

The government will make it possible to deduct robotization expenses in the years 2022–2026

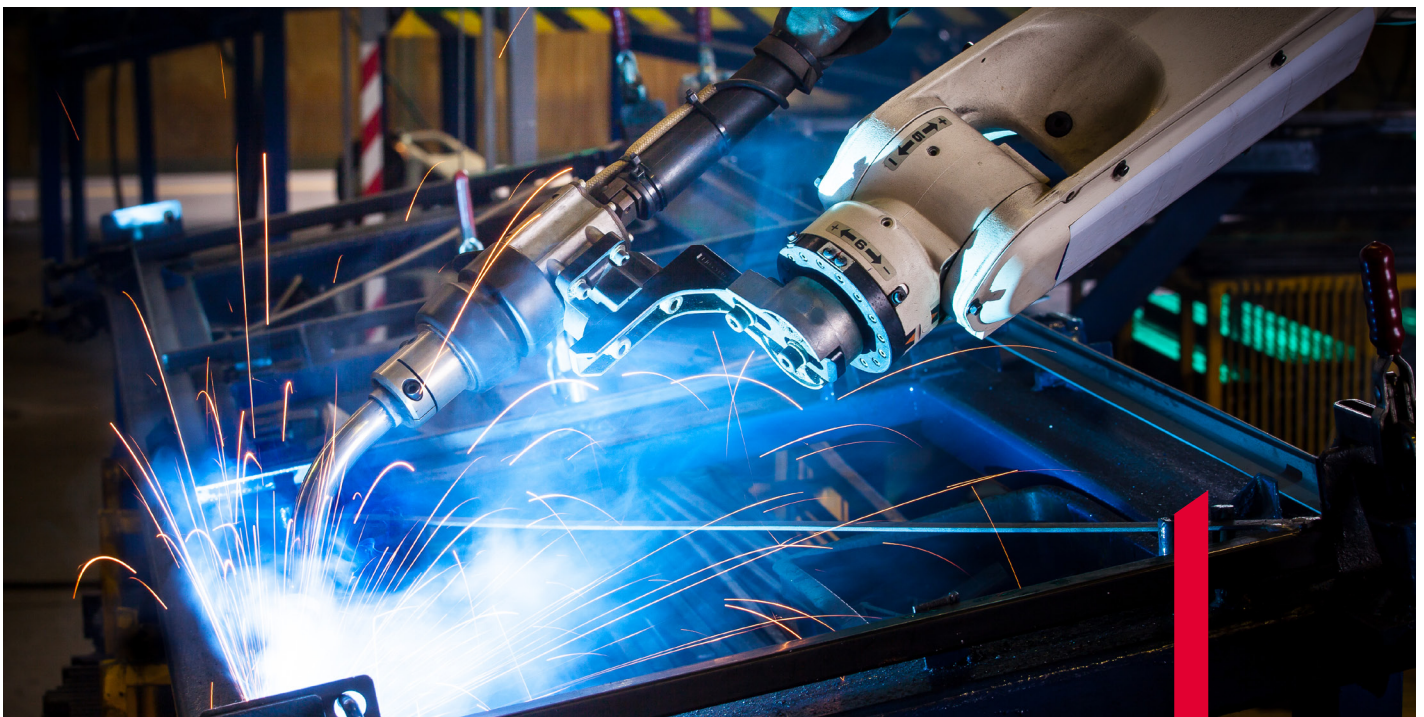
I. Expenses incurred for robotization of industrial production will be deductible

So-called pre-consultations have begun on a draft of amendments to the Personal Income Tax Act and Corporate Income Tax Act, which provide for the introduction as of 2022 of a deduction from the tax base of expenses incurred for robotization. The proposed relief is to be similar to the existing research and development relief. Taxable persons who conduct industrial (production) operations will be able to deduct from the tax base the costs that were already included in tax deductible costs, at the amount specified in the new regulations.

II. Additional deduction of 50% of already deducted costs

Under the proposed regulations, a taxable person who conducts non-agricultural business operations, will be able to deduct from the tax calculation base an amount equal to 50% of the tax-deductible costs incurred in the tax year for robotization, where the amount of the deduction cannot exceed the amount of the income earned by the taxable person in that tax year from non-agricultural business operations. This means that the taxable person will first charge 100% of his expenses to costs, and then again deduct half of those expenses from his income as part of the relief. The deduction will, however, only pertain to the tax-deductible costs incurred for robotization in the years 2022-2026.

From 2022 to 2026 taxable persons who conduct industrial (production) operations will be eligible to deduct from their taxable costs an additional 50% of expenses incurred for robotization.



