

TRAINING MAY BE CHARGE-FREE, BUT PIT WILL APPLY ANYWAY

Charge-free training courses represent taxable income for doctors participating in them, held the Supreme Administrative Court ("SAC") in its final and definitive judgement of 27 January 2015 (case no. II FSK 3132/12).

This particular case involved a company which serves a drug manufacturer by promoting its products among doctors. It does so by organising training courses and conferences to which it invites authorised prescribers and incurs the cost of their participation. The company also pays for participation of such doctors in third party conferences.

The SAC verbally gave reasons for its judgement, pointing out that:

- the participation in training courses or conferences is a charge-free benefit for the doctors;
- where such a doctor is not under any legal relationship with the company or drug manufacturer (e.g. employment, contract under civil law), the amount of the benefit should be treated as the doctor's "income from other sources";
- the company must issue PIT-8C forms and send them to the doctors and their tax offices (no need to withhold and remit personal income tax).

This case is particularly relevant for all businesses engaged in organising charge-free training events or conferences, even outside the pharmaceutical industry. According to the SAC judgement, the organisers must establish the amount of income each participant earns through participation, and issue personalised form PIT-8C for each of them.

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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