



# INVESTING IN POLAND 2026



WE ARE AN INDEPENDENT MEMBER OF  
THE GLOBAL ADVISORY  
AND ACCOUNTING NETWORK

## A COMPENDIUM OF KNOWLEDGE FOR ENTREPRENEURS ON POLISH LEGAL AND TAX REGULATIONS:

- Foreigners' starting a business in Poland
- Taxes in Poland (CIT, PIT, VAT, PCC)
- Tax audit and legal recourse in Poland
- Tax limits in 2026
- Double Taxation Agreement (DTA)
- Transfer pricing
- Leasing possibilities in Poland
- The social security insurance system in Poland

## FOREWORD

Increasing challenges amid globalized competition require agile, highly efficient business structures. Scarce resources and escalating cost pressures require a resilient and flexible organization.

The goal of **getsix**<sup>®</sup> is to support companies and entrepreneurs in Poland in addressing these challenges. **getsix**<sup>®</sup> offers a wide range of complementary professional services in the following areas:

- Accounting, HR & Payroll
- Tax & Legal Services
- Business & Consulting Services
- BPO & Technology for Accounting

The customer base of **getsix**<sup>®</sup> includes Polish clients, as well as a variety of international companies with Polish subsidiaries and/or branches, especially from the German and English speaking areas. For this group of companies we have devoted the **getsix**<sup>®</sup> Customer Desk, an entire team fluent in those two languages.

We employ more than 220 dedicated staff members who are highly experienced in their respective areas of competence.

Since 2014, we as **getsix**<sup>®</sup> have been a member of HLB International and can access the expertise of our HLB colleagues worldwide. This has helped us a lot in our development and we are able to support our clients not only in Poland but also in many other countries with their tax questions and also quickly, safely and reliably access the support of international experts. HLB embodies tradition and innovation, partnership and commitment, and with 51,948 professionals in 155 countries, is one of the leading networks of independent advisors and accounting firms in the world.

Please do not hesitate to contact us.

**getsix**<sup>®</sup> is at your service.



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# STARTING BUSINESS ACTIVITY IN POLAND

## BASIC INVESTMENT DATA FOR INVESTORS

### Currency - Polish Złoty (PLN)

**Accounting principles / financial statements** - Polish GAAP or, in some cases, IFRS. Financial statements must be prepared annually. Special rules apply for stock listed companies.

**Foreign exchange control** - None (generally) for transactions with EU, EEA, OECD and certain other countries. Permission may be required for certain transactions with other jurisdictions and to conduct certain transactions in a foreign currency.

**Principal business entities** - These are the limited company (Sp. z o.o.), joint stock company (SA), limited joint-stock partnership, limited partnership, sole proprietorship and the branch of a foreign corporation.

## TAX SYSTEM IN POLAND

### Direct taxes:

- Corporate income tax (CIT)
- Personal income tax (PIT)
- Social security
- Inheritance and Gift tax
- Civil law transactions tax (PCC)
- Stamp duty
- Market charges
- Visitor's tax
- Tax levy on certain financial institutions (so-called bank tax)
- Hydrocarbon tax
- TV subscription fee

### Indirect taxes:

- Value Added Tax (VAT)
- Excise duty
- Lottery tax

### Local taxes:

- Real estate property tax
- Transport vehicle tax
- Agricultural & Forest tax
- Dog ownership fee
- Tourist tax



## ADMINISTRATION & COMPLIANCE

<b>Tax year</b>	The personal income tax year matches the calendar year. In case of taxpayers being subject to corporate income tax, the tax year is the calendar year, unless the taxpayer decides otherwise and notifies the head of the tax office.
<b>Taxation procedure</b>	Taxpayers must self-assess and pay advance income tax during the year and may use a simplified method based on previous years' results. The final calculation and reconciliation of the tax due should be made within three months following the end of the tax year for CIT. In contrast to other European countries where a general assessment is used by the tax authorities, Poland uses the principle of reverse charge by taxpayers. The taxpayer must calculate the tax himself, prepare a tax return and pay the due amount on time.
<b>Penalties</b>	Persons responsible for the tax reconciliation, as well as members of the management board in certain cases, are subject to penalties for non-compliance. In certain cases, corporate entities may be subject to penalties.
<b>Criminal Tax Law</b>	<ul style="list-style-type: none"><li>• Penalty for tax evasion - fine and/or imprisonment,</li><li>• Penalty for non-submission (failure to send) or untimely submission (sending) of the Standard Audit File for Tax (SAF-T) - fine,</li><li>• As a general rule, administrative procedures apply.</li></ul>
<b>Limitation period</b>	In principle, tax debts become time-barred after <b>5 years</b> . Once the time barring period expires, the tax liability along with accrued default interest ceases to exist. For entities operating in Special Economic Zones, this takes place after <b>10 years</b> .
<b>Registration and licensing</b>	<p>Polish law protects intellectual property, and the licensing of foreign brand names and products is accepted practice. Licensing is prevalent in high-tech industries, pharmaceuticals and retail franchises. Licensed products produced in Poland may be exempt from import tariffs and excise duty, and may also benefit from being classified as a Polish product.</p> <p>The granting of licences is not subject to official restrictions or approval. A licensor may not sublicense.</p>



## FOREIGNERS' STARTING A BUSINESS IN POLAND

### Legal basis

According to the Act on Principles of Participation of Foreign Entrepreneurs and Other Foreign Persons in any business activity on the territory of the Republic of Poland, a foreign person is:

- a natural person holding no Polish citizenship,
- a legal person with the headquarters abroad,
- an organizational entity which has no legal personality and is furnished with legal capacity, possessing its headquarters abroad.

### A. Foreigners who may establish and carry out business activities under the same conditions as Polish citizens coming from:

- member states of the European Union,
- member states of the European Free Trade Agreement (EFTA) - parties to the agreement on the European Economic Area,
- states that are not parties to the agreement on the European Economic Area but who enjoy freedom established under agreements concluded by those states with the European Community and its member states - may establish and conduct economic activity based on the same terms as the Polish citizens.

### B. The above rule also applies to foreigners who are not citizens of the states indicated in point A and who:

- have received a permit to settle in Poland,
- have received a permit to stay in Poland under the status of a long-term residency of the European Community,
- have received a residence permit in Poland for a specified period of time due to circumstances referred to in the Foreigners Act of 13<sup>th</sup> of June 2003,
- have a refugee status in Poland or enjoy supplementary protection,
- have received a permit for tolerated residence,
- have received a residence permit in Poland for a specified period of time and have been married to a Polish citizen residing in Poland,
- enjoy temporary protection in Poland,
- have a valid Pole's Card,
- are family members of citizens of states indicated in point A above and join or stay with them in Poland.

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**C. Forms of business allowed for foreigners other than those indicated above under A and B:**

Unless international agreements state otherwise, foreigners other than those mentioned above in points A and B have the right to establish and conduct business activity (including joining below-mentioned partnerships/companies and acquiring their shares) only in the form of:

- a limited partnership,
- a limited joint-stock partnership,
- a limited liability company, and,
- a simple joint-stock company,
- a joint-stock company, as well as to join such companies and acquire or purchase their shares or stocks, unless international agreements state otherwise.

Moreover, foreign entrepreneurs, i.e. a foreign person conducting economic activity abroad and a Polish citizen conducting economic activity abroad, may conduct business activity in the form of a branch office, or they may establish a representative office in Poland.

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**ACCOUNTING & TAX ADVISORY FOR YOU!**

If you have any questions regarding accounting, taxation, or other aspects of tax law in Poland, please contact our team of advisors.

**CUSTOMER RELATION**



**ORTWIN-UWE JENTSCH**  
Head of Customer  
Relationships Department  
Partner  
Tax Advisory Office  
Location: Warsaw





## REGULATIONS ON BUSINESS ACTIVITIES

### Limited liability company (Sp. z o.o.)

A limited liability company is the most popular and flexible form of conducting business activity in Poland. It is the Polish equivalent of the private limited liability company in the UK, of a société à responsabilité limitée (sarl) in France, or of a Gesellschaft mit beschränkter Haftung (GmbH) in Germany. Limited liability companies may be established for any purpose allowed by law. They are often used as special purpose vehicles, holding companies and as national companies controlled by international corporations. The personal structure of the limited liability company may be, in general, changed without affecting the legal structure of the limited liability company, which is normally not the case with a partnership. A limited liability company may also be run by a single founder/shareholder. However, a single-shareholder limited liability company cannot incorporate another single-shareholder limited liability company. Although a limited liability company is a capital company, it still preserves some personal elements, such as the possibility to limit the disposal of the company's shares or establish the shareholder's right of individual control of the limited liability company. The shares of a limited liability company are always dematerialized and cannot be listed on any stock exchange.

### Joint-stock company (S.A.)

A joint-stock company is the Polish equivalent of the public liability company in the UK, société anonyme (SA) in France and the German Aktiengesellschaft (AG). Joint-stock companies are rather expensive to run and are primarily used for large-scale business activities, in particular, if access to a large number of investors is to be considered as a crucial way of obtaining capital.

Formally, it is more structured than the limited liability company.

The shares of joint-stock companies may be publicly traded (listed on the Stock Exchange). The Polish law provides stricter and more complex rules with respect to public joint-stock companies regarding their capitalization, composition of the governing bodies, compliance, and reporting duties.

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### Simple joint-stock company (P.S.A.)

The frame of a simple joint-stock company covers the simplification of some procedures and mechanisms, up to now reserved for classic joint-stock companies. To begin with, it was decided to lower the minimum share capital to the amount of **PLN 1.00**. Moreover, the aim of the new regulation is to enable entrepreneurs to freely shape their property structure. A simple joint-stock company will therefore also issue shares without face value, and the founder-shareholders will be able to contribute their capital injection through know-how, work and services, without the need to prepare any valuations of their capital-in-kind contributions.

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### Detailed requirements for a limited liability company (Sp. z o.o.) and a joint-stock company (S.A.)

#### Capital

**Sp. z o.o.:** The minimum capital required to establish a limited-liability company is **PLN 5,000.00**. A limited-liability company may have a single shareholder. **S.A.:** The minimum capital for a joint-stock company is **PLN 100,000.00** of which **25%** must be paid up before registration. A joint-stock company can be established by one or more founding members, who must sign an article of association agreement.

#### Taxation of capital companies (CIT)

Capital companies are separate taxpayers to CIT. In principle, the companies are subject to taxation on their global income. With regards a management board, taxation on their global income applies only if they have a fixed domicile in Poland. Taxable income consists of all revenues earned in a tax year (financial and operational), net of deductible costs. As a rule, this income is subject to CIT at the rate of **19%** or **9%**, depending on the amount of revenue generated by the company.

#### Reserve for supplementary capital

**Sp. z o.o.:** None. **S.A.:** **8%** of annual net profits, until the capital reserve reaches one-third of share capital.

#### Founders / shareholders

**Sp. z o.o.:** There are no restrictions on nationality or residence of shareholders. **S.A.:** The company must be founded by at least one natural or legal person. Once the company has been established, one shareholder may buy out others. There are no residence or nationality requirements.

#### Supervisory board

**Sp. z o.o.:** If share capital exceeds **PLN 500,000.00** and there are more than 25 shareholders, the company must have a supervisory board with at least three persons. **S.A.:** a supervisory board with at least three members, each appointed for a term of up to **5 years**, is required. **Both:** No residence or nationality requirements, but the chairman of the board for banks registered in Poland must have a confirmed by a hearing in front of the banking supervisory authority working knowledge of Polish language.

### Labour

Employees have no influence over the management of private-sector firms unless they are shareholders. Employees are entitled to form trade unions.

### Management

No residency requirements. The board of directors does not have to consist of shareholders, both in the case of a joint stock company and a limited liability company. Limited Liability Company (**LLC**): The upper term of office for members of the board of directors is not specified. **Joint Stock Company:** The board of directors may be appointed for a term not exceeding **5 years**.

### Disclosure

Both types of companies are required to prepare annual balance sheets and profit and loss accounts, which must be filed with the local court in the electronic file format JPK.

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#### Sole proprietorship

A sole proprietor is an individual who conducts business activity in his/her own name and on his/her own behalf. There are no legal requirements regarding the amount of the initial capital to undertake business activity as a sole proprietor in Poland. Also, no new legal entity is established as a result of such undertaking. The business of the sole proprietor may be transformed into a capital company, i.e. a limited-liability company or a joint-stock company.

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#### Civil law partnership

Two or more sole proprietors as well as other legal entities, i.e. partnerships and capital companies, may decide to establish a civil law partnership by concluding a contract regulated by the Polish Civil Code. A civil law partnership is not a separate legal entity and does not possess legal personality.

It also cannot acquire rights or incur obligations in its own name and on its own behalf, it can not sue or be sued. Contributions and assets established during the business operations of the civil law partnership are owned by partners as joint co-ownership.

Civil law partnerships may be transformed into registered partnerships based on a unanimous decision of the partners.

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#### Professional partnership

Professional partnerships may be established by specific professionals as defined and listed in the Polish Commercial Companies' Code (lawyers, architects, tax advisers, accountants, doctors, dentists, and others) or in other legal Acts regulating the exercise of certain professions. The professional partnership may be formed for the purpose of pursuing more than one profession, unless the law prohibits this specifically. As in the case of registered partnerships, professional partnerships do not have legal personality, but have legal capacity and capacity to perform legal actions (they may acquire rights, including ownership of a real estate, and incur obligations in their own name, as well as sue and be sued).

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### Limited partnership

A limited partnership is a commercial partnership that has legal capacity and the capacity to undertake legal actions. This type of business is a good solution for partners, where one is involved in the affairs of the partnership and the other only wishes to provide a financial contribution.

A limited partnership is formed by at least two partners, one of whom is a limited partner with limited liability for the company's obligations, and the other is a general partner who is liable for the limited partnership's obligations without limitation, i.e. he answers thus with all his/her assets.

Discussed in detail in **“Taxation of limited partnerships” on page 36.**

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### Limited joint-stock partnership

A limited joint-stock partnership is the most complex type of partnership, as its structure combines the elements of both the registered partnership and the joint-stock company. Like other partnerships, the limited joint-stock partnership has no legal personality, but it has legal capacity, which means that it may acquire rights, and incur obligations in its own name. The limited joint-stock partnership may also sue and be sued. Limited joint-stock partnerships are established by at least one general partner and one shareholder. Participation of shareholders is a consequence of a capital-focused character of the limited joint-stock company.

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	Polish term	Entry into Company Registry / Legal Personality	Minimum capital	Single-member company
<b>Limited Liability Company (Ltd.)</b>	Spółka z ograniczoną odpowiedzialnością (Sp. z o.o.)	Yes / Yes	<b>PLN 5,000.00</b> Minimum face value <b>PLN 50.00</b>	Yes
<b>Joint-stock Company (JSC)</b>	Spółka Akcyjna (S.A.)	Yes / Yes	<b>PLN 100,000.00</b> Minimum face value <b>PLN 0.01</b>	Yes
<b>Co-operative (Co-op.)</b>	Spółdzielnia	Yes / Yes	No	No, at least 10 members (5 in an agricultural co-operative). Does not apply if at least 3 members are legal persons.
<b>General Partnership</b>	Spółka jawna (Sp.j.)	Yes / No	No	No
<b>Limited Partnership</b>	Spółka komandytowa (Sp. k.)	Yes / No	No	No
<b>Limited joint-stock partnership</b>	Spółka komandytowo-akcyjna (Sp. k-a)	Yes / No	<b>PLN 50,000.00</b>	No
<b>Partnership under the Civil Code</b>	Spółka cywilna (S.C.)	No / No	No	No
<b>Branch</b>	Oddział	Yes / No	No	
<b>Permanent tax establishment</b>	Zakład	No / No	No	

	Start-up duty	Writing / notarial	Transparency	Registration with the tax authorities	Statutory audit: Turnover ≥ EUR 6,250,000.00; Balance sheet total ≥ EUR 3,125,000.00; Employees ≥50
<b>Limited Liability Company (Ltd.)</b>	0.5% tax on the articles of association / Entry in the Commercial Register	Yes / Yes	No	Yes	Provided that at least 2 of those requirements are met
<b>Joint-stock Company (JSC)</b>	0.5% tax on the articles of association / Entry in the Commercial Register	Yes / Yes	No	Yes	Compulsory
<b>Co-operative (Co-op.)</b>	No / Entry in the Commercial Register	Yes / No	No	Yes	Mandatory
<b>General Partnership</b>	0.5% tax on the articles of association / Entry in the Commercial Register	Yes / No	Yes*	Yes	Provided that at least 2 of those requirements are met
<b>Limited Partnership</b>	0.5% tax on the articles of association (Yes for the Limited Partnership having a Limited Liability Company as general partner) / Entry in the Commercial Register	Yes / No	No	Yes	Provided that at least 2 of those requirements are met
<b>Limited joint-stock partnership</b>	0.5% tax on the articles of association / Entry in the Commercial Register	Yes / Yes	No	Yes	Provided that at least 2 of those requirements are met
<b>Partnership under the Civil Code</b>	0.5% tax on the articles of association / Entry into the CEIDG free of charge	Yes / No	Yes	Yes	Provided that at least 2 of those requirements are met
<b>Branch</b>	As a rule, no / Entry in the Commercial Register	-	-	Yes	In the context of any audit of the parent company
<b>Permanent tax establishment</b>	-	-	-	Yes	In the context of any audit of the parent company

\* if certain conditions are met



## FOREIGN BRANCH AND REPRESENTATIVE OFFICE

### **Branch of a foreign company**

According to the Polish law, foreign entrepreneurs may set up branch offices to carry out business activity on the Polish territory. An entrepreneur from a foreign country is allowed to establish a branch on condition that a Polish entrepreneur enjoys equivalent rights in the country of origin of the foreign entrepreneur (reciprocity rule), unless the international agreements ratified by Poland state otherwise. The above does not concern entrepreneurs from EU and EEA, countries as well as from countries that are parties to association agreements with the EU in the area of the freedom of establishment. Such entrepreneur's may freely set up branch offices on the Polish territory.

A branch does not possess legal personality, it constitutes an integral part of the foreign enterprise and cannot acquire rights or incur obligations in its own name, cannot sue or be sued. However, branches have significant independence with respect to employment matters. The scope of business activity of the branch may not go beyond the foreign entrepreneur's scope of activity. Some special regulations (both in Poland and European Union) regarding opening a branch may be applicable to specific industries, e.g. when opening a branch of a foreign bank, insurance company or investment company. In such cases, the opening of a branch should be seen in light of those specific regulations (which may differ from the general rules).

### **Representative office**

Foreign entrepreneurs may set up their representative offices in Poland. The representative office does not constitute a separate legal entity and is treated as part of a foreign enterprise's organizational and functional structure.

It cannot acquire rights or incur obligations, sue or be sued. The representative office may be established by the foreign entrepreneur only to advertise and promote the business of the entrepreneur in Poland.

**The performance of certain activities by the employees of a representative office may entail the risk of creating a permanent establishment for tax purposes.**

## TAXES IN POLAND

### CORPORATE INCOME TAX (CIT)

#### Legal basis

Act of **15 February 1992**, on corporation tax with all subsequent amendments

#### Basic information

##### Sources of revenues:

- from capital gains,
- from business activity and from special sections of agricultural production.

The consequence of this amendment is the separate calculation of the amount of income from these two sources and the lack of possibility to compensate losses from investments with income from other business activity. The exceptions apply only to banks (their revenues will be allocated to one source).

##### Subject of taxation

The subject of CIT taxation is income constituting the sum of income from both sources: capital gains and other economic activity. This means that if both of these sources show a profit, it will be subject to a joint taxation at the rate of **19% (9%** - but with the tax rate for capital gains always being **19%**).

As a rule, also revenues from capital gains will be created on an accrual basis (due revenues). The exception in this respect relates to revenues of a typically cash nature, i.e. from 2021 including division of profits in a limited partnership.

Residents are taxed on worldwide income; non-residents are taxed on Polish-source income only. Foreign-source income derived by residents is generally subject to corporation tax in the same way as Polish-source income, usually with a foreign tax credit available, unless a tax treaty provides otherwise. Branches are generally taxed the same way as subsidiaries.

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**Tax rate (CIT)**

**There have been two corporate tax rates:**

- **19%** - corporate income tax rate for unlimited and limited taxable corporations, however, no minimum corporate income tax,
- **9%** - corporate income tax rates for:
  - » so-called 'small taxpayers'. These are all taxpayers whose income in the previous tax year does not exceed **EUR 2,000,000.00**, including the amount of VAT, converted at the average euro exchange rate announced by the National Bank of Poland on the first working day of the tax year, rounded up to **PLN 1,000.00**,
  - » people starting a business (in the tax year of commencement of the business) - there are limitations in using the **9%** rate for some corporations which were transformed during a restructuring process.

