INTERGEST® WORLDWIDE

Newsletter 01 / 2011
InterGest Poland
Janusz Tunkiewicz

The New Year has brought a number of changes pertaining to VAT, CIT and PIT. Please find below the major changes effective as of 1 January 2011.

VAT

1. Several amendments to the VAT Act entered into force on 1 January 2011, thus jointly constituting the greatest change of the said tax since 2004.

   From 1 January 2011 the basic tax rate amounts to 23% and the reduced rates amount to 8% and 5%, respectively. The long-term plan provides for further increases in the VAT rates, if the level of public debt of Poland exceeds the so-called prudential threshold of 55%. Due to the change of the VAT rates, several interim provisions have been introduced that regulate the rules of transition to the new rates and the ultimate return to the VAT rates applicable at the end of 2010.

2. Pursuant to the adopted amendment, the Polish Classification of Products and Services (Polska Klasyfikacja Wyrobów i Usług - PKWiU) of 1997 will no longer be used for VAT purposes, being replaced with the PKWiU of 2008. Due to the significant differences between the two classifications, in order to determine the correct VAT rate for a given product or service, it is necessary to verify the practices applied so far.

3. The appendix number 4 to the Act - including the list of exemptions - has been deleted and the said list has been included directly in Article 43 of the VAT Act. It should be pointed out that the scope of many exemptions has been modified, thus it is necessary to verify the practices applied so far.

4. New rules have been introduced with regard to the settlement of gratuitous delivery of goods and gratuitous provision of services.

5. The changes in the VAT Act have introduced new regulations with respect to the manner of specification of the right to deduct VAT charges in relation to the purchase of a real property used within the scope of the conducted business activity and for private purposes.

6. The changes in the regulations provide that from 1 January 2011 until the end of 2012 purchasers and lessees of passenger cars equipped with a cargo partition, who until the end of 2010 had the right to a full deduction of tax, will be permitted to deduct only 60% of the VAT amount, and not more than 6,000 zlotys. Moreover, deduction of tax on purchased fuel for such cars will no longer be possible. This applies also to vehicles purchased on the previous, favourable terms.

CIT

1. The long-announced exemptions for foreign investment and pension funds (from the EU and EEA member states) have been introduced.

2. Pursuant to the amendments to Article 20 clause 3 point 4 and Article 22 clause 4 point 4 of the CIT Act, it was specified that the exemption under the said provisions is possible only on the condition that the company earning income (revenues) from

THE ART OF BEING LOCAL WORLDWIDE

INTERGEST® POLAND

InterGest Poland Sp. z.o.o.
Director : Janusz Tunkiewicz
Our office:
ul. Królewska 27
00-060 Warszawa,
Polen

Tel: + 90 212 465 33 20
Fax:+ 90 212 465 33 02

newsletter@intergest.com
www.intergest.com/poland

INTERGEST®
WORLDWIDE

dividends and other revenues on account of participation in profits of legal entities is not exempt from income tax, irrespective of the source of the latter.

3. New rules have been introduced with regard to determining the initial value of assets constituting a contribution in kind to a company in the form of an enterprise or its organised part.

4. Income from the sale of shares or stocks to a company for the purpose of their redemption is no longer classified as income from participation in profits of legal entities.

5. The amended provisions of the CIT Act have introduced new rules of taxation with respect to the settlement after liquidation and withdrawal from the partnership.

PIT

1. New provisions have been introduced with regard to the taxation of income earned by natural persons on account of participation in partnerships,

2. Rules of filing joint tax returns by married couples have been modified (by way of an automatic extension of the possibility of filing joint tax returns at the request of one of the spouses only in the subsequent fiscal years, upon fulfillment of specific conditions),

3. The term “single parent” used for purposes of joint tax settlement with a child has been narrowed down in order to specify the group of persons entitled to such settlement,

4. A possibility has been introduced to apply a tax exemption in respect of the purchase of shares of companies within the scope of incentive programs, irrespective of the manner of purchase of such shares, which will also apply to companies whose registered seats are located in other EU and EEA member states.

5. Several changes have been introduced to the rules of documenting tax reliefs and exemptions, including, inter alia, the Internet relief and rehabilitation reliefs, extension of the exemption pertaining to benefits on account of employees’ accommodation to a certain limit (applicable to all forms of such accommodation).

The changes indicated above constitute only a part of the changes in taxes that will affect your business activity in 2011. Should you need a detailed interpretation of specific examples related to the aforementioned issues, please contact:

Janusz Tunkiewicz
T: +48 22 6533557
E: janusz.tunkiewicz@intergest.com

THE ART OF BEING LOCAL WORLDWIDE

INTERGEST®
POLAND

InterGest Poland Sp. z.o.o.
Director : Janusz Tunkiewicz
Our office:
ul. Królewska 27
00-060 Warszawa,
Polen

Tel: + 90 212 465 33 20
Fax:+ 90 212 465 33 02

newsletter@intergest.com
www.intergest.com/poland

INTERGEST®
WORLDWIDE