

## Polish Ministry of Finance publishes decree deferring certain provisions of the new withholding tax reform to 30 June 2021

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On 30 December 2020, the Ministry of Finance published a decree dated 28 December 2020 (the Decree), which defers the introduction of the withholding tax pay and refund system until 30 June 2021.

This is a further extension of the deadline for the introduction of a new withholding tax (WHT) collection mechanism. The introduction of this new mechanism was initially planned for 1 January 2019, subsequently it was rescheduled several times, with the previous effective date planned as of 1 January 2021.

For more information on the pay and refund system, see EY Global Tax Alert, [Poland defers certain provisions of new withholding tax reform to 1 January 2021](#), dated 24 June 2020.

It is important to note that other stringent provisions of the reform were not subject to deferral and have already been effective as of 1 January 2019. Accordingly, the Polish tax remitter is 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 now in force.

The additional time resulting from the postponement to collect WHT at the statutory rates of 19% and 20% should allow the taxpayers and tax remitters to analyze the impact of the new WHT regime and to secure their tax positions in view of the new rules which require a proactive approach to benefit from relief at source, including the tax authorities' WHT clearance opinion available in certain situations.

The Ministry of Finance has also announced that certain further amendments to the pay and refund rules should be expected in 2021.

Future Tax Alerts will cover further developments in this and other areas.

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