

Last days to change the tax form and choose the cash-based PIT in 2025 – the deadline is February 20

● 17 February 2025 ●

Until February 20 (Thursday), it is possible to submit a declaration regarding the choice of the income tax form. Individuals conducting a sole proprietorship and partners in selected partnerships have the option to change the form of income taxation for 2025 and choose the optimal solution, leading to tax savings.

Forms of taxation for incomes generated by entrepreneurs or partners in selected partnerships

Taxpayers who are entrepreneurs conducting a sole proprietorship or partners in selected partnerships can decide to choose one of three methods for taxing the income (revenues) earned in 2025. Importantly, changing the tax form automatically changes the method of calculating the health insurance contribution:

	Form of taxation	Tax rate	Health insurance contribution
1.	flat tax	rate 19%	4.9% of income, no less than 314.96 PLN per month
2.	lump sum on recorded revenues	rates from 2% to 17%	between 461.66 PLN and 1,384.97 PLN per month, depending on the revenue earned
3.	progressive tax scale	12%/32% (surplus over 120.000 PLN)	9% of income, no less than 314.96 PLN per month

Deadlines for changing the form of taxation for 2025:

1.	for taxpayers who earned their first income in January 2025	until 20 February 2025
2.	for taxpayers who earned their first income between February and November 2025	by the end 20th day of the month following the month in which the first income from business activity was earned in the tax year
3.	for taxpayers who will earn their first income in December 2025	by the end of 2025

The choice of the taxation can be realized either in the form of a written statement to the relevant Head of the Tax Office or through the CEIDG-1 form.

Importantly, once the statement is submitted, it applies to subsequent years unless, in the following year and within the specified deadline, the taxpayer decides to change the form of taxation again.

Limitations on the possibility of choosing a specific taxation form in 2025:

- 1. The right to 19% flat tax does not apply to an entrepreneur or a partner in a civil partnership, general partnership, or professional partnership who:**
 - earns income from providing services to a former or current employer that correspond to activities performed by them (or another partner) for that employer under an employment relationship in 2025.
- 2. The right to apply the lump sum on recorded revenues does not apply to an entrepreneur or a partner in a civil partnership or general partnership who:**
 - earns income from the sale of commercial goods or products or from providing services to a former or current employer, corresponding to activities performed by them (or another partner) for that employer under an employment relationship in 2024 and 2025;
 - in 2024, earned income from independently conducted activities exceeding 2 million EUR (in PLN, this limit is 8,569,200 PLN) or earned income exclusively from activities conducted in the form of a partnership, and the total income of the partners in the partnership from that activity exceeded 2 million EUR;
 - generates income from running pharmacies, trading in foreign currencies, activities in the trade of parts and accessories for motor vehicles, or manufacturing products subject to excise duty (except for the production of electric energy from renewable energy sources);
 - engages in carrying out activities in the tax year after changing the type of activity performed:
 - independently to the activity conducted in the form of a partnership with a spouse,
 - in the form of a partnership with a spouse to independently conducted activity by one or both spouses,
 - independently by a spouse to activity independently conducted by the other spouse,
 - if the spouse or spouses paid income tax for conducting this activity on general principles before the change.

Cash-based PIT

The cash-based PIT, introduced at the beginning of this year, allows income to be recognized only when payment is actually received. This eliminates the risk of a situation where, despite the contractor not paying the invoice, the entrepreneur still has to pay tax on income they have not yet received. However, the introduction of cash-based PIT comes with the requirement to meet additional conditions and maintain precise records.

This option will be available only to individuals running sole proprietorships in relation to settlements with other entrepreneurs. To take advantage of this option, they must submit a declaration to the tax office by **February 20, 2025**. Returning to the previous method of settlement will only be possible after the end of the tax year.

How can we assist you?

It is important to note that any change in the form of taxation will impact not only the method of determining the amount of health insurance contributions but also the eligibility for certain tax relief (e.g., child tax credits) and tax preferences (e.g., joint tax filing for spouses).

The choice of the taxation form will also have meaning for taxpayers earning income above 1 million PLN, as it may imply an obligation to pay a solidarity levy.

We offer support in the following areas:

- ✓ evaluating the efficiency of your current taxation form,
- ✓ selecting the most suitable taxation form, taking into account the specific nature of your business and the potential tax and contribution burdens (National Health Fund and Social Insurance Institution)
- ✓ identifying the possibility for choosing cash-based PIT.

If you are interested in the above information and its impact on your business, please do not hesitate to contact us at:

Anna Misiak

anna.misiak@mddp.pl

(+48) 500 046 024



Rafał Sidorowicz

rafal.sidorowicz@mddp.pl

(+48) 506 788 582



Agnieszka Telakowska-Harasiewicz

agnieszka.telakowska-harasiewicz@mddp.pl

(+48) 503 971 849



or your advisor from MDDP.

This Tax Alert does not constitute legal or tax advice. MDDP Michalik Dłuska Dziedzic and Partners Tax Advisory Joint Stock Company is not responsible for the use of the information contained in the communication without prior consultation with legal or tax advisors.

#MORE about MDDP: [link](#)

