

April 2020

## Package of amendments constituting the "Anti-Crisis Shield" entered into force

**The Act amending the Act on Special Measures Related to the Prevention, Counteracting and Control of COVID-19, Other Infectious Diseases and Crisis Situations Caused by Them and Certain Other Acts (hereinafter: "the Package" or "the Act") was finally passed and published in the Journal of Laws of the Republic of Poland, and has entered into force. The amendments included therein are of special interest to all taxpayers.**

The review of the key tax-related measures included in the Package can be found below.

### Tax loss carryback

The new provisions **provide CIT and PIT taxpayers with a possibility to offset tax losses incurred in 2020 against taxable income declared in the 2019 tax return.** However, only the maximum of PLN 5 million loss incurred may be deducted and this will apply solely to taxpayers whose revenue in 2020 will be lower by at least 50 percent compared to 2019.

### Opt-out option for "small taxpayers" on tax advances in a simplified form

Under the Act, small taxpayers who in 2020 decided to pay PIT and CIT advances in a simplified form **may opt out of this form of making advance payments during the taxable year.**

### Social security contributions

**The Act also introduces exemptions from the obligation to pay social security contributions**

**due for the period from 1 March 2020 to 31 May 2020 which may be applied for by:**

- remitters of social security contributions who on 29 February 2020 employed less than 10 persons subject to social security contributions, provided that they were reported as remitters before 1 February 2020;
- remitters of social security contributions conducting non-agricultural business activity paying social security contributions only for themselves, provided that they were operating before 1 February 2020 and that their revenue from business activity in the month to which exemption applies was not higher than 300 percent of the prognosed average wage for 2020.

The application for exemption from the obligation to pay social security contributions may be submitted by 30 June 2020, on paper or as an electronic document signed with a qualified electronic signature, a trusted signature or a personal signature, using the information profile created in the IT system of the Polish Social Security Administration.

### Exemption from bad-debt relief

The package also provides for an **exemption from the obligation to increase the debtor's taxable base by payables that have not been paid or settled in any other form in 90 days from the date of expiry** for the settlement periods falling in 2020, provided that in the given settlement period the taxpayer

suffered negative economic consequences of the pandemic and their income was at least 50 percent lower than in the corresponding period of the previous taxable year.

### Support in the fight against COVID-19

The provisions passed are different from the previous version in terms of tax incentives provided to support the fight against the COVID-19 pandemic.

Current measures provide for income tax deductions (in PIT and CIT) on donations made to counteract the COVID-19 pandemic to health care providers, the Material Reserves Agency and the Central Sanitary and Anti-Epidemic Reserve Base from 1 January to 30 September 2020 (draft provided for deductions throughout 2020). It should be noted that under the new provisions, the deductible amount depends on the timing of the donation, i.e.:

- by 30 April 2020 – deductible amount shall be equal to 200 percent of the donation;
- in May 2020 – deductible amount shall be equal to 150 percent of the donation;
- from 1 June 2020 to 30 September 2020 – deductible amount shall be equal to 100 percent of the donation.

Moreover, **taxpayers will be entitled to make one-off tax depreciation write offs from the initial value of fixed assets** purchased in order to produce goods to counteract COVID-19 pandemic (such as protective masks or respirators).

Taxpayers will also be entitled to deduct qualifying costs of R&D aimed at developing products necessary to counteract COVID-2019 pandemic.

### Temporary annulment of the prolongation fee and default interest

Additionally, the Package provides for a temporary annulment of the so-called prolongation fee, charged in the event of deferral or payment in installments of taxes and ZUS contributions due for the period starting on 1 January 2020, based on an application submitted during the state of epidemic threat or the state of epidemic and within 30 days from its recall.

Moreover, the Minister of Finance may, by way of a regulation, annul, in whole or in part, the collection of default interest on tax arrears, specifying the type of tax, the territorial scope of the annulment, the period in which the annulment remains in force and the target group to which the annulment applies, having regard to the duration of the state of epidemic threat and the state of epidemic due to COVID-19 and its repercussions.

### No stamp duty exemption on loans

Importantly, the **stamp duty exemption on loan agreements entered into until 31 August 2020** for entrepreneurs whose financial liquidity deteriorated following negative economic consequences of COVID-19 outbreak included in the initial version of the **bill was eventually removed from the Package.**

### Suspension of criminal liability measures for delayed submission of annual PIT returns

Under the Act, filing the annual tax return and settling PIT due after the statutory deadline, however not later than by 31 May 2020, **will be treated as filing a voluntary disclosure**

**statement**, which means that the tax authorities will not initiate any legal proceedings in relation to tax offences and will discontinue any pending ones.

