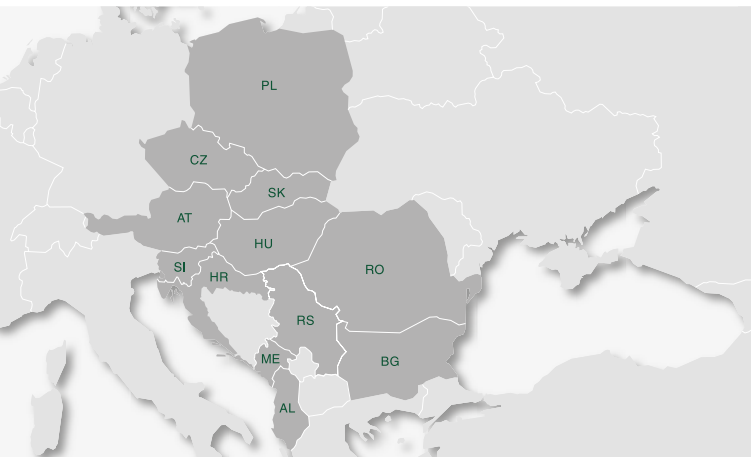




# Investing in Poland

An overview of the current  
tax system | 2019





## 12 Countries. 1 Company. The TPA Group.

### Investing in Poland.

#### An overview of the current tax system.

The current developments within Central and Eastern European countries are accompanied by ongoing changes in tax systems. For investors, this means numerous new developments to take into account.

TPA's CEE Country Series covers 12 Central and South Eastern European countries, and gives an overview of the business environment and the most important new developments, including:

- Different types of business organisations, and their most important features
- Key details of corporate and personal income tax and VAT in each country
- Current tax allowances, reliefs and concessions
- Core provisions of double taxation agreements

In the TPA-Country Series there are booklets on Albania, Austria, Bulgaria, Croatia, the Czech Republic, Hungary, Montenegro, Poland, Romania, Serbia, Slovakia and Slovenia. Visit our website [www.tpa-group.com](http://www.tpa-group.com), for detailed information and updates, or subscribe to our electronic newsletter at [service@tpa-group.com](mailto:service@tpa-group.com)

The information in these folders is based on the present legal situation and current administrative practice, and is therefore subject to change. The information is general in nature, and of necessity abridged: the booklets are not a substitute for individual, specific advice.

Our CEE experts will be happy to answer your questions in more detail.

### Contents

Types of organisation .....	2
Corporate income tax .....	4
Personal income tax .....	13
Filing dates and deadlines .....	16
Other taxes .....	17
Tax regulations .....	17
Tax and other concessions .....	17
Immovable property .....	18
Social insurance .....	20
Health insurance .....	20
General managers .....	20
VAT .....	21
Mergers & Acquisitions .....	25
Double taxation agreements .....	27

## Types of organisation

	<i>Name in local language</i>	<i>Registrable in commercial register / legal entity</i>	<i>Minimum capital</i>	<i>Sole shareholder corporation</i>
<b>Limited liability company</b>	Spółka z ograniczoną odpowiedzialnością	yes / yes	PLN 5,000 (approx. EUR 1,190) Smallest nominal share PLN 50	yes
<b>Stock company</b>	Spółka Akcyjna	yes / yes	PLN 100,000 (approx. EUR 23,810) Smallest nominal share PLN 0.01	yes
<b>Cooperative (with limited liability)</b>	Spółdzielnia	yes / yes	no	no / at least 5 members for an agricultural cooperative, otherwise 10; not applicable if at least 3 members are legal persons
<b>Registered partnership</b>	Spółka jawna	yes / no	no	no
<b>Limited partnership</b>	Spółka komandytowa	yes / no	no	no
<b>Partnership limited by shares</b>	Spółka komandytowo – akcyjna	yes / no	PLN 50,000 (approx. EUR 11,905)	no
<b>Professional Partnership</b>	Spółka partnerska	yes / no	no	no
<b>Registered branch office</b>	Oddział	yes / no	no	–
<b>Permanent establishment</b>	Zakład	no / no	no	–

	<i>Tax on civil law transactions / registration fees</i>	<i>Written form / notarization</i>	<i>Tax transparency</i>	<i>Registration with tax authorities</i>	<i>Statutory audit (revenues in excess of EUR 5 million; total assets in excess of EUR 2.5 million, more than 50 employees)</i>
<b>Limited liability company</b>	tax on incorporation agreement – 0.5% / registration – PLN 500 (EUR 119) + payment for the announcement PLN 100 (EUR 24)	yes / yes	no	yes	if at least two of the thresholds are exceeded
<b>Stock company</b>	tax on incorporation agreement – 0.5% / registration – PLN 500 (EUR 119) + payment for the announcement PLN 100 (EUR 24)	yes / yes	no	yes	obligatory
<b>Cooperative (with limited liability)</b>	no / registration – PLN 500 (EUR 119) + payment for the announcement PLN 100 (EUR 24) – exception for social cooperative – free of charges	yes / no	no	yes	obligatory
<b>Registered partnership</b>	tax on incorporation agreement – 0.5% / registration – PLN 500 (EUR 119) + payment for the announcement PLN 100 (EUR 24)	yes / no	yes	yes	if at least two of the thresholds are reached
<b>Limited partnership</b>	tax on incorporation agreement – 0.5% / registration – PLN 500 (EUR 119) + payment for the announcement PLN 100 (EUR 24)	yes / yes	yes	yes	if at least two of the thresholds are reached
<b>Partnership limited by shares</b>	tax on incorporation agreement – 0.5% / registration – PLN 500 (EUR 119) + payment for the announcement PLN 100 (EUR 24)	yes / yes	no	yes	if at least two of the thresholds are reached
<b>Professional Partnership</b>	tax on incorporation agreement – 0.5% / registration – PLN 500 (EUR 119) + payment for the announcement PLN 100 (EUR 24)	yes / no	yes	yes	if at least two of the thresholds are reached
<b>Registered branch office</b>	generally no / registration PLN 500 (EUR 119) + payment for the announcement PLN 100 (EUR 24)	–	–	yes	if at least two of the thresholds are reached
<b>Permanent establishment</b>	–	–	–	yes	if at least two of the thresholds are reached

Exchange rate: EUR 1 = PLN 4.2 (EUR amounts rounded)

## Corporate income tax

Tax rate	<ul style="list-style-type: none"> <li>▪ 19% (general tax rate)</li> <li>▪ 9% for taxpayers meeting the criteria specified (see below)</li> <li>▪ 0.034% monthly – applicable only as regards minimum CIT</li> </ul> <p>The 9% CIT rate is applicable for non-capital gains income for taxpayers (the conditions must be met jointly):</p> <ul style="list-style-type: none"> <li>▪ whose revenues, net of VAT, did not exceed the PLN equivalent of EUR 1.2 million in a given tax year,</li> <li>▪ who enjoy the small taxpayer status (their revenues from sales, increased by VAT, did not exceed the PLN equivalent of EUR 1.2 million in the preceding tax year) – not required for taxpayers starting business.</li> </ul> <p>Corporate income tax rate for corporations as well as partnerships limited by shares with unlimited or limited liability to tax, no minimum corporate income tax</p>				
Tax liability					
<table border="1"> <tr> <td>Unlimited</td> <td>Corporation with residence or management in Poland, unless where restricted by DTA</td> </tr> <tr> <td>Limited</td> <td>Foreign corporations neither resident nor managed in Poland, on their Polish income</td> </tr> </table>	Unlimited	Corporation with residence or management in Poland, unless where restricted by DTA	Limited	Foreign corporations neither resident nor managed in Poland, on their Polish income	
Unlimited	Corporation with residence or management in Poland, unless where restricted by DTA				
Limited	Foreign corporations neither resident nor managed in Poland, on their Polish income				
Financial year	Calendar year; different financial year possible, but must be reported to the tax office in writing				
Accounting	In general, double-entry bookkeeping as specified in the Accounting Act				
Loss set-offs / carryforwards	<p>Possible, subject to set off / carryforward limits; carryforwards over 5 years, generally with an annual maximum of 50%, with the balance in following years; no loss carrybacks.</p> <p>Furthermore, last set-offs and carryforwards are possible only within each of the two income sources – income derived from capital gains and the remaining income (from business activity and special branches of agriculture). An exception applies for banks and other financial institutions whose whole income falls into one sources.</p>				
Associated parties	<p>The term “related entities” is interpreted as follows:</p> <ul style="list-style-type: none"> <li>▪ an entity which has a significant impact on another entity,</li> <li>▪ the same entity or a natural person (e.g. spouse or a close relative, as specified by the law) has significant impact on both entities,</li> <li>▪ a partnership and its partners,</li> <li>▪ the taxpayer (or a company from the fiscal capital group) and its permanent establishment,</li> <li>▪ two entities the relations between whom are not established or maintained due to valid economic reasons.</li> </ul> <p>Having “significant impact” means:</p> <ul style="list-style-type: none"> <li>▪ possessing, directly or indirectly, at least 25% of: <ul style="list-style-type: none"> <li>▪ shares in the capital of a company,</li> <li>▪ voting rights in management, legislative or control bodies,</li> <li>▪ shares or rights to share in profits, or similar as specified by the CIT law;</li> </ul> </li> </ul>				