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**Minimum Corporate Income Tax**

The legislator has introduced on the grounds of CIT regulations a minimum income tax in the amount of **10%** of the tax base obligatory for companies which are either CIT taxpayers or tax capital groups who:

- incur losses from a source of revenue other than capital gains (that is, essentially from operating activities), or
- show a share of income from operating activities in the income from these activities which does not exceed **2%** of the tax base.

For the purpose of proper calculation of the loss and the participation of the income in the total proceeds are not to be taken into consideration in the given tax year the tax-deductible costs which refer to amortization, or leasing expenses, and any expenses related to the purchase or the refurbishment of long term fixed assets.

The tax base, which is the basis for calculating the minimum tax, is defined separately and includes a certain percentage of revenue, alternatively a percentage of revenue plus the cost of debt financing and advisory services incurred for related parties.

**The legislator has provided for exemptions from minimum taxation. The regulation will not apply for, among others::**

- entities commencing their activity: in the year of its foundation and in the two consecutive tax years immediately following that year, the so-called "start-ups" (with the exception of entities having come into being as a result of restructuring),
- financial institutions,
- entities that obtained revenues lower by at least **30%** in comparison with the revenues obtained in the tax year immediately preceding that tax year
- small taxpayers
- enterprises achieving, in one of the three tax years immediately preceding the tax year for which the tax falls due, a share of income in the proceeds of at least **2%**.

**This tax was due for the first time for 2024.**

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**Payment terms for corporate income tax**

Monthly advance payments amounting to the difference between the tax due from the beginning of the year and the total sum of already paid advance payments are transferred into an individual tax account of the taxpayer. In certain cases, advance payments may be paid in a simplified form.

The obligation to pay advance payments does not apply to taxpayers who are incurring tax losses.

Advance payments do not have to be paid by those PIT and CIT taxpayers, whose advance payment for a given month does not exceed **PLN 1,000.00**. These are cases in which the tax due on income earned from the beginning of the year less the amount of advance payments paid since the beginning of the year does not exceed **PLN 1,000.00**. If the tax due on income earned from the beginning of the year, less the amount of advance payments paid since the beginning of the year, exceeds **PLN 1,000.00**, then the current tax advance payment must be paid.

This method is applicable both to taxpayers paying advance payments monthly and quarterly. In addition, in the case of PIT taxpayers, such a rule applies to taxpayers who generate revenues from rental contracts which are subject to taxation according to the general rules.

The CIT and PIT taxpayers who use a simplified method of advance payments are not exempt from the obligation to make advance payments.

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**Tax loss settlement**

Tax loss brought forward can be settled within **5 years**. For entities operating in Special Economic Zones, it is **10 years**. In each year no more than **50%** of the loss may be deducted (and the remainder in subsequent years), alternatively it is allowed to make a one-off reduction on income in one of the next consecutive tax years by the amount not exceeding **PLN 5,000,000.00**. The amount not deducted is subject to the settlement in the remaining years of the five-year period, provided that the amount of the reduction in any of these years can never exceed **50%** of the tax loss amount.

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**Limited Tax Liability**

Unlimited tax liability for revenue generated in Poland applies to the businesses whose board of management or registered address are based on the territory of Poland. Whereas, businesses which do not have their registered address or board of management located in Poland are subject only to the limited tax liability in this respect.

Save for income from business activity achieved on the Polish territory and from real estate situated in Poland, income obtained on the territory of Poland comprises also proceeds from receivables squared by enterprises with headquarters or permanent place of living in Poland, irrespective of the place of conclusion of the contract and service delivery. Income achieved in Poland encompasses also proceeds from securities and derivatives licensed for trade in Poland on a stock exchange, as well as those originating from a transfer, directly or indirectly, of shares in a company as well as participation units issued and managed by an investment fund.

Dividends, interest, and other receivables being subject to withholding tax paid by a Polish enterprise are considered to be generated on the territory of Poland.

The catalogue does not exclude recognizing other categories of income as obtained on the territory of Poland. It should also be noted that double taxation treaties concluded by Poland may, in practice, entail in particular cases that a specific revenue will not be subject to taxation in Poland.

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#### **Real Estate Company**

These are entities that meet certain criteria for the value of assets constituting real estate or rights to such real estate, or for holding shares (units) in companies that are real estate companies, including funds that invest in real estate.

The sale of shares by a non-resident in a real estate company, representing **5%** or more of those participation rights, obliges the real estate company to collect tax as payer on the proceeds of that disposal.

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#### **Affiliated companies**

According to the OECD convention (OECD-MA), an affiliated entity exists whenever:

- a company is involved directly or indirectly in the management, control, or capital of the other company (subsidiary), or
- the same persons participate directly or indirectly in the management, control, or capital of both companies (sister company).

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#### **Estimating the value of the service provision transactions**

When the value expressed in the price determined in the contract significantly deviates from the market value of such an object, right or service, the tax organ summons the parties to the contract to change the value or to list the arguments of application of a price significantly deviating from the market value. In case of nonresponse, non-application of a change of a value or non-listing of the arguments justifying a price deviating significantly from the market value, the tax organ will determine the value calling in the opinion of an auditor/appraiser. Provided that the value determined in such a manner differs by at least **33%** from the value expressed in the price in the contract, the cost of the opinion of the auditor/appraiser will be borne by the seller or the service provider, dependent on the decision of the tax organ.

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#### **Deductible operating expenses**

Tax-deductible expenses are expenditures that have been incurred to achieve revenues from a source of revenues or to maintain or secure a source of revenues, with the exception of costs listed in Article 16(1) of the CIT Act. See the part: **“Non-tax-deductible expenses” on page 23**.

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#### **Taxation of non-monetary contributions**

A non-monetary contribution to a capital company in the form of an enterprise or its organized part does not give grounds to CIT tax consequences, neither for the company nor for the contributor.

On the other hand, in the case of a non-monetary contribution in a form other than an enterprise or its organized part, the in-kind contribution to the company by the contributor entails the creation of revenue and, consequently, the payment of corporate income tax.

In such a case, the value of the object of the contribution as specified in the articles of association or other corporate documents constitutes revenue. The contributor of such a contribution is entitled to recognize the costs related to the subject of the in-kind contribution. In such a case, the taxable base shall be the potential surplus of the value of the contribution over the costs related to the expenditure on the contribution after required by law reconciliations in value.

If the value of the object of the contribution differs from its market value, revenue will be determined in the amount of the contribution's market value. However, no revenue arises on the part of the company which receives the contribution.

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## TRANSFER PRICES 2026

The taxpayer is required to prepare local transfer pricing documentation for a controlled transaction of a homogeneous nature whose value, less value added tax, exceeds the following documentation thresholds in the reported financial year:

- **PLN 10,000,000.00** in the case of a commodity trade transaction,
- **PLN 10,000,000.00** in the case of a financial transaction,
- **PLN 2,000,000.00** in the case of a service transaction,
- **PLN 2,000,000.00** in the case of a transaction other than the one specified above.

In the case of controlled transactions with an entity having its place of residence, registered office or management in a territory or in a country applying harmful tax competition or a foreign permanent establishment located in a territory or in a country applying harmful tax competition (transactions with entities from so-called tax havens), the documentation threshold is:

- **PLN 2,500,000.00** in the case of a financial transaction,
- **PLN 500,000.00** in the case of a transaction other than a financial transaction.

### **Documentation thresholds will be established separately for:**

- any controlled transaction of a homogeneous nature irrespective of the allocation of the controlled transaction to commodity, financial, service or other transactions,
- cost and revenue side.

### **Transfer pricing is verified using the most appropriate method in the circumstances, selected from the following methods:**

- a comparable uncontrolled price,
- a resale price,
- cost plus,
- net transaction margin,
- distribution of profits.

In determining the amount of income (loss), the tax authority shall apply the method adopted by the affiliate, unless the application of a method other than that adopted by the affiliate is more appropriate under the identified circumstances.

Local transfer pricing documentation should be prepared by the end of the 10th month after the end of the tax year.

The taxpayer is required to submit the transfer pricing information on the TPR form by the end of the 11th month after the end of the tax year.

An integral part of the transfer pricing information, is a statement issued by the management board that the local transfer pricing documentation has been prepared and that it has been prepared in accordance with the actual state of affairs and that the transfer prices covered by the documentation are determined on the arms' length principle applying for unrelated parties.

In the catalogue of exemptions from the obligation to prepare local documentation, the most important is the exemption from the obligation to prepare local documentation for transactions concluded exclusively by affiliates having their residence, registered office or management on the territory of the Republic of Poland in the tax year in which each of these affiliates meets certain conditions, in particular none of them suffered a tax loss.

If the consolidated income of the capital group in the previous tax year exceeded the limit of **PLN 200,000,000.00**, the capital group is obliged to prepare the Master File documentation, by the end of the 12th month after the end of the tax year.

From 2022, pursuant to the legal act amending the CIT legislation, the obligation to prepare local transfer pricing documentation does not apply (among others) to:

- transactions between foreign permanent establishments (from the EU or the EEA) located on the territory of Poland and transactions between such permanent establishments and a Polish related party provided that no tax loss incurred and no exemptions used,
- transactions involving only the settlement between affiliated parties of expenditure incurred on behalf of an unrelated party, where the following cumulative conditions are met:
  - » no added value is created, and the settlement is made without taking into account a profit margin or mark-up,
  - » the settlement is not directly related to another controlled transaction
  - » the settlement occurred immediately after the payment to the unrelated party,
  - » the related party is not an entity that has its residence, registered office or central administration in a territory or country applying harmful tax competition,
- transactions involving low value-added services where the conditions set out in the legal act are met (safe harbour for low value-added services),
- transactions involving a loan, credit, or bond issue - where the conditions set out in the legal act are met (safe harbour for financial transactions).

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If you have any questions regarding accounting, taxation, or other aspects of tax law in Poland, please contact our team of advisors.

#### TAX & LEGAL



**ANETA  
MAJCHROWICZ-BĄCZYK**  
Head of getsix Tax & Legal  
Partner / Attorney at law  
Specialization: Tax law  
Tax Advisory Office  
Location: Poznan



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**Interests of credit/  
externally financed  
stake holdings**

Generally deductible.

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**Thin capitalization  
rules**

**Insufficient capitalization - debt financing**

The Corporate Income Tax Act introduced a limitation on the possibility of recognizing interest on bank and non-bank loans in costs.

Taxpayers are required to exclude the costs of debt financing from the tax-deductible expenses in the part in which the excess of debt financing costs exceeds **PLN 3,000,000.00** or **30%** of the amount corresponding to the surplus of revenues from all revenue sources less interest income over the sum of tax-deductible expenses less the amounts of depreciation and amortization expenses counted as tax-deductible expenses, as well as costs of debt financing not recognized in the initial value of a fixed asset or an intangible asset (so-called tax EBIDTA).

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**Depreciation**

Depreciation methods: straight-line, declining balance method only allowed for special machinery, equipment, and means of transport. In cases specified in the tax act, it is possible to apply individual depreciation rates.

If, on the date of commissioning for use, the initial value of a fixed or intangible asset stays below **PLN 10,000.00** (net), taxpayers may apply one-off write-offs on these low value assets.

**Depreciation rates:**

- Non-residential buildings: **2.5%**
- Other buildings and structures: **4.5%**
- Machinery and equipment: **7% - 25%**
- Cars and lorries: **20%**
- Computers: **30%**

If technically verifiable or in the case of used assets, other depreciation allowances are permitted (with reservations, e.g. with regard to activities in an SEZ - Special Economic Zone or PIZ - Polish Investment Zone, on the basis of a permit).

From 2022, the possibility of depreciation of residential buildings has been stopped (in 2022, depreciation is only allowed for buildings acquired by the 31st of December 2021 and can only last until the 31st of December 2023). Due to the changes, a taxpayer cannot include residential buildings in the register of tangible and intangible assets.

Taxpayers may use depreciation premium. Using such a solution, the taxpayer may apply a one-off depreciation and amortization write-off up to **PLN 100,000.00** and include it in costs in the year in which he commissioned the brand new fixed asset for use.

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<b>Provisions</b>	Accruals for events are not recognized for tax purposes in general (a few very restrictive exceptions nevertheless exist).
<b>Non-tax-deductible expenses</b>	<p><b>Examples of non-tax-deductible expenses</b> (detailed list in Article 16, Paragraph 1 of the Tax Act)</p> <ul style="list-style-type: none"><li>• Expenses for the purchase of land plots in ownership or the purchase of beneficial interests (usufruct rights) for a specified in advance limited period in time, except the fees and commissions related to the purchase of beneficial interests,</li><li>• Write-offs for the wear and tear of a passenger car in the portion determined on the basis of the value of the car exceeding the amount of:<ul style="list-style-type: none"><li>» <b>PLN 225,000.00</b> - in the case of a passenger car being an electric vehicle within the meaning of Article 2(12) of the Act of 11 January 2018 on Electromobility and Alternative Fuels,</li><li>» <b>PLN 150,000.00</b> - if the CO<sub>2</sub> emissions of the internal combustion engine of the passenger car, determined on the basis of data contained in the central register of vehicles, are less than 50 g per kilometre,</li><li>» <b>PLN 100,000.00</b> - if the CO<sub>2</sub> emissions of the internal combustion engine of the passenger car, determined on the basis of data contained in the central register of vehicles, are equal to or higher than 50 g per kilometre;</li></ul></li><li>• Interest, bank charges and exchange rate differences of loans, which increase the investment costs in the acquisition stage,</li><li>• Charged but unpaid interests or interests waived, payable for debts including loans,</li><li>• Most of the accruals set up on the balance sheet,</li><li>• Expenses for the acquisition or purchase of shares,</li><li>• Entertainment expenses,</li><li>• The unlawful employment of an employee and the failure to disclose, in whole or in part, remuneration of such an employee to the competent tax authorities.</li></ul>
<b>Special regulations for intangible services</b>	<p><b>Until the end of 2021, taxpayers were obliged to exclude the following costs from deductible expenses:</b></p> <ul style="list-style-type: none"><li>• services purchased from related parties or from tax heaven countries directly or indirectly,</li><li>• in opposite, this does not apply to costs for services, licences, and fees paid to third party entities,</li><li>• the limitation concerns the amount over <b>PLN 3,000,000.00</b> per annum plus <b>5%</b> of the so-called tax EBIDTA,</li><li>• on a grandfathering basis, the amounts of costs not deducted in each year under the aforementioned legislation may be deducted in the following 5 tax years, under the rules and within the limits applicable in this year.</li></ul>

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**Commercial real estate properties tax**

The so-called “minimum income tax” was introduced in relation to taxpayers who own commercial and service properties as well as buildings classified as office (Article 24b, Article 24c of the Corporate Income Tax Act) - commonly referred to as “commercial property tax.”

The tax shall apply to buildings which:

- are owned or co-owned by a person subject to taxation,
- have been handed over wholly or partly for use under a lease, tenancy or similar contract,
- are located within the territory of the Republic of Poland.

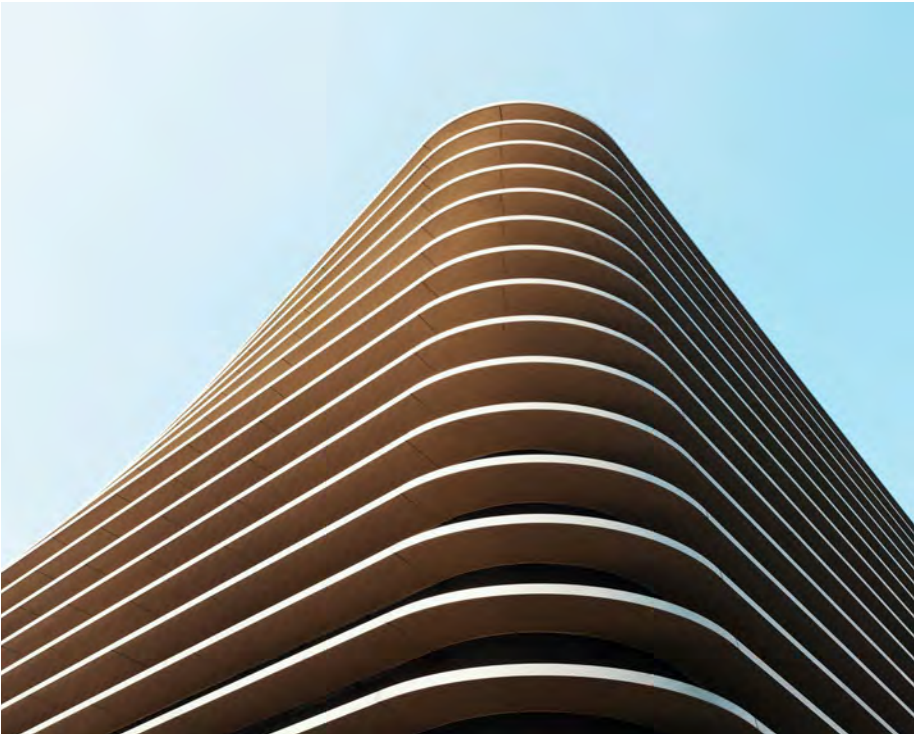
This tax applies to revenues from ownership of a fixed asset being a trade, commercial or service building, whose initial value exceeds **PLN 10,000,000.00**. Properties must be properly classified in accordance with the Classification of Fixed Assets.

**The solution applies to the following commercial properties:**

- trade, commercial, and service buildings classified as: shopping centres, department stores, independent shops and boutiques, other trade, commercial and service buildings,
- office buildings included in the Classification as office buildings.

**What is the tax rate?**

- **0.035%** monthly.
- 





## WITHHOLDING TAX (WHT) 2026

### Interest, royalties, and others

Interest and royalties paid to a non-resident and fees for certain intangible assets and legal services (e.g. consulting, accounting, legal and technical services, advertising, data processing, market research, recruitment, management, inspection services and guarantees, etc.) are subject to **20%** withholding tax, unless the rate is not reduced under the agreement on the avoidance of double taxation, or the EU Directive on a common system of taxation applicable to interest and royalty payments made between associated companies of different Member States.

### Requirements for exemption from withholding tax on interest and royalties

The condition for exemption from the withholding tax, in the case of interest and royalties arising between affiliated companies, is that the recipient of the claims is the actual beneficial owner of these claims.

For the exemption to be applied, the Polish taxpayer must obtain a certificate which, in addition to the previous elements, contains a statement that the company or the foreign enterprise, which is the recipient of the creditor claims, is the actual economic owner.

### Dividends

The taxation of dividends runs up to **19%** respectively, or the particular double taxation treaty rate or the application and adherence of the EU-Parent-Subsidiary Directive for the taxation of parent and affiliated companies.

### The so-called dividend exemption:

- exemption from withholding tax for payments done by a Polish resident
- withholding tax exemption for dividends that a company with a tax residence in Poland pays to a company with a tax residence in another country.

Condition:

the entitled party to the dividends must dispose of a minimum **10%** of the shares of the liable to pay dividends corporation for an uninterrupted period of **2 years**.

The beneficiary of the dividends shall not make use of a tax exemption with respect to his whole income independent from the source of its realization (declaration of the beneficiary of the dividends required).

### Flight tickets

The obligation to collect withholding tax on the purchase of flight tickets (in the amount of **10%**) was abolished, if the purchase of such flight ticket concerns a regular scheduled passenger flight.

## WHT Pay and Refund mechanism

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### Application

If payments to the same related party, within the meaning of the transfer pricing regulations, in respect of interest, dividends, and royalties exceed an amount in the amount of **PLN 2,000,000.00**, the payer is obliged to collect the tax in the full amount (**19% or 20%**) at the rate resulting from the Polish regulations, regardless of whether he is entitled to apply a reduced rate.

The tax collected in this manner is refunded upon request:

- to the taxpayer or
- payer - if the payer has paid the tax from his own resources and has borne the economic burden of this tax.

The application is submitted electronically and the regulations indicate the information that should be included and the list of attachments.

The application of the WHT pay and refund mechanism applies to payments to related parties as defined in the transfer pricing legislation and to payments of a passive nature - the aforementioned interest, dividends, and royalties. The mechanism does not apply to dividends paid to Polish residents.

This implies that taxpayers will still, as a rule, be obliged to pay WHT once the **PLN 2,000,000.00** threshold is exceeded, and only after withholding tax is deducted will they be able to claim a refund, but this will only apply to the payments to related entities that are not Polish tax residents.

Importantly, the pay and refund mechanism will not apply if:

- the taxpayer obtains a binding opinion on the application of the exemption issued by a competent tax authority,
- or he verifies on his own the applicability of the tax exemption on the basis of the aforementioned EU directives and submits an appropriate declaration within the statutory deadlines to the tax authorities.

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### Statement

The statement indicated should specify that the taxpayer:

- is in the possession of the documents required by tax law for the application of the rate of tax, its' exemption or non-collection of tax resulting from special provisions or double taxation treaties;
- after verification, has no knowledge of circumstances excluding the possibility of applying a tax rate or exemption or non-collection of tax resulting from the application of special provisions or double taxation conventions.

This statement, shall be signed by the management board of the entity.

