

Poland

Table PL.1: Tax Revenue

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | Ranking 2019 | Revenue 2019 (billion euros) |
|---|------|------|------|------|------|------|------|------|------|------|------|------|------|--------------|------------------------------|
| A. Structure by type of tax | | | | | | | | | | | | | | | |
| as % of GDP | | | | | | | | | | | | | | | |
| Indirect taxes | 14.6 | 14.7 | 13.1 | 13.9 | 13.9 | 13.2 | 13.0 | 13.1 | 13.1 | 13.6 | 14.0 | 14.2 | 14.0 | 15 | 74.7 |
| VAT | 8.2 | 7.9 | 7.3 | 7.6 | 7.8 | 7.2 | 7.1 | 7.2 | 7.0 | 7.2 | 7.8 | 8.1 | 8.0 | 13 | 42.4 |
| Taxes and duties on imports excluding VAT | 0.4 | 0.4 | 0.3 | 0.3 | 0.3 | 0.4 | 0.5 | 0.5 | 0.6 | 0.6 | 0.4 | 0.4 | 0.4 | 10 | 2.1 |
| Taxes on products, except VAT and import duties | 4.4 | 4.9 | 4.0 | 4.5 | 4.3 | 4.1 | 4.0 | 3.8 | 3.8 | 4.0 | 4.0 | 4.0 | 3.8 | 13 | 20.2 |
| Other taxes on production | 1.4 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.4 | 1.5 | 1.7 | 1.8 | 1.7 | 1.7 | 1.9 | 11 | 9.9 |
| Direct taxes | 8.3 | 8.4 | 7.2 | 6.7 | 6.7 | 7.0 | 6.8 | 6.8 | 6.9 | 7.1 | 7.3 | 7.8 | 8.0 | 19 | 42.3 |
| Personal income taxes | 5.2 | 5.3 | 4.5 | 4.3 | 4.3 | 4.5 | 4.5 | 4.6 | 4.7 | 4.8 | 5.0 | 5.3 | 5.3 | 20 | 28.3 |
| Corporate income taxes | 2.7 | 2.7 | 2.2 | 1.9 | 2.0 | 2.1 | 1.8 | 1.8 | 1.8 | 1.8 | 1.9 | 2.1 | 2.2 | 18 | 11.8 |
| Other | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.5 | 0.5 | 0.5 | 0.4 | 0.5 | 0.4 | 0.4 | 0.4 | 20 | 2.2 |
| Social contributions | 11.8 | 11.2 | 11.1 | 10.8 | 11.1 | 12.0 | 12.3 | 12.2 | 12.4 | 12.7 | 12.8 | 13.1 | 13.2 | 10 | 70.3 |
| Employers' | 4.6 | 4.4 | 4.4 | 4.5 | 4.4 | 4.8 | 4.8 | 4.9 | 4.9 | 4.9 | 5.1 | 5.1 | 5.1 | 20 | 27.3 |
| Households' | 7.2 | 6.8 | 6.6 | 6.3 | 6.7 | 7.2 | 7.5 | 7.3 | 7.5 | 7.7 | 7.7 | 8.0 | 8.1 | 6 | 43.0 |
| Less: capital transfers⁽¹⁾ | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | | |
| Total | 34.6 | 34.3 | 31.4 | 31.3 | 31.8 | 32.2 | 32.1 | 32.1 | 32.4 | 33.4 | 34.1 | 35.1 | 35.2 | 17 | 187.3 |
| B. Structure by level of government | | | | | | | | | | | | | | | |