### Suspension of all procedural and court deadlines

The Act also provides that during the state of epidemic threat or the state of epidemic announced due to COVID-19, all procedural and judicial deadlines in court, administrative court, enforcement, criminal, criminal tax and administrative proceedings and audits conducted under the Tax Ordinance Act as well as customs and tax audits **shall not begin to run, and the already running deadlines shall be suspended.**

### Postponement of other deadlines

The Act provides for postponement of a few other deadlines, including:

- for tax advances collected in March and April 2020 on revenues from service relationship, employment, home-based work, co-operative employment and contract of mandate and on social security cash benefits paid by taxpayers, **the obligation to collect and pay PIT advance payment shall be enforced until 1 June 2020**, provided that taxpayers have been subject to negative economic impact of COVID-19 outbreak;
- deadline extension for the **minimum commercial property tax payment** for the period March-May 2020 **to 20 July 2020** (provided that the taxpayer was subject to negative economic impact of COVID-19 outbreak in the given month and their revenue from business activity was lower by at least 50 percent compared to the previous months);

- extending from 1 April to **1 July 2020 the deadline for mandatory submission of new SAF-T files**;
- extending to **13 July 2020** 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**;
- extending the deadline for filling **transfer pricing return (TP-R) until 30 September 2020**, applies for tax years started after 31 December 2018 and ended before 31 December 2019;
- extending the deadline for **submitting a notification of payments made to an accounts from outside the so-called White List of VAT taxpayers (from 3 days to 14 days)**;
- postponement of the effective date of the **new matrix of VAT rates** from 1 April 2020 to **1 July 2020**;
- the **tax on retail sales** is to be deferred until **1 January 2021**;
- the deadlines **for mandatory reporting of tax schemes** shall not start to run and the already running deadlines shall be suspended starting from 31 March until the day of recalling the state of epidemic threat or the state of epidemic, **however not later than until 30 June 2020**;
- applications for **binding ruling** submitted and pending before the date of entry into force of the Act and the applications submitted from the date of entry into force of the Act until the date of recalling the state of epidemic threat, and in the event of the state of epidemic being announced - until the day of its recall, a three-month deadline for issuing a binding ruling shall be **extended by another 3 months.**

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**Deadline extension for filling annual tax return CIT-8, IFT-2R and ORD-U tax forms as well as financial statements**

On 27 March 2020, a regulation of the Minister of Finance on extension of deadline for submitting tax returns on 2019 income (losses) and payment of tax by certain corporate taxpayers was published.

**Under the Minister's regulation, the deadline for submitting CIT-8 returns and payment of corporate income tax due for 2019 shall be extended for all taxpayers until 31 May 2020.**

For taxpayers that achieved only tax-exempt income or whose revenue consisted of revenue from work for public benefit (at least 80 percent), the deadline for submitting the returns will be extended until 31 July 2020.

**Under the Minister's regulation the deadline for preparing and submitting information on the agreements concluded with non-residents (ORD-U), which expire in the period from 31 March 2020 to 31 May 2020 – shall be extended up to 5 months after the end of the tax year, and, in the case of taxpayers who ended their taxable year within the period from 31 December to 31 January 2020, extending the deadline for submitting information on revenue derived by legal persons having no seat or place of management on the territory of Poland (IFT-2R) – up to 5 months after the end of the tax year.**

The regulation on the extension of deadlines for financial reporting was also published. It extends the **deadlines for preparing and approving the annual financial statements by 3 months**, and by 2 months for entities subject to the supervision of the Polish Financial Supervision Authority.

If you would like to learn more about the issues discussed, please do not hesitate to contact us at [mampytanie@kpmg.pl](mailto:mampytanie@kpmg.pl)

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## KPMG offices

### Warsaw

ul. Inflancka 4a  
00-189 Warsaw  
**Tel. :** +48 22 528 11 00  
**Fax:** +48 22 528 10 09  
kpmg@kpmg.pl

### Gdańsk

al. Zwycięstwa 13a  
80-219 Gdańsk  
**Tel. :** +48 58 772 95 00  
**Fax:** +48 58 772 95 01  
gdansk@kpmg.pl

### Kraków

ul. Opolska 114  
31-323 Kraków  
**Tel. :** +48 12 424 94 00  
**Fax:** +48 12 424 94 01  
krakow@kpmg.pl

### Katowice

ul. Francuska 36  
40-028 Katowice  
**Tel. :** +48 32 778 88 00  
**Fax:** +48 32 778 88 10  
katowice@kpmg.pl

### Poznań

ul. Roosevelta 22  
60-829 Poznań  
**Tel. :** +48 61 845 46 00  
**Fax:** +48 61 845 46 01  
poznan@kpmg.pl

### Łódź

ul. Składowa 35  
90-127 Łódź  
**Tel. :** +48 42 232 77 00  
**Fax:** +48 42 232 77 01  
lodz@kpmg.pl

### Wrocław

ul. Szczytnicka 11  
50-382 Wrocław  
**Tel. :** +48 71 370 49 00  
**Fax:** +48 71 370 49 01  
wroclaw@kpmg.pl



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