



TAX  
ADVISORY

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## 17% PIT and higher tax deductible costs as of October 1, 2019

An amendment to the PIT Act, adopted by the Sejm on August 30, 2019, currently awaiting the signature of the President of the Republic of Poland, assumes a reduction of the lowest tax rate from 18% to 17% and higher tax deductible costs for employees as of October 1, 2019.

### 1. New PIT tax scale in 2019 and 2020

#### 1.1. Tax scale for income obtained in 2019

This tax scale is being introduced for income obtained from 1 January 2019.

In 2019, **the lowest tax rate will decrease from 18% to 17.75%**. The tax threshold of 85,528 PLN and the second tax rate, 32%, will remain unchanged. The amount reducing the tax will be reduced from 560.02 PLN to 548.30 PLN.

Tax scale in 2019			
Tax calculation basis in PLN		Tax is	
above	to		
	85.528	<b>17,75%</b>	
85.528		15.181,22 PLN + 32% surplus over 85.528 PLN	minus the amount reducing the tax

#### 1.2. Tax scale for income obtained in 2020

As of 2020, the lowest PIT rate will be reduced to 17%, while maintaining the 32% rate for income exceeding 85,528 PLN. Following the reduction in the rate, the amount reducing the tax will amount to 525.12 PLN.



Tax scale in 2020			
Tax calculation basis in PLN		Tax is	
above	to		
	85.528	<b>17%</b>	minus the amount reducing the tax
85.528		14.539,76 PLN + 32% surplus over 85.528 PLN	

## 2. PIT advance payments in 2019 and 2020

### 2.1. PIT advance payments on income from employment relationship

When calculating PIT advance payments on income obtained in the period between **October 1 and December 31, 2019, the payer**, instead of the currently applicable 18% rate, **will apply the rate of 17% or, at the taxpayer's request, the rate of 17.75%.**

When calculating PIT advance payments on income obtained as of **1 January 2020**, as a rule, the payer will apply the following rates:

- for months in which the taxpayer's income obtained from the beginning of the year in a given workplace does not exceed 85,528 PLN - 17% of the income obtained in that month,
- for the month in which the employee's income earned from the beginning of the year in a given workplace exceeded 85,528 PLN - 17% from the part of the income earned in that month that did not exceed PLN 85,528 PLN, and 32% from the surplus over the above amount.

### 2.2. PIT advance payments from other income sources

The 17% rate will also be applied to calculate the advance payment on income obtained from October 1, 2019, i.a. from mandate and specific work contracts, business activities and rental income (if these revenues are taxed at progressive tax rates), income from employment relationship from abroad received without intermediary of payers.

## 3. Tax deductible costs

Standard tax costs from the employment relationship as of October 1, 2019 will amount to **250 PLN per month** and **300 PLN per month** for commuting employees.

In addition, the annual tax deductible costs **for 2019 and from 2020** will be:

	For 2019	For 2020
One employment relationship	1.751,25 PLN	3.000,00 PLN
Several employment relationship	2.626,54 PLN	4.500,00 PLN
Commuting employees (one employment contract)	2.151,54 PLN	3.600,00 PLN
Commuting employees (several employment contracts)	3.226,92 PLN	5.400,00 PLN

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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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