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**Due diligence  
criterion**

When verifying the conditions of the application of an exemption or a tax rate resulting from special regulations or double taxation conventions, the payer is obliged to exercise due diligence.

As of 2022, the criterion of due diligence has been changed: when assessing due diligence, now not only the nature and scale of the payer's activity is taken into account, but also its relationship with the taxpayer. This change is intended to clarify the requirements related to the verification of due diligence and will enable differentiation of due diligence requirements in relation to the related and the unrelated entities.

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**Use of copy of  
certificates of  
residence**

An element of any verification process for withholding tax issues is the possession of a certificate of residence. It is now permissible, in any case, to use a copy of the residence certificate if the information contained in its' copy does not raise a reasonable doubt as to its compliance with the real facts.

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**TAX & LEGAL**



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**Dividends paid by a Polish company**

The following rules apply, taking the WHT Pay and Refund mechanism described earlier into account.

**International:**

**Dividends paid by a company established in Poland.**

Dividends received by a Polish resident company (with certain exceptions in the case of limited joint-stock partnerships) from another Polish company or an EU/EEA or a Swiss company are exempt from taxation if certain holding and participation requirements are met. If the exemption does not apply, dividends received are subject to taxation. On the other hand, any deduction of withholding tax from the amount of due tax in Poland should be preceded by the verification of the existence and records of the relevant double taxation conventions.

**European Union (EU), European Economic Area (EEA):**

Exemptions from withholding tax for dividends, paid by a corporation resident in Poland, towards a corporation resident in a country of the EU or the EEA.

Condition:

The entitled to the dividends must dispose of a minimum **10%** of the shares of the liable to pay dividends corporation for an uninterrupted period of **2 years**.

The beneficiary of the dividends shall not make use of a tax exemption with respect to his whole income independent from the source of its realization (declaration of the beneficiary of the dividends required).

**Switzerland:**

Exemption from withholding tax for dividends, paid by a corporation resident in Poland towards a corporation resident in Switzerland.

Condition:

The entitled to the dividends must dispose of minimum **25%** of the shares of the liable to pay dividends corporation for an uninterrupted period of **2 years**.

The beneficiary of the dividends shall not make use of a tax exemption with respect to his whole income independent from the source of its realization (declaration of the beneficiary of the dividends required).

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**Dividends a Polish corporation receives**

The following rules apply, taking the WHT Pay and Refund mechanism described earlier into account.

**European Union (EU), European Economic Area (EEA)**

Tax exemptions for dividends which a corporation resident in Poland receives from a corporation being resident in one of the European Union (EU) or European Economic Area (EEA) countries.

Condition:

The Polish corporation must dispose of a minimum **10%** of the shares of the liable to pay dividends corporation for an uninterrupted period of **2 years**.

The beneficiary of the dividends shall not make use of a tax exemption with respect to his whole income independent from the source of its realization (declaration of the beneficiary of the dividends required).

#### Switzerland

Tax exemptions for dividends which a corporation resident in Poland receives from a corporation being resident in Switzerland.

Condition:

The Polish corporation must dispose of a minimum **25%** of the shares of the liable to pay dividends corporation for an uninterrupted period of **2 years**.

The beneficiary of the dividends shall not make use of a tax exemption with respect to his whole income independent from the source of its realization (declaration of the beneficiary of the dividends required).

#### Other countries with Double Taxation Treaties

Set-off of already paid withholding tax and pro-rata corporate income tax for Polish corporations, which dispose for an uninterrupted period of **2 years**, at least **75%** of shares of the liable to pay dividends corporation with its registered headquarters in another country with which Poland concluded a double taxation treaty.

#### Other countries (without double taxation treaties)

Set-off of already paid withholding tax for Polish corporations, which dispose of shares of the liable to pay dividends corporation with its registered headquarters in another country with which Poland did not conclude a double taxation treaty.

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#### Directive on taxation of subsidiaries and parent companies

#### Exemption from withholding tax on distributed profits occurs when:

- The period of holding shares is a continuous period of minimum **2** years,
- The minimum share in its' equity amounts to **10%**.

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#### Payment of interest and royalties receivables to non-residents

The following rules apply, taking the WHT Pay and Refund mechanism described earlier into account.

#### Tax exemption applies to:

- interest and royalty payments made between associated companies (parent-subsidiary relationship, or sister-sister-company) only,

Thereby, the beneficiary of the payment must maintain a capital shareholding of minimum **25%**.

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**Choice of the settlement method of accounting of exchange differences**

Corporation and Income taxpayers (CIT and PIT) that are obliged to produce financial reports have the right to choose the accounting method to calculate the exchange differences mentioned in Article 9b, Paragraph 1, Point 2 (CIT) or Article 14b, Paragraph 2 (PIT).

The competent tax office should be notified of the accounting method chosen in a tax return filed by the end of the third month of the following year by means of electronic communication in accordance with the provisions of the Tax Ordinance Act.

In addition, during the period of applying a specific accounting method to calculate exchange rate differences, the annual financial statements of taxpayers are subject to auditing. In this case, the reported and audited exchange rate differences are tax-deductible. The introduction of statutory audits aims at the confirmation of the accuracy of the calculated exchange rate differences.

The period of applying this accounting method cannot be less than **3 years**.

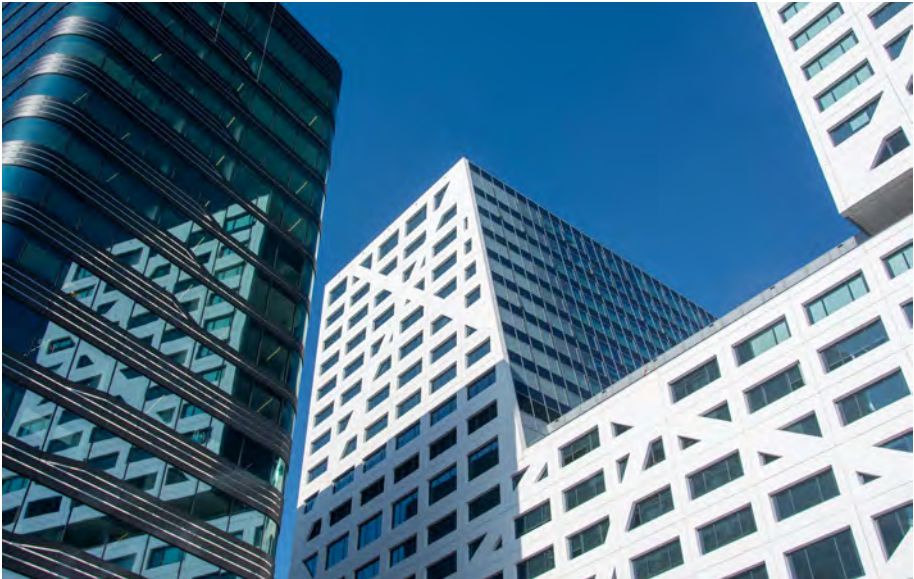
If you select the balance method of calculating exchange rate differences, taxpayers on the first day of the fiscal year from which this method was chosen, include income or deductible expenses accrued, exchange rate differences, determined on the basis of the accounting regulations on the last day of the previous fiscal year in their financial accounts. From the first day of the tax year for which you have chosen this method, apply the principles of the Accounting Act for calculating the differences.

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**Capital gains**

Capital gains are taxed as ordinary income at the standard corporation tax rate of **19%**.

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## CIT TAX ALLOWANCES 2026

### Foreign tax credit

Foreign tax paid may be credited against Polish tax on the same profits, but the credit is limited to the amount of Polish tax payable on the foreign income.

### Research and development relief

Tax on qualified income earned by the taxpayer from qualified intellectual property rights will amount to **5%** of the taxation basis; It is possible to simultaneously deduct under the R&D and IP Box relief.

#### **The following rights are deemed eligible intellectual property rights:**

- patent,
- utility model protection right,
- registered design right,
- topographical and integrated circuit registration right,
- additional protection right for a patent for a medicinal product, or plants protection product,
- the right of registration of a medicinal product and a veterinary medicinal product,
- the exclusive right referred to in the Act on the Legal Protection of Plant Varieties,
- copyright to a computer program.

### IP Box relief

IP Box is a preferential taxation of income from sales of products or services based on intellectual property rights. The solution should increase the attractiveness of conducting research and development activity in Poland. It is supposed to encourage entrepreneurs to more courageously search for business potential in intellectual property rights.

The IP Box preference is an arrangement that a taxpayer can take advantage of after the end of the tax year in his annual return.

Taxpayers who, as part of their business activities, produce and then commercialize computer programs, may tax (after meeting statutory conditions) the income obtained from the transfer of exclusive rights or the granting of licences at a preferential **5%** income tax rate.

The subject of the IP BOX tax relief is the income from the commercialization of a qualified intellectual property right (granting of a licence or sale of copyrights to a computer program). Remuneration for other technical activities not directly related to the creation of qualified IP does not constitute qualified income taxed at a **5%** rate (e.g. implementation of the program at the client's site, preparation of technical documentation, technical assistance, training etc.).

A taxpayer who wants to take advantage of the IP BOX tax preference must keep detailed accounting records allowing for the link between a specific qualified intellectual property right and the income generated as a result of research and development works. It is worth pointing out that there is no set pattern for keeping such records. What is important is the ability to link revenues and costs with a qualified intellectual property right.

#### **Innovation relief:**

» Relief for  
robotization

Industrial robotization relief applies to companies seeking to boost production by commissioning industrial robots. Rules for deduction similar to those for R&D tax relief: deduction from the tax base. The relief applies to costs incurred in the years 2022-2026.

**The following are regarded as deductible costs incurred for robotization:**

- costs of purchasing brand new industrial robots; machines and peripheral devices for industrial robots which are functionally related to them; machinery, equipment and other items functionally related to industrial robots which serve to ensure ergonomics and safety at work in relation to these workstations, where man-robot interaction is performed, and
- costs of acquiring intangible assets necessary for the proper launch and commissioning of industrial robots and other fixed assets mentioned above, and
- acquisition costs for training services related to industrial robots and other tangible or intangible assets referred to above, and
- fees agreed in the finance lease agreement for industrial robots and other fixed assets.

» Relief for prototypes

The relief for prototypes applies to the trial production and launch of a new product. It supports costs incurred by the taxpayer at the stage of testing of an invention before mass production and market introduction. A company that decides to prepare a prototype may claim expenditures incurred for its creation as tax-deductible costs.

Similarly to the R&D, relief costs will be deducted from the tax base and the deduction may not exceed **30%** of the costs incurred and no more than **10%** of the revenue received.

**These costs include:**

- the purchase price or the production cost of the current fixed assets required to launch a trial production of the new product
- improvement expenditures incurred to customize fixed assets and launch trial production of a new product
- costs of raw materials and other supplies acquired solely for the purpose of the trial production of a new product.

**Launching a new product on the market:**

Activities undertaken to acquire essential documentation to facilitate the receipt of certificates and permits related to the product that was created as a result of R&D work carried out by the taxpayer, and these certificates and permits enable the product to be sold.

**Costs include:**

tests, expert opinions, preparation of documentation necessary to obtain a certification, homologation, CE marking, safety marking, obtaining or maintaining a permit for trading or other mandatory documents, labelling required for launching the product on the market and product usage (costs and fees charged in order to: obtain, renew and extend them), product life cycle, environmental technology verification (ETV) system.

» Relief for innovative employees

Entrepreneurs benefit from the relief for supporting innovative employees when they employ personnel (whose working time devoted to R&D activities amounts to at least **50%** of their total working time) to carry out research and development. Applies to employment contracts, contracts for specific work and contracts of mandate.

A taxpayer who is a remitter and conducts R&D activity is entitled to deduct from the advances on income tax (collected from the revenue of natural persons employed by him) the eligible costs which were not deducted from his income in the Annual tax return as part of his R&D relief deductible.

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## Relief for contributors to sports activities, cultural activities, higher education and science

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Allows the possibility of deducting **50%** of the tax-deductible costs from the tax base of revenues incurred for specific purposes.

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|------------------------------------|--|
| » For sporting activities          | Applies to costs incurred by sports clubs which pursue the objectives specified in the Article 28 of the Sports Act, i.e: <ul style="list-style-type: none"><li>• purchase of sports equipment,</li><li>• covering costs of organizing sports competitions or participation in these competitions,</li><li>• covering costs of using sports facilities for training purposes,</li><li>• funding of sports scholarships,</li><li>• organizing a sports event that is not a mass sports event, as referred to in the Act on Safety of Mass Events.</li></ul> |
| » For cultural activities          | It relates to the costs incurred for cultural activities within the meaning of the Act on organizing and conducting cultural activities. Cultural activities referred to here are: creation, propagation and protection of the culture.  |
| » For higher education and science | <b>Applies to costs incurred on:</b> <ul style="list-style-type: none"><li>• student scholarships for academic performance,</li><li>• research scholarships for doctoral students,</li><li>• fees related to the education of a hired employee during: the studies, postgraduate and other forms of education,</li><li>• students' salaries during apprenticeships in the workplace.</li></ul>   |
- 

### Consolidation relief for the acquisition of shares in a Polish or foreign capital company:

The consolidation relief may be applied when the subject of activity of the purchased capital company is the same as the subject of activity of the taxpayer purchasing its shares (stocks) or the activity of the company may be reasonably considered to be an activity supporting the taxpayer's activity (the activity of such a company is not a financial activity).

The consolidation relief applies to a taxpayer who is an entrepreneur and earns revenue other than that from capital gains. It allows one to deduct from the tax base certain expenses related to the acquisition of shares in a company having a legal personality.

The maximum amount of such a deduction may not exceed **PLN 250,000.00** in a given tax year.

#### Eligible expenditure includes:

- legal services related to the acquisition of shares, including their valuation (due diligence),
- interest, taxes directly charged on the transaction, and
- notarial, court and stamp fees.

Eligible expenditures do not include the price paid by the taxpayer for the acquired shares (stocks) or the costs of debt financing related to such acquisition.

A taxpayer may benefit from this deduction if the company whose shares are acquired by the taxpayer is a legal person with its registered office or management board within the territory of Poland or in another state with which the Republic of Poland has a binding agreement on avoiding double taxation.

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#### Incentives

Expenses incurred for acquiring technological knowledge may reduce the taxable base in certain cases. A one-time depreciation write-off up to **EUR 50,000.00** may also be available for small and start-up taxpayers.

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#### Merger and split up of companies

The transactions of merger and split of companies must have an economic justification. If they do not have such a justification and the tax authority takes the standpoint that the main purpose of the transaction was the achievement of a tax advantage, the acquirer will be held liable to pay tax on the income (no possibility to reduce it via tax-deductible costs).

In addition, the obligation to pay the tax may also fall on the shareholders. In total, the authorities may require payment of tax as many as three times: twice from the company (when taking over another company and its subsequent later sale) and from the shareholders.

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#### Amortization of enterprise value (goodwill)

- Possible for an asset deal, but only covering the purchase of the whole company, respectively a separable part of the business operations.
- Not possible in the case of a share deal.

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#### Taxation of taxable groups of companies

**All the following conditions must be met:**

- The parent company must have at least **75%** of shares in the equity of any other companies in the group,
- These other companies within the group must have a minimum equity of **PLN 250,000.00** each,
- Part of a capital group should be a limited liability company, joint stock companies or simple joint stock companies.

Companies operating within tax capital groups cannot count donations as tax-deductible expenses.

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### Taxation of holding companies

A holding company that may benefit from preferences is a limited liability company or a joint stock company, being a Polish tax resident. Direct or indirect shareholders (stockholders) of a holding company cannot be entities that have their office, management board or place of registration situated in countries practising harmful tax competition. To benefit from the preferences indicated below, the holding company must hold at least **10%** of the shares in the subsidiary (domestic/ foreign) and conduct real economic activity.

#### Preferences available to holding companies include:

- a tax exemption for dividends received by the holding company from its subsidiary with respect to profits on shares in legal entities,
- exemption from taxation of income earned by a holding company on the disposal of shares in a subsidiary to an unrelated entity, provided that the holding company submits to its' competent head of the tax office, at least 5 days prior to the date of disposal, a declaration of its intention to make use of the exemption from taxation.

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### Taxation of limited partnerships

Subject to taxation is the running activity of the company and profits distributed to the partners of such companies, similarly as in the case of limited companies and joint stock companies. At the company level, income is taxed at a CIT rate of **19%** (**9%** for small taxpayers) and, further down the line, profits distributed to shareholders are taxed like dividends - at a flat rate of **19%**.

#### Rules for taxation of partners of a limited partnership on income from shares in the profit of this partnership:

The taxation of the profits of the limited partnership's partners will take place according to principles analogous to those applied to distributions in limited liability or joint-stock companies, however different rules of deduction have been adopted depending on the status of the partner:

##### 1. Limited partner.

An exemption is provided for **50%** of the income from share in the profit of the limited partnership, but not more than **PLN 60,000.00**.

This exemption applies to each company in which this entity is a limited partner.

#### The exemption does not apply if the limited partner:

- holds, directly or indirectly, at least **5%** of the shares in a company having legal personality or a capital company which is the general partner of that limited partnership,
- is a member of the management board of the company, which is the general partner,
- is an entity related to a member of the management board or a partner in the company, being the general partner

Where the aforementioned exemption does not apply, income from participation in the profits of legal persons is taxed in accordance with the rules analogous to the taxation of income from participation in a limited liability company.

## 2. Partner with unlimited liability

A general partner of a limited partnership will be entitled to a tax deduction on income from profits in that partnership, tax on its running business activity in the proportion in which he holds the right to share in the profits.

The amount of this off-set can nevertheless never exceed the amount of the tax calculated from the profit using the linear lump sum tax rate of **19%**, imputable on the profit of the partner with unlimited liability.

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### Tax collection dates and deadlines

- Annual tax declaration: filing until the **31st March of the following year**, having a deviating tax year until the last day of the third month following the closing date of the tax year,
- Prepayments for CIT must be settled by the **20th of the following month**.

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### The consequences of settlement of liabilities by type of transferring (Corporate Income Tax CIT, VAT & Private Income Tax PIT)

The settlement of liabilities through non-cash contributions generates taxable income by the debtor. The taxable income is defined as the amount of debts, which shall be settled through non-cash contributions. If the market value of the non-cash contribution exceeds the nominal amount of the debt, this may be applied with the restriction that in these cases the market value of the non-cash contribution is taxable. Such settlement also applies to the distribution of the assets of the liquidated company, settled with the partners in a non-monetary form.

If payables are settled through non-cash contributions, the amount of the claim is tax-deductible, but reduced by:

- the VAT payable for the non-cash contribution, as well as,
- the sum of the depreciation carried out.

A provision will be added, according to which the value of the received non-cash contribution being the same amount as the repaid loan (credit), will not be considered as taxable income.

Another regulation added, which states that the purchase value of properties, as well as the intangible and tangible assets, which have been received as non-cash contributions for the settlement of payables, are defined by the value of the settled debt.

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## TAXATION OF FOREIGN CONTROLLED ENTITY INCOME (CFC)

In the CIT and PIT acts, there are regulations providing for taxation of foreign income of Controlled Foreign Corporations (CFCs).

**A controlled foreign corporation is, as a general rule, a company that meets jointly the following criteria regarding:**

- the scope of control, i.e. the taxpayer holds continuously at least **50%** of shares in the capital or **50%** of voting rights in control bodies or in state bodies or **50%** of the share in profits of a foreign company,
- the nature of the revenue generated, i.e. at least **33%** of the revenue the foreign company generates is a so-called “passive income”, i.e. revenue of a financial nature: dividends, shares, receivables and copyrights,
- the income tax actually paid by the company is lower than the tax it would have paid in the State of its’ residence or the permanent establishment of its’ management board namely in Poland (For the calculation of the difference the permanent establishment of the foreign controlled entity is not taken into account, provided that the foreign controlled entity does not stay subject to taxation or is exempt from taxation in the country of its’ residence).

In some cases, a CFC is exempt from taxation (this is due to statutory requirements, among other things, it can depend on the country of residence of the foreign company, the nature of its’ business and the amount of income received).

The taxable amount of a CFC shall be the income according to CIT-/PIT-Law, but only for income attributable to the Polish taxpayers and the corresponding period of ownership in the company profits.

The Polish taxpayer will have the opportunity to deduct the dividend received from the CFC and the amount realized from the sale of shares in the CFC from the income mentioned above.

**The taxpayers will be required to:**

- perform the registration of the CFC,
- guarantee independent management of the accounting, event recording, which will have influence on the income of the CFC, as well as,
- process notification of the profit of the CFC.

The registration and the recording will not be necessary, if the CFC’s entire income is subject to taxation in a country within the EU or the EEA and it also exerts its actual business in this country.

Currently, whether the entity should be recognized as a foreign company is determined by the shareholding maintained by the Polish taxpayer, both individually and jointly with other related entities. It is all about having shares directly or indirectly.

