

55%* for small and micro-sized enterprises

* percentage of investment outlays incurred

4. Where can the investment be located?

Investment can be placed in every location, either privately or publicly owned.

5. How long is the tax break granted for?

The time for using public aid is the same for every company, and amounts to:

12 YEARS from the day of receiving the Support Decision

15 YEARS for companies located in the area previously designated as a special economic zone (SEZ)

6. What investment projects can this public aid be granted for?

- all businesses from the traditional industries, with the exception of entities producing among others: alcohol, tobacco products, steel, electric energy and gas;
- certain companies from the services sector, including: IT services, research and development in natural and technical sciences, bookkeeping and book control, accounting services (with the exception of tax statements), research and technical analyses services, call centre services, architectural and engineering services.

This public aid is not available to companies that are active in e.g. retail and wholesale, construction works.

INVESTMENT SUPPORT PROGRAMME (PWI) GOVERNMENTAL GRANTS (EMPLOYMENT, INVESTMENTS)

Investors can benefit from governmental grants financed from 'Programme for supporting investments of major importance to the Polish economy for years 2011-2030' (employment grant and investment grant).

Application for grants can be submitted by entrepreneurs planning to invest in the following priority sectors:

- automotive sector
- electronics sector and household appliance manufacturing sector
- aviation industry
- biotechnology industry
- agricultural and food industry
- modern services sector
- research and development (R&D) activity.

R&D TAX RELIEF

The research and development relief allows all entrepreneurs conducting research activities to achieve financial gains, irrespective of the type of industry they operate in.

The research and development relief is currently the most accessible support form for enterprises conducting research and development activities which are seeking funds for new investments. It entitles payers of corporate income tax and personal income tax to deduct 100% of eligible costs from tax basis.

It is possible for companies to use 200% of certain costs incurred for research and development activities:

- by recognising it firstly as tax deductible cost (100%);
- then by deducting 100% of this cost from the tax basis already calculated, in case of research and development centres it is allowed to deduct up to 150%.

Conditions to receive R&D tax relief: conducting R&D activities; incurring eligible costs; proper accounting of eligible costs.

Eligible costs:

- remuneration and social insurance contributions calculated in proportion to the time which the employee spent in a given month on R&D works to the total working time;
- purchase of raw materials, consumables and equipment which is not classified under fixed assets;
- experts evaluations, opinions, advisory services and equivalent services provided or carried out by a scientific institution based on a contract, as well as purchasing scientific research results from such scientific institution;
- paid usage of scientific and research equipment and purchasing scientific and research equipment usage services;
- cost of intellectual property protection rights;
- depreciation on fixed assets and intangible assets.

Deduction of personnel costs in the research and development activity (R&D tax relief) in practice:

1. Estimating the amount of the personnel costs which are eligible for deduction on the grounds of a register kept for this purpose (that is separating the costs which are to be considered when calculating the amount of relief).
2. Estimating the limit of eligible cost deduction to which one is entitled.
3. Calculating the amount of the R&D relief for personnel costs to which one is entitled:

Eligible R&D expenses	Amount recognised in 2017 in tax costs of the taxpayer (100% of expenses incurred)	Basis for R&D relief calculation	Amount of deduction from the tax basis for personnel costs in the scope of R&D relief (50%)
personnel costs	EUR 47,000/ PLN 200,000	EUR 47,000/ PLN 200,000	EUR 23,000/ PLN 100,000

4. Decreasing the tax basis indicated in the annual tax declaration by the amount of eligible costs, calculated pursuant to items 1-3.

IP BOX – PREFERENTIAL RATE OF PIT/CIT

IP Box is a tax incentive for those who invest in innovations which supplements the R&D tax relief. It introduces a preferential 5% tax rate of qualified income from eligible intellectual property rights (instead of 19% tax rate).

Four basic conditions to receive the IP Box relief:

- conducting R&D activities;
- assuring legal protection of the results of R&D activities in accordance with the list of eligible intellectual property rights; these rights include for instance patents or copyrights on computer programmes;
- separating the costs of the conducted R&D activities on the basis of which the entrepreneur obtained the eligible intellectual property right;
- commercialising the eligible intellectual property rights, e.g. selling the eligible intellectual property rights or collecting licence fees for them.

