

Karolina Norek  
*TJX Polonia, Warsaw*  
[norek.karolina@gmail.com](mailto:norek.karolina@gmail.com)

## **Recent developments in international taxation: Poland**

The developments described below cover the period from June 2024 to June 2025.

### **Cash personal income tax**

From 1 January 2025, entrepreneurs can settle personal income tax (PIT) using the so-called cash method. This means that the tax is paid only when the payment is received from the contractor, and not when an invoice is issued or when a service is provided. This change aims to improve the financial liquidity of companies. The change covers both revenues and costs – expenses are recognised when they are actually paid.

The cash method of settling PIT can be used by entrepreneurs running a sole proprietorship independently, and:

- who are taxed according to the tax scale, flat tax, IP BOX rules or lump sum on recorded revenues;
- if the revenue from the activity in the year preceding the tax year did not exceed PLN 1m;
- if they do not keep accounting records; and
- if they submit written declarations to the appropriate head of the tax office about their choice of the cash method.

The choice of this method is voluntary; entrepreneurs can decide whether to use this solution.

### **JPK corporate income tax**

The obligation to submit the Standard Audit File for corporate income tax purposes (JPK CIT) has been introduced in Poland. From 1 January 2025, the largest corporate income taxpayers with revenues exceeding €50m and corporate tax groups are required to keep accounting books only in electronic form. In practice, the taxpayers will be obliged to send two separate files to the tax office:

- JPK\_KR\_PD – with information on accounting books and tax settlements; and
- JPK\_ST with information on fixed assets.

The taxpayers will need to send these to the tax office without a request after the end of the tax year, by the deadline for filing the CIT-8 tax return (in practice, by 31 March 2026 for 2025). To facilitate the process for taxpayers, the legislation provides that in the first year of the applicability of new regulations, the taxpayers will need to send to the tax office only data on accounting books (JPK\_KR\_PD); they will need to send the data on fixed assets (JPK\_ST\_KR) the following year.

In 2026 the obligation to file JPK\_CIT will start to apply also to active VAT taxpayers and in 2027 to all remaining CIT taxpayers.

According to the legislator, the introduction of JPK CIT submissions aims to speed up the process of CIT settlements and facilitate the communication between taxpayers and tax administration by increasing transparency.

### **Minimum income tax (domestic)**

Minimum income tax is a new tax obligation that is applicable to taxpayers in Poland declaring tax losses or negligible income ( $\leq 2$  per cent of revenue).

The regulations were initially introduced as of 1 January 2022. However, upon a postponement, the minimum tax is applicable from 1 January 2024, and the first payment occurs in 2025.

The minimum income tax rate is 10 per cent. The tax base is calculated as a sum of the following:

- 1.5 per cent of operational revenues (other than from capital gains); plus
- ‘excessive’ debt financing costs paid to related entities (generally debt financing costs exceeding 30 per cent of the so-called ‘tax EBITDA’); plus
- costs of intangible services or royalties paid to related entities exceeding PLN3m plus 5 per cent of the so-called ‘tax EBITDA’.

It is possible to choose an alternative method of determining the tax base amounting to 3 per cent of the value of revenues other than from capital gains in the tax year.

The provisions provide for a list of reductions from the tax base, eg, the amount of:

- donations;
- R&D relief;
- relief for prototypes and robotisation;
- Special Economic Zone (SEZ)/Poland Investment Zone (PIZ) revenue; and
- the value of expenses included in the tax year as deductible costs resulting from the acquisition, production, or improvement of fixed assets, including through depreciation.

The minimum income tax does not apply to:

- financial enterprises;
- start-ups and entities whose profitability in any of three prior years was no less than 2 per cent; and
- taxpayers who recorded over 30 per cent decrease in revenues.

The amount of minimum tax paid for a given tax year can be deducted from the CIT due, calculated using the traditional method for three consecutive tax years immediately following the year for which the taxpayer paid the minimum income tax.

