



IMPORTANT TAX CHANGES RELATED TO COUNTERACTING THE NEGATIVE EFFECTS OF COVID-19 PANDEMIC

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In order to counteract the negative effects of COVID-19 pandemic, significant tax changes regarding the settlement of **personal income tax (PIT)** and **corporate income tax (CIT)** have been introduced.

Changes concerning personal income tax (PIT)

1. The raised income tax exemption limits will remain in force until the end of the tax year in which the state of epidemic announced due to COVID-19 is cancelled. It concerns:
 - a. financial aid from the funds of a workplace or inter-company trade union organization to employees belonging to that organization;
 - b. financial aid received in case of fortuitous events, natural disasters, long-term illness or death;
 - c. the benefits received by the employee from the Company Social Benefits Fund (ZFŚS) and holiday bonuses for employees' children and youth up to the age of 18 paid from other sources, as defined in the PIT Act;
2. **Stoppage benefits**, additional stoppage benefits, allowances to cover board and accommodation and benefits received under the COVID-19 Act will be **exempted from PIT for an indefinite period of time**;

Changes common for PIT and CIT

1. The **possibility not to include the outstanding liabilities in the income** in case of negative economic consequences due to the COVID-19 epidemic has been prolonged. In CIT this exemption shall apply no longer than until the end of the calendar year in which the state of epidemic declared due to COVID-19 has been cancelled.
2. With regard to PIT and CIT a **tax exemption on revenues from commercial buildings** has been introduced for the following periods:
 - a. from 1 March 2020 to 31 December 2020;
 - b. from 1 January 2021 until the end of the month in which the state of epidemic is cancelled – provided that the state of epidemic declared due to COVID-19 is in force after 31 December 2020.

3. In PIT and CIT, the wording of the provision regulating the “bad debt relief” has been changed **in case of taxpayers affected by negative economic consequences due to the COVID-19 epidemic:**

- a. in the case of PIT – the entitlement to bad debt relief may be applied after **30 days** from the expiry of the payment deadline specified in the invoice (bill) or in the contract, instead of 90, as previously provided. The change remains valid until the end of the calendar year in which the state of epidemic declared due to COVID-19 is cancelled;
- b. in the case of CIT – the entitlement to bad debt relief may also be applied after **30 days** from the expiry of the payment deadline, however, in the case of taxpayers whose tax year is different from the calendar year, the entitlement will apply to receivables covered until the end of that calendar year by the entitlement referred to in the CIT Act;

If you have any additional questions about tax or require further information, please contact your relevant contact person who will forward your enquiry to the department:

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Our specialist tax advisors, headed by Mrs. Aneta, are at your disposal. You will find the contact form on the getsix website.

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