

Information

Own company and contract to extend length of employment

According to the draft amendments to the Labor Code prepared by the Ministry of Family, Labor and Social Policy, changes will be made to the methods used to determine length of employment. Under the draft, the period of employment would, among others, include periods of work on the basis of a service contract, as well as periods of running a business. Currently binding regulations do not contain consistent rules for determining length of employment for the purposes of acquiring employee rights and access to certain positions. The Labor Code from 1974 contains only fragmentary regulations that include some periods of service in uniformed formations.

As part of the planned amendments, the Labor Code will get a new article that will clearly state that length of employment will include other forms of work and activity if they constituted a basis for social insurance. This will include agen-

cy contracts, service contracts, non-agricultural business activities, serving as a member of parliament or senator, work performed while incarcerated, as well as military service and membership in agricultural cooperatives.

In addition, the amendments provide for the inclusion of certain periods not covered by social insurance, such as work under a contract for the provision of services by students under the age of 26. All these periods will have to be confirmed with a certificate issued by the Social Insurance Office.

The authors of the amendments have stressed that the purpose of the changes is to consolidate and streamline the rules for determining length of employment, which will make the granting of employee rights fairer and more transparent.

The amendments to the Labor Code are to be adopted by the government in the third quarter of 2024.



Premium vacations for traders as early as October

The Sejm has passed the Act amending the Social Insurance Act and certain other acts, and thus the provisions on so-called premium vacations for small businesses. Under the new regulations, traders will be exempt from all social insurance premiums and Labor

Fund and Solidarity Fund contributions for a month.

At the end of May the Senate's National Economy and Innovation Committee, as well as the Family, Senior and Social Policy Committee recommended that the Senate adopt the bill passed by the Sejm without amendments, which means that it would go to the president for signature. This was done and the Senate passed the bill (it is still waiting for the president's signature).

In accordance with the new regulations, this relief will be available for one month and will require an application from the trader.

Under the newly passed regulations, the exemption from the payment of premiums will be available to traders (premium remitters) with a maximum of ten insureds (in the month preceding the month of the application) and only on the condition that in the last two calendar years prior to applying the trader had no income from non-agricultural business activity, or that in that period the trader's annual income from non-agricultural business activity did not exceed the PLN equivalent of 2 million euro.

The relief will cover retirement, disability and accident insurance premiums, as well as contributions to the Labor Fund and Solidarity Fund. Applications will be filed via the ZUS portal. In granting the request, ZUS will not issue a decision. The remitter (trader) will only be informed that the application was accepted through ZUS' IT system.

The new regulations provide that a declaration will have to be submitted for the month under exemption, an individual report on premiums financed from the state budget.

Traders should not, however, lose out on the lack of contributions. Premiums for the period under exemption will be paid for them by the state as part of a subsidy to the Social Insurance Fund.

The solution is to go into effect on 1 October 2024, so that the first traders can take advantage of the vacation as early as in November.



No VAT exemption for lecturers providing educational services

The Ministry of Finance has issued a general interpretation on the taxation with VAT of educational services provided by lecturers. Such services, provided based on contracts with universities, will not be subject to the VAT exemptions provided for in the VAT Act and the relevant decrees. The purpose of the interpretation is to ensure a consistent application of the regulations by the tax authorities.

In a general interpretation issued on 20 May 2024 (number PT1.8101.1.2024) the Ministry of Finance explained that services of imparting knowledge by lecturers on behalf of universities, performed based on contracts, are not subject to VAT exemption in accordance with Article 43 par. 1 points 26, 27 and 29 of the VAT Act and § 3 par. 1 point 13 of the decree on exemptions. The purpose of this general interpretation is to consolidate the application of tax regulations in this regard by the tax authorities. Lecturers providing these services will have to pay the tax, as they do not meet the statutory conditions for an exemption. The Ministry of Finance argues its standpoint in the following manner:

