

SUMMARY INFORMATION SHEET ON AID MEASURES IN FORCE ON 1ST MAY 2004 (EXISTING AID)

1. GENERAL ASPECTS

Country:

Poland

Title of the aid measure (English):

Regional Aid Scheme for the entrepreneurs carrying out business activity (including transport sector) in the Special Economic Zones.

Title of the aid measure (Original language):

Program pomocy regionalnej udzielanej przedsiębiorcom prowadzącym działalność gospodarczą (w tym w sektorze transportu) w specjalnych strefach ekonomicznych.

Legal basis (precise reference):

1. Act of 20 October 1994 on special economic zones (Journal of Laws of 1994, No. 123, item 600; with amendments);
2. Act of 16 November 2000 on amendments to the Act on special economic zones and amendments to certain other acts (Journal of Laws of 2000, No. 11117, item 1228);
3. Act of 2 October 2003 on amendments to the Act on special economic zones and certain other acts (Journal of Laws of 2003, No. 188, item 1840 with amendments);
4. Act of 15 February 1992 on legal persons' income tax (Journal of Laws of 2000, No. 54, item 654, with amendments) – Article 17;
5. Act of 26 July 1991 on natural persons' income tax (Journal of Laws of 2000, No. 14, item 176, with amendments) – Article 21;
6. 14 Regulations of the Council of Ministers of 30 March 2004 amending the regulations on establishing:
 - The Special Economic Zone in Kamienna Góra (Journal of Laws of 2004, No. 75, item 689),
 - The Special Economic Zone in Cracow (Journal of Laws of 2004, No. 75, item 691),
 - The Katowice special economic zone (Journal of Laws of 2004, No. 75, item 688),
 - The Kostrzyńsko-Słubicka special economic zone (Journal of Laws of 2004, No. 75, item 690),
 - The Legnicka special economic zone (Journal of Laws of 2004, No. 75, item 692),
 - The Łódzka special economic zone (Journal of Laws of 2004, No. 75, item 693),
 - The special economic zone in Mielec (Journal of Laws of 2004, No. 75, item 694),
 - The Pomorska Special Economic Zone (Journal of Laws of 2004, No. 75, item 695),
 - The Słupska special economic zone (Journal of Laws of 2004, No. 75, item 696),
 - The "Starachowice" special economic zone (Journal of Laws of 2004, No. 75, item 697),
 - The Suwalska special economic zone (Journal of Laws of 2004, No. 75, item 698),
 - The Tarnobrzaska special economic zone (Journal of Laws of 2004, No. 75, item 699),
 - The Wałbrzyska special economic zone (Journal of Laws of 2004, No. 75, item 700),
 - The Warmińsko-Mazurska special economic zone (Journal of Laws of 2004, No. 75, item 701).

Ministry or other administrative body responsible for the measure and its implementation:

Ministry of Economy and Labour

Person(s) to contact:

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Level at which the measure is administered

Central government

When did the measure enter into effect?

1 January 2001 – the date of including the transport sector into the scheme.

What is the duration of the measure (expiry date)?

Until the end of 2017.

2. DESCRIPTION OF THE MEASURE

Which transport sector is eligible (rail, aviation, maritime, etc.)?

Road transport.

What are the main aim(s) and objectives of the aid?

The aid granted to entrepreneurs conducting economic activity in the special economic zones under a permit, constitutes a regional aid granted for the purpose of supporting initial investment or creating new jobs related to an initial investment.

Form of the measure (scheme, ad hoc, individual)

Aid scheme.

What are the instruments (or forms) of aid, ex.:

Exemption from the legal persons' or natural persons' income tax applicable to respectively legal or natural persons, conducting economic activity within the special economic zones under a permit.

For each instrument of aid please give a short description of the conditions applying to the instrument.

- The minimum amount of investment costs incurred by the entrepreneur is EUR 100,000;
- The beneficiary's contribution, which means contribution not obtained by the beneficiary within the state aid granted to him, to financing an initial investment should be at least 25%;
- The economic activity related to a given investment should be conducted over a period of at least 5 years from the day on which such aid was granted;
- The aid volume calculated as a ratio of the amount of such aid to the costs eligible for being covered by such aid must not exceed the maximum aid intensity for a given area;
- New jobs should be maintained for at least 5 years from the day of granting the said aid.

Budget: give the overall budget made available for the measure (in local currency and Euros)

The estimated budget for the transport sector: PLN 100 mln, EUR 20 mln.