| as % of total taxation | | | | | | | | | | | | | | | |
| Central government | 52.2 | 53.3 | 51.2 | 52.6 | 52.3 | 49.7 | 48.6 | 48.7 | 48.4 | 48.6 | 49.2 | 49.5 | 49.3 | 21 | 92.3 |
| State government⁽²⁾ | : | : | : | : | : | : | : | : | : | : | : | : | : | | |
| Local government | 13.3 | 13.5 | 13.1 | 12.6 | 12.3 | 12.6 | 12.6 | 13.0 | 12.9 | 12.8 | 12.7 | 12.7 | 12.6 | 7 | 23.6 |
| Social security funds | 34.1 | 32.7 | 35.3 | 34.4 | 35.0 | 37.3 | 38.4 | 37.9 | 38.3 | 38.0 | 37.5 | 37.2 | 37.6 | 7 | 70.3 |
| EU institutions | 0.4 | 0.5 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.5 | 0.5 | 0.5 | 0.5 | 0.6 | 12 | 1.0 |
| C. Structure by economic function | | | | | | | | | | | | | | | |
| as % of GDP | | | | | | | | | | | | | | | |
| Consumption | 13.0 | 13.1 | 11.6 | 12.4 | 12.4 | 11.7 | 11.5 | 11.5 | 11.4 | 11.8 | 12.2 | 12.5 | 12.3 | 12 | 65.6 |
| Labour | 12.3 | 12.3 | 11.9 | 11.8 | 12.1 | 12.6 | 13.1 | 13.1 | 13.2 | 13.5 | 13.8 | 14.1 | 14.2 | 21 | 75.8 |
| of which on income from employment | 11.5 | 11.5 | 11.1 | 11.1 | 11.3 | 11.8 | 12.2 | 12.3 | 12.4 | 12.7 | 13.0 | 13.3 | 13.4 | 22 | 71.4 |
| Paid by employers | 4.8 | 4.7 | 4.7 | 4.8 | 4.7 | 5.1 | 5.1 | 5.1 | 5.1 | 5.2 | 5.3 | 5.3 | 5.4 | 20 | 28.7 |
| Paid by employees | 6.7 | 6.8 | 6.4 | 6.3 | 6.6 | 6.7 | 7.2 | 7.2 | 7.3 | 7.5 | 7.7 | 8.0 | 8.0 | 19 | 42.7 |
| Paid by non-employed | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.9 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 19 | 4.4 |
| Capital | 9.3 | 8.8 | 7.9 | 7.1 | 7.3 | 7.9 | 7.5 | 7.4 | 7.8 | 8.1 | 8.1 | 8.5 | 8.6 | 6 | 45.9 |
| Income of corporations | 2.7 | 2.7 | 2.2 | 1.9 | 2.0 | 2.1 | 1.8 | 1.8 | 1.8 | 1.8 | 1.9 | 2.1 | 2.2 | 19 | 11.8 |
| Income of households | 0.5 | 0.4 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 22 | 1.4 |
| Income of self-employed | 4.4 | 4.1 | 3.7 | 3.3 | 3.4 | 3.8 | 3.6 | 3.6 | 3.8 | 4.0 | 3.9 | 4.2 | 4.3 | 1 | 22.8 |
| Stock of capital | 1.7 | 1.7 | 1.6 | 1.6 | 1.6 | 1.7 | 1.7 | 1.8 | 1.9 | 2.0 | 2.0 | 1.9 | 1.9 | 9 | 9.9 |

