

Poland publishes decree deferring certain provisions of new withholding tax reform

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On 30 December 2019, a decree further deferring the application of the key amendment to the new withholding tax (WHT) regime was published in the *Journal of Laws of the Republic of Poland*.

Under the decree, the default obligation to collect WHT at the statutory rates of 19% or 20%, regardless of relief at source available under a tax treaty or domestic exemption based on the European Union (EU) directives (unless special procedures are followed), has been further deferred until the end of June 2020.

As background, the key changes under the WHT reform introduced as of 1 January 2019 include:

- ▶ The obligation to collect WHT at the statutory rates of 19% or 20%, regardless of relief available under a tax treaty or domestic exemption based on the EU directives (pay and refund system). This obligation was originally deferred until the end of June 2019,¹ then deferred again until the end of December 2019,² and the latest decree published on 30 December further defers this obligation to 30 June 2020.
- ▶ A new, more rigid definition of the beneficial owner (already effective).
- ▶ The Polish tax remitters' explicit obligation to exercise due diligence to determine if the payment recipient is eligible to benefit from relief at source (already effective).

It is important to note that other stringent elements of the reform were not subject to deferral and have already been effective as of 1 January 2019. That is, the Polish tax remitter is now obliged to exercise due diligence to determine if the payment recipient is eligible to benefit from relief at source. The new, more rigid definition of the beneficial owner is also already in force.

The additional time resulting from the postponement to collect WHT at the statutory rates of 19% and 20% is a good opportunity for taxpayers and tax remitters, making cross-border payments, to analyze the impact of the new WHT regime and to secure their tax positions.

Endnotes

1. See EY Global Tax Alert, [Poland's Ministry of Finance publishes decree deferring certain provisions of its new withholding tax reform](#), dated 11 December 2018.
2. See EY Global Tax Alert, [Poland defers key impact of withholding tax reform](#), dated 2 July 2019.

For additional information with respect to this Alert, please contact the following:

EY Doradztwo Podatkowe Krupa sp.k., Warsaw

- ▶ Andrzej Broda andrzej.broda@pl.ey.com
- ▶ Marcin Opilowski marcin.opilowski@pl.ey.com
- ▶ Michał Koper michal.koper@pl.ey.com
- ▶ Magdalena Piec magdalena.piec@pl.ey.com

EY Doradztwo Podatkowe Krupa sp.k., Wrocław

- ▶ Sebastian Ickiewicz sebastian.ickiewicz@pl.ey.com

Ernst & Young LLP (United States), Polish Tax Desk, New York

- ▶ Sylwia Migdał sylwia.migdal1@ey.com
- ▶ Joanna Pachnik joanna.pachnik1@ey.com

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