

Time is running out on the preparation of 2021 financial statements

I. Entities that keep books of account must prepare financial statements

Financial statements contain basic information about a company's annual activities, presented in financial terms. The date as at which financial statements are prepared is referred to as the balance sheet date. If a company's financial year is concurrent with the calendar year, then the balance sheet date falls on 31 December. The requirement to prepare financial statements applies to companies that must keep books of account in accordance with the Accounting Act (due to the amount of their revenues or legal status), as well as to companies that have voluntarily chosen to keep their books of account in accordance with the Accounting Act. The form of business operations is of no significance.

II. General partnerships and limited liability partnerships with less than 2 million euro in revenues without financial statements

General partnerships and limited liability partnerships do not have to prepare financial statements if their revenues are lower than the equivalent of 2 million euro. Such entities submit a statement to the relevant National Court Register of having no obligation to prepare and file annual financial statements. They have 6 months from the end of the financial year to do so. By filing the statement via the Financial Documents Repository an entity becomes exempt from the requirement to file a paid application for entry in section 3 of the business register of information about the absence of an obligation to prepare annual financial statements on the S24 portal. The statement must be signed with a qualified signature or trusted profile by at least one authorized representative of the entity.

III. Entity manager responsible for the preparation of financial statements

Preparation of the financial statements is the responsibility of the entity's managers, i.e.: members of the board of limited companies; partners who handle the affairs of general partnerships, partnerships, limited liability partnerships; general partners who handle the affairs of limited partnerships and partnerships limited by shares; liquidators, receivers or administrators in bankruptcy proceedings; members of management bodies of other entities (that are subject to the provisions of the Accounting Act).

30 June 2022 is the deadline extended by the minister of finance for the preparation and signing of financial statements for financial years ending after 29 September 2021, but no later than 30 April 2022, unless the deadline for the performance of those obligations expired before 31 March 2022.





IV. Financial statements consist of several components

Financial statements have to be prepared in Polish and in the Polish currency. They are made up of: the balance sheet – showing the entity’s total assets and liabilities as at the last day of the current and previous financial year; the profit and loss account – separately showing the entity’s revenue, costs, profits and losses and tax charges for the current and previous financial year; additional information – containing, among others, a description of the entity’s accounting methods (policies), including its valuation methods, and changes therein compared to the previous year. Irrespective of the above, the following have to be attached to the financial statements: a resolution approving those documents; a report on activities (if required – applies to, among others, limited companies, partnerships limited by shares); a resolution on the distribution of profit or coverage of loss; auditor’s opinion/report (if the financial statements have been audited).

V. Deadline for the preparation of financial statements was moved to 30 June 2022

Entities registered in the National Court Register (KRS) have 3 months of the balance sheet date to prepare their financial statements. If the financial year is concurrent with the calendar year, the deadline for the preparation of financial statements is 31 March. The financial statements are then approved by the company’s appropriate body, e.g.: the general meeting of shareholders, all of the partners. They are also approved by the owner of a sole proprietorship. Year-end financial statements should be approved no later than within 6 months of the balance sheet date, i.e. by 30 June if the financial year is concurrent with the calendar year. It needs to be noted that the deadlines for the preparation and approval of financial statements in 2022 (for 2021) were extended by 3 months, which means that they must be prepared and signed by 30 June 2022 and approved by 30 September 2022. The extended deadlines apply to obligations relating to financial years ended after 29 September 2021, but no later than 30 April 2022, which did not expire prior to 31 March 2022.

VI. Financial statements must be prepared in electronic form

Financial statements can only be prepared in electronic form, in accordance with the structure and format specified by the Ministry of Finance. This requirement has been in effect since 1 October 2018. As of 1 January 2020, the requirement to prepare financial statements in structured form applies to organizations that have not been entered in the KRS, which are CIT taxable persons, such as foundations, associations, trade unions. In addition, as of 1 January 2022, the financial statements of issuers whose securities have been admitted to trading on a regulated market and of entities that are not issuers of securities admitted to trading on a regulated market, prepared in accordance with International Accounting Standards, are prepared in the format referred to in Commission Regulation (EU) 2019/815, or in another searchable format.

