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Anti-Crisis Shield – tax reliefs

The Bill of Amendment to the Act on special solutions for prevention, counteracting and combatting COVID-19, other infectious diseases, and the resultant crisis, and to some other acts was made available on 21 March 2020. The Bill introduces the so-called anti-crisis shield intended to protect enterprises which are facing difficulties due to SARS-COV-2 pandemic. At the moment, the Bill is at the stage of consultations, but it is planned to be submitted to the Sejm on Thursday and to take effect the day after its promulgation in the Journal of Laws, which may happen already this week. Presented below are the key instruments of support provided for in the Bill as regards taxation.

CHANGES IN THE INCOME TAX ACTS

I. CIT and PIT payers who face adverse economic effects of COVID-19 are allowed to deduct the tax loss incurred in 2020 from income earned from their business activity in 2019 provided that in 2020 their revenues are lower by at least 50% compared with 2019.

- The possibility to reduce the value of the loss by income derived in the preceding tax year for taxpayers who incurred a loss in 2020,
- the amount of the loss to be deducted must not exceed PLN 5 million,
- the deduction will be made by filing an adjusted return for the preceding tax year,
- this applies to taxpayers who will derive income from business activities in 2020 lower by at least 50% than the income obtained on this activity in 2019,
- the non-deducted amount of the loss can be accounted for according to the currently applicable regulations.

II. Postponement (optional) of the deadline for payment of tax on income from buildings for the months of March-May 2020 until 20 July 2020 (if the revenue is lower by at least 50%).

This applies to taxpayers whose income derived in a given month compared to the same period of the previous tax year will be at least 50% lower (and for taxpayers who started their business in 2019 –

compared to the average monthly revenue).

III. Waiver of applying the regulations on bad debts with respect to PIT and CIT advance payments to taxpayers-debtors (if their revenue is reduced by at least 50%).

- Taxpayers liable for the so-called bad debts will not be obliged to increase the income which is the base for calculation of the monthly tax prepayments in 2020 by the liabilities not paid on time.
- this applies to taxpayers whose income derived in the account periods (monthly or quarterly) will be lower by at least 50% compared to the same periods of 2019 due to adverse economic effects of SARS-COV-2.

IV. Postponement of the deadlines for payment of advance income tax collected on wages paid in March and April 2020 (until 1 June 2020).

V. The possibility for “small taxpayers” to abstain from simplified advance tax payments due for March – December 2020 if they suffer adverse economic effects of COVID-19.

VI. Possibility to deduct donations given to counteract COVID-19 from income (revenue): cash or in-kind donations given to entities engaged in medical/healthcare activities can be deducted and so can donations given to the Materials Reserve Agency and the Central Base of Sanitary and Anti-Epidemic Reserves.

CHANGES TO THE ACT ON GOODS AND SERVICES TAX

I. Postponement of the obligation to submit the new JPK_VAT file (the tax return and the relevant records) from 1 April to 1 July 2020 for all taxpayers (taxpayers can, but are not obliged to, submit the new JPK_VAT file in May 2020).

II. Postponement of application of the new VAT matrix from 1 April 2020 to 1 July 2020.

III. Postponement of the effective date of the Binding Rate Information until 1 July 2020.

CHANGES TO OTHER TAXES

I. Exemption from tax on civil law transactions with respect to loan agreements concluded until 31 August 2020.

The exemption applies to loans for business activity, provided that the loan agreement was concluded by 31 August 2020, the borrower is an entrepreneur within the meaning of the Law on Entrepreneurs, and the borrower's liquidity has deteriorated due to adverse economic effects of SARS-COV-2 pandemic.

II. Changes to real estate tax.

Adoption of regulations which enable communes to:

- introduce an exemption from the real estate tax for part of 2020 with respect to certain groups of entrepreneurs whose financial liquidity deteriorated in connection with adverse economic effects of COVID-19,
- extension, by way of an order of the executive bodies, of the deadlines for payment of the real estate tax, payable in April, May and June 2020 – no longer than until 30 September 2020.

III. Deferral of the tax on retail sales until 1 January 2021.

IV. Reduction of the taxable base for banks by the value of assets resulting from agreements for loans extended to entrepreneurs affected by COVID-19, concluded from the effective date of the Act until 31 August 2020.

OTHER CHANGES

I. Temporary waiver of the extension fee with respect to amounts payable to the state treasury and social insurance institution.

- Fiscal dues – no extension fee will be charged if taxes due and overdue, which constitute the state budget income, are spread to installments or deferred, for contributions payable in the period from 1 January 2020, based on an application filed

in the period of the risk of epidemic / the state of epidemic or in the period of 30 days after it has been recalled.

- Amounts payable to the Social Insurance Institution (ZUS) – entrepreneurs who find it difficult to pay the contributions due for the period from January 2020, mandatorily collected by the ZUS, will be exempt from payment of the extension fee if an agreement for deferral of the payment date or an agreement for spreading the receivables into installments is concluded.

II. Reduction of the rent by 90% for the period in which the lessee did not operate business in a shopping center with the sales area exceeding 2000 sqm during the period of epidemic risk or state of epidemic, unless the agreement provides for a solution more favorable for the lessee.

- The standard reduction of the rent during the ban or restriction of activity is 90% of the rent specified in the agreement.
- This change applies to all lessees covered by the ban on activity, who lease sales area in shopping malls, including shops or islands.
- The rent can be reduced provided that the lessee is covered by the ban or restriction of business activity imposed by the law, i.e., inter alia, due to provisions of the Regulation on announcement of the state of epidemic risk in the Republic of Poland, and the lessee has actually complied with this order or restriction.

III. Suspension of proceedings and inspections.

In case of epidemic risk or the state of epidemic, the Authority will suspend ex officio or upon request:

- tax proceedings or tax inspections,
- customs and fiscal inspections
- proceedings in matters within the scope of the Gambling Act.

IV. Extension of the time limit for tax scheme reporting (MDR): the time limits for domestic tax scheme reporting which fall after 31 March 2020 will not commence and if they have commenced – they shall be suspended until 1 July 2020.

V. Extension of the time limit for filing a notification of payment to an account not included in the White List of VAT Payers from 3 to 14 days, during the period of epidemic risk / the state of epidemic.

VI. Postponement of the obligation to provide information to the Central Register of Beneficiary Owners by 3 months.

VII. Postponement of the obligation to set up the Employee Capital Plans in medium-size enterprises until 1 October 2020.

VIII. Extension of the time limit for individual tax rulings by the period of one month and granting the Minister of Finance the right to extend said time limit by the period of up to 3 months, if necessary.

IX. Exemption from taxation of the aid obtained by taxpayers in connection with the epidemic i.e. the guarantee support, subsidies to loans, subsidies to interest on loans, if the taxpayer received the same in 2020.

X. Enabling the banks to extend (renew) or otherwise modify the financial conditions previously offered to SMEs which are in a special situation due to the state of epidemic risk: modification of the conditions will not lead to deterioration of the borrower's situation.

XI. Payment of the amounts due at a fixed rate of exchange: the equivalent of receivables expressed in a foreign currency will be calculated using the average exchange rate for the currency announced by the National Bank of Poland on 13 March 2020.

You are welcome to read our messages in which we inform you on an ongoing basis about the changes implemented by the legislator in the period of the coronavirus pandemic. The Team of Andersen Tax & Legal lawyers remains at your service on a continuous basis and will answer your questions and provide advice on the tax legislation currently in force.



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