



TAX
ADVISORY

Tax Alert No. 211/05.01.2020



Withholding tax rules regarding payments exceeding PLN 2 million p.a. shall come into force on 01.07.2021/ Amendment of the competence of tax authorities in WHT matters

1. Another postponement of the entry into force of the withholding tax refund model

The application of new withholding tax (WHT) rules was divided into 2 steps, but the date of the second step has been once again postponed.

From 1st January 2019 regulations regarding **due diligence** and the **amended definition of a beneficial owner of payments**, important to apply reduced WHT rate, exemption or not to withhold WHT, are in force.

From 1st July 2021 (unless the new regulation are suspended again), in a case of all payments subject to WHT, made to a particular supplier, which exceed PLN 2 million (approx. EUR 0.5 million) annually, remitters will be obliged as a rule to withhold WHT in a standard rate. A taxpayer (or a remitter, if economically incurred the WHT burden) may apply for a WHT refund. Alternatively, a remitter will be allowed to apply reduced WHT rate, exemption or not to withhold WHT, on additional condition of submitting a very special statement or if a ruling on WHT exemption was issued by Polish tax authorities.

The above mentioned deadlines will be binding irrespective of a tax year of a remitter or a taxpayer.

CIT rules regarding payments exceeding PLN 2 million annually were to come into force originally on 1st January 2019, but were postponed 4 times (to 1st July 2019, to 1st January 2020, to 1st July 2020, to 1st January 2021). Current postponement is therefore 5^h in a row.

It should be mentioned that coming into force of analogical personal income tax (PIT) rules has been postponed simultaneously with CIT rules, with exception of 1st July 2019 – 31st December 2019 period, in which rules regarding payments exceeding PLN 2 million annually were binding only for PIT taxpayers.

It has to be noticed that the Ministry of Finance works on the composite amendment of withholding tax rules. Currently the declared vague date is year 2021.

2. Amendment of the competence of tax authorities in WHT matters

We would also like to inform you that as of January 1, 2021, in cases of lump-sum corporate income tax collected from non-residents by payers, the relevant tax authority will be the Head of the Lubelski Urząd Skarbowy w Lublinie.

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This means that CIT-10Z and CIT-6R declarations for 2020, applications for an opinion on the application of the WHT exemption, IFT-2/IFT-2R information for 2020, and taxpayers' applications for the determination of overpayment in WHT should be submitted to the Lubelski Urząd Skarbowy.

Should you be interested in obtaining further information, or would like to discuss the impact of the above changes please contact:

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