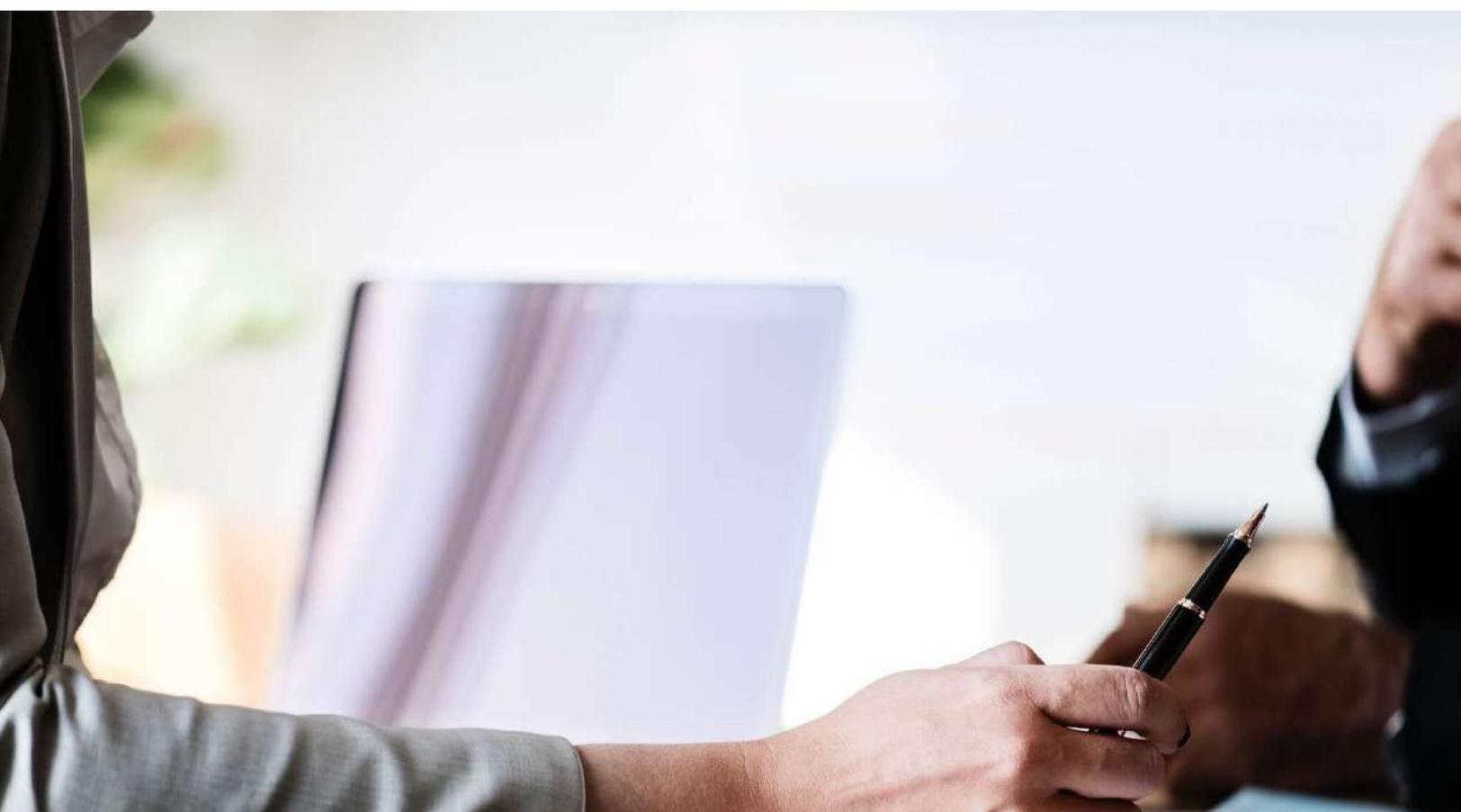


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News Flash

June, 2019



**New withholding tax
rules in Poland**

New withholding tax rules in Poland

One of the most important tax changes, that entrepreneurs running a business in Poland will face soon, are **new rules on withholding tax (WHT)**. Changes proposed by the Ministry of Finance refer primarily to entities making cross-border payments, but also national payments of dividends and participation in profits of legal persons.

