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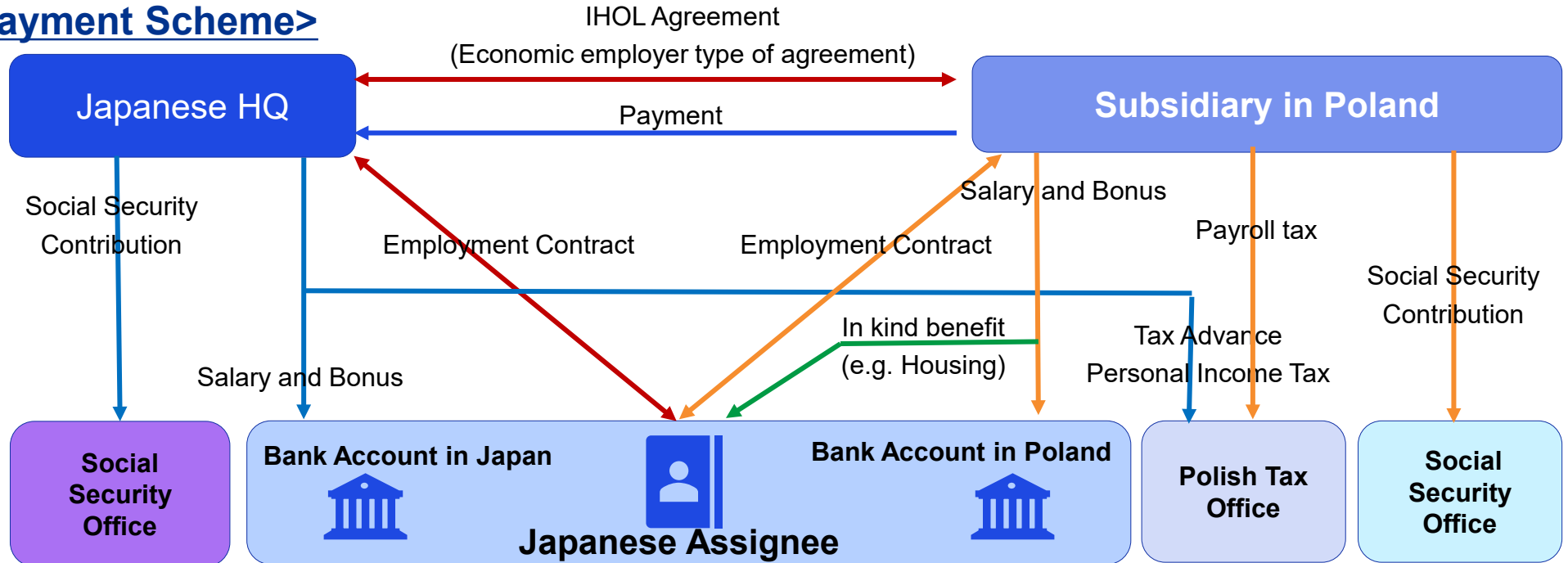
Tips and small update of Personal Income Tax (個人所得税の若干のアップデート)

