

## Tax alert – tax changes in connection with the COVID-19 epidemic

### Extension of deadlines for submitting and approving financial statements for 2019

Under an ordinance of the Minister of Finance, the deadlines for drafting and approving financial statements, and then submitting them to the National Court Register and the tax authorities, have been extended by two months for entities under the supervision of the Financial Supervision Authority, and for three months for other entities.

### Extension of the deadline for submitting CIT-8, ORD-U and IFT-2R statements, and for paying CIT for 2019.

Under ordinances of the Minister of Finance, the deadline for submitting CIT-8, ORD-U and IFT-2R statements, and for paying CIT for 2019 has been extended from 31 March 2020 to 31 May 2020, for taxpayers whose 2019 fiscal year ended on or before 31 January 2020.

### Settling a loss incurred in 2020 against the income from 2019

PIT and CIT taxpayers will be allowed to settle a loss incurred in 2020 due to the COVID-19 epidemic against the income from 2019 (and for PIT, also against the revenue). The deduction of the loss incurred in 2020 will only be possible once the financial year has ended. The limit of the loss to be deducted is PLN 5 million. A condition for making a retrospective deduction of a loss is demonstrating a decrease in revenue for 2020 of at least 50 per cent in relation to the revenue from the previous year.

### One-off depreciation write-offs

It is possible to make one-off depreciation write-offs on the initial value of fixed assets acquired in connection with the production of goods related to preventing COVID-19 (where such goods include protective masks, ventilators and disinfectants), as long as they are entered into the business's register of fixed assets and intangible assets in 2020.

### Changes in simplified tax advances

Small taxpayers who apply a simplified settlement of PIT or CIT advances will be able to opt out of this form for the period March-December 2020, if they are affected by COVID-19. In this case, advances will be settled on the basis of the monthly income actually generated in 2020.

### Extension of the deadline for submitting information on transfer prices

The deadline for submitting information on transfer prices (TPR-C) has been extended to 30 September 2020 for affiliated entities, in line with the shifted fiscal year (where the fiscal year started after 31 December 2018 and ended before 31 December 2019).

### Deferral of payment of what is known as the minimum tax (tax on revenue from buildings)

Building owners who pay the minimum tax on revenue from buildings may pay advances for the period March-May 2020 by 20 July 2020. The deadline may also be extended if the taxpayer has been negatively affected by COVID-19 and its total revenue (including revenue from buildings) for the reference month of 2020 for which the minimum tax is due is at least 50 per cent lower than in the corresponding month of the previous tax year.

## **Retail tax**

The introduction of the new retail tax was deferred until 1 January 2021. Originally, this tax was to be implemented from 1 July 2020.

## **Deferral of PIT advances**

The payment of PIT advances for March and April 2020 have been postponed until 1 June 2020. The postponed deadline for paying PIT advances applies to payers deducting PIT advances from income from employment contracts, contracts of mandate, contracts for specific work and from income from property rights.

## **Deductions of donations**

Donations in connection with counteracting COVID-19 made in the period from 1 January to 30 September 2020 will be tax deductible from income or advances on PIT or CIT for 2020. This preferential treatment will only apply to donations to: medical entities, the Material Reserves Agency and the Central Database of Sanitary and Epidemiological Reserves. The level of the deduction will vary over time. Donations made between January and April 2020 will give the right to a 200% deduction of the value; in May 2020, 150% of the value of a donation can be deducted, and in the period from June to the end of September 2020 donations can be deducted at 100% of the value.

## **Extension of the deadline for submitting PIT statements for 2019**

The deadline for submitting PIT returns for 2019 has been extended until 31 May 2020 with no negative consequences or penalties under the Criminal-Fiscal Code.

## **Deferral of the date of the new Uniform Control File [JPK] and the VAT matrix entering into force**

The introduction of the new JPK\_VAT for large enterprises, which replaces VAT returns, among other things, has been postponed until 1 July 2020 (it was originally intended to enter into force from 1 April 2020). By that date, the new JPK\_VAT will also apply to other taxpayers.