	<ul style="list-style-type: none"> <li>▪ the actual ability of a natural person to influence a legal person or a non-legal person in its key economic decisions,</li> <li>▪ being married or a close relative as specified by the CIT law.</li> </ul>
Operating expenses	<p>Expenses incurred in connection with the generation of income, maintaining or securing the source of income. Costs of immaterial services incurred, directly or indirectly, for the benefit of related parties or entities situated in jurisdictions with harmful tax competition may not be recognized as tax-deductible costs in the amount exceeding 5% of EBITDA calculated according to the rules provided by the CIT law. The limitation does not apply to costs not exceeding PLN 3 million. The catalogue of services affected includes:</p> <ul style="list-style-type: none"> <li>▪ advisory, marketing, market research, management, control, data processing, insurance, guarantees, bails and similar services</li> <li>▪ payments for the use of fictitious and legal assets</li> <li>▪ transfer of the debtor’s insolvency risk as regards non-banking loans</li> </ul>
Transfer prices	<p>1. Transfer prices between related entities</p> <ul style="list-style-type: none"> <li>▪ The law now features direct regulation stating that related parties must set the transfer prices in a way that would be established between unrelated entities.</li> <li>▪ If this is not the case and the taxpayer recognizes lower income (higher tax loss), then the tax authority determines the income (tax loss) in a way that does not take into consideration the transaction terms agreed.</li> <li>▪ The tax authority also has the right to determine the taxpayer’s income (tax loss) by skipping a transaction, or by taking into consideration the tax consequences of another, hypothetical (“appropriate”) transaction, if it ascertains that a given transaction would not have been conducted by unrelated parties, or that they would have concluded another, “appropriate” one.</li> <li>▪ Transfer prices are verified using one of these methods: the comparable uncontrolled price method, the resale price method, the cost plus method, the transactional net margin method or the profit split method. If impossible, another method may be used, though it must be the most fitting under given circumstances. The tax authority is obliged to apply the method used by the taxpayer unless another method is more fitting.</li> <li>▪ The taxpayer may undertake a TP adjustment, if certain formal conditions specified by the CIT law are met.</li> <li>▪ The law now features safe harbours for low value added services and loans – which means that the tax authority will stay away from assessing the taxpayer’s income (tax loss) if certain formal conditions specified by the CIT law are met.</li> <li>▪ There exists a regulation stating that, under certain conditions, the income (tax loss) of a local taxpayer is adjusted if a foreign tax authority has ascertained that the income of a local taxpayer constitutes income of a foreign taxpayer. This adjustment serves the purpose of avoiding double taxation.</li> </ul>

	<p>2. Transfer pricing documentation ("TPD")</p> <p>The obligation to prepare the TPD depends on the net value and type of the transactions. The transaction threshold are the following:</p> <ul style="list-style-type: none"> <li>▪ PLN 10,000,000 - for commodity or financial transactions,</li> <li>▪ PLN 2,000,000 – for the performance of services and for other transactions (except those below),</li> <li>▪ PLN 100,000 – for payments made to tax haven-based entities,</li> <li>▪ PLN 100,000 – in the case of joint ventures and partnerships concluded with tax haven-based entities (the threshold applies to equity contributions / undertaking value).</li> </ul> <p>When the net value of the transaction exceeds an appropriate threshold the taxpayer is obliged to prepare TPD in the form of a local file (detailed information about transaction and parties, including particular elements specified in the CIT law) which includes a comparability analysis (benchmarking study).</p> <p>When consolidated revenues of the capital group exceed PLN 200,000,000, or when a consolidated financial statement is prepared, the taxpayer must also have TPD in the form of a master file. There is a possibility to obtain a master file prepared by other entity from capital group in English (translation into Polish must be delivered at the tax authorities' request within 30 days).</p> <p>Simplifications available (most important):</p> <ul style="list-style-type: none"> <li>▪ no obligation to prepare TPD for transactions between Polish companies without tax losses and which do not enjoy CIT exemptions,</li> <li>▪ no obligation to prepare TPD for transactions subject to an Advances Pricing Agreement (APA),</li> <li>▪ no obligation to prepare benchmarking analyses for low value added services and loans under certain conditions.</li> </ul> <p>Additional obligations for taxpayers obliged to prepare local files – the requirement to provide the tax authorities, in an electronic form and without their request:</p> <ul style="list-style-type: none"> <li>▪ with a written statement that TPD for the given tax year has been prepared and that the terms of all transactions subject to local files are at arm's length – within the deadline to prepare local files,</li> <li>▪ with the information on transfer prices applied by the taxpayer (form TP-R) – within the deadline to prepare local files.</li> </ul> <p>The latter also applies to taxpayer whose transactions do not trigger the TPD obligation due to the available simplifications – most notably on the case of APAs and the transactions between Polish companies without tax losses.</p> <p>Polish parent entities consolidating financial statements of the group in the case last year's consolidated revenues of the group exceeded EUR 750 million need to prepare and submit a country-by-country report (information on global allocation of income and taxes) – within 12 months after the end of the given tax year. Generally speaking, other entities being part of such a group file a country-by-country notification indicating who the report filing party is.</p>
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	<p>The deadline for preparing TPD is:</p> <ul style="list-style-type: none"> <li>▪ 9 months from the end of the fiscal year for local files, and</li> <li>▪ 12 months for master files.</li> </ul> <p>TPD must be delivered to the tax authorities within 7 days of their request.</p> <p>The difference between the income declared by the taxpayer and assessed by the tax authority is taxed with CIT at the rate applicable for a given taxpayer, with an additional tax sanction amounting to 10% of the unrecognized income. In the case of the lack of the TPD, the sanction's rate is:</p> <ul style="list-style-type: none"> <li>▪ doubled,</li> <li>▪ when the unrecognized income exceeds PLN 15 million - tripled, but the tripled rate applies only to the excess tax sanction over the sanction calculated on the basis of the additional income up to PLN 15 million.</li> </ul> <p>Advanced pricing agreements (APA) are available.</p>
Interest on financing of acquisition	Generally deductible
Thin capitalization limitations	<ul style="list-style-type: none"> <li>▪ Applies to financing received both from related and unrelated parties</li> <li>▪ The surplus of debt financing costs exceeding 30% of EBITDA set according to criteria from the CIT law may not be recognized as tax-deductible costs</li> <li>▪ The limitation does not apply to the surplus not exceeding PLN 3 million and to financial enterprises</li> <li>▪ The surplus may be settled within the next five years, though all limitations do apply</li> <li>▪ Above mentioned rules starting from 2019 are applicable to all loans also received, irrespective of when they were received.</li> </ul>
Tax depreciation	<p>Tax depreciation: rates for individual asset types or classes defined by tax law.</p> <p>Under commercial law, on the basis of the expected useful life</p> <p>Straight-line, reducing balance only for special machinery, equipment and means of transport (excluding cars)</p> <p>100% depreciation available for low value assets with acquisition costs of up to PLN 10,000 (net of VAT)</p> <p>Depreciation rates</p> <ul style="list-style-type: none"> <li>▪ Buildings: 1.5% – 10%</li> <li>▪ Other constructions: 2.5% – 20%</li> <li>▪ Machinery and equipment: 7% – 25%</li> <li>▪ Cars and trucks: 20%</li> <li>▪ Computers: 30%</li> </ul> <p>Where justifiable on technical grounds, other (higher) rates may be allowable</p>
Provisions	Accounting provisions are generally not allowable for tax purposes (limited number of very restrictive exceptions)