REAL ESTATE TAX EXEMPTION

As part of the public support, entrepreneurs can receive real estate tax exemption through the commune council resolution. The real estate tax is levied on land, buildings or parts thereof, structures or parts thereof used for the purpose of business activity.

2% of structure's value – this is the maximal annual tax rate for entrepreneurs (structure's value to be calculated pursuant to Art. 4.1.3 and 4.3-7 of the Act on taxes and local fees).

Maximal rates of real estate tax in 2020	1m ²
lands used for the purpose of business activity, regardless of their qualification in the register of land and buildings	EUR 0.22/ PLN 0.95
buildings or parts thereof used for the purpose of business activity and parts of residential buildings in which business activity is conducted	EUR 5.5/ PLN 23.9

EUROPEAN FUNDS

Poland – first place among all the EU member states in terms of the amount of financial support

Poland has been benefiting from EU funds since it became a member state of the European Union (2004). As it can be seen from the balance of outgoings to and incomings from the EU budget, the financial benefits coming from the fact of being a member state are extremely large – Poland had been given until the end of 2018 the net amount of EUR 107 billion/ PLN 406 billion. Due to the variety of support forms available for existing and newly-established enterprises a certain part of these resources is channelled to entrepreneurs and investors. The programmes available for private enterprises are listed below.

The Infrastructure and Environment Operational Programme 2014-2020

It is a national programme aimed at supporting low-carbon economy, environmental protection, prevention of climate change and adaptation thereto, transport and energy security. The EU funds under the programme are also appropriated in a limited scope for investments connected with health and cultural heritage protection.

The Infrastructure and Environment Programme is financed from three sources:

the European Regional Development Fund, from which EUR 4.9 billion/ PLN 21 billion is appropriated for the programme

the Cohesion Fund with the sum of EUR 22.5 billion/ PLN 97 billion

public and private domestic resources in case of which the minimal involvement is EUR 4.9 billion/ PLN 21 billion

The support can be applied for by large, small and medium-sized enterprises.

More information about institutions participating in the programme, call for applications and beneficiaries of the support can be found at:

www.pois.gov.pl/en/

The Intelligent Development Operational Programme 2014-2020

The aim of the programme is to support the process of conducting scientific researches, development of new innovative technologies and of activities enhancing the competitiveness of small and medium-sized enterprises. Its main purpose is to give an incentive to stimulate the innovation in the Polish economy by increasing the amount of private outlays for R&D and by creating demand of enterprises for innovations and research and development works.

The Intelligent Development Programme is financed from two sources:

the European Regional Development Fund, from which EUR 8.6 billion/ PLN 37 billion is appropriated for the programme

public and private domestic resources in case of which the minimal involvement is EUR 1.6 billion/ PLN 6.8 billion

The support is available for enterprises (in particular small and medium-sized enterprises), scientific institutions, consortia of enterprises, scientific institutions and business environment institutions.

More information about institutions participating in the programme, call for applications and beneficiaries of the support can be found at:

www.poir.gov.pl/en/

The Knowledge Education Development Operational Programme 2014-2020 (PO WER)

The programme was designed to support the needs in the scope of employment, social inclusion, education, higher education, health and good governance. In addition, it aims at supporting social innovations and international cooperation in the above-mentioned scope.

The Knowledge Education Development Programme is financed entirely from the European Social Fund

The support can be applied for by scientific institutions, including research institutes, research and development institutions, entrepreneurs.

More information about institutions participating in the programme, call for applications and beneficiaries of the support can be found at:

www.power.gov.pl/en/

The Digital Poland Operational Programme 2014-2020

The programme is aimed at strengthening the underpinnings for social and economic development of the country (wide access to high-speed Internet, effective and user-friendly public e-services, as well as constantly increasing level of digital skills of the society).

The Digital Poland Programme is financed from two sources:

the European Regional Development Fund, from which EUR 2.1 billion/ PLN 9 billion is appropriated for the programme

public and private domestic resources in case of which the minimal involvement is EUR 394.4 million/ PLN 1.7 billion

The support is available for, among others, telecommunication companies.

More information about institutions participating in the programme, call for applications and beneficiaries of the support can be found at:

www.polskacyfrowa.gov.pl/en/

The Digital Poland Operational Programme 2014-2020

The objective of the programme is to finance scientific researches and innovations in Europe. The budget allowed for such activities is large and amounts to EUR 80 billion/ PLN 341 billion. The requirements are high and it must be proven that every project has so-called European added value.