March, 2025

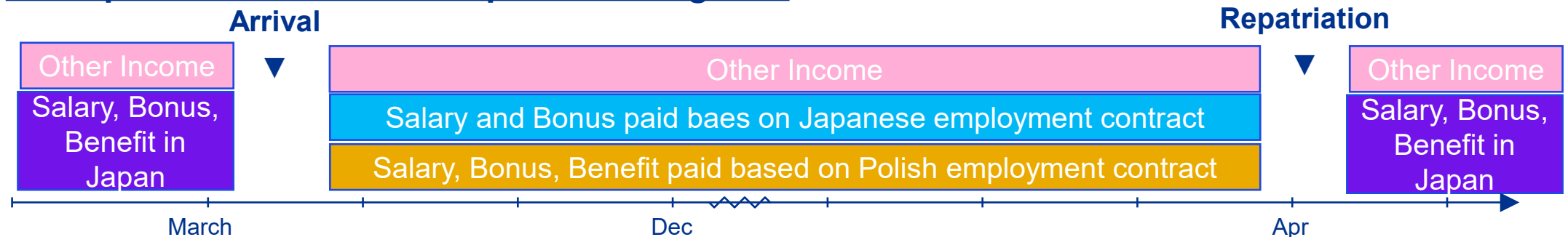


General scheme of multinationals in assignment to Poland

<Salary Payment Scheme>



<Component of Income of Japanese Assignee>



Key Concept (1) _POLISH TAX RESIDENCY RULES

-Whom and What income is subject to Polish Personal Income Tax-

	Tax resident in Poland	Non-resident in Poland
Major Condition	<p>More than 183 days in Poland in a year</p> <p>OR</p> <p>Personal or economic ties with Poland</p>	<p><i>*Polish source income: income generated from activities performed physically in Poland</i></p>
Income taxed in Poland	Income from <u>WORLDWIDE</u> sources <u>during the period of Polish tax residency</u>	Income from <u>POLISH</u> sources only - <u>during physical working days in Poland in a year</u>
Application of Double Tax Treaty with Japan	Income before assignment and (as a rule) after repatriation will not be subject to Polish Tax.	<p><u>Short term assignee exemption</u></p> <ul style="list-style-type: none"> • Less than 183 days stay in Poland • No income received from Polish entity or PE • No cost recharge from Japan to Poland

Key Concept (2) _TAX COMPLIANCE

-When and How to pay-

	Payroll Tax	Tax advance	Annual Tax Return
Income subject to	Salary paid based on a Polish local contract	Salary paid based on a Japanese home contract	All income subject to Polish Tax (worldwide income in case of Polish tax resident)
Responsible to pay	POLISH EMPLOYER	EMPLOYEE	INDIVIDUAL
Deadline	20th day following the month when the salary was paid (for Jan - Dec)	*20th day following the month when the salary was received (for Jan – Nov) Salary received in Dec should be taxed and reported in Annual tax return	By 30 April of the year following the fiscal year (calendar year)
Tax rate	Progressive tax rates - 12% and 32%	Lower tax rate during the year - 12%, 32% rate can be applied	Progressive tax rates - 12% and 32% (and 4% solidarity levy over 1mln)
Social Security Contribution in PL	Should be calculated and paid	Not subject to SSC in PL	n.a.

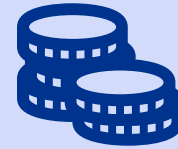
**Long term assignees should start the payment immediately after arrival. Business trip based assignees should start the payment after her/his stay in Poland has exceeded 183 days in a year. Then the tax advance should be calculated retrospectively with no late payment penalty.*

Key Concept (3) _ Polish personal income tax to be paid

-How much to pay-

① Employment Income

- Salary and Bonus
- Benefit
 - ✓ Housing
 - ✓ School fee
 - ✓ Company car, etc.



② Deductions/Relief

- Social Security to Poland/EU
- Donations
- Internet deduction
- Tax relief for qualified people, etc.

③ Tax Rate

Tax Base	Rate
-30,000	0%
-120,000	12%
-1,000,000	32%
1,000,000-	32+4%

① Employment Income – ②
Deductions/Relief

= Tax Base

Tax Base * ③ Tax Rate – ④
Tax Credit

= Tax to be paid



④ Tax Credit

- Child tax credit

	Tax credit / child (PLN)
For the first 2 children	1,112.04
For the third child	2,000.04
For further children	2,700.00

Example of Taxation to Other Income:

- Passive income (such as interest of bank deposit, dividend, capital gain, etc.): 19% flat rate
- Rental Income (Please see slide 44)

Lack of PIT from benefits for employees seconded from Poland to work abroad

Polish Supreme Administrative Court in sentences dated 1 August 2023 r. (sygn. akt II FSK 270/21) and 9 January 2024 (sygn. II FSK 434/21 and II FSK 1332/21) stated that, taking into account EU regulation regarding seconded employees and temporary character of place of work, value of benefits like transport (including flights) and accommodation in the place where work is performed - is PIT free

The above concerns mainly employers who delegate employees abroad for periods shorter than one year. These cases DOES NOT concern business trips – which are treated separately from delegation/secondment of employees

Polish Tax Authorities however, despite positive court verdicts, issue negative tax rulings stating that PIT is due

What now? Possible overpayments of PIT but also social security (ZUS) and health insurance (NFZ) to be claimed – but only after receiving positive court verdict





Thank You



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