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### Definition of the related entity

For the purposes of the above clarification in the provisions of income tax acts, in Article 24a of the CIT Act and Article 30f of the PIT Act, a definition of what constitutes a related party is included. By this definition, the related entity means:

- a legal entity or an organisational unit without legal personality in which the taxpayer holds at least **25%** of equity or at least **25%** of voting rights in control or constituting bodies, or at least **25%** of shares related to the right to participate in profits,
- a natural person, a legal entity or an organisational unit without legal personality which holds in the taxpayer at least **25%** of equity or at least **25%** of voting rights in control or decision-making bodies, or at least **25%** of shares related to the right to participate in profits, (in the PIT Act - the taxpayer's spouse, as well as his relatives up to the second degree),
- a legal entity or an organisational unit without legal personality in which the entity indicated in b) holds at least **25%** of equity or at least **25%** of voting rights in control or decision-making bodies, or at least **25%** of shares related to the right to participate in profits (Article 24a (2)(4) of the CIT Act).

The scope of activities to be performed by a foreign company was significantly changed so that its income would be covered by Polish income tax under the CFC regulations. The threshold of obtained passive revenues was reduced from **50%** to **33%**, while the catalogue of such revenues was broadened.

### This category includes revenues from:

- dividends and other revenues from shares in profits of legal entities,
- the sale of shares,
- receivables,
- advisory, accounting, market research, legal, advertising, management and control, data processing, employee recruitment and personnel acquisition services, as well as services of a similar nature,
- lease, sublease, tenancy, subtenancy and other agreements of a similar nature,
- interest and benefits from all types of loans,
- the interest part of the leasing instalment,
- sureties and warranties,
- copyrights or industrial property rights, including the sale of these rights,
- copyrights or industrial property rights included in the price of the sale of a product or service,
- the sale and exercise of rights from financial instruments,
- insurance, banking or other financial activity,
- transactions with related entities if the company does not economically generate an added value in relation to these transactions or such value is negligible (Article 24a (3)(3b) of the CIT Act, Article 30f (3)(3b) of the PIT Act).

For the same category of companies, the requirement for the tax rate applicable in the country of residence of the company was changed. The legislator departed from the principle of comparing income tax rates for the sake of a fixed amount of tax. As a consequence, a comparison of the actual (effective) taxation of a given CFC was made.

Thanks to this, an actual reference of tax amounts and verification of mutual relations is to be made. This means that a simulation is necessary in which effective taxation in the country of the company's registered headquarters is compared to the hypothetical taxation with Polish CIT.

The condition for the controlled company is met if the difference between the tax actually paid in the country of residence and the company's hypothetical Polish tax (i.e. which the company would pay if it were a Polish resident) is higher than the tax actually paid by the company (the actually paid tax is one that is not subject to refund or deduction in any form). However, when calculating such a difference, the foreign permanent establishment of the controlled company is not taken into account, the tax from such permanent establishment is not paid in the country of residence of the company.

There is an obligation imposed on taxpayers covering controlled companies to include in the register of foreign companies also foreign controlled companies set up in other member states of the EU or EOG, even if they provide genuine economic activity, unless that is not a significant genuine economic activity. Previously, the legislator did not demand the requirement of significance. Simultaneously the precision was taken for the evaluation, whether the genuine economic activity is of significance, to take into account in particularity the ratio of income generated by the foreign controlled entity from its' genuine economic activity to its' general achieved turnover (article 24 a clause 18 of the CIT tax act, article 30f clause 20a of the PIT tax act).

In the current legal status, the CFC provisions also apply to fixed permanent establishments of foreign taxpayers located in Poland.

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### Tax on pass-through income

Pass-through income is defined as a specific type of tax-deductible expenses incurred by a taxpayer to a non-resident related party during the tax year. Taxes on pass-through income at a rate of **19%** on the taxable base must be paid by taxpayers provided several conditions are met.

I. The taxpayer must make payments of receivables for certain purposes. These include the costs of:

- consultancy services, market research, advertising services, management and control services, data processing, insurances, guarantees, warranties and services of a similar nature,
- fees and charges of any kind for the use or right to use rights or copyrights or related property rights, licences, patents, know-how,
- the transfer of the risk of insolvency of the debtor under loans other than those granted by banks and credit unions, including commitments resulting from derivative financial instruments and products of a similar nature,
- debt financing related to obtaining funds and using these funds, in particular interest, fees, commissions, premiums, the interest part of lease instalments, penalties, charges for late payment of liabilities and costs of securing liabilities, including costs of derivative financial instruments,
- fees and remuneration for the transfer of functions, assets or risks.

II. The summary of the costs from the aforementioned categories incurred by a taxpayer in a tax year for the benefit of affiliated entities, tied within the meaning of Article 11a(1)(4) with the taxpayer and included in the tax year as deductible costs of that taxpayer, must constitute at least **3%** of the balance of the taxpayer's tax-deductible costs for that year.

III. Several conditions must be cumulatively met concerning the related party to which the payments are made:

- the income of the related entity derived from the aforementioned sources is, according to the regulations of its country of residence, subject to taxation at an income tax rate lower than **14.25%**, or totally exempt or excluded from taxation with this tax,
- a further condition is that the related entity receives from the taxpayer or from other companies related to the taxpayer which are Polish tax residents at least **50%** of the total revenue from the above-mentioned sources,
- additionally, it is necessary that the related entity, for whose benefit the costs are incurred, transfers at least **10%** of the above-mentioned revenues to another entity:
  - » by including the expenditure thereon as an expense accounted for income tax purposes, or by deducting such expenditure or revenue from income, tax base or tax in any form, or
  - » where such income constitutes profits assigned for distribution, irrespective of timing, in the form of dividends or other income from a share in the profits of legal persons,
- in the case of distributions to entities that are residents in a Member State of the European Union or the European Economic Area, taxation only takes place if the entity concerned does not carry out substantial real economic activity in that country.

In order to determine whether the economic activity of the affiliated entity to which the payments are made is genuine, a particular account shall be taken of:

- whether the entity in the country of its registration has an establishment within which it carries out its economic activity, consisting in particular of premises, qualified staff and equipment for the exercise of its economic activity,
- whether the beneficiary of the payment is in a position to decide independently on the use of the funds received,
- whether the recipient of the receivable bears the associated economic risk of loss.

When assessing whether an economic activity is material, particular consideration shall be given to the ratio of the revenue received by the affiliate from its genuine economic activity in relation to its total revenue.

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#### CUSTOMER RELATION



**MARTA ROGACKA**  
Senior Customer Relations  
Manager  
Tax Advisory Office  
Location: Poznan



**The taxation of transformed companies with profits that have been transferred to other categories of capital than share capital**

In the case of converting a company, that is an income taxpayer, into a company that is not such a taxpayer, the taxable income from shared profits and non-distributed profits will be increased by profits that are transferred into other categories of capital stock.

**So-called equity loans**

The corporate income tax act excludes the application of exemption from taxation for the recipient of dividends (article 20, clause 16) as well as other income from shares in profits of legal entities paid between affiliated companies in that part, by which in the country of the company paying the dividends or other shares in profits paid these expenses are subject in whatever form to accreditation to costs of generation of income, deduction from revenue, reduction of the basis of taxation of the paying company.

**Regulations regarding the validity of Certificates of Residence (CoR)**

The presentation of a valid certificate of residency allows in the case of payment for services rendered to foreign recipients (for example on dividends or royalties) to make use of the principle of avoidance of double taxation. In case of lack of a valid certificate of residence, the moment of payment of determined amounts in favour of the foreign recipient, the Polish entrepreneur stays obliged to collect the monies hereunder upfront and to channel the tax at source in the name of the foreign recipient who is subject to taxation as per the rate stipulated in the tax act to the Polish Inland Revenue Office, hereby not taking into account any relief, nor even exemptions applicable for the regulation of tax at source.

A certificate of tax residency that does not specify a validity date will automatically expire after **12 months** from the date of its issuance.

It is admissible to use a copy of the certificate of residence.

**A declaration on the actual beneficiary**

In line with the law which came into force on **13th of October 2019** Poland operates the public and accessible for everybody Central Register of Ultimate Beneficiary Owners (UBO). In line with the creation of the central register of UBO, companies are legally obliged to pass on the information on their beneficiary owners (private persons exercising the final control on the legal entities) within **7 days** from first registration of the legal entity or any actualization in the Polish Corporate Register (KRS).

<b>The issuance value of shares</b>	<p>The issue price of participation units (shares) determines the price for which the participation units (shares) are subscribed, laid down in the articles of association or the statutes, and in case of lack of such source documents - in any other document of similar character, not lower than the market value of these participation units (shares) (article 4a point 16 of the act on corporate income tax on legal entities).</p> <p>Such a definition was introduced for the sake of regulations standardizing the challenges related to restructuring operations for the definition of the size of income related to restructuring events (mergers, splits).</p> <p>The legislator currently orientates himself on the nominal value of participation units (shares), and as a consequence hereof, the income of a stakeholder (shareholder) of a split company stays the issuance value of received by him participation units (shares) of the acquiring party or the new formed company, provided that the assets taken over based on the split, and for a split processed as a separation – the assets taken over as an effect of a split or the assets staying in the company - do not constitute an organized part of the company.</p> <p>Similar as a tax-deductible cost from the sale of participation units (shares) in the acquiring party of the assets of the split or the newly formed company is going to be considered the value of the income previously achieved by the stakeholder (shareholder) of the split party, that is the issuance value of the received participation units (shares).</p>
<b>The obligation to submit financial statements to tax offices in an electronic form</b>	<p>There is no possibility any more to submit financial statements to tax offices or tax authorities directly, either per post or by any means of electronic communication. The company's financials filed with the KRS repository is automatically transferred to the tax authorities, and only by doing so the financials are duly filed within the meaning of the law.</p>
<b>Obligation to publish the tax strategy</b>	<p>The obligation to publish the tax strategy was repealed in 2025, which means that from 2026 onwards, CIT taxpayers are no longer required to prepare and publish information on their implemented tax strategy.</p>
<b>The introduction of a limit for cash transactions</b>	<p>In 2026, the limit for cash payments in Poland will amount to <b>PLN 15,000</b> gross for transactions between entrepreneurs. These restrictions are intended to increase the transparency of cash flows and prevent money laundering. Transactions exceeding this amount must be carried out through a payment account, and failure to comply may lead to tax consequences.</p>

## “ESTONIAN” CORPORATE INCOME TAX

Estonian CIT is referred in the law as a lump sum on income of capital companies. It is a modern way of taxation that promotes investments and minimizes formalities when settling taxes for capital companies and partnerships.

### This solution is addressed to:

- micro, small and medium-sized capital companies and partnerships (limited and limited joint-stock partnership) being CIT taxpayers,
- companies in which the shareholders are exclusively natural persons.

### The Estonian Corporate income tax will be available to companies:

- which do not have shares in other entities,
- which employ at least 3 persons under an employment contract or a mandate contract (subject to full social security contributions) for at least 300 days in a year,
- whose passive income does not exceed the income from operating activities,
- which do not prepare their financial statements in accordance with IAS,
- file an appropriate notice of their choice of this form of taxation to the Inland Revenue Office.

### All of the above criteria must be met simultaneously.

Estonian CIT is due when the Company distributes its profit. In principle, therefore, no CIT is payable by the company accounting for CIT under Estonian CIT until profit is distributed.

The CIT rate for Estonian CIT is **10%** for small taxpayers and **20%** for all others.

However, the shareholder has the right to apply a deduction for the received dividend. The shareholder can reduce the tax paid on that dividend by the corresponding portion of the tax paid by the company. This results in the partner's final tax bill amounting to:

- **10%** for a small taxpayer
- **5%** for all other companies

A company subject to Estonian CIT is also not obliged to pay the minimum tax (statutory exemption).

A company subject to Estonian CIT, that does not exceed the sales value of **EUR 2,000,000.00** (including VAT) for the preceding tax year is eligible for a quarterly settlement of VAT. To take advantage of this option, taxpayers must firstly notify the tax office in writing – no later than by the **25th day** of the second month of the quarter in which the quarterly tax return will be submitted for the first time.



However, when opting for an Estonian CIT settlement, it should be borne in mind that, in addition to the profit distribution indicated above, CIT tax liability will also arise in connection with:

- the appropriation of profit to cover losses generated in the period before the profit was subject to Estonian CIT,
- so-called hidden profits,
- expenses not related to business activities.

Hidden profits are understood as benefits to shareholders, partners and their related parties, including e.g. a loan granted to such a shareholder.

The choice of this solution entails its obligatory application for a period of four years, with the possibility of an extension for a further four years.

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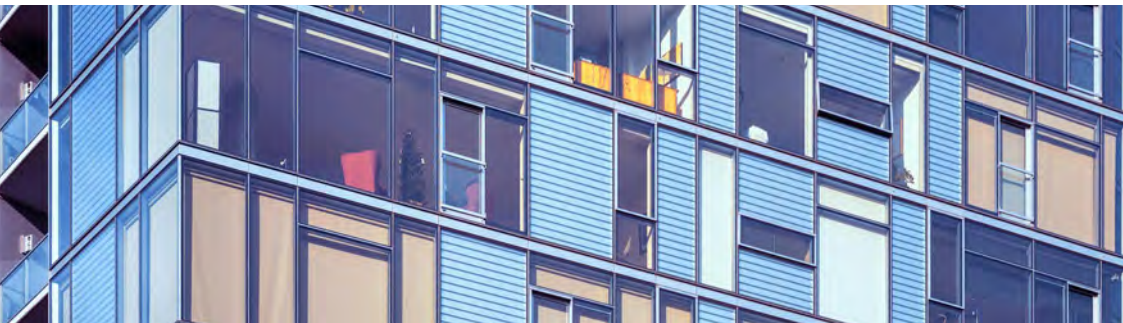
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#### **CUSTOMER RELATION**



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NARON-GROCHALSKA**  
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Relationships Department  
Senior Manager  
Tax Advisory Office  
Location: Wrocław





## OTHER TAX ON CORPORATIONS

### Real estate property tax

Tax is generally levied on the owner of real estate (land, buildings and construction) at rates imposed by the local authorities.

Tax rates are determined by a resolution of the Municipal Council, and now they cannot exceed:

Property type	Tax rate
Land designated for the conduct of business	1.45 PLN/m <sup>2</sup>
Residential buildings	1.25 PLN/m <sup>2</sup>
Buildings designated for the conduct of business	35.53 PLN/m <sup>2</sup>
Structures	2% of the property value entered as the basis for depreciation

### Social security

Employers and employees must make social security contributions in an amount that is approximately **20.48%** of an employee's gross remuneration (with certain caps).

### Stamp duty

Stamp duty is levied, for example, when filling a power of attorney and when the (central or local) authorities are requested to perform activities such as issuing certificates, granting permission, etc. The applicable rates or fixed amounts are specified in the stamp duty law.

### Other

- Excise tax is charged on turnover of selected goods,
- Shipping companies may opt to pay tonnage tax on certain types of income,
- A special tax is imposed on the excavation of silver and copper,
- A special tax is imposed on goods containing sugar, including sweet drinks.



## REGULATIONS PREVENTING TAX EVASION

<b>Transfer pricing</b>	Discussed in detail in the section <b>“Transfer prices 2026” on page 20.</b>
<b>Clause for circumventing the law on the exchange of shares</b>	<p>The Act on Corporate Income Tax (CIT) provides that the postponement of taxation in the case of transactions involving swap of shares, does not apply if one of the principal reasons of the transaction of swapping shares is the avoidance or circumvention of taxation. This situation always applies if the swapping of shares is not grounded on justified economic aspects.</p> <p><b>In addition:</b></p> <p>Individual interpretations issued before the clause came into force on tax evasion do not protect the taxpayer if tax advantages are challenged on the basis of this clause, after <b>1st of January 2017.</b></p>
<b>Disclosure Requirements</b>	Certain transactions must be reported to the tax authorities and/or the National Bank of Poland.
<b>Mandatory Disclosure Rules (MDR)</b>	<p>There is an obligation to provide the Head of the National Tax Administration with information on Mandatory Disclosure Rules (MDR). MDR is a solution developed on the basis of knowledge of tax law provisions and its practical application.</p> <p><b>Reporting of national MDR is limited to relevant ones only:</b></p> <ul style="list-style-type: none"><li>• subjectively: revenues, costs or assets of the beneficiary or its affiliates exceed the equivalent of <b>EUR 10,000,000.00</b>, or,</li><li>• objectively: the agreement refers to an asset or right with its value exceeding <b>EUR 2,500,000.00.</b></li></ul>

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**The entities obliged to report MDR are:**

- promoters, i.e. entities that develop, offer, make available or implement the agreement or manage the implementation of the agreement,
- supporting entities, i.e. entities which, with due diligence generally required in the performed activities, taking into account the professional nature of the activity, the area of specialization and the subject matter of the performed activities, undertake, directly or indirectly through other persons, to provide assistance, support or advice concerning developing, marketing, organizing, making available for implementation or supervising the implementation of the agreement,
- beneficiaries, namely entities to which an arrangement is being made available or implemented, or which are prepared or have taken action to implement the arrangement (taxpayers in principle).

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**Exit Tax**

Subject to taxation by income tax of non-realized profits stays:

- the transfer of assets by the tax payer to another tax jurisdiction in another state, herein also those assets forming part of a permanent establishment,
- change of a tax residency by the taxpayer, as a result thereof the Polish state loses its right to taxation of the income from the sale of a component of the estate being the ownership of this taxpayer.

Thus, by its nature, exit tax does not apply to any transfer of assets, but only to those to which the country loses its right to tax the income effectively generated before the transfer.

In the CIT Act, the rate is **19%** of the tax base.

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**Standard Audit  
File (Jednolity Plik  
Kontrolny - JPK)**

There is an obligation for taxpayers who keep a ledger using computer programs to submit these documents in total or in part along with accounting evidence documents, to tax authorities for a certain settlement period, in the form of a strictly defined electronic format (i.e. "structures").

The concept of the standard audit file is based on the recommendations of the OECD for the Standard Audit File - Tax 2.0 and was introduced in many European countries, among others, Austria, the Netherlands, France, Slovenia, Luxembourg, Portugal and the Czech Republic.

**The following structures are currently subject to reporting:**

- Structure 1 - Accounting - JPK\_KR,
- Structure 2 - Account Statements - JPK\_WB,
- Structure 3 - Stock - JPK\_MAG,
- Structure 4 - VAT register for purchases and sales - JPK\_V7M, JPK\_V7K,
- Structure 5 - Invoices for VAT purposes - JPK\_FA,
- Structure 6 - Tax Revenue and Expense Ledgers - JPK\_PKPIR,
- Structure 7 - Revenue Ledger - JPK\_EWI.

**The obligation to transfer the data to the tax authorities in the form of the standard audit file can be divided into two areas:**

- At the request of the tax authorities (JPK\_KR, JPK\_EWI, JPK\_PKPIR, JPK\_FA, JPK\_MAG, JPK\_WB, JPK\_V7M, JPK\_V7K),
- Without the request of the tax authorities (only JPK\_V7M, JPK\_V7K) but to be delivered by law on predefined deadlines, i.e. the 25th of the following month for the previous month.

**The submitted VAT JPK is both a record and a declaration:**

- JPK\_V7M - for taxpayers settling their dues monthly
- JPK\_V7K - for taxpayers settling their dues on a quarterly basis.

These declarations have to be submitted monthly or quarterly, dependent on the method of settling the taxpayer's accounts.

A gradual process is currently underway to introduce submission obligations for SAF-T (JPK) structures connected with PIT and CIT, as Polish tax law introduces digital accounting records.

The obligation to submit accounting data in the form of SAF-T (JPK) files for income taxes has applied since 2025 to the largest taxpayers (with revenue exceeding **EUR 50 million**) and to tax capital groups.

The next stage began on **1 January 2026**, from when the following obligations apply:

- the obligation to keep accounting books, records and registers maintained for income tax purposes using computer software, and
- the obligation to submit the maintained books, records and registers to the head of the tax office in a structured electronic form.

This obligation covers the majority of CIT and PIT taxpayers, i.e. enterprises required to submit records in the JPK\_V7M structure.

The following structures have been introduced:

- JPK\_KR\_PD – accounting books,
- JPK\_ST\_KR – register of fixed assets and intangible assets (for taxpayers submitting JPK\_KR\_PD),
- JPK\_PKPIR – tax revenue and expense ledger,
- JPK\_EWP – revenue register,
- JPK\_ST – register/list of fixed assets and intangible assets (for taxpayers submitting JPK\_PKPIR or JPK\_EWP).

Other taxpayers and partnerships that are not legal persons will be covered by the new reporting obligations after 31 December 2026

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### National e-Invoicing System

The National e-Invoicing System is a solution for issuing and receiving structured invoices electronically. As of **1st of January 2022**, the system was introduced in Poland as a voluntary solution, while from **1st of February 2026** it became mandatory for entrepreneurs whose sales value (including tax) exceeded **PLN 200 million** in 2024.