Financing:

grants from EUR 500,000 up to EUR 2.5 million (from PLN 2.1 million up to PLN 11 million)

blended finance: grant up to EUR 2.5 million/ PLN 11 million and equity financing even up to EUR 15 million/ PLN 64 million

Support scope: development and presentation of technology, expenses connected with R&D works, remuneration, subcontracting, travel expenses, depreciation of fixed assets, purchase of goods and services.

Regional programmes – Małopolska (EUR 2.87 billion)

Name of support	Nature of support	Source	Description	For whom?
research and development centres	subsidy	POIR	support of investments in R&D infrastructure of enterprises within the Intelligent Development Programme	entrepreneurs
company management support	subsidy	POWER	support for strategic management in enterprises and for creating competitive advantage on the market, Knowledge Education Development	entrepreneurs and their employees from micro-sized, small and medium-sized enterprises sector
researches for market	subsidy	POIR	3.2.1 Researches for market, Intelligent Development	entrepreneurs from micro-sized, small and medium-sized enterprises sector
promotion of economy based on Polish product brands	subsidy	POIR	supporting small and medium-sized enterprises in promoting product brands – Go to Brand, Intelligent Development	entrepreneurs from micro-sized, small and medium-sized enterprises sector
researches and innovations in enterprises	subsidy	RPO	research and development projects of enterprises, RPO for Małopolska	enterprises (especially micro-sized, small and medium-sized ones), consortia of enterprises which include micro-sized, small and medium-sized enterprises, consortia of enterprises which include scientific institutions, universities, including special-purpose university companies, non-governmental organisations, business environment institutions
innovation vouchers	subsidy	RPO	innovation vouchers, RPO for Małopolska	entrepreneurs from micro-sized, small and medium-sized enterprises sector
support for conducting R&D works by enterprises, so-called 'Fast Path'- Seal of Excellence	subsidy	POIR	industrial researches and development works carried out by enterprises, Intelligent Development	entrepreneurs from micro-sized, small and medium-sized enterprises sector
grants for EU grants	subsidy	POIR	grants for EU grants, Intelligent Development	entrepreneurs from micro-sized, small and medium-sized enterprises sector
support for industrial researches and development works - GameINN IV	subsidy	POIR	R&D sector programmes, Intelligent Development	enterprises, consortia of enterprises, consortia (of enterprises and scientific institutions)
support for conducting R&D works by enterprises, so-called 'Fast Path'- Heating devices	subsidy	POIR	industrial researches and development works carried out by enterprises, Intelligent Development	enterprises, consortia of enterprises/scientific institutions (consisting of no more than five entities, including at least one enterprise and one scientific institution); enterprise is always the leader
credit for technological innovations	subsidy	POIR	credit for technological innovations, Intelligent Development	entrepreneurs from micro-sized, small and medium-sized enterprises sector
loan	support in other form than subsidy	RPO	financial instruments for small and medium-sized enterprises sector – more than 24 months, RPO for Małopolska	entrepreneurs from micro-sized, small and medium-sized enterprises sector, operating more than 24 months
loan for startups	support in other form than subsidy	RPO	financial instruments for small and medium-sized enterprises sector – early stage of development, RPO for Małopolska	entrepreneurs from micro-sized, small and medium-sized enterprises sector, operating more than 24 months

LOCATION OF INVESTMENTS

INVESTMENT PROPERTY MARKET IN POLAND

In 2019, 147 investments were completed in Poland, of which as many as 65 (44%) pertained to the office space market. Main investment directions:



POLAND (2019) – 7th place in the European Union



ACCESS TO MAŁOPOLSKA IN TERMS OF TRANSPORTATION

ROAD INFRASTRUCTURE AND FLIGHTS CONNECTIONS



- east-west (the A4 highway + national road no. 4 – fast connection with Katowice, Rzeszów and with the Ukrainian border) – part of the international road E40
- north-south (national road no. 7 – connecting Kraków with the agglomeration of Tricity, Warsaw and Kielce) – part of the international road E77
- national roads in the region: 967.6 km
- provincial roads in the region: 1,374.2 km
- scheduled to be commissioned in the region: 156 km of expressways



Kraków Airport: 150 regular flights connections, 32 countries, 8.4 million passengers per year airport with Cargo terminal and PKP (Polish State Railways) Cargo station – respectively 15 and 10 km from the city centre of Kraków

OFFICE SPACE MARKET IN KRAKÓW

Kraków is the most dynamically developing regional office space market in Poland.