VII. Financial statements signed by entity manager and person responsible for the books of account

Financial statements prepared in electronic form are signed by: the entity manager and the person in charge of keeping the entity's books of account (e.g. chief accountant). Where an entity is managed by a multi-member body, the financial statements may be signed by at least one member of that body. Before that, however, the other members of the body must submit declarations that the financial statements meet the requirements of the Accounting Act, or refuse to submit such declarations. Refusal to submit a declaration is tantamount to a refusal to sign the financial statements. Written reasons must be given for both refusals. Declarations that the financial statements meet the requirements of the Accounting Act, as well as refusals to submit such declarations, are attached to the financial statements.

VIII. Qualified signature, trusted profile or personal signature

The financial statements must be signed: with a qualified signature, trusted profile, personal signature. They may be signed with a qualified signature issued in the European Union or outside the EU if the signature complies with the XAdES algorithm. Auditor's opinions and reports must be signed with the auditor's qualified signature. Whereas the following may be submitted as scans: resolution or decision to approve the year-end financial statements or year-end consolidated financial statements, and the resolution on the distribution of profit or coverage of loss.

IX. Financial statements sent to KRS or Head of National Tax Administration

Entities entered in the business register of the National Court Register (KRS), which do not prepare their financial statements in accordance with International Accounting Standards (IAS) file their financial statements with the KRS via the minister's of justice information system within 15 days of approval of the year-end financial statements. PIT taxable persons who keep books of account and are required to prepare financial statements file their financial statements in electronic form with the Head of the Zachodniopomorski Tax Office in Szczecin by the tax return filing deadline set for the given year (this deadline expired on 2 May). CIT taxable persons that have not been entered in the KRS and are required to prepare financial statements, file their financial statements with the Head of the National Tax Administration (KAS) by the 10th day of their approval. Whereas partnerships are not required to submit their financial statements to either the Head of KAS, the tax office or the KRS.



X. Financial statements to be submitted by appropriate person

Financial statements are to be submitted to the Head of KAS by the taxable person or an entity authorized to do so by the taxable person. Financial statements are to be submitted to the KRS and sent via the e-KRS system on behalf of the entity by the entity's manager. Where an entity is managed by a multi-member management board, the financial statements are submitted to the KRS by at least one natural person (e.g. board member) whose PESEL number is disclosed in the KRS and who is entered therein as the entity's independent or joint representative. The financial statements may also be submitted by a professional representative: an attorney, attorney-at-law or foreign lawyer, whose data have been shared by the Supreme Bar Council and the National Bar Council of Attorneys-at-Law via an information system, as well as by an authorized entity representative, receiver or administrator in a restructuring proceeding, or liquidator.



EDYTA KALIŃSKA
Head of Audit Department,
West Region,
Polish Certified Auditor
tel.: +48 61 622 57 00
Edyta.Kalinska@bdo.pl



XI. Failure to file financial statements punishable by a fine and company dissolution

Failure to submit financial statements is punishable by: a fine imposed on the entity's manager (e.g. board member) amounting to from 10 to 720 daily rates; restriction of freedom of the entity's manager (e.g. board member) from a month to two years; a proceeding to compel; dissolution and deletion of the company from the National Court Register; appointment of an administrator. Companies that fail to submit their financial statements are summoned by the KRS to file them within 7 days of summons receipt under the penalty of a fine or company dissolution (so-called procedure to compel). If despite the KRS summons the company fails to submit its annual financial statements for two consecutive years, the court decides ex officio to dissolve the entity entered in the KRS without conducting a liquidation proceeding. The court can also appoint an administrator to handle the company's affairs.

The information presented herein does not constitute comprehensive information or opinion. Consult your adviser before making any decisions.

BDO is an international network of independent audit and advisory firms. Service provision within the BDO network is coordinated from the Brussels global office. BDO's beginnings go back to 1963. We have been present in Poland since 1991. We have 5 offices in: Warsaw, Kraków, Poznań, Wrocław and Katowice.

BDO has for years been recognized in prestigious rankings of the activities performed by its Audit and Tax Advisory Departments, including most recently:

The last distinctions for the company are related to the Rankings:

Companies and Tax Advisors of Dziennik Gazeta Prawna for 2021:

■ 1st place The Best Tax Advisor in the category of medium-sized companies

The 2021 rankings prepared by the Rzeczpospolita and Parkiet dailies:

■ 3rd Most Active Firm on the Stock Exchange

■ 4th Best Audit Firm

■ 5th Best Auditor of Listed Companies

BDO spółka z ograniczoną odpowiedzialnością sp.k., ul. Postępu 12, 02-676 Warszawa;
tel.: +48 22 543 1600, fax: +48 22 543 1601, e-mail: office@bdo.pl