## Corporate income tax

Passenger car expenses	<p>Depreciation: 20% straight-line</p> <p>Depreciation, operating leasing rental costs and insurance costs of purchased or leased cars attributable to acquisition cost exceeding PLN 150,000 net of VAT (for electric cars PLN 225,000) constitute non-tax deductible costs.</p> <p>Cars' operation expenses are deductible only in 75% if the vehicle is also used for purposes not connected to the business conducted by the taxpayer (mainly - for private purposes).</p> <p>100% of VAT deductible if the car is used exclusively for business purposes (relevant strict evidence required). If used for business and private purposes and/or no evidence is maintained – 50% of input VAT is deductible. The remaining 50% part of input VAT constitutes tax deductible costs.</p>
Non-deductible expenses	<p>Examples (complete list in Article 16 of the Corporate Income Tax Act)</p> <p>Depreciation and insurance costs of purchased or leased cars if their value exceeds PLN 150,000 net of VAT (for electric car – PLN 225,000)</p> <p>25% of car operation expenses if they are use also for private purposes</p> <p>Accrued interest and exchange differences (if accounting rules are chosen for tax purposes, unrealised exchange differences may become tax deductible)</p> <p>The majority of provisions made in the financial accounts</p> <p>Entertainment and promotional costs, especially hospitality, purchase of food and drink (incl. alcohol)</p> <p>All payments exceeding PLN 15,000 (approx. EUR 3,400) made in cash</p>
Withholding tax	<p>Where liability to tax is limited, withholding tax of 19% or 20% is deducted. Applicable DTA can provide for income to be exempt from taxation or for taxes to be set off. Starting from:</p> <ul style="list-style-type: none"> <li>July 2019 – as regards interest, dividends and other payments subject to WHT (excluding those specified in the bullet below),</li> <li>January 2020 – as regards fees for use or right to use an industrial device, including means of transport, a commercial device or a scientific device; fees due for transport of cargo and passengers from Polish ports by foreign commercial sea transport companies, except transit cargo and transit passengers; fees earned in the territory of the Republic of Poland by a foreign air transport company</li> </ul> <p>there shall be a significant change in the WHT remitting obligations in the case of payment made to one contractor, with the payments exceeding in one fiscal year PLN 2 million.</p> <p>In such cases, the WHT remitter:</p> <ul style="list-style-type: none"> <li>will be firstly obliged to pay WHT as per the domestic WHT rate, and</li> </ul>

	<ul style="list-style-type: none"> <li>then, if it is possible to use a WHT exemption or a more favourable rate from the DTA, the taxpayer or the WHT remitter (if it paid the WHT from its own funds) will be able to apply for a WHT refund (which may take up to 6 months). The refund application will have to contain law-listed documents (such as the certificate of residence, payment confirmations etc.).</li> </ul> <p>Exceptions allowing the WHT remitter not to apply the domestic WHT rate and use the exemption / more favourable rate from the DTA:</p> <ul style="list-style-type: none"> <li>the WHT remitter has provided the tax authority with a written statement testifying to the lack of obstacles from using the more favourable WHT taxation – to be filed as at the payment date at the latest,</li> <li>the taxpayer / the WHT remitter (if it shall pay the WHT from its own funds) will obtain a special written opinion of the tax authority (the cost for issuing the opinion amounts to PLN 2,000 and it is valid for 36 months).</li> </ul>
Interest	<p>Tax rate 20%, or lower tax rate per applicable DTA or exemption on the basis of EU Interest and Royalty Directive for group purposes. Application of a reduced rate according to DTA: possession of tax residence certificate is required.</p> <p>Application of an exemption: possession of i) tax residence certificate and ii) a written statement that the recipient company does not enjoy exemption from taxation of the whole of its income regardless of where it has been derived and that it is beneficial owner of interest is required.</p>
Royalties	<p>Tax rate 20%, or lower tax rate applicable DTA or exemption on the basis of EU Interest and Royalty Directive for group purposes. Application of a reduced rate according to DTA: possession of tax residence certificate is required.</p> <p>Application of an exemption: possession of i) tax residence certificate and ii) a written statement that the recipient company does not enjoy exemption from taxation of the whole of its income regardless of where it has been derived and that it is beneficial owner of royalties is required.</p>
Dividends	<p>At 19%, or lower tax rate per applicable DTA or exemption on the basis of EU Parent-Subsidiary Directive for group purposes. Application of an exemption or a reduced rate according to DTA – possession of tax residence certificate is required.</p> <p>Application of an exemption in the following cases:</p> <p><b>Nationally</b> Exemption from withholding tax on dividends paid by a company resident in Poland to another company resident in Poland. Requirements: the company entitled to the dividend must have held at least 10% of the shares in the company paying the dividend for an unbroken period of 2 years.</p>

	<p><b>EU, EEA</b> Exemption from withholding tax on dividends paid by a company resident in Poland to company resident in another EU or EEA state. Requirements: the company entitled to the dividend must have held at least 10% of the shares in the company paying the dividend for an unbroken period of 2 years. Requirement: possession of tax residence certificate and a written statement that the recipient company does not enjoy exemption from taxation of the whole of its income regardless of where it has been derived. Condition: cooperation in the area of information exchange.</p> <p><b>Switzerland</b> Tax exemption for withholding tax on dividends paid by Polish companies to companies with registered offices in Switzerland provided the recipients hold at least 25% of the share capital of the dividend payer for an uninterrupted period of 2 years. Requirement: possession of tax residence certificate and a written statement that the recipient company does not enjoy exemption from taxation of the whole of its income regardless of where it has been derived. Condition: cooperation in the area of information exchange.</p>
Direct collection	Apart from withholding tax, no other provisions
Capital gains	Capital gains are a separate source of revenues and subject to a standard 19% CIT rate.
Dividend income	Please see above – constitutes capital gains
Exemptions	<p>As a general rule, income from investments is taxable: corporate income tax rate of 19% (see also above). There is an exemption, however, for dividends received by a Polish company from the following sources:</p> <p><b>EU, EEA</b> Exemption from withholding tax on dividends received by a company resident in Poland from a company resident in an EU or EEA state. Requirements: the Polish company entitled to the dividend must have held at least 10% of the shares in company paying the dividend for an unbroken period of 2 years. Requirement: possession of tax residence certificate. Condition: cooperation in the area of information exchange.</p> <p><b>Switzerland</b> Tax exemption for dividends received from companies with registered offices in Switzerland provided the Polish company holds at least 25% of the share capital of the dividend payer for an uninterrupted period of 2 years. Requirement: possession of tax residence certificate. Condition: cooperation in the area of information exchange.</p> <p><b>Other countries (with DTA)</b> Tax credit for withholding taxes and proportionate share of corporate income tax paid in the other countries with whom Poland has a DTA provided the Polish company holds at least 75% of the share capital of the dividend payers from other countries for an uninterrupted period of 2 years. Requirement: possession of tax residence certificate. Condition: cooperation in the area of information exchange.</p> <p><b>Other countries (without DTA)</b> Tax credit for Polish companies in respect of withholding taxes paid on dividends in other countries on the basis of Polish domestic tax law.</p>