From **1st of April 2026** it will become mandatory for all other entrepreneurs. An exception applies to small entrepreneurs whose invoices issued in a given month do not exceed **PLN 10,000 gross**. These entrepreneurs will be required to start issuing invoices in KSeF from **1st of January 2027**.

#### The electronic invoicing obligation:

- covers all taxpayers who carry out economic activity in the field of goods and services tax in Poland and applies to:
  - » active VAT payers,
  - » taxpayers benefiting from objective or subjective VAT exemptions,
- and applies exclusively to taxpayers having their registered office, place of residence or fixed place of business in Poland.

#### The introduction of the National e-Invoicing System does not affect:

- foreign taxpayers who are not obliged to register for VAT purposes in Poland,
- foreign taxpayers registered for VAT purposes in Poland **who do not have a permanent establishment on the territory of Poland**.

Only structured invoices may be issued in the National e-Invoicing System. Taxpayers may use free tools provided by the Ministry of Finance or their own financial and accounting systems to issue structured invoices.

The dates of 1st of February 2026, 1st of April 2026 and 1st of January 2027 apply to the issuing of invoices. However, all taxpayers are obliged to receive invoices via KSeF already from **1st of February 2026**.

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### TAX & LEGAL



**JOANNA GÓRNIK**  
Attorney at Law  
getsix Tax & Legal  
Tax Advisory Office  
Location: Poznan





## PERSONAL INCOME TAX (PIT)

<b>Legal basis</b>	Law dated <b>26th July 1991</b> , on Income Tax with all amendments.
<b>NIP Registration</b>  For tax purposes, if PESEL is not applicable	Needs to be performed in the relevant tax office before the date when the first PIT advance payment is due.
<b>Tax period</b>	For natural persons: Calendar year
<b>Tax rates</b>  <i>(provided that no flat rate taxation scheduled)</i>	<b>The tax-privilege is PLN 3,600.00 annually.</b>  Consequently, the fixed monthly privilege regardless of the income is <b>PLN 300.00</b> .  Contrary to the previous regulations, there is no upper limit for the tax privilege, which remains unchanged regardless of the income achieved.
<b>Tax-free income</b> <i>(tax-free amount)</i>	<b>PLN 30,000.00</b> (with limitations)
<b>Tax liability</b>	<ul style="list-style-type: none"><li>• unlimited tax liability on worldwide income (unless a Double Taxation Treaty does confine the taxation obligation),</li><li>• limited tax liability on certain domestic income.</li></ul>
<b>Revenue streams</b>	<b>Different revenues from:</b> <ul style="list-style-type: none"><li>• Special areas in agriculture</li><li>• Economic activity</li><li>• Self-employed (personally performed) activity</li><li>• Employed activity</li><li>• Capital investment and property rights</li><li>• Rent &amp; leasing</li><li>• Capital gains from transfers</li><li>• Activities carried out by a foreign controlled entity</li><li>• Unrealized gains</li><li>• Other income</li></ul>

<b>PIT progressive rates</b>	<b>12%</b> and <b>32%</b> for the excess over <b>PLN 120,000.00</b> (ca. <b>EUR 26,000.00</b> ) (applicable e.g. to employment income or income on dependent services).
<b>PIT flat rate</b>	<b>20%</b> (applicable to board members, being non-Polish tax residents after having completed certain requirements and income generated by the liberal professions), <b>19%</b> (e.g. interest, capital gains, the sale of virtual currencies, income from employment capital schemes, etc.).
<b>5% IP Box</b>	Described in detail in <b>“Research and development relief“ on page 31.</b>
<b>Revenue from unrealized gains (Exit Tax)</b>	<b>The exit tax amounts to:</b> <ul style="list-style-type: none"><li>• <b>19%</b> of tax base - if the tax value of an asset is established,</li><li>• <b>3%</b> of tax base - if the tax value of an asset is not established.</li></ul>
<b>Lease subject to lump-sum taxation</b>	Uniform rules apply to the taxation of income deriving from the source referred to in Art. 10 par. 1 item 6 of the PIT Act, i.e. from lease, sublease, tenancy, subtenancy and other agreements of a similar nature. Taxpayers earning income from the so-called private rental of residential property apply the same rules for the taxation of this income. This income is taxed exclusively by means of a lump-sum tax on registered income. <ul style="list-style-type: none"><li>• <b>8.5%</b> up to <b>PLN 100,000.00,</b></li><li>• <b>12.5%</b> over <b>PLN 100,000.00.</b></li></ul>
<b>Monthly tax compliance</b>	PIT advances for a given month to be paid by <b>20th day of the following month</b> Advance payments do not have to be paid by those PIT and CIT taxpayers, whose advance payment for a given month did not exceed <b>PLN 1,000.00</b> . These are cases in which the tax due on income earned from the beginning of the year less the amount of advance payments paid since the beginning of the year does not exceed <b>PLN 1,000.00</b> .
<b>Annual tax compliance</b>	An annual tax return for a certain year must be filed from <b>15th February to 30th April</b> in the year following the tax year.
<b>Jurisdiction of the tax authorities</b>	Both registrations, as well as payments of amounts due on personal income tax and the annual PIT settlement for non-residents posted to work in Poland should be made at the tax office competent for non-resident taxpayers in the area in which the foreigner resides or with the III Tax Office Warszawa-Śródmieście, if the work is rendered in more than one region.



## FOREIGNERS AND WORK IN POLAND

### Tax residency

Foreign individuals arriving to Poland may become Polish tax residents if their centre of vital (economic or personal) interest moves to Poland, or if they spend in Poland more than **183 days** in a tax year.

Foreign individuals having their domicile in Poland (i.e. having status of Polish tax residents) are subject to unlimited tax liability in Poland, i.e. they are subject to taxation in Poland on their worldwide income, while individuals not domiciled in Poland (i.e. having status of non-Polish tax residents) possess limited tax liability status in Poland, i.e. they are subject to taxation in Poland only with respect to income earned on the territory of Poland.

It should be noted that in order to determine the tax residency status, the regulations of the relevant Double Tax Treaty concluded by Poland should be also taken into consideration.

### Legal basis for rendering work in Poland

#### Employment contract with the Polish entity

Regardless of the tax residency of the foreign individuals, income received by them under the employment contract concluded with the Polish entity is always subject to the Polish PIT according to the progressive rates of **12%** and **32%**. The Polish employer is obliged to pay monthly PIT advances on the described above income calculated according to the progressive PIT rates. Foreign individuals are obliged to calculate their final annual tax liability for the given year as well as submit the annual PIT return by **30th April** of the following year.

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**Foreign employment contract and secondment to Poland**

**a) non-Polish tax residents**

The foreign private individuals are personally responsible for all compliance with the rules vis-à-vis the Polish personal income tax declaration, i.e. neither the foreign employer nor the host entity have any obligations in this respect. Please note that the taxable income for Polish PIT purposes includes all income obtained in connection with work in Poland, including remuneration, bonuses of all kind and benefits-in-kind. Thus, most benefits provided by the employer or host entity along with or in place of salary are taxable as regular employment income.

Income earned by the foreign private individuals in Poland may not be subject to personal income taxation in Poland starting from the first day of stay in Poland, provided that the following conditions defined in the relevant Double Tax Treaty are simultaneously met (important: in each case referral is made to the treaty of double taxation avoidance between Poland and the applicable foreign country):

- the stay in Poland lasts less than **183** days,
- the remuneration is paid by, or on behalf of, an employer who is not a resident of Poland (it should be however noted that appropriate analysis of economic employer concept should be performed to assess if this condition is really met), and
- the remuneration is not borne by a permanent establishment of the employer in Poland.

If one of the above conditions is not met, remuneration from the foreign employment contract is subject to progressive PIT taxation in Poland, as of the first day of the employee's stay in Poland. PIT advances on income received from a foreign employment contract should be paid on a monthly basis for the months, in which the referred to income was received. Advance payments for PIT for a given month are to be paid up to the 20th day of the next month, applying the **12%** PIT rate (the **32%** rate may also be applied after exceeding the tax threshold). Individuals employed under a contract of employment or a contract of mandate are exempt from income tax under the age of **26**. Foreign private individuals are obliged to calculate their final annual tax liability applying progressive PIT rates. Foreign private individuals are also obliged to submit the annual PIT return by 30th of April of the following year. Only income related to work performed in Poland is reported for Polish PIT purposes.

**b) foreigners being Polish tax residents**

Generally, the same rules applicable to non-Polish tax residents as mentioned in point a) above should be also applied in the case of foreigners being Polish tax residents. As a consequence, the foreign individuals are personally responsible for all PIT compliance activities required by Polish PIT law, i.e. neither foreign employer nor host entity have any obligations in this respect.

Please also note that the taxable income for Polish PIT purposes includes all income obtained in connection with work in Poland, including remuneration, bonuses of all kind. As well as the total world income accounted for in accordance with the provisions of agreements on the avoidance of double taxation.

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## Board members

### a) non-Polish tax residents

Income obtained by foreigners from, for example, Germany as natural persons being non-Polish resident taxpayers who were appointed as members of a management board of a Polish entity on the basis of a relevant shareholder's resolution, may be subject to **20%** flat-rate taxation in Poland. All obligations related to PIT relating to this system are performed by a Polish entity, in which such a person is a member of a management board.

### b) Polish tax residents

If a foreigner, as an individual who is a member of the management board of a Polish entity, becomes a Polish tax resident, the income obtained on the basis of membership in the management board pursuant to a relevant shareholders' resolution will be subject to progressive PIT taxation in Poland. In such a case, the Polish entity would be obliged to pay monthly PIT advances. Foreigners as natural persons are also obliged to submit their annual PIT return to the Polish Tax Office by **30th April** of the following year.

Appointed board members who are Polish residents are subject to health insurance contributions from the entirety of their income in the amount of **9%** of the contribution base (income).

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**Tax-deductible expenses:**

*(in the case of income from the employment relationship)*

<b>From the employment contract</b> (the place of permanent or temporary residence is the same town or city as the workplace)	monthly	<b>PLN 250.00</b>
	yearly	<b>PLN 3,000.00</b>
<b>From several employment contracts</b> (the place of permanent or temporary residence is the same town or city as the workplace)	monthly	<b>PLN 250.00</b>
	max. yearly	<b>PLN 4,500.00</b>
<b>From the employment contract</b> (the place of permanent or temporary residence is a different town or city than the workplace)	monthly	<b>PLN 300.00</b>
	yearly	<b>PLN 3,600.00</b>
<b>From several employment contracts</b> (the place of permanent or temporary residence is a different town or city than the workplace)	monthly	<b>PLN 300.00</b>
	max. yearly	<b>PLN 5,400.00</b>

**The revenues of authors**

- **50%** of the tax-deductible expenses incurred by a taxpayer collectively in a tax year may not exceed the amount corresponding to the upper limit of the first bracket of the tax scale, i.e. **PLN 120,000.00**.
- Creative costs, applicable to business revenues pursuant to Article 22(9b) of the PIT Act, from the following activities:
  - » creative in the field of architecture, interior architecture, landscape architecture, construction engineering, urban planning, literature, visual arts, industrial design, music, photography, audiovisual creation, computer programs, computer games, theatre, costume design, set design, directing, choreography, artistic violin-making, folk art and journalism,
  - » artistic in the field of acting, stage, dance and circular art and in the field of conducting, vocalism and instrumentalism,
  - » audio and audio video production,
  - » journalism,
  - » museum in the fields of exhibition, science, popularization, education and publishing,
  - » conservation,
  - » a related right described in Art. 2 (2) of the Copyrights Act of 4 February 1994 to an adaptation of a third party's work in translation,
  - » development and research, educational and scientific and teaching at universities.

<b>Amortization of intangible assets and tax costs</b>	The following items are not considered as tax-deductible expenses: amortization write-offs from the initial value of intangible assets, referred to in Article 22b(1)(4-7), if these rights or assets were previously acquired or created and then sold by a taxpayer or a company that is not a legal entity of which the taxpayer is a partner - in the part exceeding the revenue obtained by the taxpayer from their prior sale.
<b>Loss in receivables and tax costs</b>	The expense is determined only up to the amount of the previously obtained due revenue.  In the PIT Act, the legislator clearly indicated that the revenue from the sale of receivables, also in the form of a contribution, corresponds to its sales price.
<b>Income from economic activity</b>	In particular, income from trade or business, which includes the income of self-employed among others: <ul data-bbox="352 542 1002 686" style="list-style-type: none"><li>• Manufacturing, construction economics, trading/providing services employment,</li><li>• Work related to mining,</li><li>• Employment in connection with the use of intangible assets,</li><li>• Revenue from the sale of movable assets (e.g. passenger cars), used for business purposes under a leasing contract.</li></ul> <p>This type of income also covers acquisition revenue from the sale of operating assets, unless it is property for residential purpose.</p> <p>Option opportunity for income from economic activity:</p> <p>Since <b>January 2004</b> those revenues can be taxed with a linear tax rate of <b>19%</b> deviating from the regular taxation (on application of the taxpayer until the <b>20th January</b> each year rendered to his proper inland revenue office).</p> <p>But: by choosing so, deductions from the taxable base and joint assessment with the spouse can not be applied.</p> <p>According to the paragraph 7 added to Article 8 of the PIT Act, in the case of spouses earning lease revenue, a declaration on the taxation of all revenues by one of them, and a notification of the resignation from this method of settling lease revenues may be submitted using the model declaration/notification specified by the minister responsible for public finances.</p>
<b>Taxation of so-called “cashback”</b>	Taxation with a flat <b>19%</b> income tax on so-called “cashback” and other similar benefits received from the banks, credit unions and financial institutions.  Cashback received from banks, cooperatives, or other financial institutions and finance institutions within the meaning of separate provisions, in connection with promotions offered by these entities, are subject to <b>19%</b> flat rate income tax. This tax is collected by banks, cooperatives (e.g. SKOK) and financial institutions as taxpayers.

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**Private use of company cars**

The monetary value of a gratuitous service provided to an employee in connection with the use of a company car for private purposes is determined as follows:

- **PLN 250.00** per month: for electric or hydrogen powered vehicles with engine power of up to 60 kW (80 km)
- **PLN 400.00** per month: for vehicles other than those mentioned above

If a company car is being used for private purposes on an irregular basis, the value of that service is determined for each day of usage and equals to 1/30th of the above-mentioned amounts.

Group transport of employees organized by the employer to the workplace does not constitute a non-cash benefit for the employee and subsequently does not fall under taxation. The precondition for this approach stays the use of a means of transport designed and dedicated from its construction to the transport of more than 9 passengers, herein including the driver.

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**Income of non-residents**

The Income Tax Act specifies the mandatory list of sources of income of nonresidents, which are considered to be on the territory of Poland. The amendment also introduces new types of income.

**Income is considered to be achieved on the territory of Poland if applying to:**

- securities, including financial derivatives admitted to trading on the Stock Exchange, as well as their sale or execution,
- the transfer of ownership of company shares, inter alia. From companies and investment funds in which real estate in Poland represents a direct or indirect asset of at least **50%**, in the case of disposal of **5%** or more of the shares in a real estate company, the tax is collected by that company/fund,
- claims which are subject to a flat-rate tax which is regulated by Article 29 and which are carried out by Polish taxpayers, irrespective of the place of conclusion of the contract and the provision of services.

**Exclusions from tax-deductible expenses**

The following are not considered as tax-deductible expenses:

- all kinds of fees and charges for the use or right to use the rights and assets referred to in Article 22b(1)(4-7), acquired or created and then sold by a taxpayer or a company that is not a legal entity of which the taxpayer is a partner - in the part exceeding the revenue obtained by the taxpayer from their previous sale,
  - the tax referred to in Article 30g (tax on the ownership of commercial properties).
-

<b>Manner of implementation of capital in kind transactions</b>	<p>The manner of calculation of the income covering transactions of commitment of shares in a company/contributions in a cooperative received in exchange for a non-financial recompense looks as follows: in the case that the value determined in the statutes or the articles of association will not be valued, or will be valued in a way not answering the market value, the income will be established on the level of market value based on general principles. With respect to the Polish Limited Partnership on Shares (and their foreign legal counterparties which are subject to corporate income taxation), those principles are applicable exclusively with reference to the capital in kind contribution, whose subjects are rights or items.</p>
<b>The catalogue of revenues (income) classified as the “income (revenue) from the share in profits of legal entities” has been expanded</b>	<p>Such revenues, in addition to those previously allocated to them, include:</p> <ul style="list-style-type: none"><li>• revenues from the decrease in the value of shares - this is a supplement to the item where income (currently revenue) from redemption of shares has been indicated for a long time,</li><li>• revenues from a participatory loan, i.e. the one where the payment of interest depends on whether the company made a profit or whether it made a profit in the assumed amount,</li><li>• revenues from payment in cash, in the case of exchange of shares.</li></ul>
<b>Incentive schemes</b>	<p>Taxation of income earned on the disposal of shares acquired under incentive schemes.</p> <p>Taxable income arises when the shares are disposed of. The concept of the incentive scheme and the parent company was also defined.</p> <p>The provisions of paragraphs 11-11b apply to income earned by persons entitled by means of acquisition or purchase of shares in joint-stock companies whose registered headquarters or management board is on the territory of a state with which the Republic of Poland has concluded an agreement of avoidance of double taxation.</p> <p>Revenue from incentive schemes is allocated to the source to which the scheme is linked. Therefore, if the incentive scheme is related to work, it will be taxed as income from the employment relationship and stays subject to <b>12%</b> and <b>32%</b> tax.</p>
<b>Changes related to bonus depreciation</b>	<p>The taxpayer may make a one-off depreciation and amortization write-off up to <b>PLN 100,000.00</b> and include it in costs in the year in which he adopted the brand new fixed asset for use.</p> <ul style="list-style-type: none"><li>• This regulation applies only to acquired fixed assets (it does not apply to manufactured fixed assets).</li><li>• Depreciation can only be applied to brand new fixed assets in groups CFA 3-6 and 8. This means that all means of transport have been excluded (group 7), not just passenger cars.</li></ul>

- The minimum value of a fixed asset which could be depreciated or be subject to amortization in this manner should amount to at least **PLN 10,000.00**.
- The regulations allow to include as tax costs also advance payments for the acquisition of new fixed assets, which are included in CFA 3-6 and 8, and whose delivery will take place in the next reporting periods.
- The limit of **PLN 100,000.00** per year will cover jointly the depreciation write-off and the amount of advance payment made for the delivery of a fixed asset.
- The limit of **PLN 100,000.00** applies to each entrepreneur, and in the case of partnerships that are not CIT taxpayers, the limit applies to all partners in the partnership.

**Taxpayers may choose the moment of making a one-off depreciation write-off from the following variants, already in force:**

- a write-off may be made at the earliest in the month in which the fixed assets were entered in the register of fixed assets and intangible assets,
- a write-off may be made in one of the ways specified in Article 16h(4) of the CIT Act or Article 22h (4) of the PIT Act, i.e. in equal instalments every month, in equal instalments every quarter or once at the end of the tax year.

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**One-off amortization** **PLN 10,000.00** is the limit of fixed assets or intangible assets, allowing for a one-off crediting of expenditure for the acquisition of these assets as tax-deductible costs.

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**Withholding tax - flight tickets** **Flight tickets**  
The obligation to collect withholding tax on the purchase of flight tickets (in the amount of **10%**) was abolished, if the purchase of such flight ticket concerns a scheduled passenger flight.

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**ACCOUNTING & TAX ADVISORY FOR YOU!**

If you have any questions regarding accounting, taxation, or other aspects of tax law in Poland, please contact our team of advisors.

**ACCOUNTING OUTSOURCING**



**BICH NGOC VU THI**  
Head of Accounting  
Senior Manager  
Tax Advisory Office  
Location: Wrocław



## PIT RELIEFS 2026

<b>Deduction covering blood donation purposes</b>	The monetary equivalent for one litre of blood was determined on the basis of the Regulation of the Minister of Health and amounts to <b>PLN 130.00</b> . A litre of blood plasma is valued at <b>PLN 170.00</b> . However, the value of the allowance should not exceed <b>6%</b> of the income indicated in the PIT return.
<b>Deduction of expenses for the travel of the disabled persons</b>	<p>Deduction of expenses for the travel of the disabled persons to necessary medical and rehabilitation treatment applies to all disabled people, notwithstanding their disability class. The deduction is, however, limited to an annual amount of <b>PLN 2,280.00</b>.</p> <p>The income limit of a disabled person who is the taxpayer's dependant and for whom the taxpayer claims the rehabilitation allowance is equal to twelve times the social pension. In 2026, the social pension will change from <b>PLN 1,878.91</b> gross to <b>PLN 1,970.60</b> gross.</p> <p>Child support payments are not included in this income.</p>
<b>Expenses deduction for the maintenance of a service dog</b>	The limit of expenses deducted for maintaining a service dog is <b>PLN 2,280.00</b> .
<b>Deductible expenses</b>	<b>Deductible expenses - the paid disposal of virtual currency</b> Pursuant to Article 22(14) of the PIT Act, tax-deductible expenses of paid disposal of virtual currency are documented expenses directly incurred for the acquisition of virtual currency and costs related to the disposal of virtual currency, including documented expenses incurred for the benefit of the entities referred to in Article 2, paragraph 1 (12) of the Act on Counteracting Money Laundering and Terrorist Financing.
<b>Deduction of a donation</b>	Donations made for the purposes of vocational training to the public schools providing such training, referred to in Article 4 point 28a of the Educational Law <b>14 December 2016</b> , as well as donations to the public facilities and centres described in Article 2 item 4 of this act.
<b>Thermal modernization relief</b>	A taxable person who owns or is a co-owner of a single family residential building is entitled to deduct from the tax basis as calculated under Article 26, paragraph 1 or Article 30c, paragraph 2, the expenditures incurred in the tax year on construction materials, equipment, and services related to the execution of thermal modernization in this building, as described in the regulations issued on the basis of paragraph 10, which will be completed in the period of 3 consecutive years, counting from the end of the tax year in which the first expense was incurred. The deduction amount cannot exceed <b>PLN 53,000.00</b> with regard to all executed thermal modernization activities in certain buildings, owned or co-owned by the taxable person.

