



Financial statements
must be approved by 30 June

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For those entities whose financial year is concurrent with the calendar year, the financial statements for the financial year 2025, along with the report on activities, should be approved by the approving body within 6 months of the balance sheet date, i.e. by 30 June 2025.

Legal basis and key deadlines

The deadlines for the preparation and approval of financial statements are set out in the Accounting Act of 29 September 1994. Financial statements should be prepared within 3 months of the balance sheet date (Article 52 par. 1), which for a financial year that is concurrent with the calendar year means a deadline of 31 March 2026. The approving body should approve the financial statements no later than 6 months after the balance sheet date (Article 53 par. 1), i.e. by 30 June 2026. The approved financial statements must be filed with the National Court Register (KRS) within 15 days of their approval (Article 69 par. 1), i.e. no later than 15 July 2026. For entities whose financial year is different than the calendar year the deadlines are counted the same way from the entity's balance sheet date.

Bodies responsible for approving financial statements

Financial statements are approved by the relevant body in accordance with the entity's legal form. At limited liability companies (sp. z o.o.) and joint-stock companies (S.A.) it is an ordinary meeting of shareholders or ordinary general meeting of shareholders held within 6 months of the end of the financial year (Article 231 § 1 of the Code of Commercial Partnerships and Companies for sp. z o.o. and Article 395 § 1 for S.A.). At partnerships, the approving body are the partners, and at cooperatives - a general meeting of members. The financial statements of public finance sector entities are approved by the relevant body specified in special regulations. It is the responsibility of the entity's manager to prepare the financial statements on a timely basis, submit them for audit (if required) and present them to the approving body.

Activities leading up to approval

Before approving their financial statements entities covered by the audit requirement must have the financial statements audited by a statutory auditor in accordance



may also impose an enforcement fine based on Article 24 of the KRS Act, and in extreme cases of persistent failure to fulfill the requirements - commence a proceeding to dissolve the company without conducting a liquidation proceeding (Article 25a of the KRS Act). Board members are also civilly liable to the company for damages arising out of failure to fulfill reporting obligations in a timely manner.

Tax consequences of lack of approval

Lack of approval of the financial statements has significant consequences under corporate income tax (CIT). The deadline for the submission of a CIT-8 return and payment of tax falls at the end of the third month following the end of the tax year (Article 27 par. 1 of the CIT Act), irrespective of the date the financial statements are approved. However, the lack of approval effectively prevents the passing of a resolution to distribute profit, thereby blocking the payment of a dividend and the related withholding tax (WHT) obligations. In addition, for entities subject to taxation with flat-rate corporate income tax (so-called Estonian CIT), the absence of approved financial statements makes it difficult to correctly account for income from the distribution of profit. For entities that use the sustainability reporting exemption Option, the entity manager's decision to exercise the Option must be made prior to the preparation of the report on activities, and information to that effect must be included in that report.

Consequences of lack of timely approval

Although failure to approve the financial statements by the statutory deadline does not render them invalid or release the entity from the requirement to prepare them, it does give rise to a series of legal consequences. The financial statements remain unapproved until an appropriate resolution is passed by the approving body, which blocks the distribution of profit or coverage of loss (Article 53 par. 3 of the Accounting Act). At corporations, resolutions to distribute profit passed before the financial statements are approved are invalid. The lack of approval also makes it impossible to file the financial statements with the KRS by the statutory deadline of 15 days from approval, thereby breaching the reporting requirement. The entity is still required to file its unapproved financial statements with the KRS within 15 days of the approval deadline (Article 69 par. 2 of the Accounting Act), and then again after their approval.

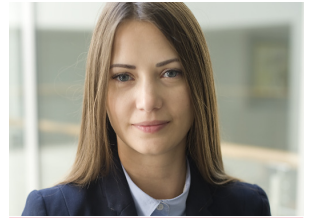
Criminal liability and penalties

Failure to fulfill the requirements to prepare and approve financial statements is a crime under Article 77 and Article 79 of the Accounting Act. Failure to prepare financial statements, preparation of financial statements in breach of the regulations or presentation therein of incorrect data are subject to a fine or imprisonment for up to 2 years, or both (Article 77). Failure to file financial statements with the appropriate court register is subject to a fine or restriction of liberty (Article 79 point 4). The registration court



Actions to take in case of a missed deadline

In the event the financial statements are not approved within the statutory deadline of 6 months, the entity will not lose its ability to approve them at a later time, but should take remedial action. The unapproved financial statements should be filed with the KRS within 15 days of the approval deadline, and then again after approval. The entity's manager should document the reasons for the delay and the actions taken to eliminate the breach. If a summons is received from the registration court to file the financial statements under penalty of a fine, the obligation must be fulfilled or explanation provided immediately. Persistent failure to fulfill reporting obligations may lead to a proceeding to dissolve the company being commenced by the registration court; for this reason, even a significant delay does not release the company from the obligation to complete the reporting process.



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Documentation and storage

Once its financial statements are approved the entity is required to store them permanently in accordance with Article 74 of the Accounting Act. Approved annual financial statements are to be stored for at least 5 years counting from the beginning of the year following the financial year of approval. Reporting process documentation, including the resolutions of the approving bodies, auditor's opinions, sustainability reporting assurance reports and communications from the KRS should be stored in an orderly manner that ensures quick and easy retrieval. The entity's manager should also ensure proper documentation of the decision making process regarding the application of the sustainability reporting exemption Option (if the entity has chosen to exercise it), including a written version of the decision and the details of meeting the conditions specified in Article 84a of the Accounting Act.



**If you have
any questions or doubts,
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■ 4th Best Auditor of Listed Companies
■ The ESG award

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