



MOORE REWIT TAX CHANGES

Summary of tax changes for 2021 r.



KEY CHANGES IN THE SCOPE OF TAX COMING INTO FORCE IN 2021

TAX	TYPE OF CHANGE	DESCRIPTION	EFFECTIVE DATE
CIT	TAXATION OF LIMITED PARTNERSHIP COMPANIES	<p>Limited partnerships will become CIT taxpayers. Consequently, both the company and its partners will be subject to taxation. However, the rules of taxation with income tax will look different in the case of general and limited partners of the company.</p> <p>The general partner will be able to deduct from the income tax on the dividend obtained, part of the CIT paid by the company, calculated on the basis of the ratio of the percentage share of the general partner in the profit of this company and the tax due on the income of this partnership.</p> <p>The limited partner will be subject to effective double taxation. However, an exemption from income tax is provided for the amount constituting 50% of revenues obtained by a limited partner on account of participation in profits in a company having its registered office or management board in the territory of the Republic of Poland, but not more than PLN 60,000 in a tax year, separately for participation in profits in any such limited partnership in which the taxpayer is a limited partner.</p> <p>The exemption will not apply to a limited partner of a company with its registered office or management board in Poland, who:</p> <ol style="list-style-type: none"> 1. holds directly or indirectly at least 5% of shares in a company having legal personality which is a general partner in this limited partnership or 2. is a board member of: <ul style="list-style-type: none"> — a company with legal personality which is a general partner in this limited partnership, or — a company owning directly or indirectly at least 5% of shares in a company with legal personality which is a general partner in this limited partnership, or 3. is an entity associated with a member of the management board or a partner of a company holding directly or indirectly at least 5% of shares in a company having legal personality which is a general partner in this limited partnership. 	<p>January 1, 2021 / May 1, 2021</p> <p>The limited partnership may decide that the new tax rules will apply from May 1, 2021.</p>
	TAXATION OF GENERAL PARTNERSHIPS	<p>As a result of the amendment to the CIT Act, general partnerships may also become CIT taxpayers. A general partnership will obtain the status of a CIT taxpayer only if the partners of the general partnership are not only natural persons and the general partnership does not submit information about the partners of this partnership who are taxpayers of PIT or CIT.</p>	<p>January 1, 2021</p>

<p>OBLIGATIONS RELATING TO REAL ESTATE COMPANIES</p>	<p>The introduction of a new definition of a real estate company results in the recognition as a real estate company the company which income mostly comes from the lease of real estate, but not a company that uses real estate for production or service activities.</p> <p>A real estate company which shares are sold, will be required to make an advance payment of 19% on income tax on the account of tax office, as a tax remitter, by the 20th day of the month following the month in which the income was generated, if:</p> <ol style="list-style-type: none"> 1) the party making the sale is an entity not having its registered office or management board in Poland or a natural person not residing in Poland, and 2) the subject of the sale transaction are, inter alia, shares representing at least 5% of the voting rights in a real estate company. <p>Moreover, the real estate company and its partners will be required, in some cases, to submit information about the shareholders of the real estate company.</p>	<p>January 1, 2021</p>
<p>INFORMATION ON THE TAX STRATEGY</p>	<p>To prepare information on the tax strategy and post it on the website of the taxpayer or its related entity by the end of the twelfth month following the end of the tax year will be required the following entities:</p> <ul style="list-style-type: none"> — Tax capital groups, regardless of the amount of revenues earned; — Taxpayers other than tax capital groups whose revenue value in the tax year exceeded the equivalent of EUR 50 million converted into PLN according to the average EUR exchange rate announced by the National Bank of Poland on the last working day of the calendar year preceding the year in which individual taxpayers' data was made public. <p>The Act contains a number of information that must be disclosed in the tax strategy. By the end of the twelfth month following the end of the tax year, the taxpayer is obliged to provide the head of the tax office with information about the website address where the tax strategy has been placed. If the information is not provided, the taxpayer is subject to a fine of up to PLN 250,000.</p>	<p>January 1, 2021</p>
<p>SUGAR TAX</p>	<p>The sugar tax is a charge for beverages with sweeteners and caffeine or taurine in a ready-to-eat product.</p> <p>The sugar tax applies to the placing on the domestic market of beverages with the addition of:</p> <ul style="list-style-type: none"> — sugars that are monosaccharides or disaccharides and foodstuffs containing these substances and sweeteners, — caffeine or taurine (ingredients primarily added to energy drinks). 	<p>January 1, 2021</p>