Parent Subsidiary Directive / International parent-subsidiary exemption	<p>Exemption from withholding tax on distributions out of profit provided requirements satisfied:</p> <ul style="list-style-type: none"> <li>▪ Qualifying period – 2 years</li> <li>▪ Minimum holding – 10%</li> </ul> <p>Gains on disposals of investments are taxable</p>
Interest and Royalty Directive	Exemption from withholding tax on interest as well as royalties provided some requirements are fulfilled
Goodwill amortization	<p>Asset deal: possible (over 5 years), but only in the case of the purchase of an entire enterprise, or an organised part of an enterprise (OPE)</p> <p>Share deal: not possible</p>
Group taxation	<p>The following requirements must be satisfied:</p> <ul style="list-style-type: none"> <li>▪ Parent company must hold at least 75% of the capital of the other members of the group</li> <li>▪ The other members of the group may not have interest in each other</li> <li>▪ Parent company and the other members may not have interests in excess of 5% in other companies not forming part of the group</li> <li>▪ Members of the group must have equity of at least PLN 500,000 determined disregarding the capital that has not actually been transferred or covered by debt and interest accrued thereon as well as non-depreciable intangible and legal values</li> <li>▪ The group must have taxable profits amounting to at least 2% of gross revenue</li> <li>▪ Members of the group are not exempt from corporate income tax (e.g. in connection with special economic zones or investment funds)</li> </ul>
Controlled Foreign Entities (former CFC rules)	<p>If a Polish company participates in a foreign entity (further: CFE), income earned by such a foreign entity may be taxed at the level of the Polish participating company provided that:</p> <ul style="list-style-type: none"> <li>▪ such a CFE is located (being located means having its seat, place of then management board or being registered) in a country applying harmful tax competition;</li> <li>▪ there is no ratified DTA and/ or other such agreement between Poland or the EU and such country and</li> <li>▪ the Polish company holds directly or indirectly – on its own or together with its related entities – at least 50% of the CFE's shares, or at least 50% of the voting rights in the CFE's legislative, management or control bodies, at least 50% of the right to share in profit, or has actual control over the CFE;</li> <li>▪ at least 33% of the CFE's revenues is derived from certain sources, including dividends and other revenues from the participation in legal persons, shares/ stocks alienation, interest, receivables, copyrights, industrial property rights, including their alienation, financial activity, transactions with related entities if no or nearly no added value is created etc. and</li> </ul>

## Corporate income tax

	<ul style="list-style-type: none"> <li>income tax actually paid by the CFE is lower than the income tax that would be paid if the corporation was a Polish tax resident decreased by the income tax actually paid in the country of its tax residency.</li> </ul> <p>Certain, specific cases where CFE rules do not apply are listed in the CIT law. Most notably, the CFE rules are not applicable if the CFE runs significant business in the country of its unlimited taxation, provided the country lies in the EU or the EEA.</p>
Minimum Corporate Income Tax	<ul style="list-style-type: none"> <li>Minimum income tax applies to owners or co-owners of fixed assets being buildings which have been, at least partly, rented, leased or subject to a similar legal title and are located in Poland</li> <li>CIT as regards the value of the buildings</li> <li>Taxable revenues: the initial value of the buildings constituting the fixed assets of the taxpayer</li> <li>Tax base: the sum of revenues less PLN 10 million</li> <li>Tax rate: 0.035% monthly of the tax base</li> <li>Tax paid monthly and is deducted from the amount of the advance CIT to be paid. The taxpayer may refrain from the payment if the building income tax is lower than the advance CIT to be paid</li> <li>Tax paid and not deducted earlier is deducted from the annual CIT.</li> <li>The annually not deducted building income tax is refunded at the taxpayer's request if the tax authority green-lights the way the taxpayer has calculated its CIT liability.</li> </ul>
Exit tax	<ul style="list-style-type: none"> <li>The scope of the CIT law also includes unrealized gains in relation to: <ul style="list-style-type: none"> <li>the relocation of the asset to a place abroad – in a situation when Poland loses the ability to tax income derived from the sale of this asset,</li> <li>the change of the tax residency of the taxpayer falling under the unlimited tax liability in Poland – in a situation when Poland loses the ability to tax income derived from the sale of an asset owned by this taxpayer, and as a result of the change of the tax residency</li> </ul> </li> <li>The tax on unrealized gains amount to 19%</li> <li>Income from unrealized gains shall be understood as the surplus of the market value of the asset over its tax value – established as at its transfer day as at the day preceding the day of the tax residency change</li> <li>Tax base shall be understood as the sum of all income from unrealized gains, set for all assets. In the case of the transfer of an enterprise or its organized part, the income refers to the whole enterprise or its organized part</li> <li>Taxpayers are obliged to pay the exit tax and file the exit tax return as at the 7th day of the month following the month when income was created</li> <li>The taxation does not apply in certain cases when the asset is transferred out of Poland for no more than 12 months</li> <li>The tax so levied may be paid in instalments within 5 years – on the condition the taxpayer applies for it, the tax authority grants such a possibility by way of a decision, and if the transfer takes place to another EU or EEA member state.</li> </ul>

## Personal income tax

Tax rate	Tax base		Tax
	From	up to	
		PLN 85,528	18% less the tax-free amount
	PLN 85,528		PLN 15,395.04 plus 32% of the amount in excess of PLN 85,528 less the tax-free amount
Tax-free amount	Degressive. Depending on the tax base it amounts to: <ul style="list-style-type: none"> <li>PLN 1,440 for the tax base not exceeding PLN 8,000</li> <li>between PLN 556.02 and PLN 1,440 for the tax base above PLN 8,000 to PLN 13,000</li> <li>PLN 556.02 for the tax base above PLN 13,000 to PLN 85,528</li> <li>between PLN 0 and PLN 556.02 for the tax base above PLN 85,528 to PLN 127,000</li> <li>PLN 0 if the tax base exceeds PLN 127,000</li> </ul>		
Tax liability			
	Unlimited	natural persons abiding in Poland more than 183 days a year or having the centre of their personal or business activities in Poland	
	Limited	natural persons, neither abiding in Poland more than 183 days a year nor having the centre of their personal or business activities in Poland	
Income categories	Income from <ol style="list-style-type: none"> <li>Special branches of agriculture</li> <li>Employment</li> <li>Contractual employment</li> <li>Self employment (business activity)</li> <li>Capital and property rights</li> <li>Rents</li> <li>Non-business speculative transactions</li> <li>Business of the Controlled Foreign Entity</li> <li>Unrealized gains</li> <li>Other sources</li> </ol>		
Accounting	Double-entry bookkeeping Small businesses and the self-employed: receipts and payments accounting Obligation to maintain books and records in accordance with Polish accounting regulations if the turnover of the previous year was at least EUR 2 million		
Loss set-offs	Only possible within income categories		
Loss carryforwards	Losses can be carried forward for a maximum of 5 years, with a maximum entitlement of 50% per annum (and generally only as part of commercial activity)		
Operating expenses	Expenses of the business		



