



12 tax and legal challenges in 2019

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Sanction in CIT

In 2019, an additional sanction was introduced. This may be imposed in the event that irregularities are detected in income tax settlements (as a result of tax circumvention clauses), irregularities in settlements of transfer prices, abuses of double taxation agreements and irregularities in collecting withholding tax. Depending on the circumstances, the sanction may even amount to 80% of the tax benefit.

SSW Pragmatic Solutions helps you to identify and review any transactions, payments and business activities which may be at risk of such a sanction.



Solidarity charge

From 2019, the solidarity charge is payable by natural persons at a rate of 4% of any personal income exceeding 1 million PLN in a given accounting year. It applies to income obtained from 1 January 2019. In practice, the solidarity charge means an introduction of new PIT rates for annual income exceeding 1 million PLN (23% and 35%). The solidarity charge is calculated on the basis of, among others, income from business operations, capital income and income derived from controlled foreign companies. Dividends income are not covered by that tax.

SSW Pragmatic Solutions can help you analyse the impact of the new charge on your personal situation and present practical, customised solutions.



The obligation to report tax schemes

From 2019, a new important obligation will exist, to report structures aimed at achieving tax benefits (so-called tax schemes). Such information must be provided by professional entities such as tax and accounting consultants, notaries and employees of banks and other financial institutions. The obligation also extends to entities and persons who implement such schemes.

SSW Pragmatic Solutions helps you to identify and review structures which may be considered as tax schemes, to ensure you comply with your information obligation vis-à-vis the Polish tax authorities.



IP Box

The so-called IP Box (Innovation Box) will be introduced in 2019. It enables taxation payable on income obtained from the intellectual property rights to be reduced to 5%. The new provisions include preferential taxation rules on income derived from, among others, so-called qualified intellectual property rights whose subject was created, developed or improved within the framework of research and development activities.

SSW Pragmatic Solutions can help you to benefit from the lower tax rate. We regularly advise clients on tax reduction options and tax audits.



Research and development

As of 2018, entrepreneurs have been able to benefit from expanded R&D tax release provisions. The maximum permissible amount of tax-deductible expenditure for R&D was increased to 100% of qualified costs, or even to 150% in the case of enterprises that are research and development centres.

SSW Pragmatic Solutions helps clients to identify business activities which may benefit from the R&D tax release (including a retrospective review covering 2016-2018). We can also review and verify the eligibility of R&D costs and help to prepare internal/ external settlements in such a way as to enable the maximum scope of tax release to be used.



Vehicle taxation

As of 2019, the law applicable to personal cars used in business activities will be changed. These changes increase the depreciation limit, introduce limits on leasing and restrict the possibility to include as tax-deductible costs any expenses incurred in maintaining a personal car.

SSW Pragmatic Solutions can help you to assess the impact of the new law on your business activities and to adjust to the new tax rules concerning personal cars.



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Liability of corporate bodies

The new law increases the potential liability of corporate bodies which have committed unlawful acts. It increases maximum fines and, in some cases, allows a corporate body to be dissolved. It also makes companies liable for the actions of their business partners.

SSW Pragmatic Solutions can help your company to create and review internal compliance procedures, to limit the risk of irregularities that could result in corporate liability.



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Polish Investment Zone

On 30 June 2018, the entirety of Poland became one Special Economic Zone. Currently, taxpayers who implement new investments qualify for income tax exemption, regardless of the location of the new investment.

SSW Pragmatic Solutions helps clients to maximise the potential benefits of this tax relief. We can help you plan all aspects of an investment, apply for support and organise tax relief settlements. We can also assist in categorising expenses and dividing costs/revenues between taxed and non-taxed activities.



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The risk of criminal liability

Over the last few years, the number criminal proceedings conducted in relation to tax offences has significantly increased. Moreover, when tax authorities challenge a taxpayer's tax settlements, they are increasingly applying the provisions of the Criminal Code, which contain stricter sanctions than those included in the Tax Criminal Code. Financial liability usually rests with the members of a company's management board.

SSW Pragmatic Solutions can help your company create and review internal risk management procedures to eliminate the risk of corporate criminal liability for tax offences



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Withholding tax

From 2019, all taxpayers will be subject to new rules on the collection of a withholding tax. Changes have been made to the previous ways of benefitting from tax relief or exemption. Taxpayers will be obliged to act with due diligence when verifying the identity of a taxpayer and the actual owner of paid receivables.

SSW Pragmatic Solutions can help you to identify risks connected with specific revenue streams paid outside Poland. We can review your taxpayer duties and ensure that you act with due diligence in compliance with those obligations.



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Employee Capital Schemes (PPK)

The Employee Capital Schemes Act envisages the creation of a new, generally applicable retirement saving system, to be financed by employees and employers. The obligation to create such capital schemes will be gradually applied to all employers, although it will not apply to employers which, in due time, create appropriate Employee Retirement Schemes (PPE).

SSW Pragmatic Solutions can help your company introduce Employee Capital/Retirement Schemes (PPKs or PPEs) to ensure you implement the most advantageous solutions.



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Exit Tax

From 2019, the Polish tax authorities will acquire a new tool to discipline taxpayers – the so-called exit tax or income tax on unrealised profits. The new rules allow the taxation of assets transferred abroad if the income on their further sale will not be capable of being taxed in Poland. The new rules will only apply if the taxpayer has changed their tax residence.

SSW Pragmatic Solutions helps you to estimate the exit tax risk by analysing the assets which may be subject to that tax, and estimating the potential tax liability. We also help you to review the applicable costs basis when applying the tax to the possible transfer of assets.

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The SSW team combines innovation and experience to provide clients with pragmatic solutions to their commercial, legal or tax. We work as a team to help you implement effective solutions for all your business needs. Whether you wish to ensure that your businesses apply the most effective tax structures or successfully expand into new locations and business sectors, we can help you create pragmatic, tailor-made solutions. We invest in new technologies and strategies to ensure we stay ahead of the curve regarding the latest legal, tax and business trends. We help you anticipate and prepare for future challenges. We help you achieve all your business goals, as efficiently and simply as possible.

International rankings, such as Legal 500, Chambers Europe or IFLR 1000, based exclusively on Clients' opinions all confirm our competencies and expertise.

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