Is the budget adopted annually? If yes, what is the average annual budget?

No.

Specify the eligible beneficiaries (i.a. their character and estimated number).

The entrepreneurs conducting economic activity in the special economic zones under the permit according to article 16, paragraph 1 of the Act of 20 October 1994 on special economic. The estimated number of beneficiaries in the transport sector is 20 until now.

Is the aid available on non-discriminatory basis, open to all potential beneficiaries, irrespective of nationality?

The rules referring to granting the aid are the same for all the entrepreneurs, irrespective of their nationality.

What are the eligible costs?

1. Expenditures which may be covered by the aid is understood as the costs of the investment reduced by the tax on goods and services as well as the excise tax, if the possibility to deduct them is due to

separate provisions, incurred after the day of receiving a permit in connection with implementing an investment within the area of the zone for:

- 1) purchasing or producing by entrepreneur the fixed assets or paying them off as it was specified in the leasing agreement or another agreement of a similar kind, excluding transport means purchased by an entrepreneur in transport sector provided that they are regarded, pursuant to separate provisions, as the components of a tax-payer's assets;
 - 2) enlarging or modernizing the existing fixed assets
- regarded as the initial value of these fixed assets pursuant to the provisions on income tax.
2. Investment costs mentioned in sect.1 may be increased by maximum 25% if an entrepreneur incurs expenditure for creating or purchasing intangible assets connected with receiving patents, operation licenses or patented licences of know-how type as well as of non-patented know-how, but not more than by the value of the incurred expenditure, including section 3.
3. Intangible assets should meet the following requirements:
- 1) they will be used only by an entrepreneur who is granted regional assistance;
 - 2) they will be purchased by the third party on normal market conditions;
 - 3) they will constitute the entrepreneur's ownership for the period not shorter than 5 years;
 - 4) they can be subject to amortization pursuant to the provisions on income tax.

What is the maximum aid intensity?

The maximum aid intensity amounts to 50%, except for the sub-regions with statistical numbers: 4, 17 and 30, in which the maximum aid intensity is 40% and sub-regions no. 22 and 42, where the maximum aid intensity is 30%. Additionally, the above-mentioned ceilings may be raised by 15 percentage points gross for small and medium-sized entrepreneurs.

For large investment projects, the maximum amount of admissible aid is calculated according to the formula foreseen in regulations establishing particular SEZs, i.e.

$$I = R \times (\text{EUR } 50 \text{ million} + 0.5 \times B + 0.34 \times C)$$

where:

I – aid for a large investment project,

R – aid intensity for the area, in which the investment is situated,

B – amount of the investment eligible cost, exceeding EUR 50 million and less than EUR 100 million,

C – amount of the investment eligible cost, exceeding EUR 100 million.

The aid volume calculated as a ratio of the amount of such aid to the eligible costs for being covered by such aid must not exceed the maximum aid intensity for a given area.

Specify the criteria according to which the amount of aid and/or the aid intensity has been calculated.

The intensity of aid is expressed as a ratio of the value of aid to the eligible costs or in case of large investment projects as the amount calculated according to the formula mentioned above.

Additionally, the aid for initial investments may be granted together with the aid for creation of new jobs provided that the total value of these types of aid does not exceed the maximum aid intensity.

Admissible value of the investment is a result of maximum aid intensity and higher costs: new investment or two-year costs of labour of newly employed workers.

Does the measure provide “operating aid”? If “Yes”, please provide details.

No.

If the measure relates to services of general economic interest or public service obligations, please specify by what means this task has been entrusted to the undertaking and how compensation is calculated.

Not applicable.

May the aid in question be cumulated with any other aid measures in operation and if so, does the measure contain provisions limiting the cumulation of aid?

The amount of aid granted under the scheme may be cumulated with other aid measures granted for a given investment, irrespective of their form and source, on the condition that its total value may not exceed the maximum aid intensity.

Does the aid measure fall within existing exemption regulations or guidelines? If so, please specify.

Guidelines on national regional aid (98/C 74/06),

Multisectoral framework on regional aid for large investment project (2002/C 70/04) as amended by Commission Communication on the modification of the Multisectoral framework on regional aid for large investment project (2002) with regard to the establishment of a list of sectors facing structural problems and on a proposal of appropriate measures pursuant to Article 88 paragraph 1 of the EC Treaty, concerning the motor vehicle sector and the synthetic fibres sector (2003/C 263/3).