## Personal income tax

Business expenses	Expenses incurred in connection with the generation of income, maintaining or securing the source of income
Flat rate tax	<p>Option for income from self-employment to be taxed at flat rate of 19%.</p> <p>Application for flat-rate taxation must be filed at the latest by the 20<sup>th</sup> of the month following the month when the first revenue was generated, or until the end of the year when the revenue was generated in December.</p>
Passenger cars	<p>Depreciation: 20% straight-line</p> <p>100% of VAT deductible if the car is used exclusively for business purposes (relevant strict evidence required). If used for business and private purposes and/or no evidence is maintained – 50% deductible. The remaining 50% part of input VAT constitutes tax deductible costs.</p> <p>Depreciation and insurance costs of purchased cars or the operating leasing rentals attributable to acquisition cost exceeding PLN 150,000 net of VAT are tax not deductible as business expenses (PLN 225,000 for electric cars).</p> <p>In the case when the cars are used also for private purposes operation expenses are deductible in PIT only in 75%.</p>
Withholding tax	<p>Where liability to tax is limited, withholding tax of 19% or 20% is deducted. A lower rate may be provided by the applicable DTA. Application of the reduced rate requires possession of a tax residence certificate</p> <p>Starting from:</p> <ul style="list-style-type: none"> <li>July 2019 – as regards interest, dividends and other payments subject to WHT (excluding those specified in the bullet below),</li> <li>January 2020 – as regards fees for use or right to use an industrial device, including means of transport, a commercial device or a scientific device; fees due for transport of cargo and passengers from Polish ports by foreign commercial sea transport companies, except transit cargo and transit passengers; fees earned in the territory of the Republic of Poland by a foreign air transport company</li> </ul> <p>there shall be a significant change in the WHT remitting obligations in the case of payment made to one contractor, with the payments exceeding in one fiscal year PLN 2 million.</p> <p>In such cases, the WHT remitter:</p> <ul style="list-style-type: none"> <li>will be firstly obliged to pay WHT as per the domestic WHT rate, and</li> <li>then, if it is possible to use a WHT exemption or a more favourable rate from the DTA, the taxpayer or the WHT remitter (if it paid the WHT from its own funds) will be able to apply for a WHT refund (which may take up to 6 months). The refund application will have to contain law-listed documents (such as the certificate of residence, payment confirmations etc.).</li> </ul>

	Exceptions allowing the WHT remitter not to apply the domestic WHT rate and use the exemption / more favourable rate from the DTA - the WHT remitter has provided the tax authority with a written statement testifying to the lack of obstacles from using the more favourable WHT taxation – to be filed as at the payment date at the latest.
Interest	20% or applicable DTA
Royalties	20% or applicable DTA
Dividends	19% or applicable DTA
Minimum Personal Income Tax	<ul style="list-style-type: none"> <li>Minimum income tax applies to owners or co-owners of fixed assets being buildings which have been, at least partly, rented, leased or subject to a similar legal title and are located in Poland</li> <li>PIT as regards the value of the buildings</li> <li>Taxable revenues: the initial value of the buildings constituting the fixed assets of the taxpayer</li> <li>Tax base: the sum of revenues less PLN 10 million</li> <li>Tax rate: 0.035% monthly of the tax base</li> <li>Tax paid monthly and is deducted from the amount of the advance PIT to be paid. The taxpayer may refrain from the payment if the building income tax is lower than the advance PIT to be paid</li> <li>Tax paid and not deducted earlier is deducted from the annual PIT.</li> <li>The annually not deducted building income tax is refunded at the taxpayer's request if the tax authority green-lights the way the taxpayer has calculated its PIT liability.</li> </ul>
Exit tax	<ul style="list-style-type: none"> <li>The scope of the PIT law also includes unrealized gains in relation to: <ul style="list-style-type: none"> <li>the relocation of the asset to a place abroad – in a situation when Poland loses the ability to tax income derived from the sale of this asset,</li> <li>the change of the tax residency of the taxpayer falling under the unlimited tax liability in Poland – in a situation when Poland loses the ability to tax income derived from the sale of an asset owned by this taxpayer, and as a result of the change of the tax residency</li> </ul> </li> <li>The tax on unrealized gains amount to: <ul style="list-style-type: none"> <li>19% of the tax base if the tax value of the asset is determined,</li> <li>3% of the tax base if the tax value of the asset is not determined</li> </ul> </li> <li>The tax does not apply if the market value of the assets transferred does not exceed PLN 4 million</li> <li>Income from unrealized gains shall be understood as the surplus of the market value of the asset over its tax value – established as at its transfer day as at the day preceding the day of the tax residency change</li> <li>Tax base shall be understood as the sum of all income from unrealized gains, set for all assets. In the case of the transfer of an enterprise or its organized part, the income refers to the whole enterprise or its organized part</li> <li>Taxpayers are obliged to pay the exit tax and file the exit tax return as at the 7th day of the month following the month when income was created</li> <li>The taxation does not apply in certain cases when the asset is transferred out of Poland for no more than 12 months</li> </ul>

## Personal income tax

	<ul style="list-style-type: none"> <li>The tax so levied may be paid in instalments within 5 years – on the condition the taxpayer applies for it, the tax authority grants such a possibility by way of a decision, and if the transfer takes place to another EU or EEA member state</li> <li>The taxpayer may apply for the exit tax refund if it has transferred the asset back to Poland within 5 years of the outbound transfer, or if the taxpayer has once again become a Polish tax resident subject to unlimited tax liability in Poland.</li> </ul>
Solidarity tax	<ul style="list-style-type: none"> <li>The solidarity tax rate amounts to 4% of the tax base</li> <li>The tax base is the surplus income over PLN 1 million less social security contributions and certain CFE-related amounts</li> <li>The tax is paid and the solidarity tax return is filed as at the end of April of the following year.</li> </ul>

## Filing dates and deadlines

Personal income tax return	<p>Deadline for filing annual tax declaration – 30 April of the following year</p> <p>Monthly income tax payments must be made during the year. Payments must be made by the 20<sup>th</sup> of the following month (e.g. 20 February for January).</p> <p>Small and start-up businesses may pay quarterly. Advance payments may not be made if their amount does not exceed PLN 1,000.</p>
Corporate income tax return	<p>Deadline for filing annual tax declaration: 31 March of the following year; if the tax year differs from the calendar year, by the last day of the third month following the end of the tax year.</p> <p>Monthly corporate income tax payments must be made during the year. Payments must be made by the 20<sup>th</sup> of the following month (e.g. 20 February for January).</p> <p>Small and start-up businesses may pay quarterly.</p>
VAT return	<p>Monthly declarations must be filed by the 25<sup>th</sup> of the following month (e.g. 25 February for January); quarterly declarations are possible only for small taxpayers; no annual tax declaration. Generally, taxpayers must file VAT returns electronically (and sign them with a secure electronic signature issued by an authority in Poland).</p>

## Other taxes

Business tax	no
Wealth tax	no, though please see the note on the solidarity tax above.
Tax on civil law transactions	In general levied alternatively to VAT (if no VAT imposed)
Most important taxable transactions and rates	<ul style="list-style-type: none"> <li>Sales (exchange) of land, movable assets, hereditary beneficial interests: 2%</li> <li>Sales (exchange) of other property interests (e.g. shares): 1%</li> <li>Articles of association and changes (e.g. increases in share capital, additional payments of shareholders): 0.5%</li> <li>Loan agreements: 0.5%</li> </ul>
Basis of assessment	Fair market value of the goods / property rights (when sold / exchanged), the amount of the increase in the share capital

## Tax regulations

Binding individual tax rulings	Yes, possible for all tax matters of all taxable persons (both currently taxable and potentially taxable), with the exception of cases being potentially subject to a GAAR decision
Penalties for late payment	Penalty for delay: 8% pa. (lower penalty interest of 4% pa. or higher penalty interest of 12% pa. – may be applied in certain cases)
Criminal provisions	<p>Fiscal Penalties Act</p> <p>Penalties for negligent tax evasion: fines</p> <p>Penalties for deliberate tax evasion: fines or imprisonment</p>

