

# CIT amendments change more than just income tax regulations

## I. Amendments to CIT Act published in the Journal of Laws

The Act of 7 October 2022 amending the Corporate Income Tax Act and certain other acts has been published in the Journal of Laws (item 2180). Among others, the amendments to the CIT Act pertain to: lump sum tax on corporate income, entities required to prepare local transfer pricing documentation, rules for accounting for so-called debt financing costs, rules for calculating the tax base if the taxpayer obtains income taxed at different rates, tax on income of a foreign controlled entity, tax on shifted income, tax on income from buildings, taxation of holding companies, exemption from taxation of dividend income, obligations of flat-rate income tax remitters, obligations to submit information electronically by taxpayers with offices (branches) within the territory of a local administrative unit other than the local administrative unit of their registered office, temporary suspension of the obligations imposed on taxpayers required to pay minimum income tax. We discussed the above amendments in more detail in our previous alerts available on BDO's website.

## II. Not only CIT provisions are being amended

In addition to changes to the CIT Act, the amendments implement modifications in several other acts. Amendments to the Code of Civil Procedure and to the Act on Administrative Enforcement Proceedings concern the obligations of a debtor in a situation of overlap of enforcement of a claim to seize a tax overpayment or refund. Amendments to the Inheritance and Gift Tax Act and to the Tax on Civil Law Transactions Act concern the duties of notaries as remitters of these taxes. Amendments to the Tax Ordinance relate to the reporting obligations of entities obliged to prepare transfer pricing information, as well as notaries, regarding primarily the operation of the Central Repository of Electronic Notarial Deed Copies.

Amendments to income tax regulations, including in particular the CIT Act, have been published in the Journal of Laws. The objective is to, among others, temporarily suspend the application of minimum CIT provisions, as well as to make changes to withholding tax and tax haven regulations. These are just some examples of the changes that are to affect as many as 20 areas. Some other acts will also be amended.



### III. VAT anti-inflation shield extended until the end of 2022

The amendments to the Goods and Services Tax Act consist of: extending until 31 December 2022 the validity period of reduced VAT rates on certain goods (including food), power supply, heat supply and fuels set at 0%, 5%, and 8%, respectively; extending the application of increased tax rates of 23%, 8%, 7%, and 4%, respectively, throughout 2023 and from 1 January 2024 until the end of the year in which the total amount of expenditures listed in the Homeland Defense Act as specified for that year in the state budget and the financial plan of the Armed Forces Support Fund, exceeds 3% of the gross domestic product.

### IV. Provisions regulating the overlap of enforcement also modified

After the amendments, the new wording of the enforcement provisions states that an overlap of enforcement of claims to a tax overpayment or refund takes place as soon as the bases for tax overpayment reimbursement or refund arise. In such a case, the debtor of the seized debt notifies the competent enforcement authorities of the overlap of enforcement, stating the service date of the notices of seizure made by these authorities, and at the same time paying the amount needed to cover the enforced amount, late fees, as well as the late notice and enforcement proceeding costs. Until now, the regulation also provided that in the case of enforcement overlap, Article 62e did not apply (this provision refers to further enforcement overlap and enforcement proceedings being taken over by a single authority). The amendment removed this stipulation.



## V. Notaries to submit more data to the tax authorities

The amendment also modifies the provisions of the Tax Ordinance. The modifications concern the data submitted by notaries to the Head of National Revenue Administration. In this respect, the amendment adds a new clause requiring notaries to submit to the Head of National Revenue Administration information regarding the preparation of a notarial deed that covers civil law transactions referred to in the Act of 9 September 2000 on the tax on civil law transactions; civil law transaction referred to in the Act of 28 July 1983 on the tax on inheritance and gifts; statement referred to in Art. 43 clause 10 point 2 letter b of the Act of 11 March 2004 on the tax on goods and services (waiver of exemption from taxation of buildings); other events that might result in a tax obligation; registered certificate of inheritance; registered European certificate of succession.

## VI. The contribution assessment basis may be determined ex officio

Amendments to the Act on healthcare services financed with public funds relate to the authority of the Social Insurance Institution to determine ex officio the assessment basis for the health insurance contribution of an insured trader who has failed to provide information on their monthly income or revenue from business activity. In such a case, the Social Insurance Institution will determine the contribution amount ex officio, by adopting a contribution assessment basis amounting to either the minimum wage in effect on the first day of the contribution year, or 60% of the average monthly salary in the enterprise sector in the fourth quarter of the preceding year, including profit distributions, published by the President of the Polish Central Statistical Office in the Official Gazette of the Republic of Poland ("Monitor Polski"). This contribution amount may change in consequence of an audit or submission of new data by the Head of National Revenue Administration or the head of the competent tax office.



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