The date of the new VAT matrix entering into force has been postponed until 1 July 2020. The new VAT matrix will replace the current Polish Classification of Goods and Services PKWiU 2008 with the EU Combined Nomenclature (CN) for goods, and the current PKWiU 2015 for services. The new VAT rates will apply from 1 July 2020.

## **Payment to an account outside the white list**

The deadline for notifying the authorities about a payment to an account outside the "white list", protecting against the negative tax consequences of such payment has been extended from 3 to 14 days. The extension is only valid for the duration of the COVID-19 epidemic.

## **Changes in records from fiscal cash registers**

It is possible to issue a fiscal receipt or invoice for every sale recorded using a fiscal cash register, also in electronic form. This requires the buyer's consent, and agreement on how this document will be sent to the buyer. The obligation to print documents issued in this way was cancelled.

## **Exemption from real property tax and deferral of payments**

Local tax authorities have been authorised to exempt certain groups of enterprises experiencing liquidity problems in connection with COVID-19 from real property tax. The exemption applies to part of the real

property tax for 2020. The exemption is not automatic and general in nature, but it is left to the discretion of individual local authorities. It applies only to certain groups of businesses whose liquidity deteriorated in connection with COVID-19. The possibility of deferring payments of instalments of real property tax due in April, May and June 2020 was introduced, allowing instalments to be paid by 30 September 2020 at the latest.

### **Suspension of bad debt relief in CIT/PIT for debtors**

Debtors who are in arrears with payment to a counterparty for more than 90 days will not have to increase their income by the unpaid amount. This relief can only be applied if revenue in a given settlement period has decreased by at least 50% compared to the same period of the previous year. The amendment does not provide for any changes for creditors whose receivables are not paid on time.

### **Suspension of deadlines for reporting tax schemes**

The deadlines for reporting tax schemes (both national and cross border) that start or run between 31 March and the ending date of state of epidemic, but not later than until 30 June 2020 have been suspended.

### **Extension of the deadline for issuing individual interpretations**

The deadline for issuing individual tax law interpretations has been extended by an additional three months with respect to applications for individual tax law interpretations submitted and not considered by 31 March 2020, with an option for an additional extension for a further period. The extension does not apply to the deadline for issuing general interpretations.

### **Extension fee and the option to cancel the charging of interest**

The extension fee (half the amount of the penalty interest rate on the late payment of taxes), which is charged in the case of a decision by the tax office or Social Insurance Institution (ZUS) to postpone the payment date or spread the arrears in instalments, has been cancelled (this applies only to PIT, CIT, VAT and social insurance contributions due from January 2020). This cancellation will apply to applications made during the period of a state of epidemic / epidemiological threat and for 30 days after the end of these periods. According to the Ministry of Finance, the authorities have been instructed to approve such applications from taxpayers. In addition, the possibility was introduced for the Ministry of Finance to issue an ordinance stopping interest from being charged on tax arrears, subject to certain conditions.

### **Suspension of the course of procedural deadlines and conducting tax proceedings and inspections**

During a state of epidemic / epidemiological threat announced due to COVID-19, the course of procedural and judicial deadlines in administrative, enforcement, criminal, fiscal, inspection, customs and fiscal proceedings does not start. If it has already started, it is suspended. In addition, during this period, the authorities may, *ex officio* or upon request, suspend pending tax proceedings, tax inspections and customs and fiscal inspections.

### **Voluntary disclosure in electronic form**

A voluntary notification on having committed a prohibited act under the provisions of the Criminal and Fiscal Code (voluntary disclosure) can now be submitted in an electronic form, signed with an electronic signature.

## Perpetual usufruct fee

The new regulations extend the deadline for paying the perpetual usufruct fee for 2020 from 31 March 2020 to 30 June 2020.



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