## Tax and other concessions

Tax concessions for individuals	<ul style="list-style-type: none"> <li>Spouse / single parent: income is aggregated and divided by two. Progressive rates of tax are then applied to the two individual amounts (separate assessment – tax advantage with higher income)</li> <li>Refund of relocation costs resulting from work and reimbursement of relocation costs (up to 200% of one month's salary)</li> <li>Annual child allowance: <ul style="list-style-type: none"> <li><b>One child:</b> PLN 1,112.04 (EUR 265) pa. however the right depends on the level of parents' income</li> <li><b>Two children:</b> PLN 1,112.04 (EUR 265) pa. for each child</li> <li><b>Third child:</b> PLN 1,668.12 (EUR 397) pa.</li> <li><b>Fourth and the next child:</b> PLN 2,224.08 (EUR 530) pa.</li> </ul> </li> <li>Reimbursement of travel expenses</li> </ul>
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## Tax and other concessions

<p>Tax concessions for entrepreneurs</p>	<p>There is a possibility to obtain up to 15 years of tax exemption from CIT or PIT, the range and scale of which can be compared to the regulations of Special Economic Zones (SEZ). In comparison with SEZs there is no territorial limitation to apply for the tax relief. Investors who have gained access to SEZ, can apply for the new relief after 2026 when SEZs are be phased out.</p> <p>The basis for obtaining the relief is the support decision issued. The relief can be applied for a maximum period of 15 years. The amount of relief, deducted from CIT or PIT, is the equivalent of eligible investment costs or two-year labor costs of newly employed employees.</p> <p>Costs of investments in new technologies entered into books until the end of 2015 can be deducted from taxable income in the proceeding years. At the beginning of 2016 concession for new technologies was replaced by new concession for research and development activities, stated in Article 18d of the Polish CIT Act. It allows the taxpayers to decrease the tax base by the amount of qualified costs connected with R&amp;D. At the beginning of 2017, the catalog of qualified costs has been extended with the costs associated with obtaining a patent, protection right to a utility model and the right resulting from the registration of an industrial design (this regulation applies to micro, small and medium-sized enterprises). From 2018 onwards, the R&amp;D concession was further liberalised to include 100% of all qualified costs, or even 150% for R&amp;D centres. The catalogue of qualified costs now included i.a. civil law contracts. Taxpayers operating in Special Economic Zones may make use of the R&amp;D concession, but are due to limitations.</p> <p>Innovation Box – starting from 2019, income derived from qualified intellectual property right may be taxed with the tax rate of 5%. The term “qualified IP rights” includes i.a. patents, copyrights to software, utility and industrial model protection rights, medical product registration rights etc. – subject to legal protection as well as being developed and upgraded by the taxpayer as part of its research and development activity.</p>
<p>Other concessions (grants)</p>	<p>Grants supporting job creation in Poland</p> <p>Investment grants</p>

## Immovable property

Tax depreciation	
<ul style="list-style-type: none"> <li>Straight-line</li> <li>Additional</li> </ul>	<p>Rates specified in the appendix to the income tax acts</p> <p>In case of permanent impairment losses (not allowable for tax purposes)</p>
Depreciation categories	
<ul style="list-style-type: none"> <li>Land</li> </ul>	<p>No depreciation</p>

<ul style="list-style-type: none"> <li>Buildings</li> <li>Machinery and equipment</li> </ul>	<p>Depreciation rates: 1.5 – 10%. In certain cases under some conditions, depreciation rates may be increased even by a factor of 1.4</p> <p>Depreciation rates: 7 – 25%. In certain cases, depreciation rates may be increased even by a factor of 2.0</p>
Special allowances	100% depreciation of low value assets with cost of acquisition up to PLN 10,000
Write-ups	Possible
Property transfer tax	<p>None. The acquisition of real estate is however liable to the tax on civil law transactions</p> <ul style="list-style-type: none"> <li>▪ Sale of property or beneficial interests therein: 2%</li> <li>▪ Basis of assessment: market value</li> </ul>
Real estate tax	
<ul style="list-style-type: none"> <li>Objects of taxation</li> <li>Basis of assessment</li> <li>Amount of tax</li> <li>Maximum tax rates</li> </ul>	<p>Land, buildings and other constructions in Poland</p> <ul style="list-style-type: none"> <li>▪ Land: area</li> <li>▪ Buildings and their parts: useable area</li> <li>▪ Other constructions and their parts: gross book value as at 1 January in the tax year</li> </ul> <p>Application of a tax rate determined by local government authorities; the statutory maximum rates may not be exceeded</p> <ul style="list-style-type: none"> <li>▪ Land used for commercial purposes: PLN 0.93 / m<sup>2</sup></li> <li>▪ Residential buildings or parts of residential buildings: PLN 0.79 / m<sup>2</sup></li> <li>▪ Commercial buildings or parts of commercial buildings: PLN 23.47 / m<sup>2</sup></li> <li>▪ Other constructions: 2% of the basis of assessment</li> </ul>
Real estate funds	No special regulations, normal provisions
Minimum Income Tax	<ul style="list-style-type: none"> <li>▪ Minimum income tax applies to owners or co-owners of fixed assets being buildings which have been, at least partly, rented, leased or subject to a similar legal title and are located in Poland</li> <li>▪ Income tax as regards the value of the buildings</li> <li>▪ Taxable revenues: the initial value of the buildings constituting the fixed assets of the taxpayer</li> <li>▪ Tax base: the sum of revenues less PLN 10 million</li> <li>▪ Tax rate: 0.035% monthly of the tax base</li> <li>▪ Tax paid monthly and is deducted from the amount of the advance income tax (CIT / PIT) to be paid. The taxpayer may refrain from the payment if the building income tax is lower than the advance income tax to be paid</li> <li>▪ Tax paid and not deducted earlier is deducted from the annual income tax.</li> <li>▪ The annually not deducted building income tax is refunded at the taxpayer's request if the tax authority green-lights the way the taxpayer has calculated its income tax liability.</li> </ul>

## Social insurance

Scope of insurance	Statutory health, accident, pension, disability and sickness remuneration insurance for all gainfully employed persons. Special provisions for start-up businesses
Contribution rates and ceilings	Contribution rates fixed, contribution ceiling for pension and invalidity insurance: PLN 142.950
Self-employed persons	
Sickness income insurance	2.45 %
Pension insurance	19.52 %
Disability insurance	8 %
Accident insurance	0.67 – 3.33 %
Employed persons	
Sickness remuneration insurance	2.45 % (100 % employee)
Pension insurance	19.52 % (50 % employee)
Disability insurance	8 % (18.75 % employee)
Accident insurance	0.67 – 3.33 % (100 % employer)
Competent authority	The local ZUS offices are responsible for the collection of contributions
Other provisions	There are also Labour Fund (2.45 %) and other incidental contributions (e.g. Guaranteed Employee Benefits Fund, 0.10 %), and other voluntary supplementary assurance.

