

**ACCOMMODATION BENEFITS FOR EMPLOYEES
SUBJECT TO SOCIAL SECURITY CONTRIBUTIONS**

We wish to alert you to a ruling by the Supreme Court dated 10 December 2015 (case no. III UZP 14/15). This ruling is bad news for employers and employees because the court held that:

- where an employer pays for his employee's accommodation, this should be treated as employee's fringe benefit,
- the amount of the benefit is assessable to social security (ZUS) contributions.

Generally, ZUS contributions are assessable on income defined as per the PIT Act. Backed with recent judgement of the Constitutional Court (case no. K 7/13), the tax authorities currently claim that accommodation provided by an employer to an employee for business purposes does not represent the employee's taxable income under the PIT Act because the benefit is provided in the interests of the employer.

Employers expected that the treatment will be the same for social security purposes, but the Supreme Court decided otherwise. With the help of this ruling, **ZUS may now try to approach employers to enforce overdue ZUS contributions on amounts which actually are not employee income for PIT purposes. This may markedly increase social security charges on employers and their mobile employees.**

The written statement of reasons for the ruling has not been published yet.

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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