



GMS Flash Alert



2022-081 | April 12, 2022

Poland - Tax-Related Amendments to "Polish Deal" under Consideration

During a press conference held on 24 March 2022, Prime Minister Mateusz Morawiecki and Secretary of State at the Ministry of Finance Artur Soboń announced the planned tax-related amendments to the Polish Deal programme.¹

We provide a review of the proposed amendments in this *GMS Flash Alert*.

WHY THIS MATTERS

The changes in tax rates and other provisions in amendments being considered to the so-called Polish Deal aim to promote the government's objectives of a broader tax base, greater progressivity, support of families, and reducing the tax burden for those on lower incomes. (For prior coverage, see [GMS Flash Alert 2021-220](#), 25 August 2021.)

International assignment cost projections and budgeting for assignments to Poland and for assignees outside Poland still subject to Polish taxation should take into account the proposed changes, if enacted. Where called for, employers may need to make payroll adjustments and update hypothetical tax calculations for tax-equalised assignees. It is important to bear in mind that these measures are still only amendments under review/debate and do not (yet) have the force of law.

Each individual's tax status would have to be determined in light of his or her particular situation.

Reduced PIT Rate

The key change relates to PIT payers settling their taxes under general rules (i.e., disability and old-age pensioners, employees, contractors, and entrepreneurs), and consists of reducing the PIT rate for the first personal income tax bracket from 17 percent to 12 percent.

Changes to Health Insurance Premiums

The amendments may also allow for a reduction in the taxable base for the remitted health insurance contributions (up to a certain limit) for individuals who obtain revenue by means of a business activity subject to flat tax, fixed amount tax, or lump-sum tax on recorded revenue.

The annual deduction cap would be set as follows:

- For flat-tax payers, PLN 8,700,
- For lump-sum-tax payers, 50 percent of the amount of contributions paid, and
- For the premiums remitted by fixed-amount taxpayers, 19 percent (in the form of a tax reduction).

Elimination of the Middle-Class Relief

The announced amendments include elimination of the middle-class relief, with a reservation that taxpayers will still be able to settle the tax for 2022 according to the previously-applied rules (i.e., using the middle-class relief), if it proves more favourable for them.

Preferential Treatment of Families and Children

The amendments are to restore the possibility of filing a joint settlement by single parents and their children, meaning that single parents can use the tax-free allowance of PLN 30,000 twice. Joint settlements are to replace the PLN 1,500 relief introduced on 1 January 2022.

It was also proposed to increase the earning threshold that a child can achieve without losing tax preferences for his/her parents. This amount is to increase from PLN 3,089 to PLN 16,061.28 in 2022 (12 times the social pension).

Moreover, family pensions for parents of minor children will not be added to the parents' income. This means that a child will be treated as a separate taxpayer and enjoy the tax-free allowance of PLN 30,000, just like the parent.

Tax reliefs (tax relief for young taxpayers, return relief, relief for 4+ families, and relief for working seniors) are also to cover statutory maternity pay granted to parents and guardians of fostered children, meaning that no tax will be collected on such pay (up to the limit set for the above-mentioned reliefs).

New Deadlines for Submitting JPK_CIT and JPK_PIT

Under the proposed amendments, the deadline for submitting JPK_CIT and JPK_PIT forms would also be extended (the Polish Deal brought an obligation to electronically transmit data contained in accounting books in the form of a JPK document (SAF-T) – so far, the obligation only applied to information on VAT settlements). The deadline for submitting JPK (SAF-T) files for accounting books is to get postponed until 2025.

Other Changes Announced

Starting from 2023, the monument relief and lump-sum tax on untaxed income (commonly referred to as “tax abolition”) solutions will be revoked.

More favourable rules for applying the tax-free allowance to advance payments were also proposed. In case of a single contract, the tax-reducing amount will be PLN 300, and for two or three contracts, PLN 150, and PLN 100, respectively.

Consequently, multi-contract employees could enjoy the tax-free allowance at the stage of making tax advance payments.

The legislature also plans to repeal the obligation of double calculation of advances for 2022 and a single system for calculating advances is to be introduced instead. An extensive consultation process was launched on 24 March and continued to 2 April 2022. The amendments to the plan are intended to come into effect on 1 July 2022.

FOOTNOTE:

1 See (in Polish) *Projekt z dnia 26 lipca 2021 r.:*

<https://legislacja.gov.pl/docs/2/12349409/12805432/12805433/dokument514512.pdf> .

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PLN 1 = EUR 0.215
PLN 1 = GBP 0.179
PLN 1 = USD 0.233
PLN 1 = RUB 19.81

Source: www.xe.com

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