POLAND



HIGHLIGHTS

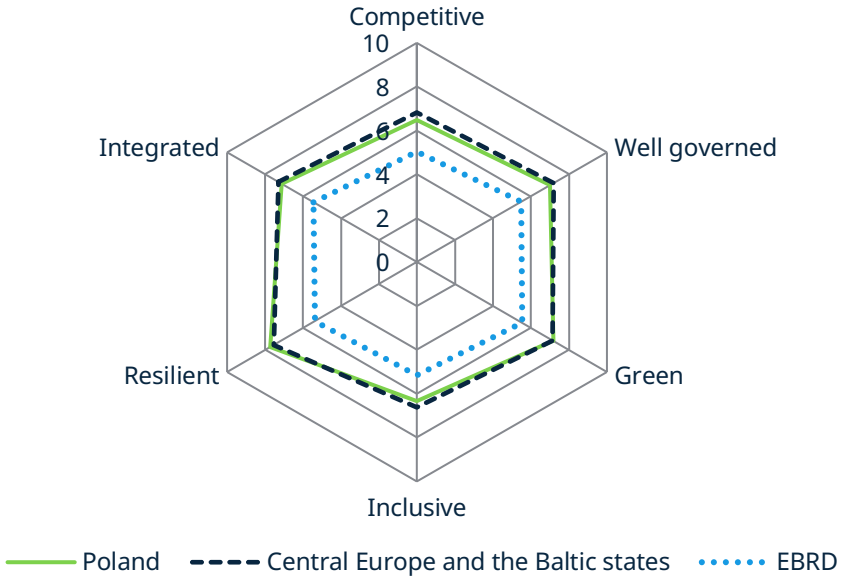
- **Poland's economic growth has remained robust, supported by European Union (EU) funds, but its current fiscal position is weak.** Real gross domestic product (GDP) grew by 3.5 per cent year on year in the first half of 2026, while inflation picked up again on higher fuel and energy prices. The budget deficit was 7.2 per cent of GDP in 2025 and Poland remains subject to the EU's excessive deficit procedure.
- **The National Energy and Climate Plan was adopted and the first offshore wind capacity entered the system.** The plan requires renewables to supply more than half of the country's electricity by 2030, up from less than a third in 2025. The first offshore farm – the start of 9.3 GW of capacity already contracted – connected in July 2026, with a target of 18 GW by 2040.
- **Parliament legislated for tax-advantaged personal investment accounts to deepen the domestic capital market.** Available from January 2027, the accounts exempt investment income from capital income tax, while assets above PLN 100,000 (€23,500) face a 0.85 per cent annual tax.

For more information about country macroeconomic developments, please consult our latest Regional Economic Prospects report.

KEY PRIORITIES FOR 2027

- **Anchor fiscal consolidation in a binding medium-term framework.** The budget deficit has widened entirely on the spending side and the International Monetary Fund (IMF) puts the adjustment needed to stabilise debt at 4 per cent of GDP. Social benefits are largely untargeted and spending reviews have had little effect on reallocation. Capital spending should be protected as Recovery and Resilience Facility (RRF) financing ends.
- **Mobilise private investment by deepening domestic capital markets.** The Innovate Poland programme commits public capital to equity funds, and the new personal investment accounts open up a retail channel. Poland sits in the lowest group on the European Innovation Scoreboard and few firms are ready to raise equity finance.
- **Prioritise energy resilience and electrification by expanding and modernising grids, strengthening interconnection and deploying flexibility and climate adaptation measures.** Connection requests for about 42 GW of renewables were declined in 2025, equivalent to more than half of Poland's total installed power capacity. Interconnection with neighbouring countries is limited and capacity allocation constraints have decoupled Polish electricity prices from the EU market.

ASSESSMENT OF TRANSITION QUALITIES (1-10)



For more on reforms and transition qualities, see Chapter 5 of the Transition Report 2026-27.

KEY REFORMS AND POLICY DEVELOPMENTS[1]

Proposed tax changes

- In August 2026 the government proposed smoothing the country's personal income-tax progression, frozen since 2022, which had pushed 14 per cent of taxpayers into the top tax band. This would be funded by a higher corporate tax rate on large firms, a higher solidarity levy and a lower ceiling for lump-sum taxation. The package requires parliamentary approval and the president's signature.

Fuel tax and price controls

- The government temporarily cut value-added tax (VAT) on fuel from 23 per cent to 8 per cent, lowered excise duties and capped retail prices in the second quarter of 2026. Following renewed fuel-price increases, the package was reinstated in October and extended to the end of the year.
- The latest package is expected to cost about PLN 5 billion (€1.2 billion). It followed the president's signature of a 60 per cent windfall tax on excess fuel company profits, expected to raise about PLN 4 billion (€0.9 billion). The law took effect but was referred to the Constitutional Tribunal for subsequent review.

Recovery and Resilience Facility

- Despite a two-year delay in launching the Recovery and Resilience Facility, Poland reported completing all 272 milestones and targets by the August 2026 deadline. The government expects to use the full €54.7 billion allocation, of which about €35 billion had already been received by the end of August.
- Poland submitted its final payment request by the September deadline. The European Commission is assessing the results, with payments for satisfactorily fulfilled milestones and targets due by the end of 2026.

Deepening capital markets

- Innovate Poland, launched in November 2025, pooled PLN 4 billion (€0.9 billion) from national and international development institutions and financial conglomerate PZU for private equity and venture funds.
- Personal investment accounts were signed into law in August 2026 and will become available in January 2027, exempting investment income from capital income tax, while assets above PLN 100,000 (€23,500) will face a 0.85 per cent annual tax.

Offshore wind development

- The Council of Ministers adopted the National Energy and Climate Plan in June 2026, requiring renewables to supply over half of electricity by 2030, up from nearly 30 per cent in 2025.
- The first offshore wind farm connected to the grid in July 2026. In December 2025 the energy regulator awarded contracts for difference to a further 3.4 GW in the country's first competitive auction, with further rounds planned until 2031.

1 From the fourth quarter of 2025 to October 2026.

Labour market and contract enforcement

- An amendment to the State Labour Inspection Act, which came into force in July 2026, allows inspectors to convert sham civil-law and business-to-business contracts into binding employment contracts where an employer ignores an order.