

# BS&O ALERT



## Information

### More time to prepare 2020 financial statements

All entities from outside the public finances sector have been given three additional months to prepare their 2020 financial statements. Thus the deadline for the submission of financial statements will be the same as the deadline for the filing of CIT returns.

On 26 March 2021, Tadeusz Kościński, the minister of finance, funds and regional policy, signed a decree that extends by 3 months the deadlines for the preparation of financial statements for the financial year 2020 of private sector entities and non-profit organizations, and by 1 month of entities from the public finance sector. For entities whose financial year is the calendar year this means that the deadline is being moved from 31 March to 30 June and 30 April 2021, respectively.

The extension of the deadline by three or one month pertains to closing the books of account that would normally take place as at the last day of the financial year, and to preparing the

financial statements, which ordinarily should be done by the end of March.

Other financial statements related deadlines are being extended by 90 days (and for public sector entities by 30 days). This applies to inventory counts (should be completed no later than 15 January) and the preparation of trial balances for the financial year, which normally would have to be prepared no later than by the 85th day after the balance sheet date. The new decree has also extended until 31 July 2021 the time for the electronic submission to the Head of National Tax Administration of financial statements by PIT taxable persons required to keep books of account.

The changed deadlines apply to financial years ending after 29 September 2020, but no later than 30 April 2021, as long as the deadline for the fulfilment of such obligations did not pass before 31 March 2021.

Year-end financial statements should be filed with the National Court Register (KRS) within 15 days of their approval. Financial statements should be approved within 6 months of the balance sheet date, i.e. the last day of the financial year. As a result of the deadline extension, this year it will be 30 September and 15 October (for entities whose financial year is concurrent with the calendar year).

As a reminder, the deadline for the filing of a declaration on the amount of income earned (loss incurred) in the tax year ended in the period from 1 December 2020 to 28 February 2021 has been extended until 30 June 2021.

We discussed this in more detail in the previous issue of our alert.



## Extension of deadline for the filing of APA reports

**T**he Ministry of Finance has confirmed that the deadline for the filing of APA reports (form APA-C) has been changed due to the extension of the deadline for the filing of CIT-8 (CIT-8A) returns.

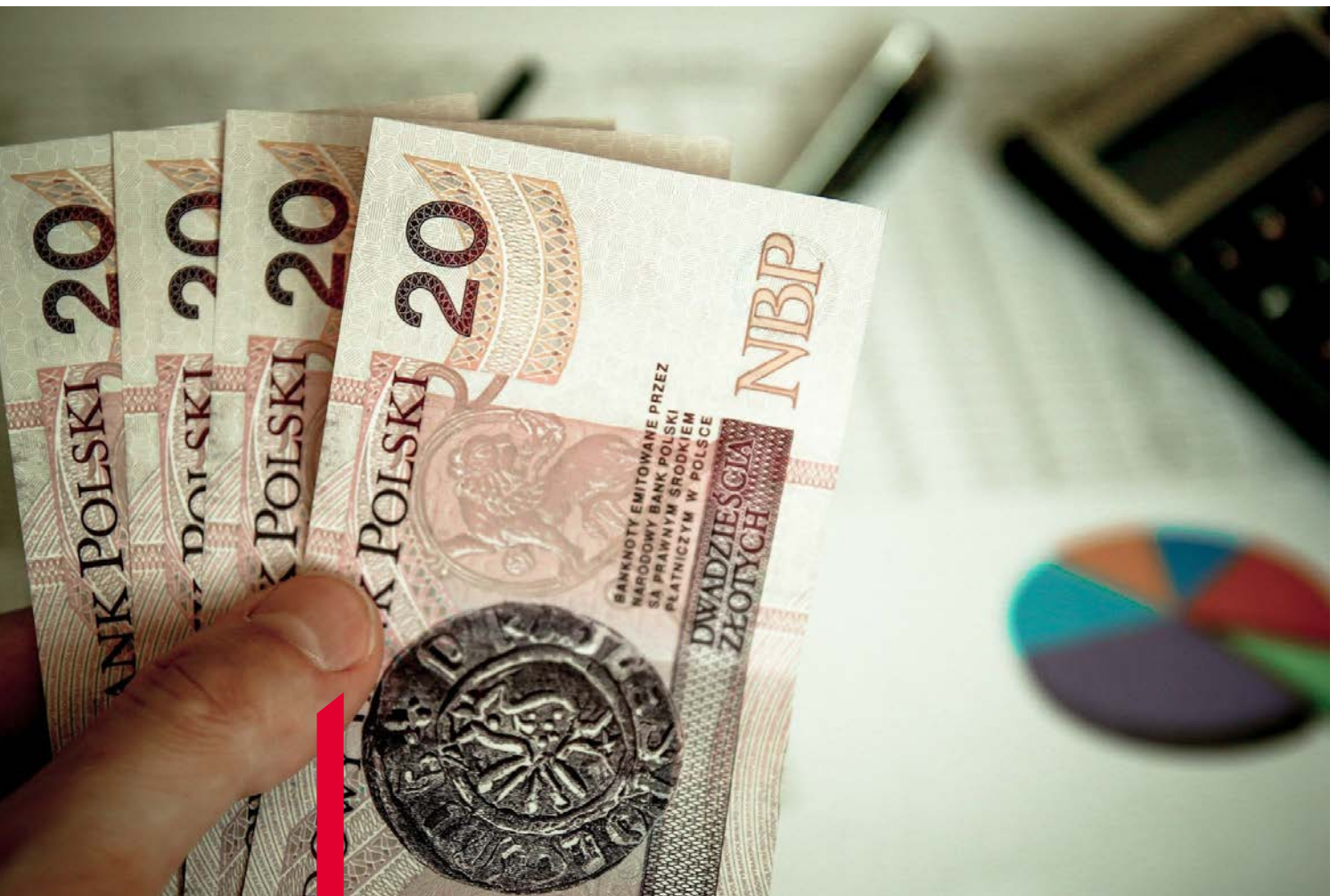
In accordance with Article 107 par. 1 of the Act of 16 October 2019 on the resolution of disputes on double taxation and the conclusion of advanced pricing agreements (2019 Journal of Laws, item 2200), taxable persons who have received advanced pricing agreements submit reports to the Head of the National Tax Administration on the performance of advanced pricing agreements for each tax year covered by each advanced pricing agreement, by the deadline for the filing of the annual tax return.