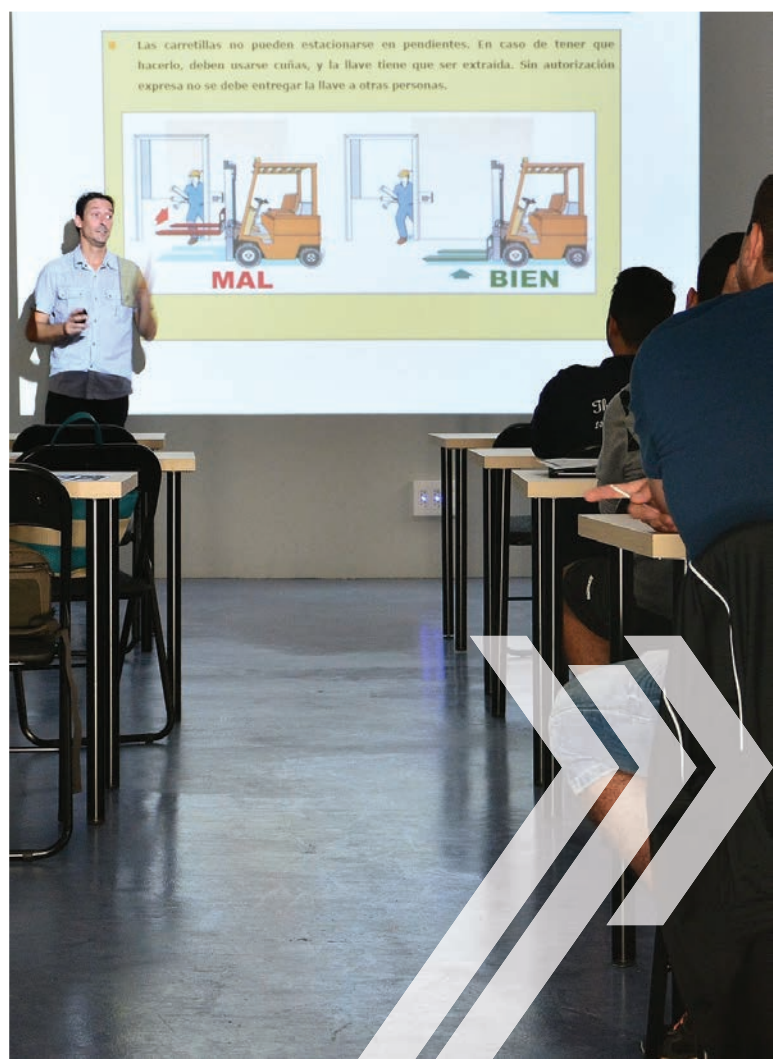
- **regarding the non-fulfilment of subjective conditions:** natural persons providing educational services on behalf of universities are not entities covered by the educational system or entities referred to in Article 43 par. 1 point 26 letter b of the VAT Act. This VAT exemption applies only to specific entities, such as universities, scientific divisions of the Polish Academy of Sciences and research institutes. As lecturers do not meet these subjective requirements, their services cannot be exempt from VAT under this provision.

- **regarding the relationship to the core service:** services provided by lecturers cannot be considered closely related to the core services provided by universities. In accordance with the regulations of Article 43 par. 17 and 17a of the VAT Act, this exemption can apply only if both the core and the related services are provided by the same entity. As there is

no such relationship in the case of lecturers, the possibility of exemption is excluded.

- **regarding private teaching:** exemption from VAT based on Article 43 par. 1 point 27 of the VAT Act applies to private teaching services provided by teachers. The Court of Justice of the European Union has explained that private teaching means teaching on the teacher's own account and responsibility. Lecturers who provide services on behalf of a university act on the account of that university, and not privately, and thus do not qualify for this exemption.

- **regarding vocational training and retraining:** the provision of Article 43 par. 1 point 29 of the VAT Act on vocational training and retraining does not apply to services provided by lecturers to universities. This is because such services are already covered by Article 43 par. 1 point 26 letter b of the VAT Act.



Ministry of Labor working on shortening the work week

↓ The Ministry of Family, Labor and Social Policy has announced that within this term (which ends in 2027) the Labor Code will be amended to allow for shortening the work week. Two options are being considered: a four-day work week or shortening working hours to 7 per day while keeping the five-day work week. Both options would be introduced at the existing remuneration.

Only electronic WIS, WIA, WIP and WIT as of July

↓ The Ministry of Finance issued a reminder that as of 1 July 2024 letters regarding binding rate information (WIS), binding excise tax information (WIA), binding origin information (WIP) and binding tariff information (WIT) can only be filed electronically – via an e-Tax Office account or on PUESC. Letters regarding WIS, WIA, WIP and WIT submitted in any other form will be ineffecti-

ve. This means that when it comes to WIS, as of 1 July of this year, appeals, complaints and all other letters during a proceeding can only be submitted using an e-Tax Office account. Appeals, complaints and requests to change, cancel, extend the validity of a WIA, and all other letters in the course of a WIA proceeding, as well as appeals and all other letters in the course of a proceeding relating to WIT and WIP can only be submitted electronically through an account on the Electronic Tax and Customs Services Platform (PUESC).

Fourteenth pensions to be paid in September

↓ This year retirees and disability recipients will receive their fourteenth pensions in September. This is set out in the Decree defining the month of payment of the next additional annual cash benefit for retirees and disability recipients in 2024 (Journal of Laws item 820). The same date was used for the payments in 2023. In accordance with the Act of 26 May 2023 on the next additional annual cash benefit for retirees and disability recipients, the so-called fourteenth pension is a fixed benefit to be paid out annually.