Note the minimum income tax (domestic) should not be confused with the global minimum tax (Pillar Two), which applies to large international capital groups and aims to provide an effective tax rate at the level of at least 15 per cent – see below for details. The global

minimum tax entered into force as of 1 January 2025 applies to different entities and operates under different rules to that of the domestic minimum income tax.

### **Global minimum tax (Pillar Two)**

As of 1 January 2025, top-up taxation based on global minimum tax (GMT) rules was introduced to Polish tax laws.

The GMT based on European Union Directive/OECD Model Rules applies to international and domestic capital groups with a total annual revenue of at least €750m in at least two of the four tax years immediately preceding the tax year in question.

This reform seeks to align Poland’s tax system with global standards, imposing additional tax on undertaxed profits and ensuring a consistent minimum tax rate across jurisdictions. The newly adopted rules will affect both parent companies of the above-mentioned capital groups and subsidiaries of foreign capital groups operating in Poland (due to the introduction of the qualified domestic minimum top-up tax or QDMTT).

The transitional provisions provide for the optional possibility of applying the rules retroactively, starting on 1 January 2024, based on the irrevocable choice made. This option is applicable to the income inclusion rule (IIR) and QDMTT, while the undertaxed profits rule (UTPR) is not applicable retroactively. The Polish Act is aimed at introducing three types of top-up tax:

- global top-up tax levied under the IIR;
- QDMTT; and
- top-up tax levied under the UTPR.

<b>Tax</b>	<b>Essence of tax</b>	<b>Which companies are affected?</b>
<b>Income inclusion rule</b>	The group’s parent company, in the jurisdiction where seated, should pay top-up tax on itself and its low-tax subsidiaries.	Companies with a parent company in Poland.
<b>Qualified domestic minimum top-up tax</b>	The top-up tax is levied in the country where the low-taxed constituent entities of the group are located.	Companies located in Poland.
<b>Undertaxed profits rule</b>	A top-up tax is levied in a given jurisdiction in situations where the parent company operates in a jurisdiction where there is no IIR or QDMTT does not apply.	Companies of capital groups whose parent company is located in a jurisdiction that has not implemented Pillar Two.

The key aspect of the QDMTT is the collection of the top-up tax, aimed at bringing the effective tax rate of the particular group in Poland to 15 per cent at the domestic level. In practice, if the effective tax rate on business activity in Poland is less than 15 per cent and the substance-based income exclusion is not sufficient, an obligation to pay QDMTT will arise in Poland.

The assumption remains that the Polish QDMTT is to meet the conditions to be treated as QDMTT by other jurisdictions (the so-called QDMTT safe harbour), which mean that the mechanism of collecting top-up tax on the profits of Polish companies will not be applicable in the jurisdiction of the parent company.

Apart from the potential additional burden of having to pay the top-up tax, the new rules will also require companies to collect a large volume of data points and may result in a significant compliance burden. This means that groups subject to the QDMTT must monitor changes in the values affected at the calculation of the tax.

### **VAT exemption for small businesses operating in the EU**

From 1 January 2025, small businesses can benefit from VAT exemptions in other EU countries under a special scheme for small enterprises (the SME scheme). Polish companies operating in other EU Member States have this option under local conditions, while foreign companies operating in Poland must comply with Polish regulations to benefit from it.

To qualify for the exemption, businesses must:

- register for the exemption in their home country,
- not exceed €100,000 in annual turnover across the EU, and
- ensure their sales in a given country do not exceed that country's VAT exemption threshold (in Poland, PLN200,000).

Small businesses will submit quarterly reports to the tax administration of their home country. Once any of these limits are exceeded, the business loses the exemption.

Benefitting from the SME scheme is not mandatory. The taxable person may choose to comply with general VAT obligations set forth in any EU Member State. The taxable person may also choose to apply the SME scheme in some EU Member States and at the same time apply general VAT rules in other EU Member States. The registration for the cross-border SME scheme does not prevent a taxable person from acting as an active VAT taxpayer in the EU Member State of establishment.

