

Inheritance and donation tax

- new tax free limits as of July 1, 2023

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As of July 1, 2023, the inheritance and donations tax-free amounts [idt]¹ for each tax group will increase.

At the same time, the controversial “charitable collections tax”, which was also due to apply from July, has been removed from the regulations.

1. Legal status until June 30, 2023

The acquisition of property and property rights, from one person, with a pure value exceeding the amounts specified in the act is subject to taxation.

The tax-free amounts in the legal status valid until June 30, 2023 are:

Tax group to which the acquiring party belongs	Tax-free amount
I tax group	10 434 PLN
II tax group	7 878 PLN
III tax group	5 308 PLN

2. Legal status as of July 1, 2023

As of July 1, 2023, subject to taxation is the acquisition of property and property rights, from one person, with a pure value exceeding:

Tax group to which the acquiring party belongs	Tax-free amount
I tax group	36 120 PLN
II tax group	27 090 PLN
III tax group	5 733 PLN

¹ Amendments introduced as part of the so-called SLIM VAT 3 package, i.e. under the Act of 26 May 2023 amending the Value Added Tax Act and certain other acts (Journal of Laws 2023, item 1059).

It will not be necessary to aggregate donations from multiple persons, as under the previously proposed amendments.

The principle remains in force that if the acquisition of property or property rights from one person occurs more than once, their value should be aggregated:

- during the year in which the last acquisition took place and
- during the five years preceding that year.

3. **Tax exemption for the so-called "zero tax group"**

The amendment does not affect the conditions for benefiting from the tax exemption in the case of the acquisition of property or property rights within the so-called "zero tax group".

The zero tax group includes the spouse, descendants, ascendants, stepchildren, siblings, stepfather and stepmother.

The condition for tax exemption is to report the acquisition of property or property rights to the competent head of the tax office:

- within six months from the date on which the tax obligation arose, and
- in the case of acquisition by inheritance - within six months from the date of the validation of the court decision confirming the acquisition of the inheritance.

If the acquisition is based on a contract concluded in the form of a notarial deed, no declaration is required.

If the object of the acquisition by way of a donation is cash, the taxpayer is obligated to document its receipt with proof of transfer to the purchaser's payment account, to his account, other than a payment account, in a bank or a cooperative savings and credit union, or by postal money order. This requirement is rigorously verified by the tax authorities.

In case you are interested in the above information and its impact on your business, please contact:

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