



Tax environment for investors in Poland

December, 2018

Current Polish tax environment (1)

- ❖ **CIT rates** – standard rate 19%; reduced rate 15%
- ❖ **PIT rates** – in general, income are taxed at progressive rates of 18% and 32%, and individuals conducting business activity as sole traders or partners in partnerships can be taxed with a flat 19%
- ❖ **VAT rates** – standard rate is 23%, and there are reduced rates of 8%, 5% and 0%
- ❖ **The intra-EU supply of goods** – VAT taxpayers selling goods to buyers in EU member states may apply **0%** VAT rate
- ❖ **0%** VAT rate is also applicable to **export of goods**, which takes place when goods are dispatched from Poland outside the EU territory

Current Polish tax environment (2)

❖ Tax on civil law transactions (TCLT):

- in the case of an asset deal: **2 %**
- in the case of a share deal: **1%**
- in the case of capital contribution to a company: **0,5%**
- in the case of loan agreements: **0,5%** (loans granted by a shareholder to the company in which it holds the shares are **exempted from TCLT**)

❖ Transfer Pricing rules based on **OECD regulations**

❖ **Real estate tax (RET)** – might be reduced by the local authorities:

- 2% – constructions
- EUR 0.25 – land in business activity
- EUR 6 / 1 square meter – buildings in business activity

DTT between Poland and Israel (1)

- ❖ The general withholding (“WHT”) rate for:
 - dividends: **19%**
 - interest and royalties: **20%**
 - provision of intangible services: **20%**
- ❖ These WHT rates may be reduced (in respect to dividends) or avoided (in respect to intangible services) by specific provisions of DDT concluded between Poland and the respective countries.
- ❖ The up to date **tax residence certificate** of the recipient of payment/dividend/interest is required to benefit from the DTT WHT rate

DTT between Poland and Israel (2)

- ❖ DDT between Poland and Israel provides for the following WHT rates:
 - dividends: **5%/10%** (The lower rate applies if the dividend recipient is a company that owns at least **15%** of shares of the payer)
 - interest: **5%**
 - royalties: **5%/10%** (The lower rate applies to royalties paid for the use of, or the right to use, industrial, commercial or scientific equipment)

Key tax information for Investors in Poland (1)

- ❖ In general Polish tax system is based on similar rules to the Western European countries
- ❖ Possibility to apply for a **tax binding ruling (easy procedure)**
- ❖ Possibility to apply for a **Binding Tariff Information** – an instrument ensuring business entities official information on the tariff classification of goods and reduce customs clearance time
- ❖ Planning to introduce a **Binding Rates Information** – a new instrument ensuring VAT taxpayers certainty as to the correctness of the VAT taxing on transactions
- ❖ Current tax audits focused on VAT frauds and aggressive tax optimizations
- ❖ A lot of new tax regulations will be introduced in 2019

Key tax information for Investors in Poland (2)

- ❖ **The new Special Economic Zones** regulation introduces a new way of supporting investment projects and is to encourage businesses to invest all over Poland
- ❖ Regulations aimed at incentivizing innovative research and development activities:
 - **Research and Development Tax Relief**
 - **Innovation Box regime**
- ❖ Possibility to file an **EU Grants** application

Andersen Tax & Legal in Poland

- ❖ **Two offices (Warsaw & Katowice)**
- ❖ **Over 70 people**
- ❖ **Full tax services:** TP, VAT, tax compliance, consulting, tax litigation, etc.
- ❖ **Full legal services:** M&A, corporate, employment, IP, litigation, etc.
- ❖ **Full bookkeeping services**
- ❖ **No financial audit**
- ❖ **No EU Grants assistance**

Key Team Members

Marcin Matyka

Managing Partner – advocate and tax advisor with 20 years' experience as a provider of professional consulting services. Marcin specialises in tax proceedings, transaction advisory and penal-tax matters. Happily-married father of two girls and a dog lover, Marcin trains boxing and has 10 marathons under his belt. He is also an enthusiast of literature and the history of the Second World War.

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