VGD beyond partnership

COVID-19

# Anti-crisis shield in Poland

## - taxes, financial statements, loans, tax arrears

President Andrzej Duda has signed a package of laws constituting the so-called anti-crisis shield. The anti-crisis shield is a set of several laws prepared, among others by the departments of: development, finance and family and work. They are the new steps in the fight against the coronavirus in Poland. The laws was published on 31/03/2020 and updated as the shield 2.0 on 18/04/2020.

UPDATED: 23/04/2020

## 1 Financial statements - deadlines

The deadlines for recording, preparing, approving, sharing and submitting financial statements or information have been postponed. The solutions introduced in the regulation provide for extention of the deadlines by from 21 days to 3 months, depending on the type of a given unit. The deadline for: preparing the statement is 30.06.2020, confirming the statements is 30.09.2020. The final statement should be submitted to the National Court Register by 15/10/2020. On the other hand, the deadline for submitting the financial statements of natural persons conducting business activities, which is submitted to the Head of the National Revenue Administration was postponed to July 31, 2020.

## 2 Preparing and sending certain tax information

There has been extended:

- The deadline for preparing and sending the tax information referred to in Art. 82 § 1 item 2 of the Tax Ordinance Act (ORD-U) (by legal persons, organizational units without legal personality and natural persons conducting business activity). This period was to expire between March 31, 2020 and May 31, 2020. It has been postponed to the fifth month from the end of the tax year for which the information is drawn up.

- The deadline for sending the tax information referred to in Art. 26 § 3 point 2 of the CIT Act (IFT-2R) (by legal persons, organizational units without legal personality and natural persons who are entrepreneurs), if the tax year ended in the period from December 31, 2019 to January 31, 2020. The deadline was moved to the end of the fifth month of a year following the tax year in which payments listed in art. 26 section 1 of this Act were made.

- The CIT-8 declaration can be sent to the Tax Office by 31.05.2020. Also payment of corporate income tax must be made by the above date. Public benefit organizations (at least 80% of all income is an income from public benefit activities) and taxpayers achieving only exempt income (Article 17 (1) of the CIT Act) can submit a CIT-8 declaration by 31.07.2020.

## 3 Property tax

Depending on the decision of a district council, property tax installments that should be paid by entrepreneurs for April, May and June can be finally paid by 30/09/2020.

## 4 More time to submit the PIT return

The annual statements PIT-37 and PIT-38 can be submitted until 31/05/2020. Previously the deadline was set on 30th April this year.

## 5 Advance payments for PIT made by employers and principals

The payment of advances for PIT by employers and principals for March and April has been postponed till 01/06/2020.

## 6 Payment to an account not included in the list of VAT payers

During the state of epidemiological emergency as well as of the epidemic, the deadline for submitting a notice of payment to an account not listed in the register of VAT payers is extended to 14 days from the date of the transfer order.

## 7 Transfer prices

The deadline for submitting information on transfer prices (referred to in Art. 23zf paragraph 1 of the Act of 26 July 1991 on personal income tax and Art. 11t paragraph 1 of the Act of February 15, 1992 on the Corporate Income Tax) for entities whose tax year began after December 31, 2018 and ended before December 31, 2019 has been extended to September 30, 2020.

## 8 Deduction of the loss incurred in 2020 in the tax return for 2019

The Polish government enabled CIT and PIT taxpayers, who bear negative consequences of COVID-19, to deduct the loss incurred in 2020 (no more than PLN 5.000.000) from the income from economic activity generated in 2019. The condition is to achieve lower revenues by at least 50% in 2020 - compared to 2019. To make such a deduction, a taxpayer must file a corrected return for 2019.

## 9 Central Register of Real Beneficiaries

The obligation to submit information on real beneficiaries to the Central Register of Real Beneficiaries (Act on counteracting money laundering) was postponed to July 13, 2020.