## Health insurance

Scope of insurance	All gainfully employed persons
Contribution rate	9% (7.75 % of the contribution base directly deductible from income tax)

## General managers

Civil and commercial law	Contract of employment, contract for services, appointment by shareholders' resolution, etc.
Social insurance	Engaged on the basis of a resolution of the shareholders in general meeting: no liability to pay Polish social and health insurance  Contract of employment or contract for services: social and health insurance  Liability to pay social and health insurance only if no exemption in Poland

Income tax	Employees: 20 % flat-rate taxation; applies only to those with limited liability to tax if their engagement is based on a resolution of the shareholders in general meeting or on management agreements. Optionally, income may be taxed at the flat rate, otherwise the standard income tax rates apply  Concession for self-employed: provided the necessary requirements are satisfied, flat-rate income tax of 19 % can be applied
VAT	
Employee	no VAT
Self-employed	VAT, with right to reimbursement (certain restrictions apply)
Work permit	For general managers from EU no work permit is required  For self-employment no work permit is required
Residence / settlement permit	Not required for EU citizens. Registration required in the case of a stay of more than three months, unless the executive officer remains resident in another EU country and regularly returns there
Liability	For outstanding tax liabilities, etc.
Minimum remuneration	Appropriate remuneration

## VAT

Tax rates	Standard rate: 23 %  Reduced rate of 8 %, e.g. for: <ul style="list-style-type: none"> <li>▪ Some fruits and vegetables being processed and preserved, or sliced and packaged, water (incl. distribution of water), textiles, specialist equipment, healing products in the official register, hotel services and passenger transport</li> </ul> Reduced rate: 5 % <ul style="list-style-type: none"> <li>▪ Mainly foodstuffs</li> </ul> Reduced rate: 0 %, e.g. for: <ul style="list-style-type: none"> <li>▪ Export of goods</li> <li>▪ Supply of goods within the European Community</li> <li>▪ Services directly connected with the export of goods</li> <li>▪ International transport services</li> </ul>
Supply of goods	Supplies of goods effectuated in Poland are VATable
Place of supply of goods	Where the goods are dispatched or transported by the supplier or purchaser or a third party, the place where the goods were situated at the beginning of their journey to the purchaser  Where the goods are neither dispatched nor transported, the place where they are situated at the time of supply

Supply of services	Supplies of services effectuated in Poland are VATable	
Place of supply of services	<p>Differentiation is made between services rendered</p> <ul style="list-style-type: none"> <li>to taxable persons („Business to Business“, „B2B“) or</li> <li>to non-taxable persons („Business to Customer“, „B2C“).</li> </ul> <p>For purposes of determining the place of the supply of services,</p> <ul style="list-style-type: none"> <li>taxable persons and</li> <li>non-taxable legal entities holding a VAT registration number</li> </ul> <p>will be considered as „taxable persons“.</p>	
▪ Basic rule	<b>B2B</b>	<b>B2C</b>
	Place of recipient	Place of supplier
	(The place where the recipient of services has established his business)	(The place where the supplier of services has established his business)
▪ Special cases	<b>B2B</b>	<b>B2C</b>
Supplies of services by intermediaries	Place of recipient (basic rule)	Place of the underlying transaction
Property services	Place of the property	Place of the property
Cultural, artistic, scientific, educational, sports, entertainment or similar services, like services in connection with fairs and exhibitions including services of the respective organizers	Place of recipient (basic rule)	Where the services are physically carried out
Other services concerning the right of admission and related other services for events like fairs and exhibitions	Place of the event	Where the services are physically carried out
Passenger transport	Distances covered	Distances covered
Transportation of goods (without intra-community portion)	Place of recipient (basic rule) some exemptions may apply	Distances covered
Intra-community goods transportation	Place of recipient (basic rule)	Place of departure of the transport
Ancillary transport services	Place of recipient (basic rule)	Where the services are physically carried out
Appraisal and processing of movable tangible objects	Place of recipient (basic rule)	Where the services are physically carried out
Restaurant and catering services	Where the services are physically carried out	Where the services are physically carried out

	Restaurant and catering services in connection with intra-community passenger transport	Place of departure	Place of departure
	Hiring of means of conveyance for up to 30 days	Where the means of transport is actually put at the disposal of the customer	Where the means of transport is actually put at the disposal of the customer
	Hiring of means of conveyance for over 30 days	Place of recipient (basic rule)	Place of recipient  Exception: place of disposal in case of recreational ships if service is rendered from the place of residence of service provider
	„Listed services“ to third country customers	Place of recipient (basic rule)	Where non-taxable person is established
	Telecom, radio, TV services provided from third country	Place of recipient (basic rule)	Where non-taxable person is established (if the place of utilization is in this country)  Place of recipient
	Electronically supplied services from third country	Place of recipient (basic rule)	Place of recipient; MOSS implemented
Reverse Charge (reversal of tax liability)	For certain supply of goods and supply of services as well as for intra-community goods acquisitions		
Requirements	The supplier of the service has no domestic domicile or habitual abode, nor a domestic fixed establishment involved in supplying the service (or effectuating the supply)		
Consequences	Invoice without VAT, indication of the reverse charge, VAT identification numbers of the supplier and the recipient  The recipient owes the VAT.		
Tax exemption	Differentiation concerning 0% tax rate or tax exemption		
0% (Input VAT deduction is applicable)	<ul style="list-style-type: none"> <li>Export of goods</li> <li>Intra-community supply of goods</li> <li>Services directly connected with the export and international transport of goods – international transport services and other services stated in Article 83 of Polish VAT Act</li> </ul>		
VAT exemption (Input VAT deduction is not applicable)	<ul style="list-style-type: none"> <li>Supply of used goods (without deduction of input VAT)</li> <li>Certain financial mediation services</li> <li>Educational services</li> <li>Research and development service</li> <li>Health care services</li> <li>Sale of land not purposed for development</li> </ul>		

## VAT

Input VAT deduction	VAT invoiced to the business for the supply of goods and services  Refund: Generally within 60 days after filing the VAT return. In some cases tax refund within 180 days or under certain conditions within 25 days (most importantly, all invoices must be paid through a bank account; the 25-day period for VAT return is also applied for the return made to the VAT account of the taxpayer).
Real estate	
Rent	Renting is subject to VAT in any case.
Sale	Liable either to VAT or to the tax on civil law transactions. The latter is payable where there is VAT exemption. In the case of VAT exemption an election for VAT liability is possible (various requirements to be met).
Leasing	Different definitions in civil law and tax legislation
Operating leasing	Supply of services
Financial leasing	Supply of goods
Input VAT refund for Polish taxable persons within the EU	Electronic application to be made by the Polish taxable person at its competent Polish tax office at the latest by 30 September of the following year.  After approval of the application (within 120 days) refund to be made within 10 days.  Filing of original invoices is only necessary if required by fiscal authorities of the respective member state.  Minimum amount of refundable input VAT: EUR 400 (EUR 50 if the refund period coincides with the calendar year)
Foreign taxable persons	Taxable persons without domicile or permanent establishment in Poland and without sales in Poland
Registration	Registration generally is required if sales are effectuated in Poland (some exemptions apply)
Input VAT refund for taxable persons domiciled in the EU	Electronic application at the competent tax office in the EU member state (originating country) of the taxable person.
Input VAT refund for taxable persons not domiciled in the EU	Refund must be applied at the latest on 30 September of the following year (II Urząd Skarbowy Warszawa Śródmieście)  Official forms, accompanied by original invoices Minimum refundable amount: EUR 400 (EUR 50 if refund period coincides with the calendar year)
Split payment	Voluntary mechanism of the way the PLN payments to contractors may be done. By applying this, the payment for the invoice is divided in two parts: <ul style="list-style-type: none"> <li>the net value is paid to the contractor's main bank account,</li> <li>the VAT amount is transfer into the specially-dedicated VAT account.</li> </ul>

	VAT accounts are opened automatically and maintained for free.  The benefits from using the split payment mechanism include the possibility to receive refund of VAT into the VAT account within 25 days and to avoid negative fiscal consequences in some cases, e.g. the additional VAT liability.  Upon the taxpayer's request, the funds collected in VAT accounts may be transferred into a regular account.
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## Mergers & Acquisitions

Financing	
Financial assistance by the subsidiary	Generally, financial assistance is not forbidden in Poland, only in some fields financial assistance is restricted to professional, specialized entities (e.g. stockbroking, some financial services rendered by banks, etc.)
Subordinated debt (mezzanine capital)	The use of subordinate debt is allowed.
Interest expense for acquisition of shares	Interest expense in connection with share acquisition is generally tax deductible.
Interest expense for subordinate debt (mezzanine capital)	Interest is not tax deductible.
Acquisition debt push down and deductibility of interest on such debt	Interest is not tax deductible.
Squeeze-out options	
Possibility to exclude minority shareholders	Applies to joint stock corporations only: shareholders' resolution to buy out <ul style="list-style-type: none"> <li>not more than 5% of the stock</li> <li>held by not more than 5 shareholders</li> </ul> made by shareholders <ul style="list-style-type: none"> <li>holding not less than 95% of the stock</li> <li>whereas each of them holds not less than 5%</li> </ul>
Capital gains – corporations and partnerships	
Sale of shares in a joint stock corporation	Income subject to CIT taxation - constitutes a separate source of income which may not be set-off against other sources.
Sale of shares in a limited liability company	Income subject to CIT taxation - constitutes a separate source of income which may not be set-off against other sources.
Sale of interest in a partnership	Generally, all rights and obligations of a partner in a partnership may be transferred to another person only where the articles of association provide so. The income from sale of ownership interest in a limited partnership is subject to standard CIT taxation.

