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## **Withholding tax will not change until 30 June 2020**

On 30 December 2019, the Journal of Laws of the Republic of Poland published the Regulation (**Regulation**) amending the Regulation of 31 December 2018 on the exception or limitation of the withholding tax regulations.

Regulations on a specific procedure for withholding tax settlement (collection), which is dedicated for payments above PLN 2 million to one counterparty in a tax year, are postponed until 30 June 2020.

What is important, the Regulation does not affect other changes in withholding tax which are in force since 1 January 2019, among others: due diligence in verifying the conditions to apply lower tax rate, tax exemptions or conditions for tax exemption, change in the definition of the beneficial owner and issues of additional tax liability or changes in the payer's liability rules.

What is important, the Ministry of Finance in the explanatory memorandum to the Regulation confirmed earlier declaration that the CIT Act is planned to be amended. This amendment will limit the use of a special procedure for payments above PLN 2 million to payments to related entities and to passive profits payments (interest, royalties, dividends and other income from share in profits of legal persons). The changes in the regulations should come into force in the first half of the year.

Please note that due to the postponement of refund procedure, there should be in practice no circumstance in which taxpayers could be subject to severe sanctions (from 1 January 2020 it will be a fine of about PLN 25 million or a penalty of imprisonment).

Source: <http://www.dziennikustaw.gov.pl/du/2019/2528/1>

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If you are interested in obtaining further information, or would like to discuss the impact of the above on your business activity please contact:

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