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### Relief for return back to Poland

The return allowance can be taken into account during the year when calculating advance payments, including by taxpayers. The application of the exemption by the tax payer is subject to the taxpayer making a proper declaration in this effect to his competent tax office.

The deduction will, in principle, be available to the taxpayer for the duration of four years following the base year.

The base year is selected by the taxpayer and shall either be the year in which the taxpayer changes tax residency and becomes a Polish resident or the year that follows the change of the tax residency.

#### The relief for return grants a deduction:

- for the first year - half of the due tax calculated for the base year of the relief application
- for the second year - half of the due tax calculated for the first year of the relief application
- for the third year - half of the due tax calculated for the second year of the relief application
- for the fourth year, half of the tax due calculated for the third year of the relief application

Similarly to the tax relief for return, if the returnee has lived at least **3** years abroad and moves to Poland, he/she will be able to benefit from preferences regarding the contributions for the social security.

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### Tax relief 4 plus (for families with many children)

Taxpayers raising four or more children are entitled to benefit from an income tax exemption of up to **PLN 85,528.00** per year. The exemption applies to parents and guardians, so each of these persons in their role in relation to the child stays entitled to benefit from it separately - a married couple therefore has a total of twice the **PLN 85,528.00** tax-free income, as does each guardian. In addition, each of them is entitled to benefit from the tax-free amount, i.e. an additional **PLN 30,000.00** per year per person.

The exemption is granted in its entirety and as a fixed amount per year - it is not granted in relation to the period in which somebody acts as the parent or guardian of the fourth child in a given year. It is therefore sufficient to become a parent or a guardian in the final days of the year to be entitled to the full amount of the lump sum exemption.

It does not matter whether a person gathered income during the year before becoming a parent of four children, or whether those incomes were only earned after the birth or the start of the care of the fourth child. The earnings for the whole year will be covered by the tax lump sum exemption.

Three types of income up to a total of **PLN 85,528.00** a year are tax exempt.

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**Senior citizen relief**

The income exempt from PIT under the working seniors' relief is **PLN 85,528** per year. In addition, those settling according to the tax scale may benefit from a tax-free amount of **PLN 30,000.00**. For them, the total amount of relief runs up to **PLN 115,528.00**.

The PIT exemption for seniors applies to income from employment, contracts of mandate, maternity benefits and business activity taxed according to the tax scale, flat tax, a **5%** rate and a lump sum. An obligatory condition to benefit from this goody is to be subject to social insurance levied on the remuneration.

To take advantage of the PIT-0 for seniors, one must 1) submit a statement to the employer on the use of the seniors' discount (on the PIT-2 form), and 2) declare the tax-free amount in the annual tax declaration.

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**Relief for persons under 26 years of age**

The zero PIT benefit for young people is a limited exemption available to young taxpayers of personal income tax before celebrating their 26th birthday, with respect to income not exceeding **PLN 85,528.00**.

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**Relief for research and development (Innovation Box)**

Discussed in detail in the section **“Research and development relief” on page 31**.

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**Relief for innovative employees, robotization, prototypes**

The rules for applying the relief for innovative employees, robotization and prototypes do not differ for CIT and PIT.

For details on this relief, **on page 32**.

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**Relief for contributors to sports activities, cultural activities, higher education and science**

The rules for applying the relief for contributors to sports activities, cultural activities, higher education and science do not differ for CIT and PIT.

For details on this relief, **on page 34**.

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## VALUE ADDED TAX (VAT)

<b>Legal basis</b>	Act of <b>11 March 2004</b> , on the taxation of goods and services, with all amendments.
<b>Tax rates</b>	<ul style="list-style-type: none"><li>• Standard Tax Rate - <b>23%</b>,</li><li>• Reduced Tax Rate - <b>8%</b>: (e.g. some foods, plants, associated with health goods, catering and hotel services, transportation services, public housing),</li><li>• Reduced tax rate - <b>5%</b>: (Especially food, specialist books and journals),</li><li>• Reduced tax rate - <b>0%</b>: (Export of goods, Intra-Community supplies of goods).</li></ul>
<b>General</b>	<ul style="list-style-type: none"><li>• Value Added Tax on goods and services is a broad-based tax levied on the supply of goods and services in Poland,</li><li>• Polish regulations are based on EU directives.</li></ul>
<b>Registration</b>	<p>A Polish legal entity is subject to the VAT registration obligation if the value of the sales in the previous or the current tax year exceeded <b>PLN 240,000.00</b>.</p> <p>Foreign entrepreneurs must register for VAT in Poland before they start any VAT-able activity in Poland (except for limited and expressly listed cases). Based on the Polish Fiscal Penal Code, if an entity obliged to register for VAT purposes fails to fulfil this obligation, a pecuniary penalty for a fiscal offence may be imposed on it, in an amount determined individually in each case (multiples of the lowest monthly salary).</p>
<b>Refusal to register a taxpayer</b>	<p>The premises for the refusal to register an entity as a VAT payer and to delete the taxpayer from the registry of VAT payers:</p> <ul style="list-style-type: none"><li>• refusal of registration is possible where verification shows that the data given in the registration application is false, the entity does not exist or, despite attempts to do so, it cannot be contacted, or it does not appear, and its representative does not appear on the summons of the head of the tax office.</li></ul>

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## Cancellation of a taxpayer

### A taxpayer is cancelled if:

- the taxpayer does not exist,
- despite documented attempts, it is not possible to contact the taxpayer or its representative,
- data provided on VAT-R registration form is false,
- the taxpayer or its representative does not react to the summons of the head of the tax office, of the director of the tax administration chamber or the head of the national tax administration,
- the taxpayer suspended the performance of business activity on the basis of provisions concerning suspension of business activity for a period of at least 6 consecutive months,
- a taxpayer who was obliged to submit VAT declarations failed to submit such declarations for 6 consecutive months or 2 consecutive quarters,
- the taxpayer submitted VAT declarations for 3 consecutive months or 1 consecutive quarter in which he did not report the sale or acquisition of goods or services with any amounts of tax for deduction.

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## Compliance

### (a) Invoicing

Transactions between VAT taxpayers must be documented with invoices. The Polish VAT law strictly regulates the elements that should be included in invoices. In general, an invoice should contain at least the following obligatory data:

- name and surname or business name of the seller and its address,
- name and surname or business name of the purchaser and its address,
- Polish tax identification numbers of the purchaser and the seller,
- sequential number of the invoice that identifies the invoice,
- date of issuance,
- date of supply - if such date is determined and differs from the invoice issuance date (in the case of continuous supplies, the taxpayer can indicate the month and year of the supply),
- name (kind) of goods or services,
- unit of measure and quantity of the goods sold or scope of the services rendered,
- unit price of the goods or services without VAT (Net unit price),
- value of the potential discounts, including those for the earlier payment, if they were not included in the net unit price.

Simplified invoices may be used if the total amount of due amounts on the invoice does not exceed **PLN 450.00** or **EUR 100.00** (if the invoice is issued in EUR).

Simplified invoices may not include elements of the invoice that are marked with " provided that the invoice includes information enabling to determine the value of VAT in relation to particular VAT rates. If a VAT invoice is to be issued on the basis of a fiscal receipt, this receipt must contain the tax identification number (NIP) of the purchaser.

#### **(b) EU VAT tax**

Polish VAT regulations comply with Directive 2006/112/EC.

#### **(c) Filing**

Registered VAT taxpayers are required to submit monthly or quarterly returns to the competent tax office and keep registers of purchases and sales subject to VAT.

#### **Only small taxpayers are entitled to file quarterly VAT declarations, provided that:**

- Already **12** months lapsed counted from the month they have been registered as an active VAT payer by the Polish Inland Revenue Office
- In the reporting quarter or in the **4** preceding reporting quarters, the taxpayers did not accomplish a delivery of goods which are in detail enumerated in the enclosure number 13 of the VAT tax act (unless the aggregated value of those goods without VAT did not exceed, in any month of those mentioned periods, the amount of **PLN 50,000.00**).

Additionally, registered VAT EU taxpayers performing intra-community acquisitions of goods into Poland and intra-community sales of goods and services from Poland are also required to submit every month the summary information.

#### **(d) Payment/refunds**

The tax due to the tax authorities is calculated as the output VAT minus the input VAT on purchase invoices.

As a rule, the surplus of output VAT over input VAT must be paid within **25 days** following the month in which the VAT obligation arose (for small taxpayers, the VAT due must be paid within **25 days** following the quarter in which the VAT obligation arose). If the input VAT exceeds the output VAT, a VAT refund is generally available.

#### **(e) Penalties**

In general, if the obligations committing Polish VAT taxpayers are not fulfilled, the tax authorities may impose the penalties provided for in the provisions of the Polish Fiscal Penal Code on them. Additionally, if any VAT liability arises, taxpayers are obliged to pay the reckoned outstanding VAT amount due along with imposed penalty interest.

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<b>VAT group</b>	<p>The legislator has introduced regulations on the establishment and operation of the VAT groups.</p> <p><b>A VAT group may be formed by the taxpayers that:</b></p> <ul style="list-style-type: none"><li>• have their registered office in the territory of Poland, or</li><li>• conduct their business activity in the territory of Poland.</li></ul> <p>An entity may be a member of only one VAT group.</p> <p>In addition, a VAT group cannot be a member of another VAT group.</p> <p>The constitution of a VAT Group may not change during its duration.</p> <p>Upon the creation of a VAT group, members are lawfully deleted from the VAT register and appropriately, upon its termination, they are automatically reinstated in the VAT register.</p> <p>The VAT group is represented by a contractually appointed Group Representative.</p>
<b>Application to non-residents</b>	<p>The entities without the status of Polish residents (i.e. headquartered outside Poland) performing transactions taxable in Poland according to the Polish VAT provisions (e.g. intra-community acquisitions of goods in the territory of Poland) are obliged to register for VAT purposes in Poland, and as a consequence, fulfil the obligations imposed under Polish VAT law on registered VAT taxpayers.</p>
<b>Deliveries</b>	<p>The tax applies to the supply of goods against payment, which also includes the delivery of goods and services free of charge.</p> <p>The taxpayer has the right to deduct input tax paid on goods and services, provided that they are used for taxable activities.</p>
<b>Gratuitous transfers</b>	<p>Free transfer of low value goods considered to be gifts as well as samples are not subject to taxation, as long as it is linked with business goals. Propagation of advertising materials and printed information brochures as per today stays not exempt from taxation. New definitions of samples have been introduced into the tax code.</p>
<b>Place of supply of goods (cross-border transactions)</b>	<ul style="list-style-type: none"><li>• Place of supply for dispatched goods or transported by the forwarder himself, their purchaser or by a third party is the place where the goods are warehoused the moment of the commencement of their dispatch or transport to the buyer;</li><li>• Place of supply for goods neither dispatched nor transported is the place where the goods are stored the moment of their delivery, for example land plots, buildings, construction sites.</li></ul>
<b>Services</b>	<p>As a general rule all services which are not to be treated as delivery of goods. The tax base comprises all items which are subject to payment for the rendered services.</p>

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**Place of performance Rule:**

- Place of service in favour of a taxpayer (businessman) is the location of its registered office (or fixed place of management or permanent residence).
- Place of service in favour of a subject being a private person/consumer, is the country of his headquarters (or fixed place of management or fixed place of residence).

**Exeptions:**

- Services performed by intermediaries for end users - the place where the transaction takes place.
- Real estate services - location of real estate property,
- Transportation services:
  - » Transport of persons - the place of transport, taking into account the distances covered,
  - » Transport of goods in favour of consumers - the place of transport, taking into account the distances covered,
  - » Transport of goods in favour of consumers, the beginning, and the end of the movement on the territory of two different member states take place - the place of commencement of the transport.
- Auxiliary services to transportation services: place of service delivery.
- Services in the field of art, culture and of educational, recreational, scientific and sporty character:
  - » In favour of an entrepreneur: applicable stays the general rule (place of headquarters of the entrepreneur),
  - » In favour of a consumer: the place of service delivery,
  - » Entrance to an event (entrepreneur and consumer): the localization of the event.
- Restaurant and catering services: place of service delivery.
- Short term rental of means of transportation: place where the transportation means are in fact made available to the client.
- Electronic services:
  - » In favour of entrepreneurs: the general rule applies (localization of the headquarters of the entrepreneur),
  - » In favour of final consumers.
- Possessing the headquarters or status of place of residence outside the European Union or possessing the status of a resident in the European Union, where the services are rendered from a third country by service providers having residency status: localization of the headquarters/place of living of the service provider.
- Possessing the headquarters or status of residency in the European Union, where the services are rendered from a country of the European Union by service providers being residents: place of headquarters (or permanent establishment of performing business activity or permanent place of living) of the service provider.
- On intangible and legal services (for example sale of rights, advertising, legal, bank, financial and insurance services, employment agency) in principle the general rule applies, an exception affects only consumers who have their headquarters/place of living in a third country - headquarters/place of living of the service provider.

- Telecommunication, radio, and television services - exemption from taxation, provided that the services are rendered in favour of the end consumers, with the difference of delivery in the place of living/headquarters of provider and recipient of the services.
- Services linked to tourism - localization (or permanent establishment of business performance or place of living) of the service provider.

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**New special procedure for the VAT rules on telecommunications, radio and television, as well as on electronic services**

Notwithstanding the status or the place of headquarters of business activity of the service provider, in the case of rendering of telecommunication, electronic, and broadcasting services in favour of persons not being taxpayers, place of service delivery always stays the place where such a person/consumer has his office, permanent place of living or the simple residency stay permission (article 28k of the VAT act). This also applies to foreign entities (entities not having neither their headquarters nor their place of business activity performance on the territory of the European Union).

The above is applicable if the total value of the referred to services rendered to the aforementioned entities, less the amount of VAT, did not exceed, during the tax year or the previous year, the amount of **EUR 10,000.00 - PLN 42,000.00**. Until the aforementioned limit is not reached, the place of taxation for services provided by an entity with its registered office in Poland is Poland.

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**Reverse Charge “Reversal of the tax liability”**

The reverse charge as a general rule finds application in the situation where the supplier/service provider is a foreign entity (and thus does neither have in Poland his headquarters nor a permanent establishment for running a business activity), and the purchaser is a Polish VAT payer.

Invoices issued without VAT require the information on transfer of the tax obligation, the identification numbers of the entrepreneurs, supplier as well as purchaser.

**The foreign entrepreneur stays obliged to settle the tax:**

- Provided that he performs services linked to real estate and he is registered for VAT purposes in Poland; in case of other services, it is required to assure the control of the Polish purchasers.
- In the case of trade in goods, the foreign supplier is obliged to settle his VAT, provided that he is registered for the purpose of VAT in Poland.

For the supply of goods and services, whose catalogue has been in-depth itemized in the enclosure number 15 to the VAT act, the application of split payment mechanism in VAT obliges by law.

The purchaser of goods or services explicitly mentioned in the enclosure number 15 stays obliged to transact the payments divided into net amounts to the supplier whereas for the part of VAT tax specified on the invoice on a dedicated VAT account, which services for the tax administration for collection of payments in the context of split payment.

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<b>Real estate</b>	VAT settlement obligations stay with the buyer or application of exemption from taxation of the delivery of the real estate after fulfilment of detailed terms and conditions.
<b>Rental</b>	Subject to taxation VAT in any case (as long as the service provider has the status of a tax payer).
<b>Sale</b>	Subject to VAT taxation or tax on civil transactions, which is payable in the case of VAT exemption or in case none of the parties is a registered VAT payer.
<b>0% Tax Rate</b>	Amongst others (after fulfilment of specified terms and conditions): <ul style="list-style-type: none"> <li>• Inner European delivery of goods,</li> <li>• Export of goods,</li> <li>• In detail, itemized costs directly linked with the export of goods and linked with them services,</li> <li>• International forwarding freight services,</li> <li>• Services related to processing and finishing of goods.</li> </ul>
<b>VAT exemption inter alia</b>	<ul style="list-style-type: none"> <li>• delivery of used goods utilized solely for the purpose of non-taxable business operations (without deduction of tax),</li> <li>• financial services (granting of loans, maintenance of bank accounts, foreign exchange) with the exception of leasing, factoring or advisory services but without: <ul style="list-style-type: none"> <li>» services forming an element of financial services, which are themselves considered a separated entirety even if they are adequate and required for the performance of the financial services,</li> <li>» services constituting an element of brokerage in financial services,</li> <li>» please note, for these services, under the conditions indicated in the law, it is possible to waive the exemption,</li> </ul> </li> <li>• insurance and reinsurance services,</li> <li>• some medical services,</li> <li>• some educational services,</li> <li>• services in the field of social care,</li> <li>• services in the field of social security insurance,</li> <li>• some services in the field of culture and sport.</li> </ul>
<b>VAT deduction on expenses related to the use of passenger cars</b>	<p><b>The amount of VAT subject to deduction depends on the purpose for which the car is used.</b></p> <p>Provided that the car is used for different purposes, that means as well as for business operations as well as for private ones, the right to deduct tax is limited to <b>50%</b>. But in case the taxpayer uses the car exclusively for business operations, he stays entitled to the deduction of the full amount of VAT tax. The full right of deduction is also available in other cases indicated in the Act, e.g. when the motor vehicle is structurally designed for the carriage of at least 10 persons including the driver (must be provable from the car documents) or when the vehicle is a so-called single-row car - one row of seats, which is confirmed in the relevant documents.</p>

### Limited possibilities of tax deduction

Provided that the car of a maximum allowed weight not exceeding 3.5 tons is used for business operations as well as for private ones, the taxpayer is entitled to a **50%** deduction in VAT, applicable not only for VAT on purchase, Inner European purchase of goods (WNT) or the import of cars (as it was in the past), but also on the VAT applicable on repairs, exploitation, and the purchase of spare parts or fuel for this vehicle.

### Unlimited possibilities of deduction - obligations referring to the evidencing

The taxpayer will have the right to **100%** of VAT deduction for “typical” passenger cars, deduction under the condition that the car is used exclusively for the purpose of business activity of the taxpayer. Simultaneously the following requirements must be fulfilled:

- The taxpayer must determine the principles of use of the car, confirming that it can be used exclusively for the purpose of business activity of the taxpayer
- Mileage records must be kept for vehicles used exclusively for the taxable person’s business activity.

The logbook evidence of the car must comprise: registration number of the car, commencement, and end of the evidencing, reading of the meter of the driven kilometres. The logbook must be maintained from the day onwards, from which the car is used exclusively for the purpose of business activity of the taxpayer.

In case the taxpayer does not comply with the mentioned before information requirements on time, his car will be accredited as a company car used exclusively for the purpose of business activity of the taxpayer following the day when the missing information had been replenished.

### Information filing deadlines

Taxpayers who are going to use cars exclusively for business purposes, for which a logbook will be kept, will be obliged to notify the head of the competent tax office of the vehicles used exclusively for business purposes (VAT-26 form). The VAT-26 information should be filed within statutory deadlines.

### Liability for breach of the information obligation

A taxpayer who fails to file the VAT-26 information on time or who provides false information, and deducts **100%** of VAT at the same time, is subject to penal and fiscal liability (fine of up to 720 so-called daily rates, where such daily rates range from **PLN 160.20** to as much as **PLN 64,080.00** - the amount of a daily rate).

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### Accelerated refund of VAT

- General refund period: **40** days from the date of filing the tax return, shortening to **25** days possible (assuming that all purchases shown on the tax return must be paid by reaching the deadline for submission of the VAT return/SAF file),
- **180** days: if in a given settlement period, no taxable transactions were made.

The accelerated **25-day VAT** refund period is subject to a number of conditions to be met.