Advanced Pricing Agreements (APA) have been used in Poland for several years. In accordance with Polish regulations, an APA is

a decision in which the transfer price of a controlled transaction is considered to have been set on an arm's length basis. Such an agreement, therefore, is a guarantee that the tax authorities will not in the future question the transactions (as long as they do not depart from the description in the agreement).

Such decisions are issued at the taxable person's request (related party) by the Head of the National Tax Administration (Head of KAS). The term of an APA cannot be longer than 5 tax years and expires at the end of the applicant's tax year.

We remind you that the deadline for the filing of the annual CIT-8 (CIT-8AB) returns has been extended to 30 June 2021. As a result, the deadline for the filing of APA reports (form APA-C) has by law been extended to 30 June 2021.



## New accident insurance rates are already in effect

**A**ccident insurance rates are changing. In accordance with new regulations, businesses will pay new premiums starting April 2021. The rate for sole traders will not change.

The Social Insurance Office (ZUS) has sent notifications to premium remitters about the new accident insurance percentage rate. They were sent to remitters who have filed ZUS IWA for the years 2018-2020. Remitters who have not done so (even if they have filed ZUSI WA for 2020) must by themselves determine the new percentage rate that applies to them in the new year.

In accordance with binding regulations, in March of each year the Minister of Family and Social Policy may issue a decree specifying new accident insurance rates. The rates published in March may be either higher or lower. They apply as of April. Thus the rate indicated in the notification will apply from 1 April 2021 to 31 March 2022.

Accident insurance rates are set separately for each occupational group based on the rate of accident occurrence recorded for the occupation. The rates apply to businesses with more than 9 employees. The current rates arise out of the decree of 16 March 2021 amending the decree on differentiating the percentage rates of social insurance covering work related accidents and occupational illnesses depending on occupation-related threats and their effects (2021 Journal of Laws, item 482) in effect as of 1 April 2021.

For small companies (with no more than 9 employees), including sole traders, the accident insurance rate is paid at a fixed amount, irrespective of the industry. The flat rate

for small companies amounts to 50% of the maximum rate. The maximum rate is always given for one and the same industry – mining, and continues to amount to 3,33% (Support services to mining and quarrying). This means that those who conduct business operations and have no more than 9 employees pay accident insurance premiums at the current rate of 1,67% (it will continue to amount to 52,70 zł).

Please be reminded that ZUS IWA for the year 2020 was required of remitters who at the same time: had been submitted as accident insurance payers uninterruptedly in the period from 1 January to 31 December 2020 and for at least one day in January 2021, and in addition in 2020 submitted at least 10 insured to accident insurance, and on 31 December 2020 had been entered in the REGON register. Remitters were required to file such information by 1 February.



## The quarantined are entitled to sick benefits

**A** person that has been quarantined or isolated is entitled to sick benefits. They are paid by the employer or ZUS. In accordance with binding regulations, a person who lives or shares a household with a person infected with the coronavirus must undergo a quarantine. The quarantine begins on the day when the infected person obtains a positive test result and ends 7 days after his/her isolation ends. In such cases, the health authorities do not issue a decision. As explained by ZUS, those who have been subjected to quarantine or isolation are entitled to sick benefits. They are to be paid by either the employer or ZUS. Depending on the situation, they may receive sick time pay, sick benefits or care allowance. The only condition is that they must be covered by sickness insurance. Sick benefits are paid based on information in the e-Health Center (Centrum e-Zdrowia) system stating that the person has been covered by home quarantine or isolation.