## 10 One-time loan for costs of running business

The group of people entitled to receive support was expanded and every entrepreneur, not only employing employees, will be able to take advantage of a one-time loan. The loan with interest can be redeemed (at the request of a micro-entrepreneur) only if the micro-entrepreneur maintains business for 3 months from the date of granting the loan. The statement on maintaining the business for 3 months must appear in the loan application. The loan does not constitute income within the meaning of CIT and PIT regulations.

*Co-financing of the costs of running the business by the starost*

An entrepreneur may apply for co-financing of part of the costs of business. He is obliged to run a business for the period for which the subsidy has been granted, but not longer than 3 months from the month when the application was submitted.

*Modification of loan agreements - First Business Program - start-up support.*

In connection with the outbreak of the coronavirus, you can submit an application to change the terms of your loan agreement. It must be submitted to a financial intermediary with whom it was concluded.

Conditions that may change are:

1. suspension of repayment of principal and interest installments - however, not longer than for 6 months. The suspension results in extending the loan repayment period.
2. extension of the repayment period not longer than by 12 months, or
3. reducing the interest rate of a loan to 0% per annum, however the rate will be in force not longer than for 12 months,
4. extension of the grace period by no more than 6 months - only if no repayment of principal and interest installments has begun.

An entrepreneur can also submit an application to the financial intermediary for permission to:

1. suspension of business activity before the expiry of 12 months - the period is counted from the first month in which the loan was used to start a business activity, or
2. failure to maintain employment on a created workplace before the end of the 36-month period - the period is counted from the first month in which the employee was employed for the mentioned position.

The application may be submitted for no longer than 6 months. No negative consequences are then incurred (Article 61o (1), (1a), (2) or (3) of the Act of 20 April 2004 on employment promotion and labor market institutions). The reason and the period of suspension or vacancy of created position should be included in the application.

An entrepreneur may apply to a financial intermediary for permission to terminate a business or to liquidate a job position within 36 months.

## 11 Tax arrears - waiving the determination of the prolongation fee; waiver of interest.

The tax authority, at the request of the taxpayer, in cases justified by the important causes related to the situation of the taxpayer or to the public interest, may:

- defer tax payment deadline or spread the tax payment into installments;

- defer or spread into installments the payment of tax arrears together with interest for late payment or interest on unpaid tax advances.

During the state of epidemiological emergency or of the epidemic announced in connection with COVID-19 or within 30 days following their cancellation, the regulations of Art. 57 § 1 and 8 of this Act do not apply, so no prolongation fee is collected. In addition, the minister competent for public finance may, by way of an ordinance, waive - in whole or in part - collecting interest from tax arrears.

## 12 New subjective exemption

Income tax-free (the amount of tax allowance for the following benefits has been increased) are:

- financial aid paid out of the funds of a company or inter-company trade union organisations to employees who belong to the organisation - in 2020: up to PLN 3,000;
- financial aid paid out from other sources - up to an amount not exceeding PLN 10,000 in a tax year - art. 52 l point 2 of the PIT Act.
- amounts constituting the reimbursement of costs of taking care of a child or a dependent person, received on the basis of the provisions of separate acts or executive provisions to these acts, financed from the state budget, budgets of local government units, the Labor Fund or the European Union budget - in 2020: up to PLN 10,000;
- the value of benefits in kind (received by an employee in connection with the financing of social activities as referred to in the provisions on the company's social benefit fund) and the cash benefits received by him/her in this respect, financed entirely from the funds of the company's social benefit fund or trade union funds, jointly up to an amount not exceeding in the tax year - in 2020 and 2021 - PLN 2,000 (benefits in kind are NOT: vouchers, coupons and others entitling to be exchanged for goods or services);
- subsidies for: leisure organized by entities conducting activity in this field, in the form of: holidays, colonies, camps and winter quarters, including combined with: education, stay on sanatorium treatment, in medical and sanatorium facilities, rehabilitation, training and medical&care facilities, as well as journeys related to the leisure and stay during treatment - children and adolescents up to 18 years of age (financed from sources other than social fund, company's social benefit fund and in accordance with separate regulations issued by the competent minister) - in 2020 and 2021 - up to PLN 3,000.
- to be recevied or disposed by the taxpayer in 2020: downtime benefits, accommodation and meal benefits referred to in the Act on COVID-19.