Table PL.1: Tax Revenue (continued)

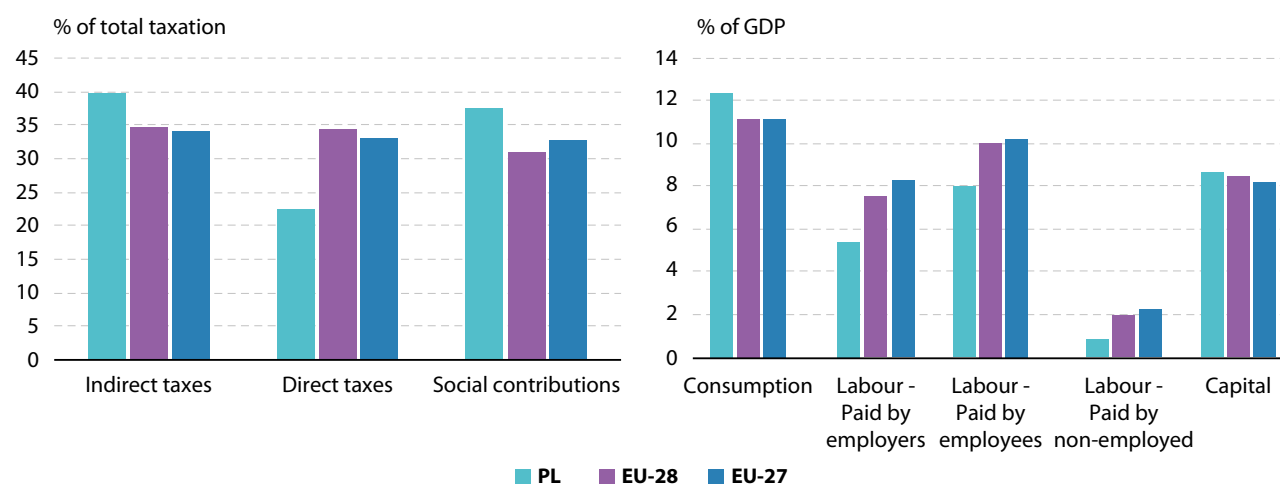
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | Ranking 2019 | Revenue 2019 (billion euros) |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|------------------------------|
| D. Environmental taxes | | | | | | | | | | | | | | | |
| as % of GDP | | | | | | | | | | | | | | | |
| Environmental taxes | 2.7 | 2.8 | 2.7 | 2.7 | 2.6 | 2.6 | 2.4 | 2.6 | 2.6 | 2.7 | 2.7 | 2.7 | 2.6 | 11 | 14.1 |
| Energy | 2.3 | 2.3 | 2.2 | 2.3 | 2.2 | 2.2 | 2.1 | 2.2 | 2.3 | 2.3 | 2.3 | 2.4 | 2.3 | 8 | 12.3 |
| of which transport fuel taxes | 2.0 | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 | 2.0 | 2.0 | 2.1 | 2.0 | 2.0 | 1.9 | 4 | |
| Transport | 0.2 | 0.3 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 22 | 1.2 |
| Pollution and resources | 0.20 | 0.22 | 0.23 | 0.22 | 0.21 | 0.18 | 0.09 | 0.15 | 0.17 | 0.14 | 0.12 | 0.11 | 0.11 | 9 | 0.6 |
| E. Property taxes | | | | | | | | | | | | | | | |
| as % of GDP | | | | | | | | | | | | | | | |
| Taxes on property | 1.5 | 1.5 | 1.4 | 1.4 | 1.4 | 1.5 | 1.6 | 1.6 | 1.7 | 1.8 | 1.8 | 1.7 | 1.7 | 9 | 9.0 |
| Recurrent taxes on immovable property | 1.1 | 1.2 | 1.2 | 1.1 | 1.1 | 1.2 | 1.3 | 1.3 | 1.2 | 1.2 | 1.2 | 1.1 | 1.1 | 7 | 5.9 |
| Other taxes on property | 0.3 | 0.3 | 0.2 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.4 | 0.6 | 0.6 | 0.6 | 0.6 | 16 | 3.1 |
| F. Implicit tax rates | | | | | | | | | | | | | | | |
| % | | | | | | | | | | | | | | | |
| Consumption | 18.6 | 18.3 | 16.4 | 17.4 | 17.7 | 16.6 | 16.4 | 16.7 | 16.9 | 17.5 | 18.2 | 18.7 | 18.6 | 14 | |
| Labour | 31.1 | 29.6 | 29.3 | 29.1 | 30.3 | 31.5 | 32.5 | 32.4 | 33.1 | 33.0 | 33.5 | 33.6 | 33.7 | 15 | |
| G. Payable tax credits | | | | | | | | | | | | | | | |
| as % of GDP | | | | | | | | | | | | | | | |
| Total payable tax credits | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | 0.0 |
| Tax expenditure component | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | 0.0 |
| Transfer component | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | 0.0 |
| Total tax revenue adjusted for payable tax credits | 34.6 | 34.3 | 31.4 | 31.3 | 31.8 | 32.2 | 32.1 | 32.1 | 32.4 | 33.4 | 34.1 | 35.1 | 35.2 | | 187.3 |

(¹) Representing taxes assessed but unlikely to be collected.

(²) This level refers to the *Länder* in Austria and Germany, the *gewesten and gemeenschappen / régions et communautés* in Belgium, and the *comunidades autónomas* in Spain.

Source: European Commission, DG Taxation and Customs Union, based on Eurostat data

Figure PL.1: Tax revenues by main taxes, 2019
(in % of total taxation (left graph) and in % of GDP (right graph))



Source: European Commission, DG Taxation and Customs Union, based on Eurostat data

