



# SME INFO – POLAND

1 April 2020

## ANTI-CRISIS SHIELD – INFORMATION FOR ENTREPRENEURS



The purpose of SME INFO is to provide general information and to draw the attention to the current changes in law which we believe to be important for the business operation of our clients. It is not a replacement for careful review of the acts and rules and the consultation with your tax advisor.

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On 31 March 2020, the Parliament passed the laws that are a part of the Anti-Crisis Shield, including a new amendment regarding special arrangements for preventing and combating COVID-19, other infectious diseases and the crisis situations caused by them. Below you shall find an overview of the changes presented in the Act and a number of executive regulations that may affect business activity in Poland.

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## 1. DEFERRAL OF TAX DEADLINES

### Deferral of VAT deadlines

#### JPK\_V7M

Deferral of the obligation to submit new JPK\_V7M with a declaration for large companies until 1 July 2020.

#### Postponement of the new VAT matrix and binding VAT rate information (WIS)

The new matrix will be effective from 1 July 2020. Additionally, the Ministry of Finance informs that until 30 June 2020 the Polish Classification of Goods and Services (PKWiU 2008) will be applied and that binding VAT rate information issued until then (WIS) will provide taxpayers with protection for taxable activities performed from 1 July 2020.

#### White list of VAT taxpayers

The deadline for sending information about the payment to a non-white list account has been extended from 3 to 14 days.

#### Electronic receipt

The possibility of issuing a fiscal receipt in an electronic form instead of in a traditional paper form upon agreement (with the buyer's consent and in the manner agreed with the buyer).

### Deferrals of CIT and PIT deadlines

#### PIT advance payments

Deferral of the PIT advance payments due on salaries for March and April until 1 June 2020 applies to income from the business relationship, employment relationship, outlay work, or cooperative employment relationship and social security benefits.

#### CIT-8

The deadline for submitting the CIT-8 tax return and paying the due corporate income tax has been extended to 31 May 2020, and further extended to 31 July 2020 in case of taxpayers who have only earned income subject to the tax exemption or whose income from public benefit activities accounts for at least 80% of total income.

## IFT 2R

Deferral of sending the annual IFT-2R declarations until the end of the fifth month of the year following the tax year in which the payments listed in Article 26 par.1 of the Corporate Income Tax Act were made.

The extension concerns entities whose tax year ended between 31 December 2019 and 31 January 2020.

## Other deferrals

### Financial statements

The deadlines for drawing up and approving financial statements shall be extended by 3 months. In case of entities subject to the supervision of the Polish Financial Supervision Commission - the deadlines are extended by 2 months.

### ORD-U forms

The deadline for submitting an ORD-U form has been extended to the fifth month after the end of the tax year for which it is prepared.

### Tax schemes (MDR)

The Anti-crisis Shield Act suspends the reporting of domestic tax schemes until the end of the epidemic state but no later than until 30



June 2020. However, the obligation to report cross-border schemes has not been suspended, yet there shall be no requirement for a repeated submission of cross-border schemes submitted in 2019 and 2020.

### Transfer pricing

The deadline for submission of TP-R transfer pricing information has been extended to 30 September 2020., and applies to taxpayers whose tax year began after 31 December 2018 and ended before 31 December 2019.

### Individual interpretations

The deadline for issuing individual tax interpretations has been extended to 6 months.

### Suspension of procedural deadlines

The course of procedural and judicial deadlines is suspended, including inspections and proceedings conducted under the Tax Ordinance, customs and fiscal inspections, court-administrative and criminal proceedings.

### Central Register of Real Beneficiaries

For companies entered in the National Court Register before 13 October 2019, the deadline for reporting data on actual beneficiaries is extended to 13 July 2020.

### Tax on revenue from buildings

The deadline for payment of tax for March-May 2020 was postponed to 20 July 2020, applying only to entities whose total revenue (not only from buildings) will be at least 50% lower than in the same period of the previous year.

### Employee Capital Plans (PPK)

The deadlines concerning Employee Capital Plans have been extended for medium-sized entities:

- Deadline for the conclusion of management contracts for PPK until 27 October 2020.
- Deadline for concluding contracts for the management of a PPK by 10 November 2020.

## 2. TAX RELIEFS AND EXEMPTIONS

### Settlement of loss in CIT and PIT

The project enables the taxpayers, who due to COVID-19 suffered a loss in the fiscal year 2020 and in that fiscal year obtained revenues lower by at least 50% than those obtained from the same business activity in the previous fiscal year, to reduce the amount of revenues obtained in 2019 by this loss once (maximum amount being PLN 5 000 000). In order to make the reduction, a correction of the 2019 return should be submitted. The uncalculated amount of the loss will be settled by taxpayers under the previously binding rules.

### “Relief for bad debt”

The new rules relieve debtors from the obligation to increase their income for specific accounting periods in 2020 by the unpaid amount to the creditor, if the conditions below are met:

- The taxpayer suffered negative economic consequences due to COVID-19 in a given accounting period;
- Revenues obtained by the taxpayer in a given settlement period are at least 50% lower than in the corresponding period of the previous tax year (in the case of a taxpayer who commenced operations in 2019). The revenues are lower by at least 50% in relation to the corresponding period of the previous fiscal year (in the case of a taxpayer that commenced operations in 2019, it should refer to the average revenues generated in that year).

These regulations do not apply to debtors who started their business in the fourth quarter of 2019. and have not obtained revenues in this period, and to debtors who started their business activity in 2020.

### Waiving of simplified PIT and CIT advance payments

In case of negative economic consequences due to COVID-19, small taxpayers may resign from the simplified CIT and PIT advance payments for March-December 2020 during this tax year. The taxpayers inform about the resignation from the simplified form of advance payments in the declaration submitted for 2020.

