

## NEW THRESHOLD FOR ONE-OFF EXPENSING OF TANGIBLES

We wish to alert you to a proposal by the Ministry of Development and Finance to amend the Personal Income Tax (PIT) Act and the Corporate Income Tax (CIT) Act provisions on one-off deductions for certain tangibles.

Currently, the *de minimis* state aid rule allows new taxpayers (in relation to their first tax year) and small taxpayers to make one-off deductions for the entire cost of selected tangibles, provided the total of such deductions does not exceed the PLN equivalent of EUR 50,000 per tax year. In addition, any taxpayer may make a one-off deduction for the entire cost of a tangible whose cost is no more than PLN 3500.

The Ministry's proposal is to increase the one-off deduction limit applicable to all taxpayers (CIT and PIT) to PLN 100,000 annually, provided that:

- the cost of one tangible purchased in the given tax year is at least PLN 10,000;  
or
- the total cost of several tangibles purchased in the given tax year is more than PLN 10,000 and the cost of each of them is more than PLN 3500.

The new limit for one-off deductions would apply to all brand-new tangibles of classes 3 to 6 and 8 (plant and machinery) purchased after 1 January 2017, except for real properties (buildings and built features) and means of transportation.

The proposal also seeks to ensure that:

- the PLN 100K limit would apply to both depreciation charges and payments on account of tangibles to be delivered in subsequent years;
- where the deduction concerns a capital expense item of more than PLN 100K, the taxpayer would be allowed to make a one-off deduction up to the limit and then make deductions for the balance in subsequent tax years in accordance with the default rules;
- new taxpayers and small taxpayers would be allowed to elect the one-off deduction method (as per the current law or with the new limit).

The proposed deduction limit will not be covered by the *de minimis* state aid regime.

According to the proposal, the changes will enter into force 14 days after publication. The bill has just passed its first reading in the Sejm and been transmitted to the Public Finance Committee.

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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