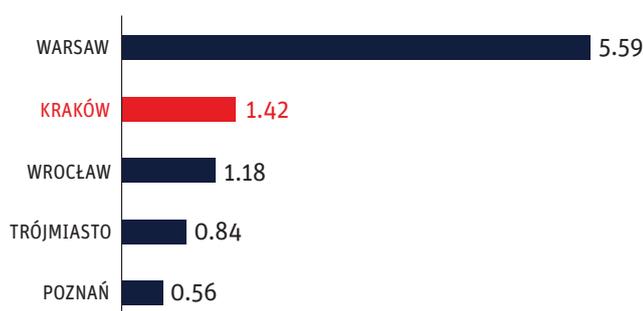


1.42 MILLION SQ M
OFFICE SPACE IN KRAKÓW

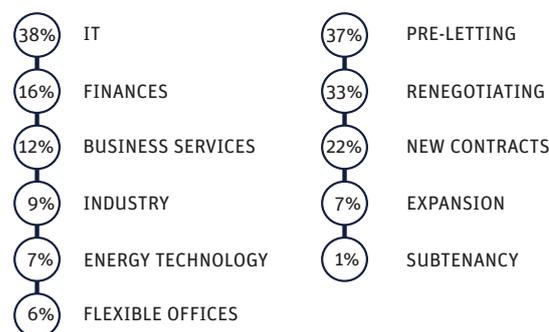
159,100 SQ M
delivered space (+ 3% compared to 2018), representing 98% of the new supply of office space in Warsaw (162,200 sq m)

266,700 SQ M
demand for office space in 2019 (+12% compared to 2018); Kraków systematically ranks second, behind Warsaw, in terms of demand for office space

OFFICE SPACE IN MILLION SQ M



GROSS DEMAND IN 2019 BY SECTORS AND TYPE OF CONTRACT



In 2019, for the first time in history, the office space resources in the regional cities reached a higher value than the office space in Warsaw.

11.2 million sq m – that was the amount of total office space resources in the nine largest office markets in Poland: Warsaw, Kraków, Wrocław, Tricity, the Metropolitan Association of Upper Silesia and Dąbrowa Basin, Poznań, Łódź, Lublin and Szczecin.

Most of the space is rented by companies from the IT sector and the financial sector. Taking into account the nature of the contracts signed, most of them were pre-lease contracts or renegotiation of existing ones. Almost every fourth contract signed was a new contract, what indicates a high demand for office space rental.

WAREHOUSE MARKET IN MAŁOPOLSKA

Advantageous location of Małopolska due to, among others, roads facilitating easy access to any place in Poland and Europe, is the reason why it is worth investing and locating warehouse in this region.

Warehouse space in Małopolska (as of February 2020):

553,000 SQ M

total warehouse space

36,000 SQ M

available warehouse space

27,500 SQ M

warehouse space under construction

82,000 SQ M

total sq m of investments completed

The Małopolska region has very high warehouse potential, because of already existing warehouse space and warehouse space under construction. In Kraków and its surrounding area there are 17 warehouse parks, e.g.:

- Goodman Kraków Airport Logistic Center
- Panattoni Park Kraków II
- Panattoni Park Kraków III
- MARR Business Park
- 7R Park Kraków I, II, III, IV

GREENFIELD INVESTMENT AREAS IN THE REGION

- 1,626 offers of investment areas in Poland
- 70 offers in the Małopolska region

according to the Greenfield database kept by The Polish Investment and Trade Agency (Polska Agencja Inwestycji i Handlu):

baza.paih.gov.pl

BUSINESS ACTIVITY ZONES (SAG)

Business Activity Zones (SAG) – plots well prepared for investment-related purposes, which meet the need of potential investors. They are created most often by local government authorities.

