



SUMMARY OF THE WORK OF THE

FINANCE AND TAXATION COMMITTEE - 2022

OF THE FRENCH-POLISH CHAMBER OF
COMMERCE

Key information

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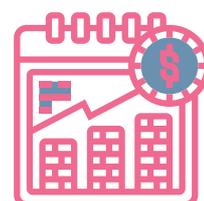
We are pleased to provide you with a summary of the Committee's activities in 2022 and also the key topics around which the Committee intends to work in 2023.

The year 2022 was primarily related to the Committee's analysis of the tax changes introduced in 2021 as part of the so-called Polski Ład, as well as further work in the area of withholding tax regime (2019 reform). Given the exceptional situation related to the war in Ukraine, the Committee was also involved in working out solutions with the Ministry of Finance (MoF) regarding the tax efficiency of charitable activities undertaken by businesses during this period.

In the regulatory area in 2022:

- we held **16** working meetings with the MoF,
- we prepared **8** documents containing **58** pages which included associated companies' position and postulates on a given tax issue ,
- a significant part of the postulates, important for companies, were positively considered by the MoF.

Below is a summary of the key changes adopted by the MoF in respect of which we were involved in their preparation and dialogue with representatives of the MoF.





Transfer pricing (TP)

In 2022, we continued our dialogue with the MoF regarding the changes introduced in the transfer pricing area in 2021.

In total, dozens of proposals for changes and comments to the draft amendments to the CIT Act presented in July 2021 and June 2022 were submitted as postulates. In addition, in January this year, we submitted several comments on the draft tax clarifications regarding provisions of so-called 'indirect tax haven transactions'.

The most important changes considered by the legislator, concerned:

- Persuading the MoF to withdraw from the provision imposing the obligation to prepare TP documentation in respect of so-called 'indirect tax haven transactions'. Keeping the provision in place would have resulted in a significant administrative burden on the business side and the need to allocate additional resources and time to verify whether, in a given transaction, even indirectly, the beneficial owner of the payment is an entity from a so-called tax haven. The provisions have been withdrawn retroactively from their entry into force (i.e. 1 January 2022).
- The extension of the possibility to benefit from the exemption from the documentation obligation for so-called re-invoices where the settlement of costs is done via an allocation key.
- Increase the material thresholds that oblige to prepare TP documentation for transactions carried out directly with an entity operating in a tax haven



Withholding tax (WHT)

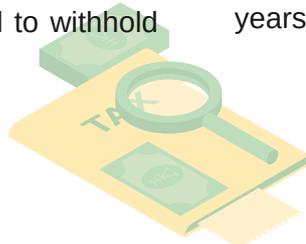
means money that an employer deducts from an employee's gross pay and pays directly to the government.

Since the end of 2018, the Committee has been in active dialogue with the MoF with a view to reforming the legislation effective from 2019.

The key demands in this area were adopted in 2021; in 2022, the Committee's action mainly concerned:

● Introducing changes to the tax remitter's declaration mechanism - as a security instrument against the "Pay and Refund mechanism" that obliges the remitter to apply the standard HWT rate (19% or 20%). Due to the changes introduced at the end of 2021, there was a risk that such a statement could only be filed once a year to secure only 4 months period in which the recurring payments are made. Effectively, for payments made during the remaining period, the tax remitter would be required to withhold tax at the standard rate.

● The issuance by the MoF of a regulation that extended the validity of the tax remitters statements submitted in 2022 - until the end of 2022 (provided their validity had not yet expired). An amendment with retroactive effect (from the beginning of 2022) extending the validity of statements submitted in that year until the end of that year and extending - until the end of the tax year - the validity of statements submitted in subsequent tax years





CIT reform introduced by “Polski Ład”

corporate income tax

In 2022, the MoF made another extensive reform of the provisions of the CIT Act.

The Committee took an active part in the public consultation process of the draft amendments to the Act, including submitting letters with comments submitted by associated companies, as well as holding meetings with representatives of the MoF to discuss the comments.

The amendments that were consulted mainly concerned:



- Minimum tax
- Holding Company regime
- tax capital groups
- debt financing costs
- taxation of shifted profits
- lump sum CIT (so called “Estonian CIT”).





PIT reform introduced by “Polski Ład”

personal income tax

In 2022 Committee supported associated companies in the area of additional reform aimed at correcting the legislative errors introduced by “Polski Ład” package.



- **In January 2022** Chambers’ tax experts conducted an analysis of pros and cons of a new PIT regulation announced by the MoF and submitted a relevant corrections and changes.
- **In February 2022**, Committee prepared a survey for associated companies which aimed and defining and pointing out way forward as a response for “Polski Ład’s” reforms including estimation of increase of payroll costs due to the reform as well and inflation.



UKRAINE

Following the outbreak of a full-scale war in Ukraine, CCIFP member companies have actively engaged in aid actions for Ukraine and Ukrainian refugees.



- The provisions concerning charitable aid unfortunately raises numerous doubts about the tax implications of such activities, in terms of CIT and VAT.
- For this reason, the Committee has approached the MoF with proposals to introduce simplifications for entrepreneurs involved in charitable aid, so as to eliminate doubts and secure their position in terms of tax settlements.

As part of our work, we drafted and sent a comment letter and held several meetings with the MoF.



Objectives 2023

Independently, the Chamber also undertook activities in the area of exchange of knowledge and experience in tax aspects by organising meetings / webinars for companies in particular on the implementation of the National e-Invoicing System and flexible and cost-effective remuneration structures.

The Committee is currently setting up a meeting with MoF to discuss the associated companies' 2023 tax priorities. **These will i.a. include:**

- Implementation of the obligatory National e-Invoicing System (KSeF) as of 1 January 2024
- Issuance of tax clarification concerning withholding tax aspects
- Further modification of the provisions introduced within CIT area by "Polski Ład" reform
- Possible tax breaks for increasing the energy efficiency of business activity and anti-inflation shield mechanisms

The Committee will also continue its dialogue and meetings with the MoF on ongoing tax reforms, including those related to the implementation of the international tax initiatives

The Committee's work was coordinated by experts working with the Chamber:



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withholding tax
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*Human Advisory
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COMMITTEE MISSION & CONTACT

The role of the CCIFP is, among others, to represent companies through committee missions. The Tax and Finance Committee's objective is to develop common positions in accordance with the development of projects and changes in laws, to work on solutions aimed at facilitating the management of a company in Poland in the field of taxation, to inform about planned changes in the field of taxation, to help in understanding complex legal regulations and to discuss problems and solutions in the field of taxation.



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