



# GMS Flash Alert



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## Poland – COVID-19: Amendments Passed Enhancing ‘Anti-Crisis Shield’ Provisions

Poland’s government has enacted significant new tax, social security, benefits, and other fiscal measures to help the country combat – and cope with – the spread of COVID-19.

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 passed and published in the country’s Journal of Laws of the Republic of Poland (*Dziennik Ustaw*), and has entered into force.<sup>1</sup> (For prior coverage, see [GMS \*Flash Alert\* 2020-086](#), 20 March 2020.)

The amendments included in the Act should be of interest to all taxpayers. In this *GMS Flash Alert*, we focus on the measures affecting individuals (especially as concerns Personal Income Tax (“PIT”)) and their employers.

For the full report, including measures affecting companies, see “[Package of Amendments Constituting the ‘Anti-Crisis Shield’ Entered into Force](#)” in *Tax Alert*, a publication of the KPMG International member firm in Poland.

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### WHY THIS MATTERS

The series of measures ushered in by Poland’s government are intended to help combat the spread of COVID-19 in the country and to bring relief to individuals and their employers as they come to grips with the changed situation in their daily lives and business operations arising from the restrictions tied to work, travel, and daily life.

The government’s measures related to opt-outs, tax reductions, delayed payment obligations, enhanced tax-deductible COVID-19-related charitable contributions, suspension of legal proceedings tied to certain tax offences, and relief for other compliance obligations, should give taxpayers some very welcome breathing room to preserve their cash-flow and take additional time to organise their home, business, and tax affairs in these trying times.

## Tax Loss Carryback

The new provisions allow Corporate Income Tax (CIT) and PIT taxpayers to offset tax losses incurred in 2020 against taxable income declared in their 2019 tax returns. However, only the maximum of PLN 5 million in loss incurred may be deducted, and this will apply solely to taxpayers whose revenue in 2020 will be lower by at least 50 percent as 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 manner 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 no more 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 projected 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 Tax Rules

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. This is available on the condition that in the given settlement period the taxpayer suffered negative economic consequences of the pandemic and his or her income was at least 50 percent lower than in the corresponding period of the previous taxable year.

## Support in Fight against COVID-19

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

The adopted 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:

- 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 are entitled to make one-time tax depreciation write-offs from the initial value of fixed assets purchased in order to produce goods to counteract the COVID-19 pandemic (such as protective masks or respirators).

Pursuant to the Act, taxpayers are also entitled to deduct from income the qualifying cost for the R&D directed at developing products necessary to counteract the 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 the epidemic and within 30 days from its recall.

Moreover, the Minister of Finance may annul, by way of a regulation, 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 the 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 the negative economic consequences of the COVID-19 outbreak, which was 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 31 May 2020, should be treated as filing the voluntary disclosure statement, which means that the tax authorities will not initiate any legal proceedings in relation to tax offences and will discontinue the pending ones.

## **Suspension of All Procedural and Court Deadlines**

The Act also provides that during the state of epidemic threat or the state of the 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 bill provides for postponement of a few other deadlines, including:

- For tax advances collected in March and April 2020 on revenue from service relationships, employment, home-based work, co-operative employment and contracts 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 a negative economic impact due to the COVID-19 outbreak.

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### KPMG NOTE

Taxpayers who may be concerned by these measures should contact their qualified tax professionals. The tax team with the KPMG International member firm in Poland (see the Contact Us section) can assist with the preparation of appropriate applications for deferred payment or instalment settlements in the area of social contributions, personal income tax returns, and can address your questions about these modified tax compliance obligations.

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### FOOTNOTE:

1 For more information on what's contained the Act (in Polish), see the following the Polish government webpage: <https://www.gov.pl/web/tarczaantykrzysowa> . Additional information can be found at: <https://www.gov.pl/web/coronavirus> .

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### Please Take Our KPMG Survey on COVID-19 – Implications for Globally Mobile Employees

As the challenges of COVID-19 continue, multinational organisations must evaluate whether to initiate repatriation protocols and temporary or long-term responses for their mobile employees. The COVID-19 situation is evolving at a rapid pace, requiring organisations to quickly adapt to new protocols, behaviors, and potential policy changes as well as implement initial temporary and long-term employee support. As a result, **KPMG has developed a [spot survey](#) to identify how organisations are initially responding to the pandemic and managing their talent mobility globally during these complex times.** Please click [here](#) to begin the 5-minute survey. The survey may also be taken via mobile device. The closing date is Friday, April 3.

## Contact us

For additional information or assistance, please contact your local GMS or People Services professional or one of the following professionals with the KPMG International member firm in Poland:



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**The information contained in this newsletter was submitted by the KPMG International member firm in Poland.**

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