

PIT-2 may also be submitted after payday

I. Tax authorities issue interpretation on PIT-2 submission rules

It is acceptable for an employee to submit the declaration (PIT-2) after the first payday in the tax year. In such cases, in the given tax year the tax remitter will reduce the advance by 1/12 of the standard tax deduction, no later than starting with the month following the month in which he received the declaration. This rule arises directly out of Article 32 par. 3aa of the Personal Income Tax Act (the PIT Act), which has been in force since 10 March 2022, under which if a taxable person submits a PIT-2 to the tax remitter, the tax remitter deducts 1/12 of the standard tax deduction starting no later than as of the month following the month in which he received the form - explained the Director of National Tax Information in an interpretation issued on 29 April 2022 (number 0113-KDIPT2-3.4011.123.2022.1.KS).

II. Tax remitter collects tax advances on strictly defined income

In accordance with the provisions of the PIT Act, considered to constitute income from a service relationship, employment relationship, outwork or cooperative work relationship is any type of cash payment or cash value of benefits in kind or their equivalents, irrespective of the source of financing of such payments and benefits, and in particular: base pay, overtime pay, all sorts of allowances, bonuses, unused annual leave equivalents and all other amounts due, irrespective of whether their value was agreed in advance, as well as cash benefits incurred for the employee and the value of other free and partially free benefits. The act defines employee as a person in a service, employment, outwork or cooperative relationship.

Nothing stands in the way of employers accepting and applying PIT-2 at any time of the year. This will not lead to negative consequences for either the employer or employee – indicates a recent interpretation issued by the Director of National Tax Information.





III. Obligation to collect PIT advances applies to all employers

The PIT Act provides that natural persons, legal persons and organizational entities without legal personality (i.e. “employers”) are, as tax remitters, required to in the course of the year calculate and collect income tax advances from those who through those employers earn income from a service relationship, employment relationship, outwork or cooperative work relationship, as well as receive social insurance benefits paid by the employer, and at work cooperatives - receive payments from participation in their balance sheet surplus.

IV. Application must be filed for standard tax deduction

The advance calculated by the tax remitter in accordance with currently binding PIT regulations is reduced by 1/12 of the standard tax deduction specified for the first bracket of the tax scale, if the employee submits to the employer a PIT-2 declaration stating that he/she: does not receive a pension or disability benefit through the tax remitter or receives a pension or disability benefit through the tax remitter and has submitted an application to the pension authority; does not earn income from membership in an agricultural production cooperative or another cooperative involved in agricultural production; does not earn income on which he/she is required to pay advances on his/her own; does not receive cash benefits from the Labor Fund or Guaranteed Employee Benefits Fund; the employer is appropriate to apply the deduction.

V. PIT-2 may be submitted to tax remitter at any time

As a general rule, PIT-2 are filed once, immediately after starting work for a given employer, i.e. before the first payday. Nothing, however, stands in the way (regulations do not prohibit) of the employer accepting and applying the form at any time of the year (there will be no negative consequences for either the employer or employee). The form is therefore the basis for the employer to apply the standard deduction in tax advances. Once filed, a PIT-2 remains valid for the subsequent tax years (until it is revoked/withdrawn by the employee).

VI. As of July employees to be able to submit PIT-2 to as many as three employers

As a reminder, under the changes planned to the PIT Act as of 1 July 2022, an employee on whose behalf PIT advances are paid by the tax remitter will be able to declare that the standard deduction is to be taken by not one, but as many as three tax remitters, where each will only subtract a relevant portion of the deduction. And so a given tax remitter will deduct either 1/12 of the standard deduction (PLN 300), or 1/24 (PLN 150), or 1/36 (PLN 100), depending on what the employee declares. The new amounts are the result of the planned rate decrease from 17% to 12% in the first tax bracket. Under the new regulations, it is the tax remitter that establishes a new employment relationship will be required to initiate the filing by the hired taxable person of a request (declaration) on the tax remitter's application of the monthly standard tax deduction and on the deduction of health insurance premiums when calculating tax advances. We discussed the details of the planned changes in previous issues of our alert.



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