

IP BOX in practice

Tax relief for innovation - The IP BOX

In January 2021 a taxpayer conducts R&D and creates a qualified intellectual property right, thus meeting the basic conditions for claiming the IP Box relief.

Can the taxpayer thus apply the 5% income tax rate?

The taxpayer calculates income tax advances at the 19% rate. Thus, if the taxpayer decides to claim the IP Box relief, it will be able to apply the 5% rate, and the difference of 14% will constitute an overpayment of tax.

However, for the taxpayer to benefit from the IP Box, it must fulfil additional conditions, e.g. maintaining detailed records segregating the income and costs associated with each QIPR.

How much can the taxpayer save?

Assuming the taxpayer generates combined income from QIPRs in the tax year of **PLN 1,000,000** and:

- Costs of R&D conducted in connection with the QIPRs are **PLN 150,000**
- Costs of acquiring R&D results from an affiliate are **PLN 10,000**
- Costs of acquiring the QIPRs are **PLN 30,000**

then the tax savings for **year 1** will be **PLN 140,000**.

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