



March 2020

## Anti-crisis shield to counteract the COVID-19 pandemic – tax related considerations

**On 18 March 2020, at the meeting of the Cabinet Council, the Government presented the key assumptions of the project entitled "The Economic and Social Anti-Crisis Shield for the Security of Companies and Employees in the Face of the COVID-19 Virus Pandemic".**

The project extends the proposals of the Ministry of Development made last week.

The key tax related proposals, which, as per the previous announcements, are to be included in the package can be found below.

### Retrospective settlement of tax loss

One of the proposals made as part of the anti-crisis shield is the **possibility to deduct losses incurred in 2020 by means of CIT -8 return for 2019 (by correction)**. The tax loss incurred in a given year may be also deducted from the income earned in five consecutive years.

### Postponed deadlines

Additionally, **the entry into force of the new SAF-T-V7M file is to be postponed from 01 April 2020 to 1 July 2020** and VAT settlements are to be facilitated.

The deadline for obligatory entry of information on companies entered into the National Court Register (KRS) before 13 October 2019 to the Central Register of Beneficial Owners is to be postponed. As per the current legislation, the deadline expires on 13 April 2020, while **according to the Government's proposal it is to be postponed to 1 July 2020**.

### Social security contributions

On 17 March 2020, the President of the Polish Social Security Administration (ZUS) issued a special order.

Under the order, the entrepreneurs who have found themselves in a difficult situation may submit a **simplified application for deferment of the payment of contributions for February, March and April 2020** (for which the payment deadline expires on 10 or 15 March, April and May respectively) by **3 months**.

It must be stressed, however, that it will be subject to discretionary assessment.

Moreover, if the entrepreneur is in arrears in the payment of contributions and cannot repay them in one instalment, they can **apply for instalment settlement**. Once the settlement is signed, the enforcement proceedings will be suspended.

Moreover, enforcement of receivables from the period February - April 2020 will be suspended for taxpayers who until the end of January 2020 were not in arrears with social security contributions.

### Other changes

Other changes covered by the project include:

- postponed deadline for filing PIT returns;
- facilitations related to split payment mechanism;
- accelerated VAT refunds;
- possible recognition of expenses incurred due to cancellations

of tours by entities operating in the industries affected by the crisis as tax deductible costs;

- lift of the prolongation fee.

As announced at today's press conference, a bill providing detailed information on the solutions forming the package is expected to be presented later this week.

Moreover, the Minister of Finance announced that the tax on retail sales is to be deferred until the end of the year.

### How can KPMG assist you?

We offer:

- assistance in business crisis management, including the development of a strategy for the use of tools provided by the special act and substantive support in the entire process related to the use of anti-crisis shield tools, e.g. preparation of appropriate applications for deferred payment or instalment settlements in the area of social contributions, taxes, etc.;
- ongoing tax and accounting advisory, aimed at shielding companies from the negative effects of the pandemic, including, among others, the implementation of the SAF-T-V7M scheme, revision of pricing models, submitting data to the Central Register of Beneficial Owners or lodging tax returns;
- assistance in obtaining emergency financing and taking other actions to limit liquidity gaps.

If you would like to learn more about the issue discussed, please do not hesitate to contact us.

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