



July 1st, 2019 - withholding tax and special obligations of tax remitters in case of payments exceeding PLN 2M (0,46 mln Euro) per year

From July 1st, 2019, new regulations on the collection of the withholding tax [**WHT**] will be applied.

The change will concern payments which are subject to WHT (including dividends, interest, royalties, intangible services) paid to non-residents after July 1st, 2019 exceeding, in relation to one non Polish supplier, PLN 2M (approx. EUR 0.46M) during the tax year. In such cases, Polish entrepreneur will, as a rule, be required to calculate, collect and pay to the tax office WHT on the surplus exceeding PLN 2M using the standard WHT rates provided in the Polish CIT Act - 19% or 20%.

In order to claim an overpaid WHT, a taxpayer - a non-Polish supplier (or a tax remitter - a Polish entity, if economically incurred the WHT burden) will be able to apply for the refund of WHT in a special procedure ("pay and refund" system).

However, there are two methods which allow to not collect and pay WHT at standard rates if reduced ones apply. First, requires the tax remitter to submit to the tax office an electronic WHT tax remitter statement that the reduced rates apply (WH-OSC form), which requires the collection of adequate, but comprehensive, documentation. The second requires to obtain a formal tax office opinion on the application of the WHT exemption (it does not apply to all types of payments).

If you are interested in obtaining further information, or would like to discuss the impact of the above on your business activity please contact:

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