

MINIMUM INCOME TAX ON COMMERCIAL PROPERTIES

This is to alert you to a legislative proposal to amend the Corporate Income Tax Act, the Personal Income Tax Act and the Flat-Rate Income Tax (Certain Personal Incomes) Act for the purpose of introducing a minimum income tax for taxpayers holding commercial properties. It is proposed that taxpayers holding commercial properties (classified as tangibles) will have a separate taxable base equal to the original cost of those properties as at the first day of each month in accordance with their records of tangible assets.

A monthly tax of 0.042% will be charged on such taxable base, and will be payable every month whether the taxpayer has a business loss or income.

The new tax would apply to the following commercial properties with an original cost in excess of PLN 10 million:

- buildings with shopping or service uses, such as shopping centres, department stores, stand-alone shops and boutiques, etc.;
- buildings classified as office buildings, except for those used by post offices, local authorities, ministries, courts and parliaments.

According to the proposal, the minimum income tax on commercial properties would be deductible from the general income tax. These deductions would be made against the default advance income tax payments. In addition, any minimum income tax paid but not deducted during a tax year could be deducted in the annual tax return.

The changes would apply as of 1 January 2018. The proposal is currently undergoing the process of intra-cabinet approvals.

We will keep you posted on the progress of this legislation.

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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