Table PL.2: Latest tax reforms

| Description of measure | Change | Date |
|---|---------------|--|
| Personal income tax: Earned income | | |
| Tax deduction for incomes earned in a tax year outside the territory of the Republic of Poland (so-called tax abolition relief) has been limited. The amount reducing a tax is equal to PLN 1 360 – for a tax calculation base not exceeding the amount of PLN 8 000. | Neutral | Announcement: 2020 Legislation: 2020-11-28 In force from: 2021-01-01 |
| Personal income tax: Unincorporated businesses/Self employment income | | |
| Postponement of deadlines for tax remitters (employing enterprises) for transferring the tax advance payments and lump-sum income tax | Neutral | Announcement: 2020 Legislation: 2020-03-31 In force from: 2020-03-31 |
| Accounting early 2020 losses as deductible from the 2019 PIT payment. Enabling PIT taxpayers, whose businesses suffered negative economic consequences of COVID-19, to deduct losses incurred in 2020 from operating income earned in 2019. | Neutral | Announcement: 2020 Legislation: 2020-03-31 In force from: 2020-03-31 |
| Postponement of the deadline to pay tax on revenues from immovable properties. PIT Taxpayers who meet certain conditions were able to benefit from postponing the deadline for payment of tax on income from immovable properties (i.e. the minimum tax on commercial real estate) in March-May 2020 to July 2020. | Neutral | Announcement: 2020 Legislation: 2020-03-31 In force from: 2020-03-31 |
| PIT taxpayers could submit their annual tax returns and pay tax due for 2019 after the standard deadline (30 April). They faced no negative consequences if they filed their tax returns and payed tax until 31 May. | Neutral | Announcement: 2020 Legislation: 2020-03-31 In force from: 2020-03-31 |
| Excluding the application of regulations in income taxes regarding the so-called bad debts The provisions on bad debts in PIT, under certain conditions, were not applied to advance payments of debtors, who should take into account unpaid liabilities when calculating income tax advances. As a result the debtors were not have higher burdens and the creditors were benefit from the relief as it does today. | Base decrease | Announcement: 2020 Legislation: 2020-03-31 In force from: 2020-03-31 |
| Option to opt out of simplified advances in 2020 and to calculate monthly advances on current income "Small taxpayers" of PIT were able to opt out of simplified advances. Taxpayers who opt out of simplified advances for the period March-December 2020 could calculate monthly advances on current income on general terms (they could pay lower advances, which could improve their liquidity). | Neutral | Announcement: 2020 Legislation: 2020-03-31 In force from: 2020-03-31 |
| Prolongation of the deadline for (1) transfer pricing report (TPR) for the selected group of related entities (2) filing a statement on preparation of transfer pricing documentation and applying prices compliant with the arm's length principle and (3) attaching a masterfile to the local transfer pricing documentation - for the selected group of related entities. | Neutral | Announcement: 2020-06-23 Legislation: 2020-06-19 In force from: 2020-06-24 |
| Introducing the possibility for PIT taxpayers of deduction from the tax base (when calculating the tax or tax advances) the amounts of donations (in cash or in kind, including portable computers) made from January 1, 2020, through the end of the month in which an epidemic state declared due to COVID-19 is revoked, for purposes related to countering COVID-19, to entities designated. | Neutral | Announcement: 2020 Legislation: 2020-03-31 In force from: 2020-03-31 |
| During 2020, PIT taxpayers were allowed to take into account the preferential tax rate of 5% on eligible income from IP (IP Box) used to counteract COVID-19 when calculating advances on income tax. This rule applies until the month in which the state of the epidemic declared for COVID-19 is cancelled. | Neutral | Announcement: 2020-03-31 Legislation: 2020-03-31 In force from: 2020-03-31 |
| The revenue from remission of a support loan shall not constitute revenue under the regulations of personal income tax. | Neutral | Announcement: 2020 Legislation: 2020-04-16 In force from: 2020-04-16 |
| The catalogue of liberal professions that can choose a flat-rate taxation form has been expanded and the lump-sum tax rate for liberal professions revenues was reduced from 20% to 17%. Also the lump-sum tax rate for revenues earned, inter alia, from rendering the following services: car rent, hotels, agency in wholesale trade, was reduced from 17% to 15%. The lump-sum tax rates 8.5% and 12.5% can be used for revenues from lease, sublease, tenancy, subtenancy and other contracts of a similar character, earned in the scope of economic activity. Also the lump-sum tax rates 8.5% and 12.5% can be used for revenues earned from services for the purposes of the research and development activity, if the amount of revenues exceeding PLN 100 000. | Rate decrease | Announcement: 2020 Legislation: 2020-11-28 In force from: 2021-01-01 |
| Limit for choosing lump-sum taxation has been raised to EUR 2 000 000. Now the lump-sum taxation may be chosen by a taxpayer who in the previous year obtained revenue from economic activity at the amount not exceeding EUR 2 000 000, or when - in the case of partnership - the revenue raised by all the partners from such an activity did not exceed EUR 2 000 000. | Neutral | Announcement: 2020 Legislation: 2020-11-28 In force from: 2021-01-01 |
| The deductibility of the cost of manufacture or purchase price of property or rights that are the subject of donations made between January 1, 2020 and the end of the month in which the state of epidemic declared due to COVID-19 is revoked, to entities and for purposes referred to in the regulations, to the extent that the cost of manufacture or purchase price was not deductible, including through depreciation deductions. | Neutral | Announcement: 2020 Legislation: 2020-03-31 In force from: 2020-03-31 |

