

FOREIGN PER-DIEMS MAY BE EXEMPT FROM PERSONAL INCOME TAX IN POLAND

We wish to draw your attention to a taxpayer-friendly change in the approach taken by the Finance Minister ("FM") in relation to exemption of per-diems from personal income tax ("PIT"). The matter involves any employee who:

- is employed by a foreign company, and
- travels to Poland on company business and receives per-diems (daily allowances) according to the law of the place where his or her company is established, and
- is subject to income tax liability in Poland.

Until recently, tax authorities claimed that, in such cases, the per-diems are exempt from Polish PIT only up to the limit imposed by Polish law or even that they are not exempt at all.

However, according to more recent private tax rulings from MF, such per-diems are exempt from Polish PIT up to the limit imposed by the law of the place where the employer is established (see rulings by Director of Warsaw Tax Chamber dated 12.04.2016, ref. IPPB4/4511-53/16-4/MP, and 06.11.2015, ref. IPPB4/4511-871/15-8/JK).

This change of approach offers employees a chance to significantly reduce their Polish tax burden where foreign per-diems are higher than those in Poland.

If this issue pertains to your business and you are interested in our assistance, please contact your WTS&SAJA consultant or our office.

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