

Husarski, Michalski Doradcy Podatkowi

PLANNED TAX LAW CHANGES PIT & CIT POLAND 2018

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Olczak-Klimek
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Extension of the thin capitalization on all forms of debt financing of the companies, incl. from unrelated parties

The income deductible cost will be only debt-related expenses up to a limit of 30% of EBITDA. The restrictions will cover not only financing between company, but also within company – between headoffice and the branch. New restrictions do not include costs of financing which value does not exceed PLN 3 million per year.

A separate tax regime for financial and operating activity

Separate tax treatment (maintaining a 19% tax rate) of financial activity and operating activity. The costs incurred for a given type of activity (eg financial costs) will be deductible only from revenues from the same source (financial income). The aim is to prevent the reduction of operating income by operating expenses. According to the project, banks, credit unions and financial institutions within the meaning of the Banking Law will be able to classify their revenues only to capital gains. The proposal is justified by the specific nature of the activities of these entities. The insurers will, however, include only those income from capital gains which are not earned in order to fulfill the obligations resulting from concluded insurance contracts.

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Limitation of deduction of the costs of intangible services

New restrictions will include intangible services provided by affiliates (directly and indirectly) and by entities from the tax haven. The earlier versions of the project were also extended to unrelated entities. The restrictions are to cover a wide range of advisory services (advisory services, market research, management and control, data processing, insurance, guarantees and sureties). Earlier versions of the project included restrictions on legal services, accounting and recruitment. The same restrictions apply to payments for licenses, trademarks and other property rights. Tax deductions will be capped at 5% EBITDA. The limit does not apply to expenditures not exceeding PLN 3 million per year.

New tax on commercial property

The tax payers will be subject to a new tax of 0,035% per month of the property value (for properties valued over PLN 10 m), if they are not exclusively or primarily used for their own purposes. This tax will be deducted from the advances on PIT/CIT.

Extension of the scope of controlled foreign companies (CFC)

Especially, repeal of the provision exempting from the obligation to submit declaration and to pay tax by controlled foreign companies whose revenue does not exceed the equivalent of EUR 250,000.

Changes in the scope of Capital Tax Group (PGK)

New solutions are to facilitate the establishment of PGK. It is also permissible to change the composition of PGK if it is the result of internal restructuring.

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Change of lump sum tax from private rental



An annual quota limit of PLN 100,000 has been introduced that determines the possibility of applying a lump sum on rental income to which a flat rate of 8.5% applies and introduces a lump sum of 12.5% above that amount.

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Increasing the limit of fixed assets or intangible assets enabling to recognize the expenses on them as income deductible expenses

The value of the limit allowing the cost of the purchase of fixed and intangible assets to be deducted from the tax costs will be increased from PLN 3,500 up to PLN 10,000 in both PIT and CIT.

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During the year income tax monthly payments will be due only if their amount exceeds PLN 1,000 PIT / CIT

The taxpayers will not be required to pay an advance, if the amount of the advance payable as the difference between the tax due on income earned since the beginning of the year and the sum of advances paid from the beginning of the year, does not exceed PLN 1,000.

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Raising the limit of 50% tax cost

Important for programmers, writers, copywriters and journalists

The tax cost of the creator for the assignment of the ownership rights, of the exercising of copyright by creators, license fees, etc., may not exceed in total PLN 85,528. Previously PLN 42,764.

Increase of the tax-free amount and the amount of some PIT tax-free income

A new provision which increase the tax-free amount in calculating PIT according to a tax scale. Also, some amounts of the tax-free income were increased, such as from social fund, income from exchange of things or rights, value of benefits from social fund, the value of some winnings in contests, a surcharge to rest.

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