Table PL.2: Latest tax reforms (continued)

| Description of measure | Change | Date |
|--|---------------|--|
| Building revenues exemption - taxable building revenues determined for the period: 1. from March 1, 2020 to December 31, 2020, 2. from January 1, 2021 through the end of the month in which the epidemic state declared due to COVID-19 is revoked. | Neutral | Announcement: 2020 Legislation: 2020-11-28 In force from: 2021-01-01 |
| Possibility of applying R&D relief during the tax year. It is necessary to conduct R&D activities during the tax year, within the meaning of the PIT Act, the purpose of which is to develop products necessary to counteract COVID-19. In the case of R&D relief, it is necessary to identify eligible tax costs in accordance with the catalogue of eligible costs. This provision is in force until the end of the fiscal year in which the COVID-19 epidemic was cancelled included in the PIT Acts, and then reduce the advance on income tax by the sum of these costs. This provision is in force until the end of the fiscal year in which the COVID-19 epidemic was cancelled. | Neutral | Announcement: 2020-03-31 Legislation: 2020-03-31 In force from: 2020-03-31 |
| Social security contributions: Employee | | |
| Additional care benefit for parents who had to look after children of up to 8 years of age (or older if with disabilities), in case of closure of nurseries, kindergartens, schools or other educational facility. | N/A | Announcement: 2020-2021 Legislation: 23-12-2020,15-01-2021, 29-01-2021 In force from: 2020-12-28 |
| SECTOR SHIELD 6.0: Exemption from payment of SSC (100%) for civil-law contractors from certain sectors from January to April 2021 | Rate decrease | Announcement: 2020 Legislation: 2020-12-09 In force from: 2020-12-16 |
| Additional care benefit for parents who had to look after children of up to 8 years of age (or older if with disabilities), in case of closure of nurseries, kindergartens, schools or other educational facility. | N/A | Announcement: 2020 Legislation: 2020-03-02 In force from: 12-03-2020 26-03-2020 01-09-2020 09-11-2020 |
| Social security contributions: Employer | | |
| 3-month exemption from payment of SSC (100%) for employers with 1-9 employees and reduction of SSC (50%) for employers with 10-49 employees, from March to May 2020 | Rate decrease | Announcement: 2020 Legislation: 2020-03-02 In force from: 2020-03-08 |
| SECTOR SHIELD 5.0: Exemption from payment of SSC (100%) for entrepreneurs from sectors connected with tourism from July to September 2020 | Rate decrease | Announcement: 2020 Legislation: 2020-09-17 In force from: 2020-10-15 |
| SECTOR SHIELD 6.0: Exemption from payment of SSC (100%) for entrepreneurs from certain sectors from July to September 2020 | Rate decrease | Announcement: 2020 Legislation: 2020-12-09 In force from: 2020-12-30 |
| SECTOR SHIELD 6.0: Exemption from payment of SSC (100%) for entrepreneurs from certain branches for September 2020 | Rate decrease | Announcement: 2020 Legislation: 2020-12-09 In force from: 2020-12-30 |
| Social security contributions: Self-employed | | |
| 3-month exemption from payment of SSC (100%) for self-employed, from March to May 2020 | Rate decrease | Announcement: 2020 Legislation: 2020-03-02 In force from: 2020-03-08 |
| Corporate income tax | | |
| Implementation of the Council Directive (EU) 2017/952 of 29 May 2017 amending Directive (EU) 2016/1164 as regards disparities in the qualification of hybrid structures involving third countries. Provisions to prevent mismatches in the qualification of hybrid structures involving third countries, including on permanent establishments, hybrid transfers, importing mismatches and qualification mismatches related to dual tax residence. | Neutral | Announcement: 2020 Legislation: 2020-05-28 In force from: 2021-01-01 |
| Prolongation of the deadline for (1) transfer pricing report (TPR) for the selected group of related entities (2) filing a statement on preparation of transfer pricing documentation and applying prices compliant with the arm's length principle and (3) attaching a masterfile to the local transfer pricing documentation - for the selected group of related entities. | Neutral | Announcement: 2020-06-23 Legislation: 2020-06-19 In force from: 2020-06-24 |
| Postponement of: • the deadline expiring in the period from March 31, 2020 to May 31, 2020 for legal persons, organizational units without legal personality and natural persons conducting business activity, to prepare and send information referred to in art. 82 § 1 item 2 of the Tax Ordinance Act (ORD-U), up to the fifth month after the end of the tax year for which they are drawn up; • the deadline for sending by legal persons, organizational units without legal personality and natural persons who are entrepreneurs whose tax year ended in the period from December 31, 2019 to January 31, 2020, the information referred to in art. 26 section 3 point 2 of the CIT Act (IFT-2R), by the end of the fifth month of the year following the tax year in which the payments listed in art. 26 section 1 of this Act. | Neutral | Announcement: 2020 Legislation: 2020-03-31 In force from: 2020-03-31 |

