

# Introduction to Polish Tax Law



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**Art. 217.** The imposition of taxes, as well as other public imposts, the specification of **those subject to the tax and the rates of taxation**, as well as **the principles for granting tax reliefs and remissions**, along with categories of **taxpayers exempt from taxation**, shall be **by means of statute**.

# Definition of a tax



**tax** - a gratuitous, compulsory, non-repayable pecuniary performance made under public law in favour of the State Treasury, a *voivodeship*, a *poviat* or a *gmina*, resulting from statutory tax law.

# Structural components of a tax:



- **subject of taxation,**
- **object of a taxation,**
- **tax base,**
- **tax rates,**
- **tax reliefs and exemptions,**
- **time limits for payment and**
- **conditions of payment**

# Subject of taxation



**taxpayer** – a natural person, a legal person or an organizational unit having no legal personality that is subject to tax liability by virtue of the tax Acts.

**tax authority** - a subject representing a public-legal entity competent to carry out acts connected with assessing and collecting taxes.

**tax remitter** – a natural person, a legal person or an organizational unit having no legal personality obliged, on the basis of the provisions of tax law, to calculate and collect tax from a taxpayer and to pay it, within appropriate time limits, to the tax authority.

**tax collector** - a natural person, a legal person or an organizational unit having no legal personality obliged to collect tax from a taxpayer and to pay it in due time to the tax authority.

# Tax authorities



- **State tax authorities**
- **Local tax authorities**



## **1. First instance**

**heads of revenue offices,  
heads of customs offices,**

## **2. Second instance**

**directors of fiscal chambers,  
directors of customs chambers,**

# Local tax authorities



## **1. First instance**

the *voit* (the mayor, the president of a city)

## **2. Second instance**

self-government board of appeal



# Tax classification



1. the State budget taxes
2. municipality (gmina) budget taxes

# The State budget taxes



- **goods and services tax,**
- **excise tax,**
- **legal persons' income tax,**
- **natural persons' income tax (including tax paid in a lump-sum, i.e. a lump-sum from registered revenues, a lump-sum of income tax from clergy, tonnage tax)**
- **games tax,**

# Municipality (gmina) budget taxes



- **real estate tax,**
- **agricultural tax,**
- **forestry tax,**
- **tax on means of transport,**
- **donation and inheritance tax,**
- **tax on civil law acts,**
- **natural persons' tax paid in a form of a tax card.**

# From tax liability to tax arrears





**tax liability** - unspecified duty, resulting from tax Acts, to make a compulsory pecuniary performance in relation to the occurrence of an event specified by such Acts.

**tax obligation** - an obligation of the taxpayer, resulting from a tax liability, to pay a tax in favour of the State Treasury, a voivodeship, powiat or gmina in the amount, time limits and place determined in the provisions of tax law.

**tax arrear** - tax, which was not paid within the time limits for such payment

**default interest** – due to pay accrue on tax arrears

# The manners of tax obligations arising



## **By operation of law**

A tax obligations arise on the day when an event occurs, with which statutory tax law associates the creation of such obligation;

As a rule a taxpayer perform self-calculating tax in submitting tax return. If the tax authority establishes that the taxpayer, in spite of the liability borne by him, has not paid the tax in whole or in part or that the amount of tax obligation is different from that disclosed in the tax return, the tax authority shall issue a decision assessing the amount of tax liability.

## **In result of serving a decision assessing the amount of tax obligation**

A tax obligations arise on the day when a decision of a tax authority is served whereby the amount of such obligation is determined.

It is necessary to serve a decision of a tax authority whereby the amount of tax obligation is determined. Only after that tax obligation can arise.

# Personal Income Tax



# Personal Income Tax Act of 26 July 1991



Personal

**income = difference between the sum of receipts (both in cash and in kind) and related expenses**



## Sources of income covered by the Naturals' Income Tax



- **income from dependent services, including employment and pension income,**
- **income from independent services,**
- **income from business,**
- **income from particular agricultural sectors,**
- **income from immovable property,**
- **income from tenancy and lease,**
- **income from investments and property rights (investment income),**
- **income from the sale of immovable property, property rights and movables,**
- **other income.**

# Progressive or flat rates



**Income tax is generally levied at progressive rates on the aggregate income from all sources after making deductions.**

**Certain kinds of income are taxed separately at flat rates**

# Year 2008



## RATES

**Taxable  
Income  
(PLN)**

**Tax  
(PLN)**

**up to 44.490**

**19% minus 586,85**

**44.490 – 85.528**

**7.866,25 plus 30% of amount exceeding 44.490**

**over 85.528**

**20.177,31 plus 40% of amount exceeding 85.528**

## 19% flat rate



**Polish-source interest is not aggregated with income from other sources; it is subject to a final withholding tax.**

**Polish-source dividends are not aggregated with income from other sources; they are subject to a final withholding tax.**

# Bussinnes taxation



**Taxpayers may choose a 19% flat-rate taxation of business income.**

**Otherwise there are progressive rates on the aggregate income.**

# Taxpayers



**Partnerships are not taxable entities.**

**Partners are taxed individually on their share of  
the profits.**

of 26 July

# Tax exemptions



**The list of exempt income is quite long. It includes, *inter alia*:**

**several types of social distributions, indemnities received in respect of property and personal insurance, scholarships, game and lottery winnings (in some cases up to a certain limit).**

# Tax allowances



- there is a personal allowance of PLN (about 3,800).**
- the cost of Internet access at the taxpayer's premises is deductible up to PLN 760 per annum.**
- employees' social security contributions are deductible for tax purposes. Contributions paid by the employer on behalf of an employee are not taxable in the hands of the employee.**



# Taxation of spouses



**In general, spouses are taxed separately on their income.**

**They may select to file a joint tax return, provided that:**

- they were married during the entire tax year and**
- do not earn income subject to a flat income tax rate (except for rental income).**

# Taxation of spouses



**Tax is assessed in the name of both spouses and is equal to twice the amount of tax computed with respect to half of the spouses' aggregate income.**