### **Changes in property tax – new definition of buildings and structures**

As of 1 January 2025, new definitions of buildings and structures apply for property tax purposes in Poland. These changes are intended to standardise the interpretation of regulations and eliminate previous ambiguities. The key changes relate to:

- a building being defined as a structure permanently attached to the ground, with foundations and a roof; and
- the definition of structure being broadened to include, among others, wind power plants, biogas plants or energy storage facilities.

The definitions of buildings and structures applicable until the end of 2024 raised doubts among property owners. The ambiguity led to disputes between taxpayers and tax authorities that often ended up in court and lasted for many years.

The problem was that the previous definitions of building and structure under the tax legislation were based on the provisions of the Building Code, which is a non-tax legal act. Therefore, in its judgment of 4 July 2023, the Constitutional Tribunal (ref SK 14/21) found the definition of a building included in the tax act to be inconsistent with the Constitution. This judgment obliged the legislator to introduce new definitions of a structure and building that were autonomous in principle, not referring to non-tax provisions.

Thus, the new definitions of building and structure were introduced from 1 January 2025. Generally, they are not intended to expand the scope of taxation of entrepreneurs' assets as such. However, there may be situations in which a building, structure, construction device or a technical device will be classified differently than before, which may result in a change in the amount of tax burden.

The new definitions of buildings and structures are key for entrepreneurs. They must reassess their asset classifications under the amended tax legislation and analyse the impact on their tax liabilities.

### **Reduction of health contributions for entrepreneurs**

A beneficial change for entrepreneurs taxed under general rules, on a flat rate basis or a tax card basis (fixed amount tax) in 2025 is the reduction in the minimum health contribution, which is now 9 per cent on 75 per cent of the minimum salary. This represents a 25 per cent reduction compared to the previous year.

In addition, the entrepreneurs can exclude revenues and costs from the sale of fixed assets from the contribution calculation base, which gives greater flexibility in their financial planning.

### **Accounting books – new threshold for full accounting**

From 1 January 2025, the revenue threshold requiring full accounting has increased. Sole proprietors, partners in civil partnerships, general partnerships of individuals, and professional partnerships must maintain accounting records if their revenue equals or exceeds €2.5m. Until the end of 2024, this threshold was €2m.

As the new regulations came into effect on 1 January 2025, they apply to financial years starting after 31 December 2024.

Raising the threshold is beneficial for businesses, as more companies will be able to use simplified accounting methods, such as revenue and expense ledgers. The primary goal of this change is to reduce administrative burdens for smaller businesses, saving them time and money.

### **Increase of excise duty on tobacco products**

In 2025, excise tax increases on tobacco products were introduced, which is an element of the state health policy aimed at reducing the consumption of these products. Specifically:

- the tax rate on cigarettes increased by 25 per cent to PLN345/1,000 pieces;

- the duty rate on smoking tobacco increased by 38 per cent to PLN260.14/kg;
- the tax rate on cigars and cigarillos increased by 25 per cent to PLN655/kg;
- the duty rate on innovative products (heated tobacco products) increased by 50 per cent to PLN565.52/kg; and
- the duty rate on e-cigarette liquid increased by 75 per cent to PLN0.96/ml.

### **Deposit system**

From October 2025, Poland will introduce a deposit system that will apply to companies that market beverages in packaging such as:

- beverage bottles, disposable, made of plastic, with a capacity of up to three litres;
- metal cans with a capacity of up to one litre; and
- reusable glass bottles with a capacity of up to 1.5 litres.

In addition, the tax changes should also be of interest to retail and wholesale units. The system requires its participants to comply with new record-keeping requirements. There are financial penalties for non-compliance.

In practice, the deposit system will affect every customer purchasing products in bottles and cans. The goal of the deposit system is to achieve annual minimum levels of separate collection of packaging and packaging waste. The thresholds adopted by the EU are relatively high. In 2025, 77 per cent of packaging and packaging waste should already be collected, while this rate should increase to 90 per cent in 2029.