Table PL.2: Latest tax reforms (continued)

| Description of measure | Change | Date |
|--|---------------|--|
| Excluding the application of regulations in income taxes regarding the so-called bad debts The provisions on bad debts in CIT, under certain conditions, will not be applied to advance payments of debtors, who should take into account unpaid liabilities when calculating income tax advances. Thanks to this, the debtor will not have higher burdens and the creditor will benefit from the relief as it does today. | Neutral | Announcement: 2020 Legislation: 2020-03-31 In force from: 2020-03-31 |
| One-off depreciation - taxpayers that in 2020 purchased fixed assets which then will be used for the production of goods related to counteracting COVID-19 (i.e. protective masks, respirators, disinfectants, medical protective clothing, shoe protectors, gloves, glasses, goggles, hand hygiene products) are able to include such costs in tax deductible costs as a one-off depreciation write-off. | Neutral | Announcement: 2020 Legislation: 2020-03-31 In force from: 2020-03-31 |
| Option to opt out of simplified advances in 2020 and to calculate monthly advances on current income. "Small taxpayers" of CIT are able to opt out of simplified advances. Taxpayers who opt out of simplified advances for the period March-December 2020 calculate monthly advances on current income on general terms (paying lower advances improves their liquidity). | Neutral | Announcement: 2020 Legislation: 2020-03-31 In force from: 2020-03-31 |
| Postponed deadlines for annual CIT tax returns 1. The postponement of the deadline for filing the annual CIT tax return and tax payment for the taxpayers whose tax year ends between December 1, 2019 and January 31, 2020. The deadline for such taxpayers was postponed to May 31. 2. The postponement of the deadline for filing the annual CIT tax return and tax payment for taxpayers which tax year ends between December 1, 2019 and March 31, 2020 for non-governmental organizations and taxpayers achieving only tax-exempt income, as well as taxpayers operating in the public benefit sphere, if their revenues from this activity constitute at least 80% of all revenues. The deadline for such taxpayers was postponed to July 31. | Neutral | Announcement: 2020 Legislation: 2020-03-31 In force from: 2020-03-31 |
| Introduction of an alternative and optional method of taxation in the corporate income tax - lump sum on the income of capital companies. The new taxation system links taxable income with the categories of balance sheet law and consists in changing the moment when the tax obligation arises, i.e. taxation of the profit is deferred until it is paid out from the company. In order to be able to use the new form of taxation the taxpayers must meet the conditions specified in the CIT Act. The new tax solution may be used by taxpayers operating in the form of a limited liability company or joint stock company, achieving revenues in the amount below PLN 100 000 000, of which less than 50% is passive. Moreover, taxpayers must employ at least 3 people and only natural persons may be shareholders of the company. The lump sum is elected for the period of the following four tax years and may be automatically extended for further four-year periods. | New tax | Announcement: 2019 Legislation: 2020-11-28 In force from: 2021-01-01 |
| Possibility of applying R&D relief during the tax year. It is necessary to conduct R&D activities during the tax year, within the meaning of the CIT Act, the purpose of which is to develop products necessary to counteract COVID-19. In the case of R&D relief. It is necessary to identify eligible tax costs in accordance with the catalogue of eligible costs included in the CIT Act, and then reduce the advance on income tax by the sum of these costs. This provision is in force until the end of the fiscal year in which the COVID-19 epidemic was cancelled. | Neutral | Announcement: 2020-03-31 Legislation: 2020-03-31 In force from: 2020-03-31 |
| During 2020, CIT taxpayers were allowed to take into account the preferential tax rate of 5% on eligible income from IP (IP Box) used to counteract COVID-19 when calculating advances on income tax. This rule applies until the month in which the state of the epidemic declared for COVID-19 is cancelled. | Neutral | Announcement: 2020-03-31 Legislation: 2020-03-31 In force from: 2020-03-31 |
| Introduction of an obligation to inform about the implemented tax strategy. This obligation applies to taxpayers whose revenues in the preceding year exceeded the PLN equivalent of EUR 50 million, as well as to taxpayers operating in the form of a tax capital group, regardless of the amount of revenues generated by such group. | N/A | Announcement: 2020 Legislation: 2020-11-28 In force from: 2021-01-01 |
| Introduction of a new tax solution - a special fund for investment purposes. In an economic sense, this solution enables faster settlement of the depreciation of fixed assets in tax costs, taking into account the current ("classic") taxation rules, i.e. the allowances and preferences provided for in the CIT Act. The taxpayer, already at the time of making a write-off for a separate investment fund, includes the amount of this write-off entirely as tax deductible costs. In practice, it means a much faster settlement of the investment in tax costs. The condition is that the funds accumulated in the tax year on this special fund should be spent on investment purposes within the statutory period. The new tax solution may be used by taxpayers operating in the form of a limited liability company or joint stock company, achieving revenues in the amount below PLN 100 000 000, of which less than 50% is passive. Moreover, taxpayers must employ at least 3 people and only natural persons may be shareholders of the company. | Base decrease | Announcement: 2019 Legislation: 2020-11-28 In force from: 2021-01-01 |
| Inclusion of limited partnerships - granting to limited partnership, which has its registered office or management board in Poland, the status of an income tax taxpayer. Exemption from tax of the income of a limited partner on account of participation in the profit distributed by the limited partnership | Neutral | Announcement: 2020 Legislation: 2020-11-28 In force from: 2021-01-01 |

