

Tax limits expressed in euro have gone up

I. Limits in euro need to be translated

Same as every year, on 1 January a change was made to most of the tax limits contained in income tax, accounting and VAT regulations. This of course only pertains to those limits that are expressed in euro. Most of the limits expressed in euro are translated at the average euro exchange rate announced by the National Bank of Poland for the first working day of October of the previous tax year, rounded off to PLN 1000. According to the NBP's exchange rate table No. 191/A/NBP/2021 of 1 October 2021, the average euro exchange rate announced for the first working day of October 2021 was PLN 4,5941.

Same as every year, all of the euro expressed limits provided for in tax regulations changed effective 1 January 2022. This includes limits for small taxable persons, one-off depreciation, lump-sum tax on registered income, the cash VAT method or the requirement to keep books of account.

II. Limit for small PIT and CIT taxable person status

Tax regulations provide for certain privileges and simplifications for so-called small taxable persons under personal income tax (PIT), as well as corporate income tax (CIT). Small taxable person status makes it possible to pay CIT and PIT advances every quarter, depreciate property, plant and equipment on a one-off basis as part of de minimis aid, as well as apply CIT at the reduced rate of 9%. A small PIT taxable person and small CIT taxable person is a taxable person whose sales revenue (including output VAT) for the previous tax year did not exceed the Polish zloty equivalent of 2 million euro, i.e. PLN 9 188 200.

III. One-off depreciation limit for small taxable persons

Among other things, small taxable persons are eligible for one-off depreciation as part of de minimis aid, i.e. to recognize expenses incurred for the acquisition (or production) of property, plant and equipment from groups 3-8 of the Fixed Asset Classification (KST) (excluding passenger cars) directly in tax-deductible costs. In 2022 the total amount of one-off depreciation charges cannot exceed the PLN equivalent of 50 thousand euro, i.e. PLN 230 thousand. Please note that the one-off depreciation limit available for each business amounts to PLN 100 thousand and, being expressed in PLN, has not changed. In order, however, to use such depreciation, the taxable person must meet additional conditions specified in the regulations.



IV. Limit for taxable persons subject to lump-sum tax on registered income

Natural persons, partnerships and general partnerships of natural persons will in 2022 be eligible for taxation with lump-sum tax on registered income, if their 2021 revenue from business activities did not exceed 2 million euro, or PLN 9 188 200. Even, however, if the limit is not exceeded, this form of taxation is not available to every trader; pharmacies, trading in foreign currencies or manufacturing of goods subject to excise tax are some of the activities that are excluded. For 2022, the euro limit that allows for quarterly lump-sum payments amounts to 200 thousand euro, or PLN 918 820.

V. Limit for small VAT taxable person status

In accordance with the VAT Act, in 2022 a small VAT taxable person is a taxable person: whose 2021 sales (including tax) did not exceed the Polish zloty equivalent of 1,2 million euro, i.e. PLN 5 513 000; who runs a brokerage business, manages investment funds, manages alternative investment funds, is an agent, service provider or another person providing similar services, with the exception of consignment – if the amount of commission or other forms of compensation for services rendered (including tax) did not in 2021 exceed the Polish zloty equivalent of 45 thousand euro, or PLN 207 thousand. Considered a small taxable person may also be a taxable person that in the course of the tax year commences the performance of activities that are subject to value added tax, when the sales expected by the taxable person will not exceed, proportionately to the relevant period, the Polish zloty equivalent of 1,2 million euro or 45 thousand euro, i.e. PLN 5 513 000 or PLN 207 thousand, respectively.

VI. Limit for Estonian CIT taxable persons who use the cash method

Small taxable persons who have chosen the cash method file quarterly tax declarations by the 25th day of the month following each quarter. In addition, after a written notification is submitted to the head of the relevant tax office, quarterly declarations may be filed no later than by the 25th day of the second month of the quarter for which a quarterly declaration is being filed for the first time by: small taxable persons who have not chosen the cash method; taxable persons subject to flat-rate tax on corporate income, if their sales (including tax) for the previous year did not exceed the Polish zloty equivalent of 4 million euro, i.e. PLN 18 376 000.

VII. VAT taxable persons who cannot use the cash method

Despite fitting within the limits, the following taxable persons cannot pay their VAT on a quarterly basis: those registered by the head of the relevant tax office as active VAT taxable persons – for a period of 12 months from the month of registration, or those who in a given quarter or in the 4 quarters preceding that quarter made supplies of goods referred to in Appendix 15 to the VAT Act, unless the total value of such supplies excluding tax did not exceed PLN 50 000 in any of the months in those periods, or who in a given quarter imported goods as specified in Article 33a par. 1 of the VAT Act; as well as in cases where in a given quarter it was determined that despite being required to do so, they failed to enable payments using a payment instrument.



VIII. Limits for goods imported in personal baggage

In accordance with VAT regulations, exempt from taxation are goods imported in the personal baggage of a traveler coming from the territory of a third country to Poland, if the number and type of the goods indicates that they are not imported for resale, and the value of the goods does not exceed the Polish zloty equivalent of 300 euro, i.e. in 2022 PLN 1375. For those traveling by air or sea, the above exemption is applied to imported goods with a value that does not exceed the Polish zloty equivalent of 430 euro, or PLN 1971. The value of a single good cannot be divided to apply these limits. If the total value of goods imported by a traveler exceeds the above amounts in PLN, a tax exemption is given up to those amounts on those goods which could be covered by the exemption if imported separately.



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IX. Revenue limit that requires books of account to be kept

In accordance with the provisions of the Accounting Act, as of 2022 the requirement to keep books of account applies to those entities listed in the act, whose revenues for 2021 amounted to at least 2 million euro, or PLN 9 188 200. This applies to natural persons, partnerships of natural persons, general partnerships of natural persons, limited liability partnerships, companies in succession and partnerships of natural persons and companies in succession. The limit is determined using net revenue from the sale of goods for resale, finished products and financial operations for the previous financial year.

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

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