

ANTI-CIRCUMVENTION CLAUSE – THE NEW LAW SIGNED BY PRESIDENT

On 7 June 2016, the President signed the law to amend the Taxes Management Act by introducing the general anti-circumvention clause (also called general anti-avoidance rule, or GAAR) (see our Newsletter no. 35/2016).

GAAR is designed to prevent use by businesses of artificial structures whose sole purpose is to avoid or mitigate tax. The new law empowers tax authorities to challenge taxpayers' transactions if they consider that the transactions have no business rationale and their only purpose is to obtain tax advantage. In such cases tax authorities will assess tax as if the transaction never took place.

The anti-circumvention clause will apply to transactions giving taxpayers benefits worth more than PLN 100,000 within a year. It's worth noting that the new law will catch not only the transactions yet to be made but also those that have already been made but the resulting tax advantage is obtained after commencement of the new regulations.

The new law will enter into force 30 days after its publication in the Journal of Laws.

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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