- these plots are located within zoning plans that allow production and/or services activities; they have internal roads and utilities connections ready
- EUR 70.6 million/ PLN 305.2 million – funds were channelled from the Regional Operational Programme for the Małopolska region (for the years 2014-2020) for the purpose of establishing and development of Business Activity Zones (SAG)

BUSINESS ACTIVITY ZONES IN MAŁOPOLSKA



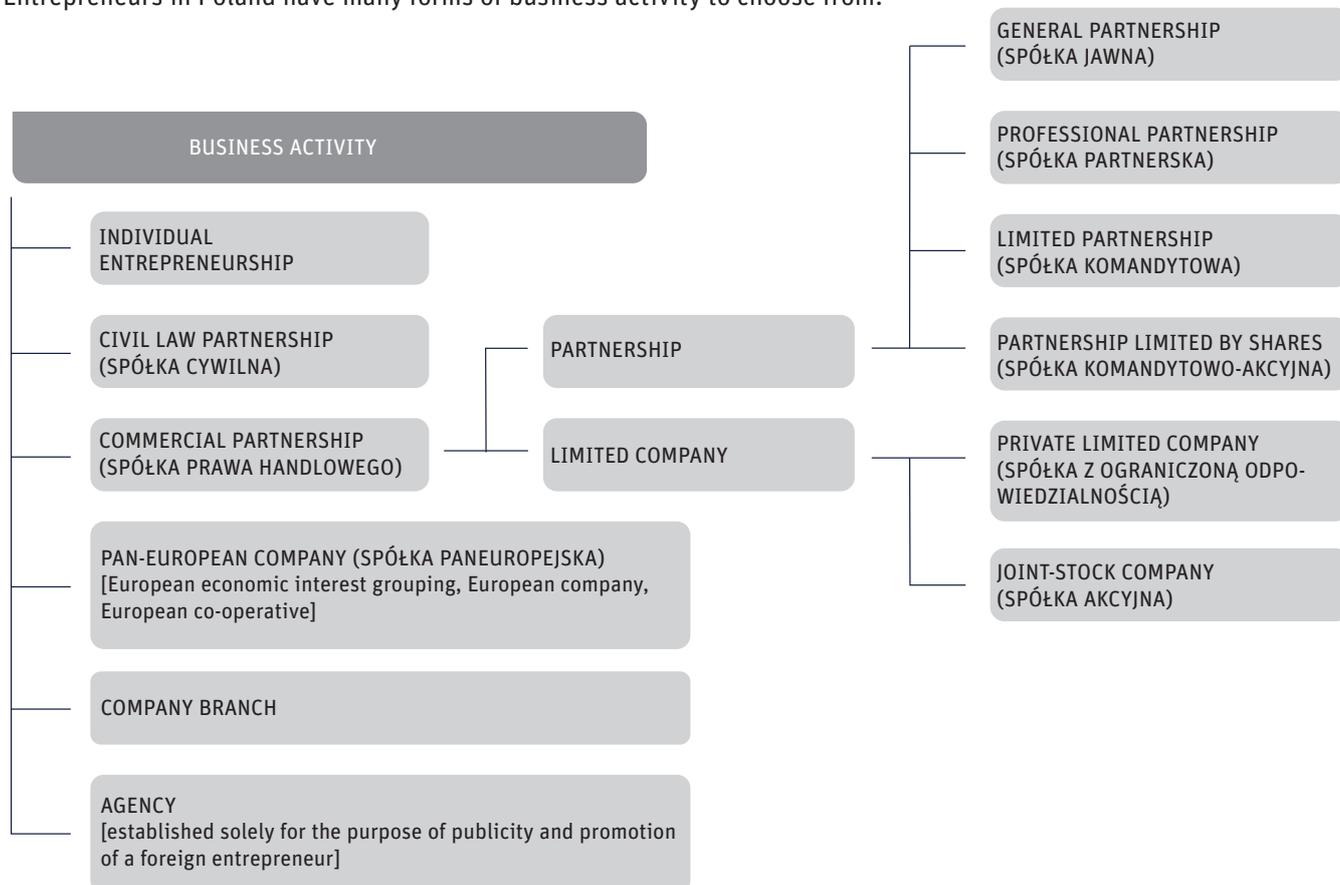
Interactive map of investment areas in Małopolska (PL/ EN) – plots, warehouses, offices:

