

PRESIDENT SIGNS CIT AMENDING ACT

On 22 November 2017, the Polish President signed the Act of 27 October 2017 to amend the Personal Income Tax Act, the Corporate Income Tax Act and the Act on Flat-Rate Tax on Incomes of Certain Natural Persons.

Some of the changes are signalled below:

- Two new categories of source of income for CIT purposes: capital gains and other sources, with profit/loss to be calculated for them separately.
- Revolutionary changes to the thin capitalization framework.
- New limit on deductions for intangible items for which payments have been made directly or indirectly to related parties or tax havens.
- Minimum income tax on commercial properties (shopping centres, department stores, shops and boutiques, commercial and service centres, office buildings) whose initial cost exceeds PLN 10 million.
- Changes to the framework for tax groups.
- Modifications relating to controlled foreign corporations (CFC).
- Restrictions on the amortisation of intangibles and deduction of related license fees if the asset was purchased or created by the taxpayer and then sold (the limit equals the proceeds of the initial sale).
- The deduction of loss on sale of receivables or claims limited to the amount previously reported as net income (net of VAT).
- Higher limit for small-value fixed assets whose purchase cost may be deducted for tax purposes on a one-off basis (PLN 10,000, comparing to PLN 3,500 previously).
- Taxpayer entitled not to pay advance CIT where the tax on his year-to-date income less his year-to-date advance tax payments is not more than PLN 1,000.

The changes become effective on 1 January 2018.

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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