Friendly work environment and soft skills most important to Generation Z

↓ A friendly and motivated team (29 percent) and work-life balance (28 percent) stand out as the primary elements that contribute not only to greater mental comfort, but

also to work effectiveness – indicates a survey conducted by pracuj.pl among representatives of the so-called Generation Z. Young employees do not want their workplace to be only a source of income, but also a place of friendly interaction and support, which translates directly into their satisfaction and loyalty to the company. At the same time, 49 percent of young respondents stressed the importance of soft skills to the development of their career paths. Empathy, communication skills and effective teamwork are indicated as key.

New amounts of unemployment benefits announced

↓ Published in the Polish Monitor (item 397) was an announcement of the Minister of Family, Labor and Social Policy announcement of 22 May 2024 on the amount of unemployment benefits. It provides that as of 1 June 2024, unemployment benefits granted after 31 December 2009 amount to: PLN 1662,00 – in the first 90 days of eligibility for the benefit, and PLN 1305,20 – in the period of subsequent eligibility for the benefit, and granted up until 31 December 2009 amount to PLN 979,10.

Record revaluation of funds held in ZUS accounts

↓ On 7 June ZUS reported that as a result of its annual revaluation of contributions, the balance of the insureds' accounts and subaccounts has gone up by approx. PLN 521,7 billion. By comparison, last year's increase amounted to



PLN 450 billion. ZUS has revalued the balances of accounts and subaccounts to compensate for inflation and other economic processes of last year. The amounts recorded on the accounts and subaccounts are the basis for the calculation of pensions once retirement age is reached. ZUS provided an example where a person who had had PLN 450 thousand in their ZUS account was credited an additional PLN 66,9 thousand as a result of the revaluation. Whereas if a person had so far accumulated PLN 850 thousand in contributions and initial capital, the revaluation increased that balance by PLN 126,4 thousand.

Changes made to Labor Code to protect the health of employees

↓ At its meeting on 5 June, the Senate adopted amendments to the Labor Code prepared by the Ministry of Family, Labor and Social Policy. Their implementation will ensure even more effective protection of the health of employees. The amendments include changes to Article 222, which had thus far referred to protection from carcinogenic and mutagenic agents. Employee protection will now be extended to include reprotoxic agents, i.e. substances that have a harmful effect on reproduction. These include toluene, styrene, ethoxyethanol, nitrobenzene, carbon monoxi-



de, bisphenol A, phthalic acid esters, metals. The regulations implement Directive (EU) 2022/431 of the European Parliament and of the Council of 9 March 2022.

Government's whistleblower bill returns from the Senate to the Sejm

↓ The government's bill on protecting employees who report violations has been passed by the Senate with

amendments, which means that the bill has to be reconsidered by the Sejm. The proposed regulations are intended to protect those who report violations of the law irrespective of the basis and form of providing work or service. Employees, former employees, officers, professional soldiers, contractors, interns or volunteers will be able to report violations. The bill is to serve those who take a risk in order

to protect the common good. Among others, the senators passed an amendment on removing labor law from the catalog of areas where violations will be reportable.

There will be a common EU residence certificate

↓ The ministers of finance of EU member states have reached an agreement on the so-called FASTER Directive, which is to regulate matters related to withholding tax and introduce common electronic

tax residence certificate (eTRC). The certificate will be available in digital form (the process of issuing certificates is to be automated), and member states will be required to issue eTRCs within 14 calendar days from the submission of a request (initial plans called for just one day).

First estimates of trader ZUS premiums for 2025

↓ Minimum ZUS premiums paid by traders for 12 months will in 2025 exceed the amount of PLN 21 thousand. Their increase will therefore be somewhat slower than between the years 2023 and 2024. The rise in premiums will also be mitigated by the recently passed premium vacations for smaller traders. The forecast premiums are to amount to:

retirement PLN 1004,77; disability PLN 411,79; sickness (voluntary) PLN 126,11; accident (1,67% of calculation base) PLN 85,96; Labor Fund PLN 126,11.

Changes in the amounts of social assistance benefits eligibility criteria

↓ The social assistance income criteria will increase as of 1 January 2025. The government has proposed that for single-person households the criterion amount to PLN 1010, and for family members – PLN 823. The social assistance income criteria are verified every 3 years. In its proposal the government has considered the results of a social intervention threshold survey performed in 2024 by the Institute of Labor and Social Affairs.



Important interpretations and rulings

No ZUS on access to mobile app as part of company social benefits fund

➡ A benefit consisting of access to additional functionalities in a mobile application, i.e. access to the application as a service provided for educational activities, made available to employees as part of a company's social benefits fund, is not included in the social insurance premium calculation base. As with other benefits granted from the social benefits fund, here too the granting of the benefit is conditioned on the life, family and financial situation of those eligible (based on an assessment of the degree of life, family and financial situation of employees) - the Social Insurance Office has stated in an individual interpretation issued on 11 April 2024 (DI/100000/43/16/2021).