The VAT refund within this shorter deadline is possible if:

- the input tax connected with purchases, shown in the tax return and under the exclusion of the tax credits on purchases rolled over from previous settlement periods, results from:
  - » invoices documenting liabilities paid in full through a bank account of the taxpayer in a bank headquartered in Poland or an account of the taxpayer in a co-operative bank which he is a member of; registered with the Polish Inland Revenue Office, which is regulated in other law directives,
  - » other invoices documenting liabilities provide that the amount total of those receivables does not exceed **PLN 15,000.00**,
  - » customs clearing documents, import declarations or other decisions, which article 33 clauses 2 and 3 and article 34 refer to, have been paid by the taxpayer,
  - » the import of goods settled in accordance with Article 33a, Intra-Community purchase of goods, provision of services for which the taxpayer is the service recipient, or the delivery of goods, for which the taxpayer answers as the purchaser, provided that in the respective tax declaration an input tax has been reported from these transactions,
- the input tax or tax surplus not settled having been rolled over from previous settlement periods and shown in the declaration does not exceed **PLN 3,000.00**,
- the taxpayer presents to the Inland Revenue Office documents confirming the payment of the VAT tax, where the payment of the tax must have been made from a bank account of the taxpayer having been previously notified to the Polish Inland Revenue Office,
- the taxpayer for the consecutive 12 months preceding the tax period in which he applies for a refund of VAT within the shortened period of **25 days**,
  - » was registered as an active VAT taxpayer,
  - » submitted a VAT declaration for each VAT period.

A refund within the deadline of 25 days is also possible if the taxpayer requests a refund to a so-called VAT account - an account used in principle for split payments of VAT.

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**Re-imbusement  
of input tax for  
foreign companies**

**How does it work:**

- Application in Polish language for entrepreneurs from the European Union - in electronic format only,
- Competent tax office: II Urząd Skarbowy Warszawa - Śródmieście
- The application may encompass a period of minimum **3** months, but not longer than **1** year,
- The application should be rendered by the **30th** of September of the following year as the deadline,
- The decision on the amount of recognized VAT eligible for return will be issued within **4** months counted from the moment the application has been rendered to the competent tax office,
- The refund will be processed within **10** working days from the moment the decision on the amount of recognized VAT eligible for refund has been taken by the competent tax office.

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**Intra-Community  
supply  
(to registered  
entrepreneurs)**

Provided that the following conditions are fulfilled, a tax rate of **0%** in Poland will be applied:

- The supply was carried out towards an entrepreneur registered for VAT-purposes in another membership country of the European Union, and
- The goods have left Poland and the supplier has appropriate evidence, and
- The supplier has mentioned the correct tax identification number on the invoice.

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**To end users**

The taxation on supplies of goods to consumers (private individuals) in another membership country of the European Union takes place in Poland.

**Exceptions:**

- Means of transport, inter alia passenger cars, are always taxed in that country to which the consumer ships the new means of transport,
- Mail order business (The goods are handed over in the name of the supplier to the final consumer, provided that the value of the goods sold exceeds a certain turnover limit on the side of the supplier).

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**Reporting  
requirements**

- Summing up, reports (UE VAT) are to be delivered in general on a monthly basis.
- To be captured:
  - » Intra-community deliveries of merchandise,
  - » Intra-community purchases,
  - » Deliveries under the so-called intra-Community supply triangle,
  - » Services to foreign companies (from EU Member States), in which the tax liability passes over to the purchaser of the goods or services.

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**Point of time of the origination of the tax liability**

The tax obligation arises the moment of delivery of goods or service.

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**Definitions of the tax base**

As a rule, the modifications of the rules are the direct implementation of the definition contained in the VAT directive. The new tax base includes all payments, which have a direct impact on the price of goods and services rendered by the taxpayer. The new VAT regulation explicitly mentioned what is included in the tax base, like additional costs (commissions, packing, and transportation costs, as well as insurance costs). In the case of free deliveries or services, the values or comparable prices of the goods and services concerned will build the new tax base. If there are no comparable prices, the tax base includes all costs incurred at the tax point.

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If you have any questions regarding accounting, taxation, or other aspects of tax law in Poland, please contact our team of advisors.

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**ACCOUNTING OUTSOURCING**



**JOANNA  
NIZKA-KRZYŻANOWSKA**  
Head of Accounting  
Senior Manager  
Tax Advisory Office  
Location: Warsaw





## OBLIGATION TO USE THE SPLIT PAYMENT METHOD

Some products and services are subject to the obligation to apply the split payment method, which results from art. 108a of the VAT Act, appendix no. 15. When making payments for goods or services listed in this appendix, documented by an invoice in which the total amount due exceeds **PLN 15,000.00**, taxpayers are obliged to apply the split payment mechanism.

On the other hand, a taxpayer who is obliged to issue an invoice, is obliged to accept payment of the amount of receivables resulting from that invoice using the split payment mechanism. Invoices should be tagged "split payment mechanism" under pain of additional tax liability. Lack of such a tagging will result in a sanction amounting to **30%** of the VAT amount indicated in the invoice, unless the receivable was paid using the split payment mechanism.

### **The application of the split payment mechanism will be based on the following:**

- the payment of the amount corresponding to all or part of the tax amount resulting from the invoice received is made to the VAT account,
- the payment of all or part of the amount corresponding to the net sales value resulting from the invoice received is made to a bank account or an account in a co-operative savings and credit union for which a VAT account is kept or is otherwise settled.

The split payment mechanism for goods other than those listed in Annex 15 to the Act is still not mandatory, but the legislator has provided for a number of incentives for these transactions to convince taxpayers to use this form of settlement. These incentives are as follows:

- abandoning the principle of joint and several liabilities,
- abandoning the imposition of additional tax liability,
- no use of increased interest from the VAT tax debts (up to **150%** of the standard rate),
- accelerated refund of excess input VAT.

### **Deposits and withdrawals**

The VAT account will allow to deposit only cash from:

- the payment corresponding to the amount of VAT paid to the supplier of goods or the service provider using a dedicated transfer message,
- VAT amount refund:
  - » in the case of issuing a corrective invoice, using a dedicated transfer message,
  - » by the tax office.



## THE WHITE LIST OF TAXPAYERS

Regulations introducing the so-called white list of taxpayers are in force. The white list replaced the lists of VAT taxpayers in force until now.

The list of VAT taxpayers contains information not only about the current status of a given entity, but also about how it looked on a selected date in the 5 years preceding the year in which the taxpayer is checked.

The white list contains data on taxpayers such as: REGON, PESEL, business address, residence and most importantly the taxpayer's bank account.

The consequences of a taxpayer making a payment to an account other than the one on the white list are as follows:

### Limitation of the right to deduct tax-deductible expenses (KUP)

In case of payment to a bank account other than the one from the whitelist of an amount exceeding **PLN 15,000.00** gross, a taxpayer will not be able to recognize this amount as a tax-deductible cost (amended Article 22p(1) of the PIT Act / Article 15d(1) of the CIT Act). If the taxpayer recognizes this expense as a tax-deductible cost, he/she will be obliged to

- decrease tax-deductible costs, or, if this is not possible,
- increase the income - by the amount incorrectly classified as tax-deductible costs in the month in which the payment was made, or the transfer was ordered, respectively.

However, the limitation related to the payment to an account which was indicated on the white list will not apply if the taxpayer submits an appropriate notice to the head of the tax office competent for the seller within seven days (during the pandemic period: 14 days) from the date of ordering the transfer or settles the payment using the split payment mechanism.

### Joint and several liability with the contractor

If the buyer makes a payment to an account other than the one indicated on the white list and the seller does not pay VAT on this transaction, the buyer will be jointly and severally liable with the seller up to the amount of the tax liability on the transaction. However, the taxpayer may protect himself from the above sanction in two ways:

- by submitting, at the latest within **7** days from making the payment, an appropriate statement to the head of the tax office of the seller, or
- making the payment using the split payment mechanism.

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### White list of VAT registered entities

It is a public available list of VAT payers containing information on the status of the company. It was created to make it easier for entrepreneurs and authorities to verify whether a given entrepreneur is an active VAT taxpayer and to confirm his bank account number. The legislator has provided for sanctions for payments to bank accounts not registered in the white list.

PIT and CIT taxpayers of payment to an account other than the one indicated in the white list of taxpayers for a transaction exceeding **PLN 15,000.00** gross cannot account the above-mentioned expenditure in the tax-deductible expenses (unless within **7 days** they notify the head of the tax office applicable for the invoice issuer) on their wrongdoing.

VAT taxpayers are jointly and severally liable for the amount of VAT at the moment of payment to an account other than the one indicated in the white list of taxpayers (for a transaction exceeding **PLN 15,000.00** gross) (unless within **7 days** they notify the head of the tax office applicable for the invoice issuer on their wrongdoing or make a split payment).

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### CUSTOMER RELATION



**ELŻBIETA  
NARON-GROCHALSKA**  
Head of Customer  
Relationships Department  
Senior Manager  
Tax Advisory Office  
Location: Wrocław



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## Vouchers

Regulations provide for two types of vouchers, within the meaning of instruments subject to the obligation of their acceptance as remuneration for delivery of goods or rendered services, namely:

- a single-purpose voucher (SPV) - for which the place of supply of the goods or services to which the voucher relates and the amount of due tax, value added tax or similar tax arising from the supply of such goods or services are known at the time of issuance of the voucher,
- a multi-purpose voucher - a voucher other than a single purpose voucher.

A single-purpose voucher entitles the holder to receive certain goods or services where the level of taxation (in particular the VAT rate), the identification of the supplier and the Member State in which the supply of the goods or services linked to a certain voucher can be determined definitively from the outset. VAT is charged on the sale of the voucher.

With regard to a multipurpose voucher, the tax is charged at the actual supply of goods or services in exchange for the voucher accepted by the supplier. In other words, in this case, VAT should be charged when the goods or services to which it relates are supplied.

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## Bad debt relief

Bad debt relief is the possibility for the creditor to correct the tax in case the debtor fails to pay the invoice. Lack of payment for the sales invoice within **90 days** from the due date results in the obligation of correction on the part of the buyer. On the part of the creditor, meaning the supplier to whom payment is due, this is a privilege that he/she may but does not necessarily have to use.

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## Consequences of delay by failure to meet the deadlines and dates

- Penalty interest: currently **14.5%** per annum.
- So-called Additional Tax Liability for VAT only: up to **30%**, **100%**
- in special cases.

The Head of the Inland Revenue Office or the Control Authority may impose on the taxpayer an additional liability of up to **30%** of the amount of the understatement of VAT liability or up to **30%** of the amount of the overstatement of the refund of the difference or input VAT or of the tax difference to be reduced for subsequent settlement periods. Correction of the error may reduce the rate from a maximum of **30%** to a maximum of **20%**.

If the taxpayer has submitted a tax return or a correction of a tax return in accordance with Article 62(4) of the Act on the National Revenue Administration and, no later than on the date of submission, has paid the amount of the tax liability or the due refund amount, the Head of the Customs and Tax Office determines an additional tax liability of up to **15%** of the amount by which the tax liability was understated.

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**Additional obligations arise when the inland revenue office confirms that the taxpayer reported in his tax declaration:**

- a tax amount due lower than the tax liability comes up in reality,
- shows a tax differential to be reimbursed or a pre-tax offset higher than the tax credit due in reality,
- a tax difference to be deducted from the tax liability for the next tax periods higher than the amount due to him in reality,
- a refund of a tax differential or a VAT refund or a difference carried forward as a deduction for the periods to come, although he should show a tax liability, which stays subject to payment on an account of the Inland Revenue Office.

Furthermore, up to **30%** of the penalties also apply to taxpayers who do not submit tax returns and do not settle the tax liabilities with the tax authorities.

In the current legal environment, when the Polish tax authorities discover the lack of tax declaration filings or missing VAT payments when having fallen due, increased penalty interest will be inflicted on the delinquent taxpayers.

**100% of the VAT on false empty invoices**

The percentage of additional liability increases to **100%** of the input tax that results from the invoices if it is established that the invoices with increased deductible VAT:

- have been issued by a non-existent legal entity,
  - are related to activities which have not been carried out (as regards the part relating to those activities),
  - relate to amounts which do not correspond with reality (with regard to the items for which amounts are not in compliance with the reality),
  - support the activities in which Article 58 of Civil Law applies (as regards the part relating to those activities).
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## TAXES ON CIVIL AGREEMENTS (PCC)

### Transfer tax

Tax is imposed at a rate of **0.5% - 2%** on certain types of transactions (e.g. sales, exchanges of rights, loans) that are not generally covered by VAT. As a rule, transactions exempt from VAT are exempt from transfer tax (except for real estate and shares).

An exception applies to the purchase of more than one flat in a condominium. Namely, as of 1st of January 2024, the buyer of the sixth and any subsequent flat in the same condominium will pay **6%** civil transaction tax in addition to VAT.

<b>Purchase of real estate:</b>	<b>2,0%</b>
<b>Articles of association:</b>	<b>0,5%</b>
<b>Loans:</b>	
- partner in a private company	<b>0,5%</b>
- shareholder in corporations	<b>not applicable</b>
<b>Proprietor/Shareholder loans:</b>	<b>0,5%</b>



## TAX AUDIT AND LEGAL RECOURSE IN POLAND

<b>Purpose</b>	To verify compliance with tax law obligations.
<b>Scope of the audit</b>	Determined in the notification of initiation of a tax audit (in certain cases, the audit may be initiated without prior notice).
<b>Audit of the Tax Office</b>	Target: determination of the subject and the amount of the tax liability. The Inland Revenue Office prepares a protocol, which can be used as evidence in a tax proceeding.
<b>Control method</b>	It is determined whether the taxes were paid on time. If default interest accrues, the tax authority shall issue a tax assessment in the amount of tax due, and default interest is fixed.
<b>Tax audit performed by the finance control group</b>	It is checked whether the taxpayer has declared his tax liabilities on the merits and the amount properly. If a tax liability determined, a separate tax bill will be enacted.  <b>Taxpayers can draw on in Poland in fiscal matters on the following rights:</b> <ul style="list-style-type: none"><li>• Appeal against a decision,</li><li>• Complaint to the Provincial Administrative Court,</li><li>• Nullification suit with the Supreme Administrative Court,</li><li>• Proceedings before the Court of Justice of the European Union.</li></ul>



## TAX ORDINANCE ACT

### Verification of the contractor

Taxpayers may obtain from the tax offices a certificate regarding the following information about their contractors conducting business activity:

- confirmation that the contractor has (or has not) submitted a tax return or other document he was obliged to submit pursuant to the provisions of tax acts,
- confirmation that the contractor has (or has not) included in the tax return or other document the events he was required to include pursuant to the provisions of tax acts,
- confirmation that the contractor is (or is not) in arrears with taxes, resulting from a tax return or other document submitted pursuant to the provisions of tax acts.

### Evidence in tax proceedings

The open catalogue of evidence in tax proceedings may include documents gathered during the analysis performed by the National Tax Administration.

### Acquisition checking

Acquisition checking is a procedure of purchasing goods or services performed by a National Revenue Administration (KAS) officer. It is carried out in order to determine whether the person being subject to the verification complies with the obligations arising from the tax law provisions within the scope of:

- registering sales of goods and services using a cash register,
- issuing a fiscal receipt to the customer,

It is performed on the grounds of legal standing and a permanent authorization issued by the Head of the Inland Office or the Customs and Tax Office.



## INTEREST AS OF 01.01.2026

<b>Interest on tax arrears</b>	Interest on tax arrears amounts to the double basic NBP Lombard loan interest rate and <b>2%</b> , however not less than <b>8.5%</b> (currently <b>11.00%</b> ).
<b>Statutory interest</b>	<ul style="list-style-type: none"><li>• <b>11.00%</b> (statutory interest),</li><li>• <b>16.50%</b> (maximum interest).</li></ul>
<b>Statutory interest for delay</b>	<ul style="list-style-type: none"><li>• <b>9.50%</b> (interest for delay),</li><li>• <b>19.00%</b> (maximum interest for delay).</li></ul>
<b>Interest rate for delay in commercial transactions</b>	The interest rate on delays in commercial transactions is <b>14.00%</b> .
<b>Reduced rates</b>	Reduced interest on tax arrears at <b>50%</b> of the interest rate on tax arrears applies if the following conditions are fulfilled simultaneously: <ul style="list-style-type: none"><li>• a legally binding correction of the tax return is submitted no later than within <b>6 months</b> from the date of the expiry of the time limit for submitting the tax return,</li><li>• the confirmed tax arrears are paid within <b>7 days</b> from the date of submitting the correction of tax return.</li></ul>
<b>Leniency</b>	<p>When a taxpayer provides the authorities with a formal notification that he has committed a prohibited act, this shall exclude the act as punishable if:</p> <ul style="list-style-type: none"><li>• it occurs before the competent tax authority identifies the fact in question and</li><li>• along with the filing of the notice, the reported deficiencies and transgressions will be remedied.</li></ul> <p>An act of contrition does not protect the taxpayer from being penalised if, prior to the submission of the act of contrition together with the correction, preparatory proceedings have been initiated in his case with regard to the tax offence.</p>

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### Increased rate

The increased interest rate of **150%** of the base rate (currently **16,50%**) will apply to tax refunds on goods and services, as well as to back-up excise duties and customs duties.

This rate shall be applied if the tax authority detects in the course of its tax procedures (verification activities, tax audit or tax proceedings) an understatement of tax liabilities (overestimation of overpayment or tax refund) in the amount exceeding **25%** of the amount due and higher than the amount of 5 times minimum salary, or the lack of the tax return and tax payment.

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## TAX LIMITS IN 2026

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### Income limits for small-business enterprises in 2026

- Small-business enterprises for PIT / CIT / VAT: **PLN 8,517,000.00**.
  - The limit of revenues entitling to a lump sum on recorded revenues is **EUR 2,000,000.00**, which corresponds to the amount of: **PLN 8,517,000.00**.
  - The amount of net income that requires to maintain full accounting ledger accounts by individuals, partnerships of individuals, partnerships and social cooperatives: **PLN 10,646,500.00**.
  - Maximum total amount of depreciation in a year, as part of a one-off depreciation: **PLN 213,000.00**. One-off depreciation of fixed assets under de Minimis aid – **EUR 50,000.00**.
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## DOUBLE TAXATION AGREEMENT (DTA)

### Double Taxation Agreement (DTA):

Poland concluded Double Taxation Agreements (DTA's) with 90 countries, 86 of which have entered into force. These agreements are based on the OECD Model Convention.

Governance of the right for taxation looks differently in the case of share disposals in real estate companies. Following the OECD Model Convention, for those Double Taxation Agreements (DTA's) marked with 'yes', the country of location of the real estate possesses the right for taxation vis-à-vis share deals, and not the country of residence/domicile of the seller.

Tax rates mentioned in the Double Taxation Agreements (DTA's) can be applied only then, when the tax payer possesses and provides a certificate of residence issued by the Inland Revenue office of the applicable country.

