

Poland announces package to mitigate economic impact of COVID-19

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Executive summary

The Government of Poland is working on measures to support the economy in response to the COVID-19 impact. The proposed tax measures focus on deferring payment of certain taxes and postponing previously announced changes to the tax law. There are certain conditions that must be met to apply the measures. The official draft law has not been published yet but it is expected that it will not deviate significantly from the information announced to date.

Detailed discussion

The proposed actions cover, among others, such areas as labor law, social security regulations and various tax provisions. The measures related to taxation are expected to cover the following:

- ▶ The deadline for personal income tax (PIT) remitters to pay advance payments on salaries for March and April to the tax office is postponed until 1 June 2020.
- ▶ The deadline for so-called "large enterprises" to file new JPK_V7M forms (SAF that is to replace monthly VAT returns) is postponed until 1 July 2020.
- ▶ Tax losses for 2020 can be carried back and deducted (up to ca. \$1.25m) against taxable profit for 2019, if the taxpayer's revenue dropped by 50% (applicable to PIT and corporate income tax - CIT).

- ▶ So-called "small taxpayers" may resign from simplified tax advances (calculated based on annual tax payable in the previous tax year) and pay monthly advances based on an actual year-to-date profit from March until December 2020 (applies to PIT and CIT).
- ▶ "Bad debt relief," which obliged debtors to treat as taxable revenue liabilities which they first recognized as deductible but did not settle within a given period of time, will be suspended.
- ▶ In certain situations, deadlines for filing Mandatory Disclosure Rules reports and TP-R (special transfer pricing return) will be postponed.
- ▶ Donations for actions to mitigate the effects of COVID-19 should be tax deductible.
- ▶ The minimum tax on buildings due for March, April and May 2020 can be deferred until 20 July 2020.

- ▶ The Ministry of Finance will be able to postpone certain reporting deadlines (e.g., to file financial statements) but details are forthcoming.
- ▶ Tax proceedings (including tax audits) could be suspended by the tax authorities or on a taxpayer's request subject to the tax authorities' assessment.
- ▶ Deadlines for issuing tax rulings can also be extended over the statutory three months.

It is important to bear in mind that some of the proposed measures which defer deadlines for certain tax obligations will require actions from taxpayers and the filing of particular motions with an appropriate justification.

It is expected that the final version of the act will be ready by the end of this week with an expected effective date at the beginning of April.

Future Alerts will report on new developments in this area.

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