The same social privileges for all employees

➡ Frontier workers who pay taxes and social insurance premiums in the host member state

on gainful employment in that state should be able to enjoy family benefits and social and tax privileges on the same conditions as national workers - the Court of Justice of the European Union (CJEU) found in a decision issued on 16 May 2024 in case C-27/23. The Court argued that frontier workers contribute to the financing of the social policies of the host member state through the taxes and social insurance premiums they pay in that state by virtue of their employment in that state. As a result, they should be able to enjoy family benefits and social and tax advantages on the same conditions as national workers.

No PIT advances on financing of team-building trip

➡ The participation of employees in a trip partially financed from the company social benefits fund, the purpose of which is to integrate and improve the relationships between them, improve the effectiveness of the tasks performed by the trip participants and increase their motivation to work, does not give rise to taxable income for the employees. In consequence, the tax remitter will not be required to calculate, withhold and remit personal income tax advances on this account - the Director of National Tax Information found in an individual interpretation dated issued on 17 May 2024 (number 0112-KDWL.4011.13.2024.1.WS).

No tax on subsidies to holidays of children under 18

➡ In an individual interpretation issued on 17 May 2024 (number 0112-KDIL2-2.4011.277.2024.1. AG), the Director of National Tax Information explained that a subsidy granted from the company social benefits fund for the vacation of an employee's child under the age of 18, for a vacation in the form of holidays organized by an entity operating in this area (hotel/resort/guesthouse), as well as a domestic or foreign trip organized by a travel agency/school/foundation/association, is exempt from PIT in accordance with Article 21 par. 1 point 78 of the Personal Income Tax Act.



CALENDAR (most important deadlines)

- ✓ Payment of ZUS premiums for May 2024 – other premium remitters
- ✓ Payment for May 2024 of monthly advance for personal income tax and corporate income tax
- ✓ Payment for May 2024 of advances collected on employment income
- ✓ Payment for May 2024 by remitters of advances collected for income tax or lump-sum income tax
- ✓ Payment by a holding company representing a tax group of the tax advance collected for May 2024
- ✓ Payment of lump-sum tax if in May 2024 dividend income and other income from shares of profits of legal entities was spent inconsistently with the purpose specified in declaration (CIT-5)
- ✓ Payment of tax advance for May 2024 by real estate company (PIT-ISN and CIT-ISN)
- ✓ Payment for May 2024 of income tax on income from a fixed asset that is a building
- ✓ Payment for May 2024 to PFRON
- ✓ Payment of lump-sum tax on income from: hidden profits and expenses not related to business activities – if a withdrawal, expense or performance was made in May 2024; change in the value of assets – if an acquisition, transformation or contribution in kind was made in May 2024
- ✓ Payment of tax on a performance or asset provided or placed at disposal by a family foundation in May 2024



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- ✓ Payment of VAT for May 2024
 - ✓ Filing of VAT-8, VAT-9M, VAT-12 for May 2024
 - ✓ Transmission of SAF_V7M for May 2024
 - ✓ Transmission of SAF_V7K for May 2024 (record section)
 - ✓ Submission of recapitulative statement on VAT EU intra-Community transactions for May 2024
 - ✓ Filing by tax representative of VAT-13 for May 2024
 - ✓ Reporting of sugar tax for May 2024
 - ✓ Reporting of retail sales tax PSD-1 for May 2024
 - ✓ Submission to PFRON of documents relating to additional financing of the wages of disabled employees for May 2024



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- ✓ Filing of VAT declaration relating to import procedure VII-DO for May 2024
 - ✓ Approval of financial statements for 2023 at entities whose financial year is concurrent with the calendar year





- ✓ Submission to PFRON by disabled persons who conduct business operations of an application for a refund of pension and disability premiums paid for April 2024



- ✓ Filing of VAT-14 on output VAT due on intra-Community acquisition of engine fuels for June 2024



- ✓ Payment of lump-sum income tax collected in June 2024 on dividend income and other amounts from shares of profits of legal entities, and provision of CIT-7 to taxable persons
- ✓ Payment by acquirer of lump-sum income tax for June 2024
- ✓ Filing of declaration on amount of income from unrealized profits (PIT-NZ and PIT-NZS) for June 2024
- ✓ Filing of declaration on amount of income from unrealized profits CIT-NZ for June 2024 and payment of output tax indicated in the declaration





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✓ Filing of INTRASTAT for June 2024



- ✓ Payment of ZUS premiums for June 2024 – remitters with legal personality
- ✓ Payment of recycling fee for plastic bags collected in 2nd quarter of 2024
- ✓ Payment to PPK



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