Amendments to Tax Regulations in Poland

September – December 2014

Changes in calculation of time limits

New amendment to Tax Ordinance Act related to modifications in VAT shall become effective since 1 January 2015. The provision reading that "if the last day of a given time limit falls on Saturday or a legally established non-working day, then the day following such non-working day(s) shall be considered the last day of the said time limit", was extended by the phrase: "unless otherwise provided by tax laws".

This is because tax laws may provide for a situation where a deadline falling on Saturday or other non-working day is not postponed to the next day following such a non-working day according to general rules – therefore, the term expires on Saturday, Sunday or a holiday. Similar procedure has been introduced by means of amendment to the VAT Act concerning the entities that provide telecommunication, broadcasting and electronic services. Such taxpayers shall submit their VAT returns electronically not later than until 20th day of a month following the end of the settlement period, also in the case when such deadline falls on a Saturday or other legally established non-working day. In relation to other taxes, the deadline for submitting tax returns and effecting a corresponding payment shall be postponed in accordance with the rules being applied so far.

The Sejm has adopted the CFC amendment

The deputies to the lower chamber of the Polish parliament decided to amend the CIT and PIT Acts, which provide for issues such as levying taxes on the CFC (Controlled Foreign Corporations). According to the amended Acts, CFCs are companies where a Polish taxpayer holds at least 25% shares. Moreover, the revenues in such companies shall be financial in 50%. Another requisite is that such company must be located in a country where the taxes are lower by at least 25 per cent in comparison to the CIT rate applied in Poland.

The amendment also provides for levying a lump-sum personal income tax on the so-called cashback received by a taxpayer from a bank for maintaining a bank account, instead of a tax calculated according to the tax scale as it has been charged hitherto.

Moreover, new tax exemptions have been introduced, covering, among others, the benefits obtained as a result of admitted claims arising from excessive lengthiness of proceedings, as well as compensation for establishing easement of transfer.

New Free Trade Agreements

Since 1 September 2014, two new Free Trade Agreements concluded by the European Union with Moldova and Georgia have entered into force.

The Act introducing special hydrocarbon tax has been published

The Act on special hydrocarbon tax has been published.

The Act introduces a new special hydrocarbon tax to the Polish legal system. The said special hydrocarbon tax, i.e. tax on benefits from extraction of hydrocarbons, shall constitute an income of the State. According to the provisions of the Act, the hydrocarbons include: crude oil, natural gas and its naturally derived products, excluding methane present in black coal deposits and methane being an accompanying mineral deposit. The material scope of the tax covers natural persons, legal persons and organizational units without legal personality that conduct their activities in the area of extraction of hydrocarbons.

Total burden for the investor shall be the resource rent charged by the State authorities in the target amount of 40 percent. The rent shall be made up of a special hydrocarbon tax with the rate ranging from 0 to 25 per cent, depending on the income to expenditures ratio combined with tax on extraction of some resources.

The CFC amendment published
On 3 October 2014, the Act of 29 August 2014 r. on amendments to the Corporate Income Tax Act, the Personal Income Tax Act and to some other Acts was published (Journal of Laws Dz. U., item 1328). The amendment introduces regulations to the PIT and CIT Acts on the tax on Controlled Foreign Corporations (CFC).

New functionality in the e-Declarations system
Since 1 October 2014, the e-Declarations system has been adapted to receive applications for registration on the basis of the Mini One Stop Shop procedure.
The provisions on the Mini One Stop Shop shall become effective on 1 January 2015: the taxpayers that provide telecommunication services, radio and television broadcasting services, as well as electronic services for the benefit of non-taxpayers in the EU Member States where they do not have their registered offices, will be able to settle VAT payable due to provision of the aforementioned services via an Internet website in the Member State, where they have their identity number. Thanks to the system, the taxpayers can avoid separate registration in each of the Member States where their services are consumed.

Establishment of the Tax Law Codification Commission

Pursuant to the new Regulation adopted by the Government in October, the General Tax Law Codification Commission has been established under the auspices of the Minister of Finance, whose task will be to prepare the new draft Act to replace the current Tax Ordinance Act.

The purpose of new tax regulations shall be to ensure appropriate rights for the taxpayers and increase their sense of security. The tax regulations shall become clear, precise and friendly to the honest taxpayers and shall ensure an effective collection of tax receivables.
The Commission is formed by outstanding scientists and persons with excellent practical knowledge in the area of general tax law and tax collection procedures, appointed by the Prime Minister. The President of the Commission will create problem-solving teams composed of the Commission members in order to carry out specific tasks and will also invite external experts to take part in the sessions held by the Commission. The President will organize public hearings of people representing circles related to the application of general tax law.
The Commission shall be composed of 16 members. Its goal will be to prepare, not later than within 4 months, the directions for adopting comprehensive legal regulations in the area of general tax law. After that, the Commission will be responsible for preparing a draft Act and drafts of basic secondary legislation.

Amendment to the Tax Havens Act becomes effective

The provisions stating that the regulations blocking the transfer of corporate benefits to tax havens shall become effective from 1 January 2015 have already come into force.
The Act modifying the amendment to the CIT/PIT Acts makes it possible to impose Polish income tax on Controlled Foreign Corporations (CFC). It concerns companies established in the so-called tax havens, totally or partially belonging to Polish owners and shareholders. The tax shall be levied on a part of the income generated by foreign companies attributable to Polish owners or shareholders who hold at least 25 per cent of the shares in the relevant CFC’s capital.