

NEW TAX POINT FOR CAPITAL INCOME

The Polish President signed another amendment to the Personal Income Tax Act (PITA) on 27 October 2015. This time the changes affect, among other things, the recognition of income on disposal of shares and securities for a consideration.

The amendment, which will become effective on 1 January 2016, is in fact a refinement of the existing regulation.

According to the old law, income from disposal of shares and securities for a consideration is deemed to arise on (and should be recognised by reference to) the date on which the income becomes due even if it has not been actually paid (Article 17.1.6 PITA). In practice, this income could be recognised only in such amount as was due to the taxpayer during the tax year.

As of 1 January 2016, such income will arise already on transfer of title to the shares/securities to the purchaser (new Article 17.1ab). For taxpayers, this means that they will have to recognise the income on transfer of title to the shares/securities, whether or not payment is already due to them. Thus, using deferred payment arrangements or paying in instalments will no longer affect the time when such income is deemed to arise.

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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