If the sick benefits are to be paid by ZUS, the insured must submit an appropriate application to ZUS, either directly or through his/her employer. Applications may be completed and submitted electronically via PUE. Whereas if the benefits are to be paid by the employer, then the information about the quarantine or isolation shown in the Remitter panel under the Home quarantine, isolation tab will be sufficient. If the information is not visible in the employer's PUE ZUS profile, then the insured should submit a written declaration to his/her employer within 3 working days of the end of the mandatory home quarantine or isolation.

Quarantine or isolation imposed on a child or another family member is treated like an illness of the child or family member. In such cases, a care allowance is paid based on the insured's declaration of the need to take care of the child or family member that is being quarantined or isolated at home.



## In short

### ↓ Application RZN must be filed with ZUS within 7 days of contract conclusion

A provider who concluded a contract by 31 March 2021 and the subject of the contract is related to a creative, artistic or architectural activity, may apply to exempt the client from the requirement to accrue premiums. An RZN application must be filed with ZUS using its Electronic Services Platform within 7 days of contract conclusion. The application may pertain to premiums for social insurance, health insurance, the Labor Fund, the Solidarity Fund and the Guaranteed Employee Benefits Fund due

for the period from 1 January 2021 to 30 April 2021.

### ↓ Extension of additional care allowance benefit period

A decree issued on 8 April 2021 (in effect as of 12 April) has extended until 25 April the eligibility period for the additional care allowance referred to in the Act of 2 March 2020 on special solutions to prevent, combat and counteract COVID-19, other infectious diseases and the resulting crisis situations. The decree has been published in items 655 and 656 of the Journal of Laws. The allowance is paid when,

for example, the nursery, children's club, kindergarten, school or another facility the child attended has been closed, or when a nanny or day time care giver cannot take care of the child due to COVID-19.

### ↓ Taxable persons face more changes in SAF\_VAT

The minister of finance has prepared numerous changes to SAF\_VAT. Among others, the changes pertain to the disclosure of simplified invoices and invoices that document travel on highways, as well as the application of GTU codes. The new regulations will make it possible to recognize



receipts treated like invoices in aggregate statements instead of the current need to disclose each such receipt. Similar changes will apply to travel on toll roads. More on this on our website.

↓ **As of May a fine from the tax authorities may amount to as much PLN 14 thousand**

Incidentally to the amendments to the Excise Tax Act changes were made to the Penal Tax Code. As a result

of the changes, the maximum amount of fines imposed by the tax authorities will increase as of 1 May. Currently the tax authorities can impose fines that do not exceed two times the minimum wage, i.e. PLN 5600 (at this time minimum wage amounts to PLN 2800). After the changes, this amount is to be equal to five times the minimum wage, i.e. PLN 14000. A fine in the form of a ticket may be imposed if the perpetrator and circumstances of the tax offence raise

no doubts and there is no need to impose a stricter penalty. More on this on our website.

↓ **More time to file for a ZUS exemption**

Businesses from selected industries can file for an exemption from premiums for February 2021 until 30 April. They will also be able to use the stand-down benefit up to three times. These are the changes that arise out of the Council of Ministers decree of 26 February 2021 on supporting traders affected by the COVID-19 pandemic (2021 Journal of Laws, item 371), which became effective on 28 February. We discussed this in more detail in the previous issue of our alert.

↓ **No requirement to report supply in recapitulative statements**

As of 1 January 2021 the United Kingdom is no longer subject to European VAT regulations (with the exception of Northern Ireland with regard to commodity transactions). Where goods were transported as part of the call-off stock procedure from the territory of Poland to the territory of Great Britain by 31 December 2020, and the right to dispose of the goods as owner was transferred to the buyer to whom the goods were to be delivered after 31 December 2020 – the taxable person shipping or transporting the goods is not required to report an intra-Community supply of those goods in their recapitulative statement.



## Interpretations and rulings

### **Gift cards valued at up to PLN 2 thousand per year tax-exempt**

➔ When employees are given gift cards containing funds from the Company Social Benefits Fund, the employees' related income will be exempt from taxation with PIT up to PLN 2000 per year. In consequence, when the total value of in-kind and cash benefits received by an employee does not exceed PLN 2000, the employer will not have the related tax remitter obligations, including the obligation to add the value of the benefits to the employee's taxable income, and to calculate, collect and pay the related personal income tax advance – states an individual tax interpretation issued on 7 April 2021 (number 0113-KDIPT2-3.4011.225.2021.1.AK).

