

GMS Flash Alert



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Poland - Amendments to "Polish Deal" Enacted

On 15 June 2022, the "Act Amending the Act on Personal Income Tax and Certain Other Acts," implementing the Polish Deal 2.0 programme (hereinafter "the Act"), was published in *Dziennik Ustaw*, the Polish Journal of Laws.¹

A review of the key amendments is provided in this *GMS Flash Alert*.

WHY THIS MATTERS

The changes in tax rates and other provisions contained in 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.

The amendments should be taken into account by international assignment cost projections and budgeting for assignments to Poland and for assignees outside Poland still subject to Polish taxation. Where called for, employers may need to make payroll adjustments and update hypothetical tax calculations for tax-equalised assignees.

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

Reduced Personal Income Tax (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 in reducing the PIT rate for the first personal income tax bracket from 17 to 12 percent. That rate applies, in general terms, to income up to PLN 120,000.

Changes to Health Insurance Premiums

Individuals who obtain revenue from business activity subject to the flat tax, fixed amount tax, or lump-sum tax on recorded revenue can reduce their taxable base by the amount of remitted health insurance contributions (up to a certain limit). The annual deduction cap for:

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

Elimination of the Middle-Class Relief

The amendments bring repeal of the middle-class relief, with a reservation that taxpayers can still settle their taxes for 2022 according to the previously applied rules (i.e., using the middle-class relief), if it proves more favourable for them.

Tax Scale for Taxpayers in the Lump-Sum Tax on Recorded Revenue or Flat-Tax Regime in 2022

Due to reduction of the PIT rate for the first personal income tax bracket from 17 to 12 percent, already applicable to income earned in 2022, the Act allows taxpayers who in 2022 apply the flat tax or lump-sum tax on recorded revenue to switch to taxation according to the tax scale.

Selection thereof will be possible:

- *ex post* (after the end of the tax year 2022) for the entire tax year for entrepreneurs who have opted for flat taxation;
- after the end of the tax year or until 22 August 2022 – for the second half of the year – for taxpayers who have opted for lump-sum taxation.

Setting the Deadline for All Annual PIT Settlements for 30 April

Under the Act, the deadlines for personal income tax taxpayers have been unified to make PIT-28 and PIT-28S annual returns due by 30 April of the subsequent tax year. The deadline extension is to apply already to PIT-28/PIT-28S annual returns submitted for 2022. Consequently, the deadline for settling lump-sum tax on recorded revenue for December and the last quarter of the tax year has also been extended.

Preferential Treatment of Families and Children

The amendments restored the possibility of filing a joint return by single parents together with 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.

Moreover, under the Act, the earnings threshold that a child can achieve without losing tax preferences by the child's parents was increased from PLN 3,089 to PLN 16,061.28 in 2022 (12 times the social pension).

New Deadlines for Submitting JPK_CIT and JPK_PIT

The Act provides for extension of the deadline for submitting JPK_CIT and JPK_PIT (SAF-T) forms. Additional obligations in this regard will be introduced from:

- 2024, for Corporate Income Tax (CIT) taxpayers with revenue for the previous tax year exceeding EUR 50 million or tax groups;
- 2025, for PIT and CIT taxpayers (other than those listed above) required to submit JPK_VAT files;
- 2026, for all the other CIT and PIT taxpayers.

Tax Abolition Repealed

“Tax abolition” provisions, brought into force on 1 January 2022, introduced the possibility of covering income that is subject to income tax in Poland, but has not been disclosed by the taxpayer or by the remitter for taxation in whole or in part, with a transitional lump-sum tax. Under the Polish Deal 2.0, however, tax abolition provisions have been repealed.

Next Steps

The essential part of the amendments brought by the Act entered into force on 1 July 2022.

FOOTNOTE:

1 To track the status and progress of the legislation, see the webpage for Poland’s parliament, the Sejm at: <https://sejm.gov.pl/Sejm9.nsf/PrzebiegProc.xsp?id=A2CD8F04765FCD4BC125874A00700F9B> .

For the text of the legislation (in Polish) as published, see: <https://isap.sejm.gov.pl/isap.nsf/DocDetails.xsp?id=WDU20210002105> .

(For prior coverage, see the following issues of *GMS Flash Alert*: [2022-103](#) (19 May 2022), [2022-081](#) (12 April 2022), and [2021-220](#), 25 August 2021.)

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PLN 1 = EUR 0.21
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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:



Andrzej Marczak
Partner and GMS Country Leader
Tel. + 48 22 528 11 76
amarczak@kpmg.pl



Mateusz Kobyliński
Partner
Tel. + 48 22 528 11 91
mkobyliniski@kpmg.pl



Grzegorz Grochowina
Deputy Director, Tax
Tel. + 48 12 424 94 90
ggrochowina@kpmg.pl

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