mapy.businessinmalopolska.pl

DOING BUSINESS IN POLAND

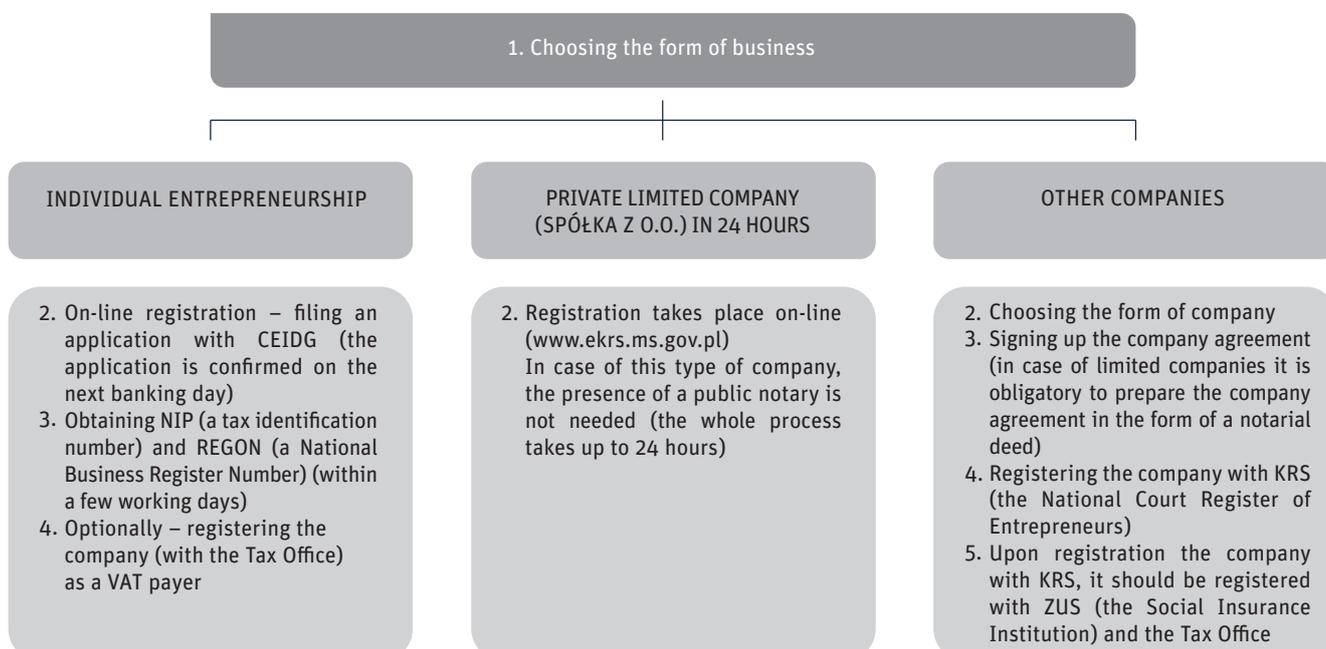
FORMS OF BUSINESS ACTIVITY IN POLAND

Entrepreneurs in Poland have many forms of business activity to choose from.



PROCESS OF SETTING UP A BUSINESS ACTIVITY IN POLAND

The process of setting up a business activity in Poland is divided into a few easy steps:



WORKERS

FORMS OF EMPLOYMENT IN POLAND

The Polish labour market offers flexible forms of employment, including: employment contract, service contract, contract for specific work, B2B contract.