Tax remitter

The general principle resulting from the amendment is the obligation of the entities making the payment, to collect from these payments and pay tax. In this case, the role of the tax remitter is particularly important.

Tax remitter is an entity obliged to calculate, collect and pay the tax in a proper amount, and in case of not fulfilling these obligations, may be responsible for the arrears arisen and bear penal and fiscal responsibility.

Changes from 1 July 2019

According to the new withholding tax obligations, tax remitters (either Polish companies or individuals) will be required to collect the withholding tax in full amount (**from the amount exceeding PLN 2 million) at standard rates (usually 20% or 19%)**. If exemption or diminished tax rate may be used tax remitter or taxpayer may apply for a refund.

Examples of transactions affected by the new regulations:

- dividend payments;
- cross-border interest payments;
- cross-border low added value services (management fee, administration fee etc.);
- cross-border royalties;
- license fees payable abroad.

How to avoid withholding tax

To apply the exemption or preferential tax rate, a statement needs to be submitted to the tax authorities, confirming that the tax remitter is in possession of appropriate documents and as a result of verification, there is no grounds to question the possibility of applying preferences. The statement needs to be signed by the whole management board. After submitting such statement on the day of payment at latest, exemptions or preferential taxation rates may be applied for two months, after this period it is necessary to submit the statement again.

Our Accace tax team has developed a procedure for such verification and prepared a checklist, which is the basis for submitting a statement to the tax authorities. The Accace tax team will be happy to help with the implementation of such verification procedures.

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Piotr Zajac

Piotr Zajac is a Tax Advisor and the Tax Director at Accace in Poland. He began his career in a company belonging to the so-called Big Four and, later on, gained more professional experience in one of the most well-known international advisory firms. His expertise encompasses the real estate sector, both in the residential and commercial aspects. Piotr also has vast experience in the transactional context as well as due diligence. He advised clients in one of the largest transactions of the years 2016 and 2017 in the Polish real estate market.

A significant area of Piotr's expertise is related-party transactions advisory and transfer pricing documentation. He is the author of numerous publications, a lecturer and a coach at trainings and workshops organized for clients. He graduated with a Law degree from the University of Warmia and Mazury in Olsztyn, Poland.

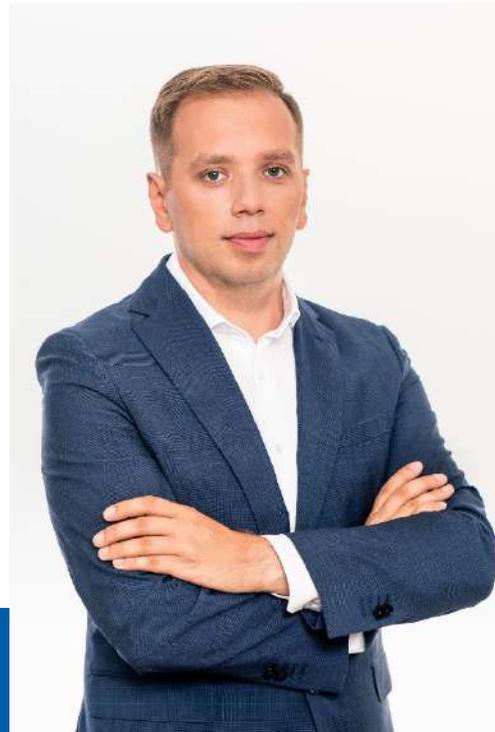
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About Accace

With approximately 600 professionals, over 2000 international companies as customers and branches in 13 countries, Accace counts as one of the leading outsourcing and advisory services providers in Central and Eastern Europe.

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