

# Ministry of Finance publishes explanations on filing PIT-2, PIT-2A, PIT-3

## I. Ministry of Finance has published new tax explanations

On 30 December 2022 the Ministry of Finance published explanations on the declarations and requests that affect the amount of personal income tax advances calculated by tax remitters. The explanations contain general information on the entities that act as personal income tax remitters, the types of declarations and requests, the methods of their filing and the effects they produce, in the context of the legal regulations in effect as of 1 January 2023. Compliance with the explanations in the reporting period affords the taxable person or tax remitter the protection provided for in the Tax Ordinance.

## II. Separate declaration for each tax remitter

In its explanations the Ministry of Finance reminds that the same entity can employ individuals based on different contracts, e.g. employment contract or contract for services. In such cases - based on the PIT Act - the entity calculates, withholds and remits advances in ways provided for different remitters, e.g. as employer or as principal. Because individual remitters pay advances on different terms, each of those remitters should receive separate declarations and requests that affect the amount of the advance they calculate. Taxable persons can submit declarations and requests that lead to decreasing or increasing those advances.

Further to the changes made in regulations on the calculation of advances by tax remitters and the introduction of new declarations and requests that may be submitted to tax remitters by taxable persons, the Ministry of Finance has issued tax explanations relating to entities that act as personal income tax remitters, the types of declarations and requests, the methods of their filing and the effects they produce.



### III. Taxable persons do not have to submit declarations and requests using the ministry's forms

PIT taxable persons can submit the following declarations and requests that affect the amount of advances calculated by tax remitters: declaration on the application/non-application of tax advance reduction by an amount not exceeding 1/12 of the standard tax deduction; declaration of intention to apply preferential taxation of income jointly with a spouse or as a single parent; declaration on the application of repatriation relief, relief for 4+ families and relief for working seniors; request for the application/non-application of youth relief; request for the application/non-application of tax-deductible costs; request for the application of a higher tax rate; request for the non-collection of advances. The above declarations and requests are submitted by the taxable person to the tax remitter. This is done in writing or by any method adopted by the remitter, e.g. through the payroll and accounting system in place at the given company. Declarations and requests (with the exception of the request for the application of a higher tax rate) may be submitted using the PIT-2, PIT-2A, PIT-3 forms provided by the Ministry of Finance. The use of the forms developed by the Ministry of Finance is not, however, mandatory.

### IV. Declarations and requests may be filed at any time of the year

Declarations and requests may be filed at any time of the tax year. As a general rule, a tax remitter is required to take into account a taxable person's declaration or request no later than as of the month following the month of its receipt (depending on the circumstances and capabilities, it may be reflected immediately upon receipt). A previously submitted declaration or request may be withdrawn and changed by submitting a new declaration or request. The same dates apply to changed or withdrawn declarations and requests. Once submitted, the declarations and requests continue to apply to the subsequent tax years and expire with the termination of the legal relationship between the taxable person and the tax remitter. However, after the termination of the relationship, the tax remitter continues to consider the taxable person's declarations and requests relating to: the non-application of youth relief and the non-application of the standard (PLN 250 per month) or increased (PLN 300 per month) tax-deductible costs for employees, or tax-deductible costs according to the 50% standard.

### V. Declarations and requests must be updated after each change in circumstances

The taxable person is required to withdraw or change a previously submitted declaration or request if there has been a change in the circumstances that affect the calculation of advances by the tax remitter. An omission in this respect on the part of the taxable person does not release him from liability for an understatement or non-disclosure of the taxable base by the tax remitter, who while not aware of the change in circumstances applied the declarations and requests previously submitted by the taxable person. Declarations and requests that affect the calculation of advances submitted to the tax remitter prior to 1 January 2023 remain valid if there has been no change in circumstances that affect the calculation of advances. Among others, this applies to declarations and requests submitted by the end of 2022 using forms PIT-2, PIT-2A or PIT-3. This means that they do not have to be resubmitted, as long as the information provided therein remains current.