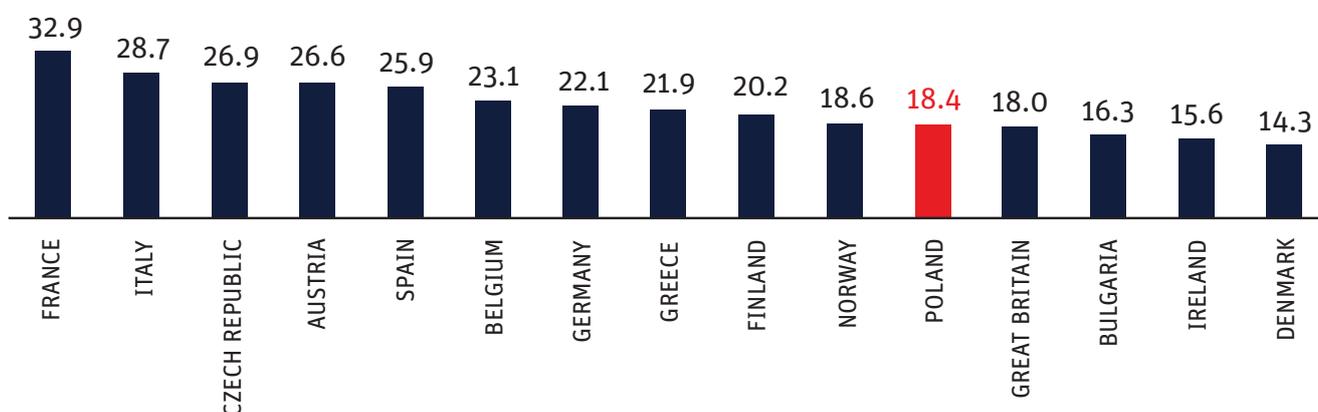
EUR 601.5/ PLN 2,600 GROSS

Minimum wage in Poland in 2020

EUR 724.7/ PLN 3,132.5

Total employment cost on the basis of an employment contract with minimum wage

PERCENTAGE SHARE OF NON-WAGE COSTS (INSURANCES) IN THE TOTAL EMPLOYMENT COST (FOR SELECTED EUROPEAN COUNTRIES)



EMPLOYING WORKERS FROM OUTSIDE THE EU

Stages of employment in case of workers from outside the EU:

- 1.
- 2.
- 3.
- 4.
- 5.

The employer carries out a so-called labour market test, which means that they check (in the district job centre) if there are any registered unemployed people on the local job market who could be employed, since unemployed citizens of Poland take precedence over foreigners. This procedure is not required if the job which is going to be carried out by a foreigner is on the list of understaffed professions*.

The employer submits an application for issuing a work permit for the foreigner to the regional governor. The decision on work permit can be issued no sooner than after 60 days from submitting the application, due to the necessity to verify the foreigner, regarding to potential danger to the country's safety.

After obtaining the permit, the employer forwards one copy to the employed foreigner, who will later receive a work visa on the basis of this permit.

The employer prepares the contract (also in a language spoken by the foreigner).

After concluding the contract, the employer registers the foreigner in the Social Insurance Institution for insurance purposes.

*According to 'The Occupational Barometer' (Barometr zawodów) research, which was carried out in 2020, some of the understaffed professions in Małopolska are: bricklayer, construction manager, construction engineer, driver, electrician, warehouse worker, tailor, doctor, nurse, chef, waiter, baker, confectioner, independent accountant, programmer, forwarding agent and logistician, salesman, cashier, database administrator, computer graphic designer.

POLISH TAX SYSTEM

The tax system in Poland falls within the competence of two types of bodies:

- government authorities (CIT – **19%**, PIT – 17% / 32%, VAT – 23% / 8% / 5%, flat tax – 19%, excise duty, tax on civil law transactions);
- local government authorities (real property tax, vehicle excise duty).

WHAT TAXES THE EMPLOYEES AND COMPANIES ARE SUBJECT TO?

Personal Income Tax (PIT):

Who is obliged to pay PIT?

- shareholders of civil-law partnership (spółka cywilna)
- shareholders of general partnership (spółka jawna) (if they are natural persons)
- shareholders of professional partnership (spółka partnerska)
- shareholders of limited partnership (spółka komandytowa) (if they are natural persons)
- all natural persons
- individual entrepreneurs

NET INCOME = GROSS INCOME – TAX DEDUCTIBLE COSTS

The most common form of PIT taxation – general rules:

Tax scale for 2020			
Basis for calculating tax in EUR/PLN		The tax is	
over	up to		
	EUR 19,786.2/ PLN 85,528	17%	
EUR 19,786.2/ PLN 85,528		EUR 3,364.7/ PLN 14,539.8 + 32% surplus over EUR 19,786.2/ PLN 85,528	minus tax-decreasing amount

Any entrepreneur can choose the form of taxation. The Polish law offers the choice between the four basic forms of taxation:

Form	Tax amount	What does it depend on?
1. General principles	32%, 17%	depending on the amount of net income
2. Flat tax One rate, regardless of the amount of net income. Keeping a tax revenue and expense ledger is a necessity.	19%	fixed tax rate
3. Lump sum Tax rates depend on the type of activity pursued. Only the gross income earned is taken into account for the purpose of calculation of income tax advance payments – it is not possible to deduct the tax deductible costs.	20%, 17%, 12,5%, 8,5%, 5,5%, 3%, 2%	gross income from specific activities, e.g. rental, running a kindergarten
4. Tax card The amount of tax is determined by the head of the tax office (it does not change). This type of taxation is intended for people who pursue a certain type of activity, e.g. services (in the field of retail trade of food, tobacco products, flowers), catering, transport or entertainment.		depending on, among others: size of employment, type of services provided, number of population in the place where the activity is carried out, size of the business

Corporate Income Tax (CIT):

Who is obliged to pay CIT?