### **Accommodation costs exempt from tax for up to PLN 500 a month**

➔ When employees are posted to another work location in Poland and abroad, if the place of residence of the posted employee is outside the town of the workplace, and the employee does not use increased lump-sum tax-deductible costs, then the value of a benefit that consists of employee-provided accommodations (overnight) while performing work duties, will be exempt from taxation up to an amount no higher than PLN 500 per month. Whereas a benefit in excess of that amount will constitute the posted employee's taxable income from which the employer is required to deduct personal income tax advances – explains an individual tax interpretation issued on 2 April 2021 (number 0112-KDIL2-1.4011.94.2021.2.MKA).

### **Damage compensation for a former employee constitutes employment income**

➔ Damage compensation paid by an employer to a former employee constitutes that employee's taxable employment income because the source of the payment lies in the employment relationship that had previously tied the employee with his/her former employer. And thus, the former employer, as the remitter, while paying compensation to a former employee based on an agreed settlement was obligated to calculate, collect and pay the appropriate personal income tax advance – states an individual tax interpretation issued on 24 March 2021 (number 0113-KDIPT2-2.4011.1024.2020.2.KR).

### **Remuneration of supervisory board member posted to the management board is taxable**

➔ Remuneration paid for the performance of the functions of a management board member by a member of the supervisory board posted to the management board constitutes the income specified in Article 10 par. 1 point 2 further to Article 13 point 7 of the Personal Income Tax Act, which means that the company – as the remitter – is obligated to calculate, collect and pay the appropriate personal income tax advances, by the applicable due dates – explains an individual tax interpretation issued on 22 March 2021 (number 0112-KDIL2-1.4011.970.2020.1.TR).

## CALENDAR (most important deadlines)

- ✓ Payment for March 2021 of monthly PIT and CIT advances
- ✓ Payment for March 2021 of advances collected on employment income
- ✓ Payment of personal and corporate income tax advance for the 1st quarter of 2021
- ✓ Payment by a holding company representing a tax group of the tax advance collected for March 2021
- ✓ Payment of lump-sum CIT-5
- ✓ Payment for March 2021 to PFRON
- ✓ Payment of tax advance for March 2021 by real estate company/real estate company tax representative on income from sale of real estate company rights (PIT-ISN and CIT-ISN).



- ✓ Payment of VAT for March 2021
- ✓ Filing of VAT-8, VAT-9M, VAT-12 for March 2021
- ✓ Filing of SAF\_V7M for March 2021
- ✓ Filing of SAF\_V7K for March 2021 (record section) and for January, February and March 2021 (declaration section)
- ✓ Filing of VAT-13 by tax representative for March 2021
- ✓ Submission to PFRON of documents relating to additional financing of the wages of disabled employees for March 2021
- ✓ Reporting of sugar tax due for March 2021
- ✓ Reporting of retail sales tax PSD-1 for March 2021

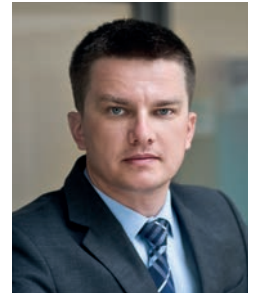


- ✓ Filing by natural persons of annual tax return on the amount of income earned (loss incurred) in 2020 (PI-36, PIT-36L, PIT-37, PIT-38, PIT-39)
- ✓ Filing of PIT-OP on donation of 1% of tax to public benefit organizations by taxable persons who received PIT-40A tax calculation from ZUS
- ✓ Filing of declaration on the preparation of local transfer pricing documentation/transfer pricing information – in cases when that deadline passed in January 2020





- ✓ Payment of lump-sum income tax collected in April 2021 on amounts paid to foreign legal entities
- ✓ Payment of lump-sum income tax collected in April 2021 on dividend income and other amounts from shares of profits of legal entities, and provision of CIT-7 to taxable persons
- ✓ Payment by acquirer of lump-sum income for April 2021
- ✓ Filing of declaration on the amount of income from unrealized profits CIT-NZ for April 2021 and payment of tax due as indicated in that declaration
- ✓ Filing of declaration on amount of income from unrealized profits PIT-NZ and PIT-NZS for April 2021 and payment of tax arising out of the declarations for the months of January 2019 to April 2021 – if an asset was lost in April 2021



**PIOTR GRACZ**  
Head of Business  
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department

- ✓ Payment of ZUS premiums for April 2021 – individuals who pay only their own premiums
- ✓ Filing of INTRASTAT for April 2021
- ✓ Joining of PPK (conclusion of contract to run PPK) by entities with up to 19 employees



- ✓ Payment of ZUS premiums for April 2021 – other remitters of premiums (excluding individuals who pay only their own premiums and state and local budget entities)
- ✓ Payment to PPK for April 2021



## O BDO

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- ▶ tax services (tax compliance),
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*We will be happy to meet your needs and offer support.*