## VI. Advance reducing amount may be submitted to as many as three tax remitters

The monthly income on which tax remitters calculate PIT advances is subject to 1/12 of the standard deduction, i.e. PLN 300 (PLN 3 600 ÷ 12 months). The vast majority of tax remitters reduce advances by PLN 300 “on request”, i.e. only after the taxable person submits a declaration on the application of this reduction. In the declaration on the application of the reduction the taxable person indicates that the tax remitter is authorized to reduce the advance by PLN 300. The new regulations have introduced a solution that allows tax remitters to reduce advances not by PLN 300, but also by PLN 150 or 100. If in a given month a taxable person receives income from various tax remitters and would like more than one remitter to take the standard deduction, the taxable person must remember that a declaration on the application of the reduction by the indicated amount (PLN 300 for one tax remitter, PLN 150 for two, or PLN 100 for three) may be submitted to a maximum of three tax remitters. Declarations on the application of a reduction by PLN 150 or PLN 100 are applied by tax remitters “on request”.

## VII. Taxable person can at any time opt out of advance reduction

The taxable person can at any time opt out of reducing the advance by the amount of PLN 300. This applies to situations where the reduction is applied by the tax remitter “by law”, as well as “on request”. All the taxable person has to do is submit to the tax remitter a declaration of opting out of the application of this reduction, or withdraw the previously filed declaration. The taxable person may also at any time withdraw previously submitted declarations on the application of a reduction by PLN 150 or PLN 100. If he withdraws such a request from one of the tax remitters, he does not have to change the proportion of the standard deduction applied by the other tax remitters. The other tax remitters can continue to reduce the advance by PLN 150 or PLN 100.

## VIII. Employment contracts and contracts for services require separate declarations

Declarations and requests submitted for the purposes of calculating advances by an employer do not apply to calculating advances by a principal. This means that separate declarations and requests that affect the calculation of advances must be submitted to the employer and to the principal. Where a taxable person works at the same company based on various contracts (e.g. an employment contract and a contract for services), and in consequence submits a PIT-2 for the calculation of advances by the employer and another PIT-2 for the calculation of advances by the principal, then to avoid any doubts as to whom a declaration is being submitted (the employer or the principal), in part B of the PIT-2 form prepared by the Ministry of Finance the taxable person can indicate the source of income to which the form pertains (income from full time employment, or income from a contract for services).



## IX. Tax remitter will take into account the intent to file jointly with spouse

If a taxable person submits to the tax remitter a declaration of intention to apply preferential taxation of income jointly with a spouse or as a single parent and indicates that his anticipated annual income: will not exceed PLN 120 000, and the spouse or child has no income – the tax remitter will withhold advances for every month of the tax year at 12% of the income earned in a given month and will reduce them by the amount of PLN 300 for each month. Whereas when it exceeds PLN 120 000, and the income of the spouse or child does not exceed PLN 120 000 – the tax remitter will withhold advances for every month of the tax year at 12% of the income earned by the taxable person in a given month.



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## X. Additional deduction possible when filing jointly with child

Submission by the taxable person of a declaration of intention to apply preferential taxation of income jointly with a spouse or as a single parent – in a situation where the anticipated income will not exceed PLN 120 000, and the spouse or child has no income – means that the tax remitter – in addition to the “basic” reduction by the amount of PLN 300 (referred to in part 4.2), applies an additional reduction at that amount. Thus, the tax remitter can reduce the advance by a maximum of PLN 600. The first reduction in the amount of PLN 300, PLN 150 or PLN 100 is applied as part of the general rule of taking advantage by the taxable person of the tax-free amount in the course of the year. An additional reduction in the amount of PLN 300 is, accordingly, applied by the tax remitter in connection with the taxable person’s declaration of intention to apply preferential taxation jointly with a spouse or as a single parent. The amount of PLN 300 deducted from the advance as part of the additional reduction is applied in whole (not divided into parts). Whereas when the anticipated income of the taxable person will exceed the amount of PLN 120 000, the anticipated income of the spouse or child that is combined with the income of the taxable person does not exceed this amount – the tax remitter can only reduce the advance by PLN 300, PLN 150 or PLN 100 as part of the general rule of taking advantage by the taxable person of the tax free amount in the course of the year. The tax remitter does not, however, apply the additional PLN 300 reduction.



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