



Tax Alert |

Tax-related amendments to the Polish Deal

KPMG in Poland

March 2022

During a press conference held on 24 March 2022, Prime Minister Mateusz Morawiecki and Secretary of State at the Ministry of Finance Artur Soboń announced the planned tax-related amendments to the Polish Deal program.

A review of the proposed amendments can be found below.

> **Reduced PIT rate**

The key change relates to PIT payers settling their taxes under general rules (i.e., disability and old-age pensioners, employees, contractors, and entrepreneurs), and consists in reducing the PIT rate for the first personal income tax bracket from **17 percent to 12 percent**.

> **Changes to health insurance premiums**

The amendments are also to bring a possibility to reduce the taxable base by the remitted health insurance contributions (up to a certain limit) for individuals obtaining revenue through business activity subject to flat tax, fixed amount tax or lump-sum tax on recorded revenue. The annual deduction cap for **flat tax payers is to be set at PLN 8,700, at 50 percent of the amount of contributions paid for lump-sum tax payers and at 19 percent of the premiums remitted by fixed amount tax payers (in form of a tax reduction)**.

> Elimination of the middle-class relief

The newly announced solutions include elimination of the middle-class relief, with a reservation that taxpayers will still be able to settle the tax for 2022 according to the previously applied rules (i.e., using the middle-class relief), if it proves more favourable for them.

> Preferential treatment of families and children

The amendments are to restore the possibility of filing a joint settlement by single parents and their children, meaning that single parents can use the tax-free allowance of PLN 30 thousand twice. Joint settlements are to replace the PLN 1,500 relief introduced on 1 January 2022.

It was also proposed to increase the earning threshold that a child can achieve without losing tax preferences by parents. **This amount is to increase from PLN 3,089 to PLN 16,061.28 in 2022** (12 x social pension).

Moreover, family pensions for parents of minor children will not be added to the parents' income. This means that a child will be treated as a separate taxpayer and enjoy the tax-free allowance of PLN 30 thousand, just like the parent.

Tax reliefs (tax relief for young taxpayers, return relief, relief for 4+ families and relief for working seniors) are also to cover statutory maternity pays granted to parents and guardians of fostered children, meaning that no tax will be collected on such pays (up to the limit set for the above-mentioned reliefs).

> New deadlines for submitting JPK_CIT and JPK_PIT

Under the proposed amendments, the deadline for submitting JPK_CIT and JPK_PIT forms also got extended. **The deadline for submitting JPK (SAF-T) files for accounting books is to get postponed until 2025.**

> Other changes announced

Starting from 2023, the monument relief and lump-sum tax on untaxed income (commonly referred to as “tax abolition”) solutions will be revoked.

More favourable rules for applying the tax-free allowance to advance payments were also proposed. In case of a single contract, the tax-reducing amount will be PLN 300, and for two or three contracts, PLN 150, and PLN 100, respectively. Consequently, multi-contract employees could enjoy the tax-free allowance at the stage of making tax advance payments. The legislator also plans to repeal the obligation of double calculation of advances for 2022 and a single system for calculating advances is to be introduced instead.

An extensive consultation process was launched on 24 March and will continue to 2 April 2022. **New solutions are expected to come into effect on 1 July 2022.**

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