Table PL.2: Latest tax reforms (continued)

| Description of measure | Change | Date |
|--|---------------------------------|---|
| Enabling CIT taxpayers, whose businesses suffered negative economic consequences of COVID-19, to deduct losses incurred in 2020 from income earned in 2019. | Neutral | Announcement: 2020 Legislation: 2020-03-31 In force from: 2020-03-31 |
| Introducing the possibility for CIT taxpayers of deduction from the tax base (when calculating the tax or tax advances) the amounts of donations (in cash or in kind, including portable computers) made from January 1, 2020, through the end of the month in which an epidemic state declared due to COVID-19 is revoked, for purposes related to countering COVID-19, to designated entities. | Base decrease | Announcement: 2020 Legislation: 2020-03-31 In force from: 2020-03-31 |
| The deductibility of the cost of manufacture or purchase price of property or rights that are the subject of donations made between January 1, 2020 and the end of the month in which the state of epidemic declared due to COVID-19 is revoked, to entities and for purposes referred to in the regulations, to the extent that the cost of manufacture or purchase price was not deductible, including through depreciation deductions. | Neutral | Announcement: 2020 Legislation: 2020-03-31 In force from: 2020-03-31 |
| Building revenues exemption - taxable building revenues determined for the period: 1. from March 1, 2020 to December 31, 2020, 2. from January 1, 2021 through the end of the month in which the epidemic state declared due to COVID-19 is revoked. | Neutral | Announcement: 2020 Legislation: 2020-11-28 In force from: 2021-01-01 |
| Increase of the limit of income entitling the taxpayer to apply the 9% tax rate from EUR 1 200 000 to EUR 2 000 000. | Base decrease | Announcement: 2020 Legislation: 2020-11-28 In force from: 2021-01-01 |
| Other corporate taxes | | |
| 1) Extension of the validity of certificates of residence which would expire during the COVID-19 epidemic, 2) the possibility of confirming the tax residency by a copy of the certificate of residence, 3) the possibility of submitting a statement that the data contained in the certificate of residence covering 2019 (possessed by the payer) is up-to-date. | Neutral | Announcement: 2020 Legislation: 2020-06-19 In force from: 2020-06-24 |
| Value-added tax | | |
| Temporary introduction of 0% VAT rate for donations of certain goods related to healthcare (including medicinal and pharmaceutical products, disinfectants, diagnostic tests, certain personal protective equipment - face masks, gloves, protective clothing) to the hospitals dedicated to treat patients infected with SARS-CoV-2 and The Material Reserves Agency (from 1 February 2020) and from 25 April 2020 also to other health care institutions (including sanitary transport) and social care institutions affected by epidemic (i.e.. nursing homes, shelters for homeless) - until the epidemic state in Poland is cancelled | Rate decrease; base decrease | Announcement: 2020-03-25 Legislation: 2020-03-25 In force from: 2020-03-25 |