	<p>Some of the product categories indicated directly in the Act will not be subject to the sugar fee.</p> <p>The amount of the tax consists mainly of the following parts:</p> <ul style="list-style-type: none"> • PLN 0.50 for the content of sugars in an amount equal to or less than 5 g in 100 ml of drink, or for the content of at least one sweetener in any amount, • PLN 0.05 for each gram of sugar over 5 g in 100 ml of drink <p>- per liter of drink.</p>	
CHARGE ON ALCOHOL SOLD IN SMALL PACKAGING	<p>The charge on alcoholic beverages in packages with a size not exceeding 300 ml of the drink will be required to be paid by entrepreneurs who deliver this type of goods to entrepreneurs holding a permit for the retail sale of alcoholic beverages intended for consumption outside the place of sale. The fee will be PLN 25 for each full liter of 100% alcohol in these packages.</p>	January 1, 2021
NO POSSIBILITY OF SETTling THE LOSS AFTER RESTRUCTURING	<p>When determining the taxable income / loss, the taxpayer's losses from previous years will not be taken into account if the taxpayer acquired another entity or acquired an enterprise or an organized part of an enterprise, including by way of a contribution in kind, or received a cash contribution for which the enterprise or organized part of enterprises was acquired, as a result of which:</p> <ol style="list-style-type: none"> a) the subject of the basic business activity actually conducted by the taxpayer after such takeover or acquisition, in whole or in part, is different from the subject of the basic activity actually conducted by the taxpayer prior to such acquisition, or b) at least 25% of the taxpayer's shares are owned by an entity or entities that did not have such rights as at the end of the tax year in which the taxpayer suffered such a loss. 	January 1, 2021
INCREASE OF THE REVENUE LIMIT FOR THE APPLICATION OF THE 9% RATE	<p>In 2021, a greater number of taxpayers will be able to benefit from the reduced 9% CIT rate. The amendment to the tax laws provides for increasing the limit of revenues generated in a tax year from EUR 1.2 million to EUR 2 million. After the amendment, CIT at the 9% rate will be paid by taxpayers whose revenues will not exceed the amount expressed in PLN corresponding to the equivalent of EUR 2 million.</p>	January 1, 2021
The so-called ESTONIAN CIT - LUMP SUMS ON INCOME OF CAPITAL COMPANIES	<p>Limited liability companies and joint stock companies, including those that do not have shares in other entities and which total revenues from operations, including VAT, did not exceed PLN 100 million in the previous year and incurring capital expenditures, will be able to choose a new settlement system, resulting in a shift in the moment of the tax obligation arising.</p>	January 1, 2021

	<p>The taxpayer will be able to pay the tax only when the profit is paid out, and not when it is generated. The solution will be applicable only to some companies and requires the fulfillment of a number of conditions specified in the provision.</p> <p>Lump-sum taxation in the amount of 15% or 25% on the above principles will apply to income corresponding to the amount of net profit earned in the taxation period with a lump sum in the part in which this profit was allocated by a resolution to divide or cover the net financial result:</p> <ul style="list-style-type: none"> — for distribution to shareholders (income from distributed profit) or — to cover losses arising in the period preceding the taxation period with a lump sum (income from profit intended to cover losses). 	
SPECIAL INVESTMENT FUND	<p>A special investment fund can be an alternative to the Estonian CIT. The provisions of the Fund are intended for the same taxpayers and require meeting the same conditions.</p> <p>Taking advantage of the rules of a special investment fund, unlike the Estonian CIT, does not deprive of the possibility of using other reliefs and preferential taxation.</p> <p>The adopted regulations allow for a one-off tax deduction of expenses intended for the purchase of certain fixed assets, which will be made in the future, i.e. an earlier reduction of the tax base.</p> <p>The use of the Fund's rules is profitable for entrepreneurs who have not yet incurred expenses related to planned investments in the next year, and who achieved income in 2020. The fund will be supplied with the profit earned in the previous tax year.</p>	January 1, 2021
RELIEF FOR ROBOTISATION	<p>According to the assumptions, the robotization relief is to be similar to the existing R&D relief and consist in reducing the final costs related to the investment undertaken.</p> <p>The relief for robotization is to deduct from the tax base 50% of eligible costs related to investments in robotization, such as:</p> <ul style="list-style-type: none"> — purchase or leasing of new robots and cobots, — software purchase, — purchase of accessories (e.g. tracks, turntables, controllers, motion sensors, end effectors), — purchase of occupational safety and health (OHS) equipment, — training for employees who will operate the new equipment. 	<p>No regulations</p> <p>Effective date unknown - planned second quarter of 2021 or second half of 2021.</p>
WITHHOLDING TAX / WHT	<p>In the announcement, the Ministry of Finance informs that work is currently underway on issuing regulations (in CIT and PIT), on the basis of which the entry into force of the WHT refund procedure will, in certain cases, be postponed until June 30, 2021, similar to the regulations issued so far.</p>	2021