### Preferential deduction of donations to combat epidemics

Taxpayer may deduct from his income (also in the case of advance payments) donations made in 2020 to combat the COVID-19, namely to:

- Entities carrying out therapeutic activities, included in the list referred to in Article 9 of the Act on COVID-19;
- the Material Reserves Agency for the purpose of carrying out statutory tasks;
- Central Database of Sanitary and Anti-pandemic Reserves for the purpose of carrying out statutory activities.

A donation may be deducted without a limit if it was made between 1 January 2020 and 30 September 2020 as follows:

- 200% – donations made by 30 April 2020;
- 150% – donations made in May 2020;
- 100% – donations made from 1 June to 30 September 2020.



### Zero VAT rate on donations

The production or purchase by the company of products donated to combat the COVID-19 outbreak is subject to zero VAT.

### Property tax

It is possible for the municipal councils to introduce (by way of a resolution) an exemption from property tax for the following groups of entrepreneurs whose liquidity has decreased due to COVID-19 outbreak. Such an exemption will apply to a part of 2020. The mayor may also extend the deadlines for payment of the property tax instalments payable in April, May and June 2020, but not longer than until September 2020. The final decision on the property tax will be made by the municipal council or the mayor.

### Perpetual usufruct

The deadline for payment of the fee for perpetual usufruct of land was extended to 30 June 2020.

### Exemption from the extension fee and interest

In case of deferral of tax payment or tax payment in instalments, the extension fee shall not be charged. The exemption from the extension fee also applies in the case of concluding an agreement for deferral of the date of payment of ZUS contributions or ZUS contributions paid in instalments.



## 3. CHANGES IN LEASE

### Expiry of the obligation of the parties to the lease

During the period of the ban on operating in commercial facilities with a sales area of more than 2000 m<sup>2</sup> in accordance with the relevant regulations, mutual obligations of the parties to the lease, tenancy or other similar agreement by which the commercial space (the agreement) is given over shall expire.

### Obligation to make a declaration

The person entitled to use the commercial space should make an unconditional and binding declaration to the provider to extend the contract under the existing conditions for a ban extended by six months. The offer should be submitted within three months from the date of lifting the ban.

### Other changes in the lease relationship

If the duration of a lease agreement of premises concluded before the date of Anti-crisis Shield Act entering into force expires after that date and before 30 June 2020, the agreement shall be extended until 30 June 2020, under the existing conditions. The extension of the agreement is based on the tenant's declaration of will. With such a declaration to extend the lease agreement of the premises until 30 June 2020, under the existing conditions, the lessee shall submit the premises to the lessor no later than on the date of expiry of the agreement. Until 30 June 2020 the tenant shall not terminate the lease agreement or the rent amount.

If the termination of the lease agreement of the apartment by the landlord or termination of the amount of the rent in such an apartment by the landlord took place before the date of Anti-crisis Shield Act entering into force, and the period of such termination expires after that date, and before 30 June 2020, the termination period shall be extended until 30 June 2020. The extension of the notice period is based on the tenant's declaration of will.

## 4. FINANCIAL LIQUIDITY

### Loan for micro-entrepreneurs

A one-off loan in the maximum amount of PLN 5 000 may be granted to a micro-entrepreneur to cover current costs of running a business, provided that the business was established before 1 March 2020.

The interest rate on such a loan is fixed and amounts to 0.05 per annum of the rediscount rate for bills of exchange accepted by the National Bank of Poland. The loan repayment period cannot be longer than 12 months, with a grace period of 3 months from the date of granting the loan. This period may be extended by a regulation of the Council of Ministers as a consequence of a prolonged state of epidemic hazard or the effects caused by it.

At the request of the micro-entrepreneur, the loan with interest is subject to redemption, provided that for a period of 3 months from the date of granting the loan, the entrepreneur will not reduce the state of employment in full-time equivalent to the state of employment as at 29 February 2020.

### Loan applicable for all companies without any size limit

A loan with a minimum interest rate equal to the reference rate (currently 1%) plus 4 percentage points is available to entrepreneurs affected by the negative consequences of the outbreak of COVID-19 regardless of the business size. It is conditional upon the provision of security, the amount of which depends on the assessment of the economic and financial situation of the applicant, but not less than 50% of the requested loan amount. The amount of aid reflects the entrepreneur's needs for funds necessary to maintain its basic operating activity. Such a loan should be used within 6 months of its granting.

### BGK guarantees

The latest law regulations provide for state guarantees for loans. They can also be used by larger companies. They are to be granted by the state-owned bank (Bank Gospodarstwa Krajowego). Commercial

banks are to grant loans supported by the BGK guarantees. The main changes include:

- the maximum security limit was increased from 60% to 80% of the loan amount;
- the period of the working capital loan covered by the guarantee was extended from 27 to 39 months;
- no commission from BGK for granting the guarantee for the first year (it amounted to 0.5% of the guarantee amount per year).

De minimis guarantees under the new rules will be granted until the end of 2020.

### Liquidity Guarantee Fund

Liquidity Guarantee Fund is a pool of funds from which guarantees are to be granted to medium-sized and large companies. They will be used by companies from all industries, which on 1 February 2020 had no arrears in the Tax Office, ZUS or the bank that granted the loan. The guarantee will be available only for new or renewed loans. The guarantees are to be granted until the end of 2020.

### Subsidy scheme

BGK is working on a system of interest rate subsidies on bank loans for entrepreneurs affected by the COVID-19 pandemic.

**COVID-19!**



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we need to look after and help each other!**