



TAX
ADVISORY

Tax Alert No. 201/07.09.2020 r.



Polish WHT reform 2021

According to Polish Ministry of Finance (MF), Polish withholding tax (WHT) regime in force from 2019 (but still not applicable based on specific regulations issued by MF) will be changed starting from 2021.

MF announced during the meeting with business representatives that based on the draft law that is to be published soon:

1. WHT refund regime based on which WHT should be paid according to domestic rates (19% or 20% as a rule) and then refund application may be filed (to be processed by tax office within 6 months) for the payments exceeding PLN 2M annually for one taxpayer:
 - a. should not be applicable for dividends paid to Polish tax residents,
 - b. should be limited to the following payments:
 - i. passive income (dividends, interest, royalties) – therefore, remuneration for intangible services should not be subject to this regime,
 - ii. payments to the benefit of related parties;
2. definition of beneficial owner of the payment will be clarified;
3. formal ruling confirming applicability of WHT exemption based on EUR directives will be replaced with the ruling on applicability of WHT preferences, therefore it will be possible to apply for a ruling also with respect to applicability of double tax treaties; at the same time, protective period of already issued rulings on applicability of exemption will be prolonged (as a rule it is 36 months);
4. some simplification will be implemented as regards signing of official statements of Polish company being WHT remitter based on which WHT refund regime may not be applied (as an exception from general rule);
5. the rules of penal fiscal responsibility with regard to WHT will be mitigated.

Additionally, MF announced that they will finally issue official binding explanatory notes on WHT, addressing i.a. due care required in verification whether the contractor is entitled to benefit from double tax treaty rate or exemption.



TAX
ADVISORY

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

Agnieszka Wnuk

Agnieszka.Wnuk@mddp.pl

tel. + 48 22 322 68 88

or your MDDP adviser.

MDDP is one of the largest Polish companies providing comprehensive consulting services in the area of taxes, law, corporate finance, business consulting, outsourcing, financial and accounting consulting, audits and professional trainings and conferences.

Since 2004, we have been continually increasing the team of advisers equipped with experience acquired both in reputable advisory companies and the largest enterprises on the Polish market. Our Clients include leading international corporations and the largest Polish companies from all sectors of economy.

We consider trust to be the basis of successful cooperation. We support our Clients in taking the most important business decisions. We combine international experience in business with the knowledge of regulations and the specificity of a given industry. We focus our activities mainly on the Polish market guaranteeing full involvement and individual approach to the cooperation.

This Tax Alert cannot be treated as legal or tax advisory services. MDDP Michalik Dłuska Dziedzic i Partnerzy spółka doradztwa podatkowego spółka akcyjna shall not be liable for the use of the information contained in the bulletin without prior consultation with our legal or tax advisors.

DORADZTWO
PODATKOWE
TAX
ADVISORY

KANCELARIA
PRAWNA
LAW
FIRM

BUSINESS
CONSULTING

OUTSOURCING

CORPORATE
FINANCE

AKADEMIA
BIZNESU
BUSINESS
ACADEMY