- legal persons (e.g. state-owned enterprises, foundations, co-operatives, associations, universities), including special legal persons, i.e. limited companies (spółki kapitałowe), joint-stock company (akcyjna), private limited company (z o.o.), including those in the process of organisation;
- partnerships limited by shares (spółki komandytowo-akcyjne) having their registered office or management board in the territory of the Republic of Poland;
- organisational units without legal personality having their registered office/management board in another state in which they are treated as legal persons;
- tax capital groups consisting of at least two commercial companies (spółki prawa handlowego) operating in capital associations.

CIT tax liability can be:

- unlimited – applies to taxpayers having their registered office or management board in the territory of Poland; the tax is paid on all gross income;
- limited – applies to taxpayers having their registered office or management board outside Poland; the tax is paid on the gross income earned in Poland.

CIT rates:

19%	Basic rate of CIT
9%	tax rate applicable to gross income other than capital gains if the taxpayer has earned in a given tax year gross income which does not exceed the equivalent of EUR 1.2 million
20%	tax rate applicable to net income earned by non-residents and to net income earned from interest, licences and intangible services
10%	tax rate applicable in case of foreign air navigation and commercial shipping companies which earn gross income in the territory of the Republic of Poland (does not include shipping of cargo and transfer passengers)
5%	net income from the disposal of intellectual property rights, the so-called 'IP BOX'

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YOUR PARTNERS IN BUSINESS



CENTRUM BUSINESS IN MAŁOPOLSKA

Centrum Business in Małopolska is a regional equivalent and a partner of Polska Agencja Inwestycji i Handlu (the Polish Investment and Trade Agency). In the CeBiM office every entrepreneur can get comprehensive information on rules of doing business, procedures, sources of financing of investments available both in the country and in the region, assistance given to investors and exporters by local and regional government authorities and business environment institutions. 'The one-stop-shop' system implemented by the founders of CeBiM (Krakow Technology Park, Małopolska Agencja Rozwoju Regionalnego and province of Małopolska) guarantees that every entrepreneur in Małopolska can count on professional and reliable service. The experts working at the Centrum Business in Małopolska will successfully guide your company through the investment process, advise on export issues and contact you with the relevant institutions responsible for specific processes.

www.businessinmalopolska.pl



KRAKOW TECHNOLOGY PARK

The Krakow Technology Park is the most comprehensive one-stop-shop for business in Poland. As a business environment institution, together with entrepreneurs, scientists and members of local government authorities, it creates a space for the development of the Małopolska's economy. The Krakow Technology Park has initiated the Centrum Business in Małopolska (CeBiM). The established ecosystem includes around 350 companies for which there are created the best operating conditions day by day. It has a full range of tools to help business and sales grow. The Krakow Technology Park manages the Polish Investment Zone – it grants tax exemptions and inspires entrepreneurs to make new investments. In addition, it promotes the economic offer of the province of Małopolska, as well as prepares local government authorities to contact the investors. In the Krakow Technology Park office buildings, small and medium-sized enterprises will find space and technical facilities for their development. For the last 20 years, the Krakow Technology Park has been helping companies grow faster.

www.kpt.krakow.pl



MAŁOPOLSKA AGENCJA ROZWOJU REGIONALNEGO

Małopolska Agencja Rozwoju Regionalnego S.A. is a leading regional institution for regional development; one of the most serious partners of central institutions and regional government in shaping the innovative development policy of the region. Małopolska Agencja Rozwoju Regionalnego specialises in business services, providing comprehensive know-how and modern financial solutions. It provides services in the field of obtaining EU funds and helps to invest effectively in Małopolska.

www.marr.pl



MARSHAL'S OFFICE OF THE PROVINCE OF MAŁOPOLSKA

The Marshal's Office of the province of Małopolska undertakes a number of initiatives, exceeding the standards commonly applicable in Polish public administration. The work of the selected departments of the Office include for instance management of Regional Operational Programmes and European funds, as well as, in cooperation with the local government authorities competent for economy and business environment institutions, implementing activities aimed at economic activation and development of entrepreneurship in the province.

www.malopolska.pl

Prepared by:



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