| Introduction of the optional National System of e-Invoicing (KSeF). Taxpayers will be able to issue electronic invoices and submit them in a standardized format to the KSeF. Under the optional model the recipient will have to express their acceptance for receiving a standardized e-invoice. Businesses will have access to the specific tools offered by the Ministry of Finance enabling issuing the e-invoices and submitting them to the KSeF free of charge. The standardization and automated book-keeping will reduce administrative burden and costs for businesses. Taxpayers using KSeF will benefit from faster VAT refunds and transfer of funds from the VAT account to the bank (business) account. It is envisaged that the optional KSeF will prepare the ground for smooth implementation of the mandatory KSeF upon EU derogation decision (taxpayers will have the opportunity to get acquainted with the obligatory e-invoicing). | Neutral | Announcement: 2020 In force from: 2021-10-01 |
| Maintain the current level of VAT rates | Neutral | Announcement: October 2020 Legislation: 2020-10-07 In force from: 2020-10-09 |
| Temporary introduction of 0% VAT rate for supply, intra-community acquisition and import of COVID-19 vaccines being pharmaceutical products and tests for SARS-CoV-2 and the COVID-19 being in vitro diagnostic medical devices, meeting the conditions specified in the regulation - from 23 December 2020 until 31 December 2022 (implementation of the optional EU Directive). | Rate decrease; base decrease | Announcement: December 2020 Legislation: 2020-12-18 In force from: 2020-12-23 |
| Temporary introduction of 0% VAT rate for donations of computer equipment such as laptops and tablets to educational institutions, certain social care institutions and universities or to educational, charitable or humanitarian organisations which transferred them free of charge to above mentioned institutions - from 22 April until 30 June 2020 and from 1 September 2020 until the epidemic state in Poland is cancelled | Rate decrease; base decrease | Announcement: April 2020 Legislation: 20-04-2020 In force from: 22-04-2020 |
| A rate of 0% to supply of imported pharmaceutical products (financed with funds from public collection organized by public benefit organizations) intended to conduct therapies that were originally expected to be carried out abroad - which has become impossible due to the travel restrictions during COVID-19 epidemic | Rate decrease; base decrease | Announcement: 2020-04-24 Legislation: 2020-04-24 In force from: 2020-04-25 |

Table PL.2: Latest tax reforms (continued)

| Description of measure | Change | Date |
|---|---------------------------------|--|
| 8% rate for disinfectants - From 1 March 2020 until 30 June 2020 | Rate decrease; base decrease | Announcement: 2020-04-24 Legislation: 2020-04-24 In force from: 2020-04-25 |
| Other excise duties | | |
| Temporary tax waiver with regard to excise tax on novel tobacco products and liquid for electronic cigarettes applied from 1 July until 30 September 2020. Excise tax on liquid for electronic cigarettes and novel tobacco products has been imposed on 1 February 2018; however, until 30 June 2020 zero excise tax on these good applied. As of 1 July 2020 novel tobacco products and liquid for electronic cigarettes are taxed with the effective tax rates. See line 41 for details on excise tax on novel tobacco products and liquids used in electronic cigarettes. | N/A | Announcement: 2020-06-28 Legislation: 2020-06-30 In force from: 2020-07-01 |
| Other taxes | | |
| Postponing the entry into force of the Act on retail sales tax | Neutral | Announcement: 2020 Legislation: 2020-03-31 In force from: 2020-03-31 |
| Postponement of the deadline for submitting national (domestic) MDR information to the Head of the National Revenue Administration. The deadlines do not start or are suspended from March 31, 2020 until 30 days after the end of the epidemic threat and state of the epidemic announced in connection with Covid-19 | N/A | Announcement: 2020 Legislation: 2020-05-28 In force from: 2020-07-01 |