## Mergers & Acquisitions

International participation exemption	No exemption for capital gains.
Sale of business	
Definition	Sale of the business is possible. The component parts of the business include tangible and intangible assets, property rights, accounting records.
Accounting and tax treatment	During a sale of a business (enterprise or its organized divisions), the transferred assets (fixed assets and intangible assets) are taken over by the buyer at the: <ul style="list-style-type: none"> <li>▪ fair market value – if goodwill arises;</li> <li>▪ difference between the purchase price and the value of assets other than fixed assets and intangible assets – if no goodwill arises.</li> </ul>
Goodwill	If the purchase price of the business (enterprise or its organised divisions) exceeds the fair market value of individually valued assets, a goodwill is recorded.
Goodwill amortization	Goodwill may be amortized for tax and financial accounting purposes over 5 years (the amortization period can, however, be prolonged; the amortization period for financial accounting purposes is max. 20 years).
Mergers	
Types of mergers described by commercial law	Merger by acquisition (upstream, downstream), merger by formation of a new company, division, division by spin-off.
Valuation	The accounting requirements for mergers apply both to the merger of two independent legal persons and to the purchase of an independent part of a business of a legal person with subsequent merger. Generally, revaluation at market values is required.  It is permissible to take over the carrying values (without revaluation) in a merger where control by the original shareholder does not disappear, in particular, in the merger of fellow subsidiaries, or in the case of parent-subsiidiary mergers.
Accounting treatment of valuation	Assets and liabilities of the acquired company are recorded at fair value, and the remaining difference to the purchase price is recognized as positive / negative goodwill. Negative goodwill is limited to the fair value of fixed assets taken over (long-term financial assets are excluded from this calculation).
Goodwill amortization	For financial accounting purposes – over 60 months (in special cases up to 20 years). For tax purposes goodwill can be amortized only if it was created as a result of purchase of a business (enterprise or its organized divisions).
Tax consequences of valuation	In the case of mergers there is no revaluation of assets for tax purposes.

Contributions (transfer of assets into the capital of a company)	
Contribution in kind	The articles of association shall specify in detail the subject of the contribution, its value as well as the number and nominal value of the shares acquired by the shareholder for such a contribution.
Tax treatment	Revaluation of individual assets contributed in kind is possible. The depreciation of assets contributed in this way is basically tax deductible.
Goodwill amortization	For financial accounting purposes – over 60 months (in special cases up to 20 years).  For tax purposes goodwill is subject to amortization only if it was created as a result of purchase of a business (enterprise or its organized divisions).

## Double Taxation Agreements (DTAs)

The right to taxation in the event of sale of interests in property companies is subject to differing provisions. In accordance with the OECD Model Agreement, for those countries for which there is a "yes" in the real estate clause column the right to taxation in the case of share deals lies not with the country of residence of the vendor but with the country in which the property is situated.

Country	Effective date or signature	Real estate clause	Dividends %	Interest %	Royalties %
Albania	27.06.1994	no	5/10	10	5
Armenia	27.02.2005	yes	10	5	10
Azerbaijan	20.01.2005	yes	10	10	10
Australia	04.03.1992	yes	15	10	10
Austria	01.04.2005	yes	5/15	0/5	5
Belarus	30.07.1993	no	10/15	0/10	0
Belgium	29.04.2004	yes	10	0/5	0/5
Bosnia & Hercegovina	04.06.2014	yes	5/15	10	10
Bulgaria	10.05.1995	no	10	0/10	5
Canada	30.10.2013	yes	5/15	10	5/10
Chile	01.01.2004	no	5/15	15	5/15
China	07.01.1989	no	10	0/10	7/10
Croatia	11.02.1996	yes	5/15	0/10	10
Cyprus	07.07.1993	no	0/5	5	5
Czech Republic	13.06.2012	no	5	5	10
Denmark	31.12.2002	yes	0/5/15	0/5	5
Egypt	01.01.2002	yes	12	12	12
Ethiopia	13.07.2015	yes	10	10	10
Estonia	09.12.1994	no	5/15	0/10	10
Finland	08.06.2009	yes	5/15	5	5
France	12.09.1976	yes	5/15	0	0/10
Georgia	01.01.2007	yes	10	8	8
Germany	19.12.2004	yes	5/15	0/5	5

## Double Taxation Agreements (DTAs)

## Notes

Country	Effective date or signature	Real estate clause	Dividends %	Interest %	Royalties %
Greece	28.09.1991	no	19	10	10
Hungary	10.09.1995	no	10	0/10	10
Iceland	20.06.1999	yes	5/15	0/10	10
India	26.10.1989	yes	10	0/10	15
Indonesia	25.08.1993	no	10/15	0/10	15
Ireland	22.12.1995	yes	0/15	0/10	0/10
Israel	30.12.1991	yes	5/10	5	5/10
Italy	26.09.1989	no	10	0/10	10
Japan	23.12.1982	no	10	0/10	0/10
Kazakhstan	13.05.1995	yes	10/15	0/10	10
Kuwait	25.04.2000	no	0/5	0/5	15
Latvia	30.11.1994	yes	5/15	0/10	10
Lithuania	19.07.1994	yes	5/15	0/10	10
Luxembourg	11.07.1996	yes	0/15	5	5
Macedonia	01.01.2000	no	5/15	10	10
Malaysia	05.12.1978	no	0	0/15	0/15
Malta	24.11.1994	yes	0/10	5	5
Mexico	01.01.2003	yes	5/15	10/15	15
Moldavia	01.01.1996	yes	5/15	10	10
Montenegro	01.01.1999	no	5/15	10	10
Morocco	01.01.1997	yes	7/15	10	10
Netherlands	18.03.2003	no	5/15	0/5	5
New Zealand	01.01.2007	yes	15	10	10
Norway	09.09.2009	yes	0/15	5	5
Philippines	07.04.1997	yes	10/15	0/10	15
Portugal	04.02.1998	no	10/15	0/10	10
Romania	15.09.1995	no	5/15	0/10	10
Russia	22.02.1993	no	10	0/10	10
Saudi Arabia	01.06.2012	yes	0/5	0/5	0/10
Singapore	04.11.2012	yes	0/5/10	0/5	2/5
Slovakia	21.12.1995	yes	0/5	0/5	5
Slovenia	10.03.1998	no	5/15	0/10	10
Spain	06.05.1982	yes	5/15	0	0/10
South Africa	05.12.1995	no	5/15	0/10	10
South Korea	21.02.1992	no	5/10	0/10	5
Sweden	15.10.2005	yes	5/15	0	5
Switzerland	25.09.1992	yes	0/15	5	5
Thailand	13.05.1983	no	20	0/10	5/15
Tunisia	15.11.1993	no	5/10	12	12
Turkey	01.10.1996	no	10/15	0/10	10
Ukraine	11.03.1994	yes	5/15	0/10	10
United Kingdom	27.12.2006	yes	0/10	0/5	5
USA	23.07.1976	yes	5/15	0	10
UAE	21.04.1994	yes	0/5	0/5	5



Notes

Notes

## TPA Group

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