## 13 Donations to help with the fight against COVID-19

The taxpayer may deduct from the tax base the donations made in the period from 01/01/2020 to 30/09/2020 for the fight against COVID-19 in organizations mentioned in the act. In the case of a donation made:

1) by April 30, 2020 – 200% of the amount of donation is deductible;
2) in May 2020 – 150% of the amount of donation is deductible
3) from June 1, 2020 to September 30, 2020 - the amount corresponding to the value of the donation is deductible.

## 14 A simplified form of paying advances

Small taxpayers who have chosen the simplified form of advance payments for 2020 may opt out of this form of advance payments for the months March-December 2020 during the tax year, if they experience negative economic consequences due to COVID-19.

## 15 One-time depreciation

Taxpayers can write off the depreciation one-time from the initial value of fixed assets that were acquired for the production of goods related to counteracting COVID-19, referred to in the Act on COVID-19.

## 16 Unpaid benefits - so-called "bad debts"

Exempted has been: the obligation to increase an income that is the basis for calculating the tax advance (included in tax deductible costs) on the value of the obligation to pay a cash benefit that has not been settled - for individual accounting periods falling in 2020, in which the following conditions are jointly met:

- the taxpayer suffered negative economic consequences in a given tax period due to COVID-19;

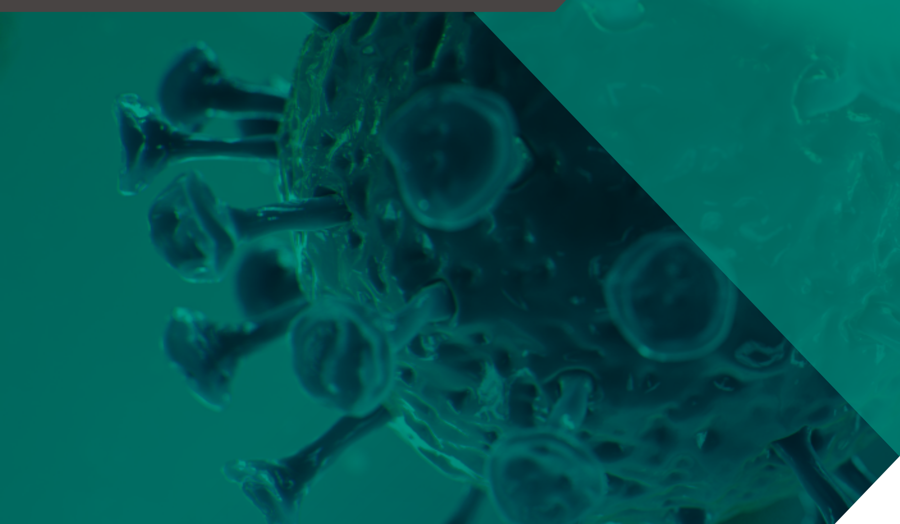
- the income obtained by the taxpayer in a given settlement period are lower by at least 50% in comparison to the same period of the previous tax year, and in the case of taxpayer who started running a business in 2019 – in comparison to the average income gained in this year.

## 17 New matrix of VAT rates

The new matrix of VAT rates will become effective from July 1, 2020, and not as it was to occur on April 1, 2020.

## 18 Postponement to July 1, 2020 of the obligation to submit new JPK_VAT with a declaration for large taxpayers

Large entrepreneurs gain additional 3 months to adapt their systems to the requirements of the new reporting method. Entry of new JPK_VAT files with a declaration has been postponed until July 1, 2020.



**Questions?**
Contact us!

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