Country	Entry into force	Property Clause	Dividends in% ()	Interests in%	Licences in%
<b>Albania</b>	27.06.94	no	5/10	10	5
<b>Armenia</b>	27.02.05	yes	10	5	10
<b>Australia</b>	04.03.92	yes	15	10	10
<b>Austria</b>	01.04.05	yes	5/15	0/5	5
<b>Azerbaijan</b>	20.01.05	yes	10	10	10
<b>Bangladesh</b>	28.01.99	yes	10/15	10	10
<b>Belarus</b>	30.07.93	no	10/15	0/10	0
<b>Belgium</b>	29.04.04	yes	10	0/5	5
<b>Bosnia &amp; Herzegovina</b>	07.03.16	yes	5/15	10	10
<b>Brazil</b>	06.11.2025	yes	10/15	10/15	15/10
<b>Bulgaria</b>	10.05.95	yes	10	0/10	5
<b>Canada</b>	30.10.13	yes	5/15	10	5/10
<b>Chile</b>	30.12.03	no	5/15	15	5/15
<b>China</b>	07.01.89	no	10	0/10	10
<b>Croatia</b>	11.02.96	yes	5/10	0/10	10
<b>Cyprus</b>	Protocol - 09.11.12	no	0/5	0/5	5
<b>Czech Republic</b>	13.06.12	no	5	0/5	10
<b>Denmark</b>	31.12.02	yes	0/5/15	0/5	5
<b>Egypt</b>	16.07.01	yes	12	0/12	12
<b>Estonia</b>	09.12.94	yes	5/15	0/10	10
<b>Ethiopia</b>	14.02.18	yes	10	10	10
<b>Finland</b>	11.03.10	yes	5/15	0/5	5
<b>France</b>	12.09.76	yes	5/15	0	0/10
<b>Georgia</b>	01.04.23	yes	5	5	5

Country	Entry into force	Property Clause	Dividends in% (*)	Interests in%	Licences in%
<b>Germany</b>	19.12.04	yes	5/15	0/5	5
<b>Greece</b>	28.09.91	no	19	10	10
<b>Guernsey</b>	Protocol - 31.12.23	no	-	-	-
<b>Hungary</b>	10.09.95	no	10	0/10	10
<b>Iceland</b>	Protocol - 23.08.13	yes	5/15	0/10	10
<b>India</b>	26.10.89	yes	10	0/10	15
<b>Indonesia</b>	25.08.93	yes	10/15	0/10	15
<b>Iran</b>	01.12.06	no	7	10	10
<b>Ireland</b>	22.12.95	yes	0/15	0/10	0/10
<b>Isle of Man</b>	28.10.11	no	-	-	-
<b>Israel</b>	30.12.91	yes	5/10	5	5/10
<b>Italy</b>	26.09.89	no	10	0/10	10
<b>Japan</b>	23.12.82	yes	10	0/10	0/10
<b>Jersey</b>	01.12.12	no	-	-	-
<b>Jordan</b>	22.04.99	no	10	0/10	10
<b>Kazakhstan</b>	13.05.95	yes	10/15	0/10	10
<b>Korea</b>	21.02.92	no	5/15	0/10	5
<b>Kuwait</b>	25.04.00	no	0/5	0/5	15
<b>Kyrgyzstan</b>	22.06.04	no	10	0/10	10
<b>Latvia</b>	30.11.94	yes	5/15	0/10	10
<b>Lebanon</b>	07.11.03	no	5	0/5	5
<b>Lithuania</b>	19.07.94	yes	5/15	0/10	10
<b>Luxemburg</b>	Protocol - 25.07.13	yes	0/15	0/5	5
<b>Malaysia</b>	12.01.23	yes	5	0/10	8
<b>Malta</b>	11.03.22	yes	0/10	0/5	5
<b>Mexico</b>	06.09.02	yes	5/15	0/5/15	10
<b>Moldova</b>	27.10.95	yes	5/15	10	10
<b>Mongolia</b>	21.07.01	yes	10	10	5
<b>Montenegro</b>	17.06.98	no	5/15	10	10
<b>Morocco</b>	23.08.96	yes	7/15	10	10
<b>Netherlands</b>	Protocol - 30.04.22	yes	0/5/15	0/5	5
<b>New Zealand</b>	16.08.06	yes	15	10	10

Country	Entry into force	Property Clause	Dividends in% (*)	Interests in%	Licences in%
Norway	Protocol - 02.04.13	yes	0/15	0/5	5
Pakistan	24.11.75	yes	15	0	15/20
Philippines	07.04.97	yes	10/15	0/10	15
Portugal	04.02.98	yes	10/15	0/10	10
Qatar	28.12.09	no	5	0/5	5
Romania	15.09.95	no	5/15	0/10	10
Russia	22.02.93	yes	10	0/10	10
Saudi Arabia	01.06.12	yes	5	0/5	10
Serbia	17.06.98	yes	5/15	10	10
Singapore	06.02.14	yes	0/5/10	0/5	2/5
Slovakia	21.12.95	yes	0/5	0/5	5
Slovenia	10.03.98	yes	5/15	0/10	10
RSA	05.12.95	yes	5/15	0/10	10
Spain	06.05.82	yes	5/15	0	0/10
Sri Lanka	14.06.19	yes	10	0/10	10
Sweden	15.10.05	yes	5/15	0	5
Switzerland	Protocol - 17.10.11	yes	0/15	0/5	0/5
Syria	23.12.03	no	10	0/10	18
Taiwan	Act - 30.12.16	yes	10	0/10	3/10
Tajikistan	24.06.04	yes	5/15	10	10
Thailand	13.05.83	no	20	0/10	0/5/15
Tunisia	15.11.93	yes	5/10	12	12
Turkey	01.04.97	no	10/15	0/10	10
Ukraine	11.03.94	yes	5/15	0/10	10
United Arab Emirates	21.04.94	yes	0/5	0/5	5
United Kingdom	27.12.06	yes	0/10	0/5	5
USA	23.07.96	yes	5/15	0	10
Uzbekistan	29.04.95	no	5/15	0/10	10
Vietnam	20.01.95	yes	10/15	10	10/15
Zimbabwe	28.11.94	yes	10/15	10	10

(\*) Exemption from withholding tax pursuant to the directive on rulers and controlled companies (Parent-Subsidiary-Directive)

(-) The agreements do not include agreements relating to dividends, interest, and licences.

## LEASING

### LEASING POSSIBILITIES

#### Leasing possibilities

In their everyday work, entrepreneurs deal with two kinds of leasing: operational and financial. These two definitions also result from the tax regulations. Choosing the form exclusively depends on the decision of the taxpayer, predicated on the tax and legal environment he is operating in, and his business profile.

#### The Operational Leasing

With this form of the contract, the subject of the underlying leasing is recognized as an asset of the lessor party (for instance, a leasing company). Thus, it is the leasing party who is obliged to take the depreciation and amortization expenses. However, the agreed leasing instalments constitute the tax-deductible expenses on the side of the lessee; VAT and any initial charge are added to these instalments. The balance of the instalments set in the contract reduced by the due VAT has to correspond to at least the initial value of the underlying leased out tangible fixed assets. Following the expiration of the lease, the lessee stays entitled to purchase the subject of the lease from the lessor as stipulated in the source contract.

#### The Financial Leasing

Choosing this kind of the lease contract the taxpayer has to know that the subject of the contract is to be recognized as the asset of the Leaseholder; thus, unlike the operational leasing, it is the leaseholder who is obliged to make the depreciation and amortization expenses. Additionally, the lessee may only recognise the interest part of the leasing instalment as his tax-deductible expenses. VAT shall be paid in full in advance together with the first instalment, immediately after commissioning the subject of the contract. It is worth mentioning, that the lessee becomes the owner of the subject of the lease automatically after the last instalment has been duly paid.

**Key differences**

	The Operational Leasing	The Financial Leasing
<b>Depreciation and amortization</b>	Duty of the lessor.	Duty of the lessee.
<b>Term</b>	Longer than <b>40%</b> of the depreciation and amortization time of the subject (real property - at least <b>10 years</b> ).	Over <b>12 months</b> .
<b>Tax-deductible expenses</b>	The lessee recognises the net instalments and the initial charge as the expenses.	The lessee recognises the interest part of the leasing instalments and the depreciation and amortization as expenses.
<b>VAT</b>	Added to the leasing instalments.	Paid in advance together with the first instalment.
<b>Redemption/repurchase</b>	Depending on the depreciation and amortization rate and the redemption term.	After paying the last instalment the subject becomes the owner of the lessee.

The main advantages of financing any asset purchase via leasing when compared to involvement of own equity or utilization of bank loans:

- it is relatively easy access in Poland and the fact that even start-up companies can draw on leasing financing
- leasing companies do not require any corporate history when talking to new clients, which is not the case with banks which normally require a history of 2 years of existence of the applicant supported by two closed financial accounting years
- all incurred financing costs are tax-deductible whatever leasing option chosen.

The majority of contracts concluded on the Polish market are the operational lease contracts; reasoned by the fact that in case of the financial leasing VAT has to be paid in full in advance, which is a drain on company's liquidity.

Choosing the operational leasing is also recommended in case the planned term of exploitation of the leasing subject stays short-term orientated. In such a case, the monthly lease instalments will be very high, reducing the taxable income and thus the tax base used for the monthly prepayments of corporate income tax to the Polish Inland Revenue Office.

## THE SOCIAL SECURITY SYSTEM IN POLAND

### SOCIAL SECURITY CONTRIBUTIONS

#### Employer's obligations concerning ZUS

Polish employers have the obligation to incur the costs of social security insurance to the Social Insurance Institution and are payers of contributions to the Social Insurance Institution and the National Health Fund. The contributions for social insurance for employees and employers are calculated on the basis of the employee's gross income.

The employer is responsible for withholding and remitting the full amount of social security contributions (employee's share and employer's share) to the relevant authorities. The rates of social security contributions are:

Insurance	Employer	Employee
Retirement Pension	<b>9.76%</b>	<b>9.76%</b>
Disability	<b>6.5%</b>	<b>1.5%</b>
Sickness	Not applicable	<b>2.45%</b>
Work Accident	Between <b>0.67%</b> and <b>3.33%</b>	Not applicable
Health	Not applicable	<b>9.00%</b>
Labour Fund (LF)	<b>2.45%</b>	Not applicable
Fund of Guaranteed Employee Benefits (FGEB)	<b>0.10%</b>	Not applicable

The contribution calculation basis for the retirement and social security insurance in **2026** cannot exceed **PLN 282,600.00**.

#### Social security in Poland

The social insurance system in Poland is universal and compulsory. Social insurance covers people who are, among others, employees, persons working on the basis of contracts of mandate or run a business activity.

#### NOTE:

- Social security in Poland covers the EU citizens on the same basis as Polish citizens.
- From 2022 onwards, it is not possible to deduct the health insurance contribution from the tax return.



## PENSION INSURANCE

### Pension insurance

The retirement and social security insurance aims to provide:

- payment of retirement benefits for persons who have reached the retirement age (retirement pension),
- payment of benefits in the event of inability to work due to sickness (disability pension).

The employer is the payer of due contributions to the Social Insurance Institution.

Pension is granted to women who are at least **60**, and men who are at least **65**. There is no minimum insurance period required for granting the pension.

Decisions about granting pensions are made by the Social Insurance Company's bodies which are of proper jurisdiction due to the place of living of the person who is applying for the benefit. The proceedings for granting pensions start after submitting the application by an applicant.

### ACCOUNTING & TAX ADVISORY FOR YOU!

If you have any questions regarding accounting, taxation, or other aspects of tax law in Poland, please contact our team of advisors.

### HR & PAYROLL



**BARBARA ROZWADOWSKA**  
Head of HR & Payroll  
Department / Senior Manager  
Tax Advisory Office  
Location: Wrocław





## DISABILITY INSURANCE

Disability insurance guarantees cash benefits in the event of loss of the income resulting from the risk of disability (inability to work) or death of a breadwinner in a family.

In this case, those that have paid contributions to this insurance are granted disability pension for their incapacity to work, which is a substitute for remuneration or income.

In the event of the death of the insured person, members of his/her family may also be granted a family pension.

The disability insurance contribution equals **8%** of the contribution assessment basis, where **6.5%** comes from the employer's funds and **1.5%** from the funds of the employee.

### Disability pension for incapacity for work

Disability pension for incapacity for work can be granted to an insured person who fulfils all of the following conditions:

- Is considered a person who is partially or entirely unable to work,
- Has proven contributory and non-contributory periods,
- Inability to work started in the periods strictly set out in the Act.

A person who is entirely unable to work is a person who has lost the ability to perform any job.

A person who is partially unable to work is a person who to a considerable degree lost her ability to perform a job which is consistent with the level of that person's qualifications.

Inability to work, and its level is assessed by a board certified occupational medicine physician from the Social Insurance Company as the first certifying instance. An applicant has the right to raise an appeal to the physician's opinion to the Social Insurance Company Medical Board - as the second certifying but also the final appeal instance.

### Family pension

Family pension is granted to entitled family members of the person who at the time of death:

- Had a fixed right to a pension, or fulfilled the conditions for obtaining it,
- Had an established right to a bridging pension,
- Had an established right to an inability to work pension, or fulfilled the conditions to receive it,
- They were on pre-retirement allowance,
- They were on pre-retirement benefit,
- They were receiving a teacher's compensation payment.



## SOCIAL SECURITY FOR INDUSTRIAL ACCIDENTS AND OCCUPATIONAL DISEASES

### Social security for industrial accidents and occupational diseases

Security for industrial accidents and occupational diseases covers, among others, employees, individuals conducting business activity, and persons working under a contract of mandate, provided that the contractor has himself registered for voluntary sickness insurance.

Benefits in respect of accidents at work and occupational diseases may be granted to the insured person. They are:

- **Sickness benefit from accident insurance** - for the insured person, whose inability to work arose as a result of an accident at work or occupational disease,
- **Rehabilitation benefit** - is paid after the sickness benefit has finished, if the insured person is still unable to work, and further treatment or rehabilitation gives them a chance to regain the ability to work,
- **One-time compensation** - for an insured person whose health was damaged permanently or for a long period of time, or for the members of the family of a deceased insured person or a person who collected disability pension,
- **Disability pension for an industrial accident or occupational disease** - for an insured person who has become unable to work due to an industrial accident or an occupational disease,
- **Training allowance** - is granted to a person with reference to whom retraining was stated as appropriate due to the inability to work in a current profession because of an industrial accident or occupational disease,
- **Family pension** - for the family members of a deceased insured person or a person entitled to disability pension for an industrial accident or occupational disease and allowance to family pension - for an orphan.

The amount of the accident security premium varies from **0.67%** to **3.33%** of the basis of premium assessment. The accident security premium is entirely covered by the employer.



## SOCIAL SECURITY FOR SICKNESS AND MATERNITY

### Social security for sickness and maternity

Persons who are obligatorily insured for sickness and maternity are mainly employees. Persons covered by obligatory pension and disability pensions insurance, who, inter alia: work on the basis of an agency agreement or contract of mandate, carry out non-agricultural activity can also be insured, voluntarily, for sickness and maternity.

The amount of the sickness contribution is **2.45%** of the sum for the basis of contributions. The contribution is covered from the funds of the insured person.

### The following benefits are paid under the existing insurance cover in case of sickness and maternity:

#### Sickness benefit

Sickness benefit / sick pay is granted to the insured person who became sick during the period of sickness insurance. The right to sickness benefit falls due after the expiry of the so-called waiting period. A person who is obligatorily covered by sickness insurance is entitled to sickness benefit after **30 days** of continuous sickness insurance. A person who is covered by this insurance, voluntarily, acquires the right to sickness benefit after the period of **90 days** of continuous sickness insurance.

The sickness benefit is granted to an insured person in the amount of **80%** of the basis of the assessment, and for the period of hospitalization: in the amount of **80%** of the benefit basis.

If the inability to work which was caused due to an accident on the way to or from work, at work, started during pregnancy or concerns tissue, cell or organ donors, then the sickness benefit is paid in the amount of **100%** of the basis of assessment.

**The basis for calculating contributions is the average gross salary from the last 12 months prior to the illness, unless the employee has been employed for a shorter period – in which case, the average from the full months of real employment applies.**

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**Rehabilitation benefit** The rehabilitation benefit is granted to an insured person who is no longer eligible to receive the sickness benefit, but is still unfit to work and a further rehabilitation or a treatment offers them a chance to resume work again. This benefit is granted for the time period necessary to enable the person concerned to regain the ability to work, but for no longer than a period of **12 months**.

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**Maternity allowance** Maternity allowance is granted to an insured woman who at the time of sickness insurance or at the time of parental leave:

- gave birth to a child,
- adopted a child up to the age of 14 and applied for guardianship to the respective court for its adoption,
- adopted a child up to the age of 7 within the framework of a foster family, with the exception of a professional foster family, and up to the age of 10 in the case of a child with regard to whom a decision on postponement of enrolment in primary school has been taken.

Maternity allowance is paid during maternity leave - for **20 weeks** in the case of the birth of one child. In the case of the birth of more than one child between **31-37 weeks**.

Parental leave is granted immediately after maternity leave.

Maternity allowance for the period specified in the Labour Code provisions as a period of parental leave is granted for up to:

- **41 weeks** - in the case of the birth of one child and for the adoption for upbringing and to apply to the guardianship court for instituting proceedings for adoption or acceptance of upbringing as a foster family with the exception of a professional foster family of one child up to the age of seven, and in the case of a child towards whom it was decided to postpone the compulsory schooling up to the age of ten,
- **43 weeks** - in the case of the birth during one delivery of two or more children and in the case of a simultaneous adoption for upbringing of two or more children.

Each insured parent of a child is entitled to an exclusive right of **9 weeks** of parental leave in the scope of the above leave entitlement. This right cannot be transferred to the other parent of the child. The insured father of the child is entitled to maternity benefit for the period determined as the period of parental leave on an equal footing with the insured mother of the child. Where both parents benefit at the same time, the total amount of parental leave may not exceed the overall entitlement referred to above.

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**Attendance allowance** Attendance allowance is granted for the period of a special leave when it is necessary to take care of a healthy child who is under 8, a sick child who is under 14, a disabled child under 18, or any other sick member of the family. Attendance allowance is granted for not more than **60 days** in a calendar year if a person takes care of a healthy child who is under **8** or a sick child who is under 14. In the case of a disabled child who is over 14 but has not yet reached the age of 18, the entitlement amounts to 30 days. If a person takes care of a sick child who is over 14 or any other sick member of a family, the allowance is granted for not more than **14 days**. The allowance is paid in the amount of **80%** of the basis of allowance assessment.

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## EMPLOYEE CAPITAL PLANS (PPK)

### Employee Capital Plans (PPK)

Employee Capital Plans (PPK) are a private system of long-term savings based on the co-operation between employees, employers and the state. PPK will apply to every person registered for mandatory pension insurance, i.e. all persons employed under employment contracts, civil law contributions, members of supervisory boards receiving remuneration - this also applies to foreigners.

### The Handling of the Employee Capital Plans Programme (PPK) Takes Place on the Following Basis:

Age of the employee	Rules for the Application of PPK
Under 18 years of age	Are excluded
18 to 55 years of age	Mandatory participation in the program, stepping out from the program is allowed.
55 to 70 years of age	Can voluntarily join the program
Over 70 years of age	Are excluded

The funds collected in PPK's account are private assets of the employee and are invested in securities (shares, bonds) of a defined date by a financial institution being subject to financial supervision by The Polish Financial Supervision Authority (PFSA) (Polish: Komisja Nadzoru Finansowego (KNF)).

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**The contributions structure looks as follows:**

- **Employee's contribution:** the obligatory contribution amounts to **2%** of the gross salary, or **0.5% - 2%** of the salary when the employee earns less than **120%** of the minimum salary. Additionally, an employee may declare a voluntary contribution of up to **2%** of his or her salary.
  - **State subsidies:** The Labour Fund finances a welcome payment of **PLN 250.00** and an annual subsidy of **PLN 240.00**. The welcome payment will be credited on the PPK participant's account after **3** full months of participation in the PPK, if the payments have been made for those months. The annual allowance will be paid to the employee's account no later than the 15th April of the following year. The condition for receiving the allowance is the amount of basic contributions calculated for a period of **6** months from the minimum wage. If the participant of the PPK receives a wage lower than **120%** of the minimum wage, the annual subsidy will be **25%** of the indicated amount.
  - **Employer's contributions:** the obligatory contribution amounts to **1.5%** of the employee's gross salary, while the additional voluntary contribution can be set up to **2.5%**. The additional payment may vary from the employer depending on the length of the employment period (management contract), or on the basis of the salary regulations.
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**HR & PAYROLL**



**BARBARA ROZWADOWSKA**  
Head of HR & Payroll  
Department / Senior Manager  
Tax Advisory Office  
Location: Wrocław





## HEALTH INSURANCE CONTRIBUTION FROM BUSINESS ACTIVITY

### Business Activity

In 2022, changes were brought into force involving a modification of the method of calculating the health contribution from the salary and the non-deductibility of the health insurance contribution from the tax return.

The amount of the contribution is dependent on the chosen form of taxation.

For taxpayers:

- with a flat tax rate of **19%**:
  - » the contribution amounts to **4.9%** of the previous month's tax base (income).
  - » however, the contribution may not be lower than **9%** of the lowest remuneration (**PLN 432,54**).
- with the application of the tax scale:
  - » **9%** of the contribution base calculated on the income
- with a lump sum on the recorded income:
  - » for income up to **PLN 60,000.00**: **9%** of the amount of **60%** of the average salary (**PLN 498.35**)
  - » for income ranging between **PLN 60,000.00** and **PLN 300,000.00**: **9%** of the amount of **100%** of the average salary (**PLN 830.58**)
  - » for income above **PLN 300,000.00**: **9%** of the amount of **180%** of the average salary (**PLN 1,495.04**)

### Board members

Contribution of board members / appointed managers: **9%** calculated on the income.

### Shareholders of Partnerships

Contribution of shareholders of partnerships: **9%** from **100%** of the average salary gross (**PLN 847,80**).



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We believe that our employees represent not only the strength of our company, but also ensure that **getsix®** is a powerful and committed partner for our customers. It is important to us that we continuously deliver added value to our customers in this ever-changing business environment.

Our mission is to provide a comprehensive range of best-in-class services in the areas of accounting, human resources & payroll, tax, legal and business consulting complemented by IT services & solutions and ISO 9001, ISO 14001 certification. **getsix®** continues to build a reliable brand in Poland and abroad through maintenance and development of standardized processes.

The “Invest in Poland 2026” brochure covers the most important tax and legal issues for those interested in starting a business in Poland. In our annual update, we select the most relevant changes that may affect your business in Poland, and we provide them in an accessible and brief format.

Our team of experts and specialists remains at your disposal and is committed to serve your business beyond your expectations.

**TAKE CARE OF YOUR CORE BUSINESS, getsix® WILL DO THE REST.**

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#### Our Memberships



#### Our Certification



NCAGE 2152H



#### Our Partnerships



#### Our Competencies





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