

## News on tax depreciation from 2024

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From 2024, new possibilities can be applied in the field of depreciation of fixed assets for tax purposes (PIT and CIT).

### Accelerated depreciation for new buildings

The first preference applies to non-residential buildings and structures. In certain cases, accelerated depreciation of such fixed assets is possible. The basic depreciation rates are generally 2.5% and 4.5%, respectively. Accelerated depreciation may allow for a rate of up to 20%. Conditions are as follows:

1. New rules regards to micro, small and medium-sized enterprises (i.e. less than 250 employees and less than EUR 50 million in turnover or less than EUR 43 million in total assets from the balance sheet).
2. The property must be located in an area with a high unemployment rate and a low tax revenue rate of the commune (a rate of 10% is provided for the unemployment rate above 120% of the national rate, and a rate of 20% for the unemployment rate above 170% of the national rate).

Detailed indicators result from the announcements of the Central Statistical Office or the announcements of the Minister of Finance, respectively. The new possibility is provided for events that occurred after December 31, 2023, in particular the validity of the construction permit.

The preference is a form of de minimis aid and should therefore be taken into account in the appropriate annual limits. The preference does not apply to residential buildings, which are currently excluded from effective tax depreciation. The aim of the preferences is to support new investments in less developed parts of Poland.

### Depreciation and subsidies obtained

The second change concerns the depreciation of fixed assets (including intangible assets) for the purchase or production of which the taxpayers (regardless of their size) obtained subsidies or other forms of support from public funds.

Until now, the rule was that the subsidies received did not constitute tax revenue, and at the same time the taxpayer was obliged to exclude from tax-deductible costs the appropriate part of the depreciation write-off on a fixed asset in the part in which it was financed with support.

The new regulations make it possible to simplify settlements in such a way that the taxpayer can recognize income from the support received and at the same time will not be obliged to limit depreciation deductions. This may be beneficial depending on the achieved and projected tax losses/income. It is also often more convenient from the point of view of the settlement of income and costs in accounting systems.

The condition for using this option is to submit an appropriate declaration by the date of submission of the annual return.

If you are interested in details of these possibilities, including a thorough check of the conditions for specific projects, please contact MDDP expert

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