TAX	TYPE OF CHANGE	DESCRIPTION	EFFECTIVE DATE
VAT	INVOICE CORRECTION	<p>Resignation from the requirement to obtain a confirmation of receipt of a correcting invoice from the purchaser of goods or services. The regulations make it possible to reduce the tax base at the time of issuing a correcting invoice. However, there is a requirement to have commercial documents in the form of contract annexes, commercial correspondence, as well as proofs of payment, in order to demonstrate that the principles of reducing the tax base related to the supply of goods or services have been agreed with the purchaser / service recipient and that these conditions have been met.</p> <p>The purchaser will be obliged to reduce the amount of input tax in the settlement for the period in which the conditions for reducing the tax base were agreed.</p> <p>If the tax base has increased, the correction of this tax base shall be made in the settlement for the tax period in which the reason for the increase in the tax base occurred.</p> <p>Importantly, it is possible to apply in 2021 the previously applicable rules for recognizing corrective invoices "in minus", based on confirmation of receipt of the correcting invoice by the purchaser. However, the choice of such a solution requires an appropriate written agreement between the seller and the purchaser. This agreement must be concluded before the first corrective invoice is issued in 2021.</p>	January 1, 2021
	FOREIGN CURRENCY CONVERSION	<p>The amounts used to determine the tax base specified in a foreign currency may be converted by the taxpayer into PLN in accordance with the rules of converting revenue specified in a foreign currency resulting from the provisions on income tax applicable to that taxpayer for the purpose of settling the given transaction.</p> <p>The choice of the above conversion principles results in the need to apply them for at least 12 consecutive months from the month in which they were selected.</p> <p>In the event of resignation from the above conversion rules, there is an obligation to apply them for at least 12 consecutive months, counting from the beginning of the month following the month in which the conversion rules were abandoned.</p>	January 1, 2021

<p>EXTENSION OF THE DEADLINE FOR THE EXPORT OF GOODS TO KEEP THE 0% VAT RATE</p>	<p>The new wording of the regulations indicates that the 0% VAT rate in the export of goods applies to payments received, if the taxpayer has received all or part of the payment before the delivery of the goods, provided that the goods are exported within 6 months from the end of the month, in which the taxpayer received the payment, and the taxpayer within that period received a document confirming the export of the goods outside the territory of the European Union.</p> <p>In 2020, the deadline for the export of goods to maintain the 0% rate when taxing advances related to export of goods was 2 months.</p>	<p>January 1, 2021</p>
<p>REDUCTION OF THE AMOUNT OF TAX PAYABLE</p>	<p>If the taxpayer has not reduced the amount of tax due within the time limits referred to in paragraph 1. 10, 10d and 10e, of Article 86 of the VAT Act may reduce the amount of tax payable on the tax return for one of the next three periods billing, and in the case of a taxpayer referred to in Article 99 paragraph 2 and 3 (small taxpayers using the cash method), in the tax declaration for one of the next two tax periods.</p> <p>Until the end of 2020, it was possible to reduce the amount of tax due in the tax return only for one of the next two tax periods.</p>	<p>January 1, 2021</p>
<p>TAX FREE SYSTEM</p>	<p>The current procedure for issuing, confirming and settling TAX FREE documents will be carried out through the TAX FREE electronic document flow, registered in the national system for handling documents, which are the basis for VAT refund to travelers, on the Electronic Tax and Customs Services Platform (PUESC).</p> <p>Registration on the Electronic Services for Tax and Customs Services will be possible from July 1, 2021.</p> <p>Sellers from whom the purchase of goods gives the possibility to apply the tax free procedure will be required to keep, in electronic form in the TAX FREE system, records containing data allowing for the correct tax settlement in the system of tax return for travelers, in particular the following data:</p> <ol style="list-style-type: none"> 1) concerning the supply of goods and the tax base, the amount of tax due, the tax rate; 2) data of travelers necessary for their identification; 3) regarding confirmation of the export of goods outside the territory of the European Union; 4) regarding tax refund. <p>The seller will issue the TAX FREE electronic document using the TAX FREE system. The seller will issue the traveler with his consent the TAX FREE electronic document, sending this document in a manner agreed with him, or a printout of the TAX FREE electronic document</p>	<p>January 1, 2022</p>

TYPE OF CHANGE	DESCRIPTION	EFFECTIVE DATE
BREXIT	<ul style="list-style-type: none"> • The movement of goods between Poland and Great Britain will be treated as export or import of goods, which will have consequences for the application of the 0% rate for export and settlement of VAT on import; • For VAT refunds to entities established in the UK, the procedures applicable to non-EU entities will apply; • No need to submit intracommunity INTRASTAT for transactions; • Mail order sales from the territory of Poland to UK will be treated as export / import of goods; • The provision of services to British taxpayers will be treated as the provision of services to taxpayers from the third countries, and as a consequence, EU provisions on the provision of services will not apply - no obligation to show transactions in the VAT-EU information; • A taxpayer established in UK will be obliged to appoint a tax representative to perform VAT obligations in Poland, in a situation of obligation to register as an active VAT taxpayer and not having a permanent place of business in the EU; • Importing goods from the UK will require customs declarations, resulting in the goods being placed under a customs procedure; • The export of goods to UK will be reported to the export procedure, and the confirmation of the completion of the procedure of export and removal of goods from the customs territory of the EU will be the electronic message IE599, which is proof for the tax authority in the scope of the application of the 0% VAT rate; • WHT (withholding tax) remitter will apply preferential taxation rules resulting from the double taxation treaty (DTT) concluded between Poland and UK. Taking advantage of the reduced tax rates or exemptions will require the tax remitter to have a valid certificate of residence. 	January 1, 2021

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