

TAX ALERT, BREAKING NEWS:

“Minimum Tax” for CIT payers in Poland likely as of 1 January 2022

Today, Polish government is likely to accept the so called Polish New Deal – a package of significant proposed tax changes. Just couple of days after end of public consultation and days before passing of the project to the **Parliament**, **Polish Minister of Finance informed that the draft regulation will be extended to a new revenue tax called also minimum tax for “biggest corporations”**.

**BASED ON VERY LIMITED INFORMATION AVAILABLE SO FAR,
THE KEY FEATURES OF THE NEW TAX ARE:**

- it would apply to a companies with a loss or companies whose income/revenue ratio is below 1%;
- it is to apply to companies with revenues > EUR 50m and Polish Tax Groups;
- the rate would be 0.4 % of company's revenues and 10% of its passive expenses (i.a. royalties, debt financing);
- CIT (if paid) could be deducted;

- exclusions could apply to companies “incurring real investment expenses” (kind of a “substance carve-out”), small and medium-sized entities, financial institutions, new business (for first 3 years), companies who suffered because of COVID-19 (30% revenue drop down likely to be required) as well as companies with a simple ownership structure and paying the Estonian CIT.

According to Polish MoF, this solution is inspired by similar regulations in USA and Canada.

“Minimum Tax” will likely enter into force already as of 1 January 2022, thus we recommended careful and swift analysis of the financial / cash flow impact of the new law.

We will keep you posted about new details of the project once it is made public.

Worth asking



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