

## Changes to the taxation of business activities and the selection of cash-based PIT in 2026 – key dates

• 5 FEBRUARY 2026 •

The deadline for deciding on the taxation of business income for 2026, including the option of cash PIT, is approaching.

### Methods of taxing income (revenue) from business activities

In principle, entrepreneurs running sole proprietorships, as well as partners in certain partnerships and civil law partnerships, may choose one of three forms of income (revenue) taxation for 2026. This change has broader consequences, affecting the rules for calculating health insurance contributions, among other things. Therefore, when choosing a form of taxation, both of these elements should be taken into account. More details can be found below.

No.	Form of taxation	Tax rate	Health insurance contribution
1.	<b>flat tax</b>	rate 19%	4.9% of income *
2.	<b>flat-rate tax on recorded income</b>	rates from 2% to 17%	The amount is between PLN 498.35 and PLN 1,495.04 per month, depending on the revenue generated.
3.	<b>tax scale</b>	rates of 12%/32% (on surplus above PLN 120,000)	9% of income*

\* no less than PLN 432,54 per month

### Deadlines for changing the form of taxation for 2026

The choice of taxation form can be reported in two ways – in the form of a written statement submitted to the competent Head of the Tax Office or via the **CEIDG-1 form**. There are statutory deadlines for reporting – details below.

1.	for taxpayers who earned their first income in January 2026.	<b>until February 20, 2026</b>
2.	for taxpayers who earned their first income between February and November 2026	<b>by the 20th day of the month following the month in which the first income was earned in a given year</b>
3.	for taxpayers who earned their first income in December 2026.	<b>by the end of 2026</b>

**It is important to note that, once chosen, the form of taxation remains valid in subsequent years unless it is changed before the statutory deadline of 20 February in the following tax year.**

### **Cash PIT**

From 1 January 2026, the revenue limit that entitles taxpayers to opt for the so-called cash PIT increases to PLN 2 million. Cash PIT enables taxpayers to report revenue only when payment is actually received. While this improves the entrepreneur's financial liquidity, it does require them to meet additional conditions and keep records.

This solution is only available to sole entrepreneurs in relation to income and expenses relating to settlements with other entrepreneurs. To do so, they must submit a declaration to the tax office by 20 February 2026. This method is valid for the entire year and carries over to subsequent years unless the entrepreneur submits a notice of resignation from cash PIT before **20 February**.

### **How can we help?**

This change in taxation affects not only how health insurance contributions are calculated but also access to tax reliefs and preferences. This is particularly important for taxpayers earning more than PLN 1 million, as it may result in an obligation, or an absence of obligation, to pay the solidarity tax.

When choosing between a flat tax and a lump sum tax, it is also important to consider the statutory restrictions on these forms of taxation. For example, these restrictions may apply to services provided to a current or former employer, the type of services provided, or the amount of income received.

Every assessment should be based on the particular facts of each case.

### **We can support you in the following areas:**

- ✓ analysis of the effectiveness of the form of taxation you have used so far,
- ✓ assistance in selecting the optimal billing model – taking into account the specific nature of the business, business plans, and the scale of tax and contribution burdens,
- ✓ assessment of the possibility and legitimacy of switching to cash-based PIT,
- ✓ assessment of contracts concluded and services provided in terms of tax security and the appropriate tax rate – in particular with regard to lump-sum taxation,

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

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