



TAX  
ADVISORY

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## “Small ZUS Plus” for entrepreneurs

As of February 1, 2020, a revised option so-called “Small ZUS Plus” will become effective. New regulations will extend number of the entrepreneurs entitled to pay reduced social security contributions and will change the rules for determining the basis for calculating these contributions.

### 1. Who may benefit from Small ZUS Plus?

The new regulations are addressed to owners of small businesses provided that:

- their annual revenues obtained in the previous calendar year **did not exceed 120,000 PLN**, and
- in the previous calendar year they conducted business activity for **at least 60 calendar days**.

Reduced contributions can be paid for a maximum of **36 months** (3 years) in the next 60 months (5 years) of running business. The period of use of Small ZUS (the option that was implemented last year) is also included in the 36-month period limit.

### 2. Who will not be entitled to Small ZUS Plus?

The entrepreneurs, among others, who have no right to benefit from the Small ZUS Plus are as follows:

- entrepreneurs who render services for the benefit of a former employer for whom, prior to the day of commencing business activity in the current or previous calendar year, they performed activities under employment contract which correspond to the scope of entrepreneurs’ business activity,
- entrepreneurs who settle their tax liability on business income according to tax card and, at the same time, are VAT exempt,
- entrepreneurs who, in the previous or current calendar year were / are subject to social security or health insurance on other non-agricultural activities (e.g. as a partner in a general partnership, limited partnership, partnership or one-person limited liability company).

### 3. Amount of social security contributions

Social security contributions of the entrepreneurs, who benefit from Small ZUS Plus, will be paid on half of the average monthly income (revenues less taxable costs) obtained in the previous year from the entrepreneur's business activity. Income will be determined according to the following formula:

$$\frac{\text{Annual income from business activity obtained in the previous calendar year}^*}{\text{Number of calendar days of conducting business activity in previous calendar year}} \times 30$$

\* if the social security contributions of the entrepreneur and the persons cooperating with him have been included in the tax deductible costs, the annual income from business activity obtained in the previous calendar year is increased by the amounts of the contributions included in the tax deductible costs

The basis for social security contributions, determined in the above way:

- cannot exceed 60% of the projected average salary announced for a given calendar year,
- cannot be less than 30% of the minimum wage applicable in January of a given year.

Small ZUS Plus shall not be applicable to the contributions for health insurance, which should be paid according to the current standard rules for entrepreneurs.

### 4. Small ZUS Plus and the current Small ZUS - basic principles and differences

Below we present the basic differences between Small ZUS and Small ZUS Plus.

Current Small ZUS until January 31, 2020	Small ZUS Plus after the amendments from February 1, 2020.
Conditions: <ul style="list-style-type: none"> <li>• revenue limit for 2019 - <u>67 500 PLN</u>,</li> <li>• conducting a business activity in the previous calendar year for a minimum of <u>60 calendar days</u>.</li> </ul>	Conditions: <ul style="list-style-type: none"> <li>• revenue limit for 2019 - <u>120 000 PLN</u>,</li> <li>• conducting a business activity in the previous calendar year for a minimum of <u>60 calendar days</u>.</li> </ul>
The contribution is calculated on the <u>revenue</u> obtained in the previous year.	The contribution is calculated on the <u>income</u> obtained in the previous year.
Application to ZUS until January 8, 2020.	Application to ZUS until February 29, 2020 (as a rule).

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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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