

Property and vehicle tax rates to go up sharply

I. High inflation has significantly increased the rates of local taxes and charges

In accordance with the Act on local taxes and charges, the upper limits of the rates in force in a given tax year are changed annually for the next tax year based on the consumer price index in the first half of the year in which the rates are changed, compared to the same period of the previous year. The price index is determined based on an announcement of the President of the Main Statistical Office in the Official Journal of the Republic of Poland "Polish Monitor" 20 days after the end of the first half-year. On this basis, the minister in charge of public finance announces in the "Polish Monitor" the upper limits of the rates, rounding them up to the nearest grosz.

II. Final tax rates to be decided by the municipality council

The maximum rates of local taxes and charges that will apply in 2024 were adjusted in an announcement made on 21 July 2023 on the upper limits of the local tax rates and charges for the year 2024 (2023 Polish Monitor, item 774). The announcement brought with it an increase of, among others, motor vehicle taxes, property taxes, market fees or dog licenses. However, the maximum rates indicated in the announcement set the maximum upper limits of the taxes that municipalities will be able to impose from January of next year. They will not, therefore, be able to impose taxes higher than indicated in the announcement. But they may enact lower rates. Each municipality decides on its own on the actual rates of the taxes and charges for the given year.

III. Tax on commercial properties up sharply

In accordance with the announcement, the maximum rate of property tax for land associated with business activities (irrespective of how it is classified in the records) will as of 1 January 2024 go up from the current PLN 1,16 to PLN 1,34 per square meter. The highest property tax rate for buildings associated with business activities, as well as for residential buildings or their parts associated with business activities will be PLN 33,10 instead of today's PLN 28,78. For structures associated with business activities the tax rate is not an amount but a percentage and amounts to 2% of the structure's value. To compare, the upper limit of the property tax rate for residential buildings will go up from PLN 1 to PLN 1,15 per square meter of useable area.

The upper limits of local tax and charge rates, including property tax rates, will go up in 2024. Maximum rates are set in the Ministry of Finance decree published in Polish Monitor B.



IV. Properties associated with business activities when used by a trader

In accordance with binding regulations, land associated with business activities is land in the possession of a trader or another entity performing business activities (i.e. activities performed based on the Business Operators Act, but with some exceptions). The following are not considered business activities under the Act on local taxes and charges: agricultural or forestry activities; rental to tourists of guest rooms in residential buildings in rural areas by those with permanent residence in a municipality located in that area, if the number of rooms to be rented is no higher than 5; the activities of farmers relating to sales made during exhibits, fairs, markets and sales referred to in PIT regulations.

V. Taxation based on area or depreciation value

The tax base is: for land - the area; for buildings or their parts - the useable area; and for structures or their parts associated with business activities (with certain exceptions) - the value referred to in income tax regulations, determined as at 1 January of the tax year, used to calculate depreciation for that year, not reduced by depreciation charges, and for fully depreciated structures - their value on 1 January of the year in which the last depreciation charge was taken.

VI. Owner not always the taxable person

Taxable with property tax are natural persons, legal persons, organizational entities, including companies without legal personality, who are: the owners of real properties or civil structures (but if the subject of taxation is held autonomously, the property tax obligation rests with the autonomous holder); autonomous holders of real properties or civil structures; perpetual users of land; holders of real properties or their parts or civil structures or their parts owned by the State Treasury or a local government, if the holding arises from an agreement concluded with the owner, the National Agricultural Support Center or under a different legal title, with the exception of the holding by natural persons of residential premises that do not constitute separate properties, or without a legal title. Where a real property or civil structure is jointly owned or held by two or more entities, then it is a separate subject of taxation, and the tax obligation on the real property or civil structure applies jointly to all the joint owners or holders (with some exceptions).

VII. Tax must also be paid on trucks, buses, tractors and trailers

The maximum rates for motor vehicles are also going up. In accordance with the regulations on local taxes and charges, subject to taxation with vehicle tax are: trucks with a gross vehicle weight rating of more than 3,5 tons and less than 12 tons; trucks with a gross vehicle weight rating of 12 tons or more; truck tractors and ballast tractors adapted for use together with a semi-trailer or trailer with a gross vehicle weight rating of more than 3,5 tons and less than 12 tons; truck tractors and ballast tractors adapted for use together with a semi-trailer or trailer with a gross vehicle weight rating of 12 tons or more; trailers and semi-trailers, which together with a motor vehicle have a gross vehicle weight rating from 7 tons to below 12 tons, except for those related exclusively to agricultural activities conducted by a person taxable with agricultural tax; trailers and semi-trailers, which together with a motor vehicle have a gross vehicle weight rating equal to or higher than 12 tons, except for those related exclusively to agricultural activities conducted by a person taxable with agricultural tax; buses.



VIII. Vehicle tax up by as much as several hundred per vehicle

In accordance with the minister's of finance announcement, in 2024 the maximum rates of vehicle tax cannot exceed: for trucks with a gross vehicle weight rating of more than 3,5 tons and up to and including 5,5 tons - the amount of PLN 1173,19 (was PLN 1020,16); trucks with a gross vehicle weight rating of more than 5,5 tons and up to and including 9 tons - the amount of PLN 1957,12 (was PLN 1701,84); trucks with a gross vehicle weight rating of more than 9 tons - up to 12 tons - the amount of PLN 2348,52 (was PLN 2042,19); truck with a gross vehicle weight rating of more than 12 tons - the amount of PLN 4481,57 (was 3897,01); truck tractors or ballast tractors adapted for use with a semi-trailer or trailer with a gross vehicle weight rating of more than 3,5 tons and less than 12 tons - the amount of PLN 2739,90 (was PLN 2382,52); truck tractors or ballast tractors with a gross vehicle weight rating equal to or higher than 12 tons up to and including 36 tons - the amount of PLN 3463,95 (was PLN 3012,13); truck tractors or ballast tractors adapted for use adapted for use with a semi- trailer or trailer with a gross vehicle weight rating or more than 36 tons - the amount of PLN 4481,57 (was PLN 3897,01); trailers or semi-trailers which together with a motor vehicle have a gross vehicle weight rating from 7 tons to below 12 tons, except for those related exclusively to agricultural activities conducted by a person taxable with agricultural tax - the amount of PLN 2348,52 (was PLN 2042,19); trailers or semi-trailers which together with a motor vehicle have a gross vehicle weight rating equal to or higher than 12 tons, except for those related exclusively to agricultural activities conducted by a person taxable with agricultural tax up to and including 36 tons - the amount of PLN 2739,90 (was PLN 2382,52); trailers or semi-trailers which together with a motor vehicle have a gross vehicle weight rating equal to or higher than 12 tons, except for those related exclusively to agricultural activities conducted by a person taxable with agricultural tax in excess of 36 tons - the amount of PLN 3463,95 (was PLN 3012,13); buses with fewer than 30 seats - PLN 2773,16 (was PLN 2411,44); buses with 30 or more seats - the amount of PLN 3506,02 (was PLN 3048,71).



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