

# GMS Flash Alert

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## Poland – New PIT Cash Scheme for Entrepreneurs

On 30 October 2024, *the Act amending the Personal Income Tax Act and certain other acts*,<sup>1</sup> implementing a solution commonly referred to as the “cash PIT scheme,” applicable as of 2025, was promulgated through publication in the Polish “Journal of Laws” (*Dziennik Ustaw Rzeczypospolitej Polskiej*).

The scheme can be applied, on a voluntary basis, by entrepreneurs with revenue that in the preceding taxable year did not exceed PLN 1 million and those only commencing their business activity.

The new regulations are scheduled to take effect from 1 January 2025.

### WHY THIS MATTERS

Although there is yet an administrative step to be fulfilled, this new opportunity for entrepreneurs should help ease their overall tax administration burden and help with their cash-flow.

Foreign national entrepreneurs in Poland, subject to Polish tax law should consider working initially with tax professionals to determine steps that need to be taken in order to be in compliance with the new law.

### More Details

To use the cash PIT scheme, taxpayers may not keep books of account to document their business activities and must submit to the head of the tax office a written statement on the choice of the cash PIT scheme by 20 February of the taxable year, or, in the case of taxpayers starting a business activity during the taxable year, by the 20th day of the month following the month of the start of the activity.

Under new regulations, entrepreneurs will pay personal income tax only after they are paid for issued goods or performed services while expenses incurred to generate income will be eligible for deduction only upon payment for the purchased goods or services.

After two years from the date of invoicing, entrepreneurs will be required to recognise the business revenue, even if they have not yet received payment for the goods delivered or services rendered to the contractor.

## KPMG INSIGHTS

The rules in Poland related to the tax treatment of new start-up businesses and income from entrepreneurial activity can be challenging. Taxpayers impacted by this issue are encouraged to reach out to their qualified tax service provider or a member of the GMS/tax team with KPMG in Poland (see the Contacts section) for assistance or any questions they may have.

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### FOOTNOTE:

1 See "Rządowy projekt ustawy o zmianie ustawy o podatku dochodowym od osób fizycznych oraz niektórych innych ustaw" on the Sejm's website at:

<https://www.sejm.gov.pl/Sejm10.nsf/PrzebiegProc.xsp?nr=601> .

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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:



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