III. The regulations will contain a list of deductible expenses

Tax-deductible costs incurred for robotization will include the costs of acquiring brand new: industrial robots; machines and peripheral devices for industrial robots; machines, devices and other items functionally related to industrial robots, used to facilitate ergonomics and safety in the workplace where humans interact with industrial robots, such as in particular sensors, controllers, relays, safety locks, physical barriers (fences, guards), or optoelectronic protective devices (light curtains, area scanners); machines, devices or systems used to remotely manage, diagnose, monitor or service industrial robots, in particular sensors and cameras; human-machine interaction devices for industrial robots.

IV. Licenses and training costs also deductible

The costs eligible for a deduction under the robotization relief are to also include the costs of acquiring intangible assets necessary to properly start up and commission the industrial robots and other fixed assets covered by the deduction, as well as the costs of training services relating to such purchases. The costs will also include any fees agreed in lease agreements (that meet the conditions set out in tax regulations for leases) for industrial robots and other fixed assets, if after the expiration of the basic term of the lease the lessor transfers the ownership of those assets onto the lessee.

V. Industrial robot to be defined in the regulations

Under the new regulations, industrial robot will be defined as an automatically controlled, programmable, multi-tasking and stationary or mobile machine with at least three degrees of freedom, with handling or locomotion properties for industrial applications, which meets all of the following four conditions. Firstly, it exchanges data in digital form with control and diagnostic or monitoring devices in order to be remotely controlled, programmed, monitored or diagnosed. Secondly, it is connected to IT systems that improve the taxable person's production processes, and in particular to production management, planning or product design systems. Thirdly, it is monitored with sensors, cameras or other similar devices. And fourthly, it is integrated with other machines in the taxable person's production cycle.

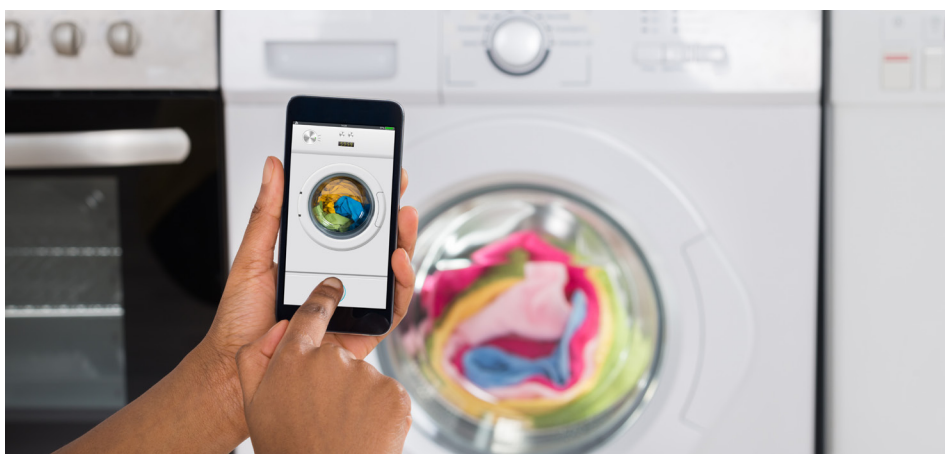


VI. There will be a detailed list of deductible expenses for peripheral devices

The new regulations will also contain a definition of peripheral machines and devices. And so the definition of peripheral machines and devices functionally related to industrial robots will in particular include: linear units for increasing the freedom of movement; single and multi-axle positioners; running tracks; polearms; swivels; adjusters; cleaning stations; collision connectors. Irrespective of this, the definition will also include end effectors for robot interaction with the environment, used for: coating, painting, varnishing, dispensing, gluing, sealing, welding, cutting, including laser cutting, bending, deburring, blasting, sanding, grinding, polishing, cleaning, brushing, scratching, surface finishing, masonry, die casting, soldering, welding, clinching, drilling, handling, including manipulation, moving and assembling, loading and unloading, packaging, nailing, palletizing and de-palletizing, sorting, mixing, testing and measuring, as well as effectors used to operate: milling machines, injection molding machines, bending machines, robotic drills, drilling machines, lathes, spindles, bending and wrapping machines, cutting machines, rolling mills, sawing machines, grinding machines, boring machines, drawing machines, printing machines, presses and spinning machines.



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VII. Disposal before end of depreciation to be punished by repayment of relief

The regulations provide that a taxable person who disposes of the tangible or intangible assets covered by the deduction before the end of their depreciation, or for lease agreements before the end of the primary lease term, will in the tax return for the year of the disposal be required to increase the tax calculation base by the amount of the previously made deductions.

The information presented herein does not constitute comprehensive information or opinion. Consult your adviser before making any decisions.

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