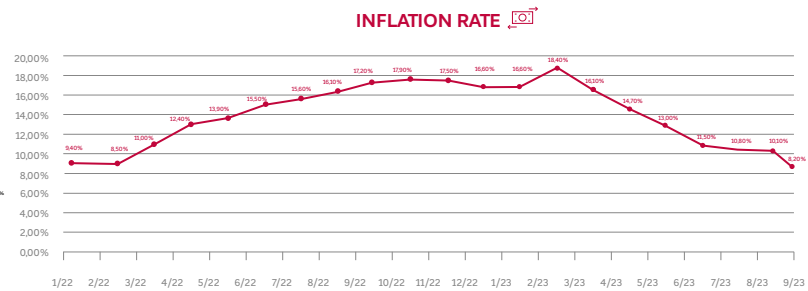
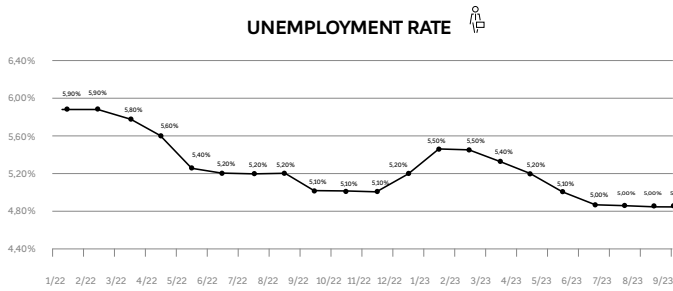
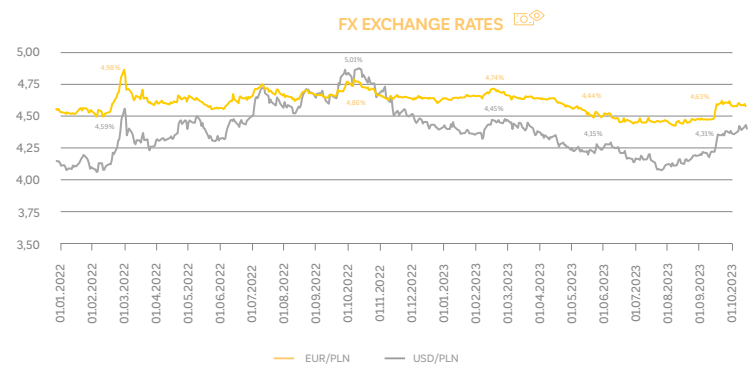
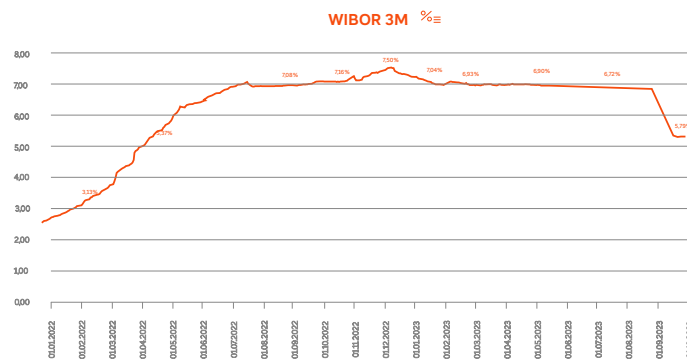


## MACRO FLASH



**HOT FACTORS:** • 1 P.P CUT IN INTEREST RATES IN 3RD QUARTER • GOVERNMENT ELECTIONS IN POLAND



## MACRO BRIEF

- In late August, the Polish government adopted a draft budget bill for 2023, projecting a GDP growth of 1.7% and an inflation rate of 9.8% for the upcoming year, as opposed to the previous year's expectations of 4.6% GDP growth and 13.5% inflation.
- The National Bank of Poland's (NBP) Monetary Policy Council announced a significant cut in the reference rate, bringing it down from 6.75% to 6%. Alongside this, the Lombard and deposit rates were also reduced to 6.5% and 5.5%, respectively. In a follow-up move, the benchmark rate was further trimmed by a quarter of a percentage point to 5.75%. Noteworthy, apart from Hungary, most countries in the CEE region had a tightening stance to possibly curb inflation and stabilize their economies.
- In a move to sustain household purchasing power, the government announced a 12% retroactive cut in electricity prices from January 2023, in mid-September. This action may have had implications for consumer spending and the broader energy market, reflecting governmental efforts to manage economic challenges amidst political events.

## REGULATORY BRIEF

- Poland continues to increase the minimum wage and the hourly wage rates. Furthermore, Poland intends to raise the minimum wage twice in 2024 to assist individuals in coping with high inflation, as per Family and Social Policy Minister. This plan has been definitively approved by the government,
 

Category	Effective Date	Details
<b>IN FORCE</b>	from July 1, 2023	<ul style="list-style-type: none"> <li>the minimum wage in Poland was increased to PLN 3,600 gross, up from PLN 3,490 gross,</li> <li>the new hourly wage rates of PLN 23.50 gross per hour (PLN 22.80 gross per hour in January 2023)</li> </ul>
<b>PLANNED</b>	from January 1, 2024	<ul style="list-style-type: none"> <li>the monthly minimum wage is set to increase to PLN 4,242 (approx. USD 977.55),</li> <li>the hourly minimum wage will be increased to PLN 27.70 (approx. USD 6.38).</li> </ul>
<b>PLANNED</b>	from July 1, 2024	<ul style="list-style-type: none"> <li>the monthly minimum wage will see another rise to PLN 4,300 (approx. USD 990.91)</li> </ul>
- The Ministry of Finance has announced public consultations on draft of so called tax clarifications aimed at explaining a concept of so called beneficial owner for withholding tax purposes. The draft is widely criticized by the business as it may increase the risk of double taxation of dividend, interest and royalties paid from Polish companies to its foreign related parties
- As of January 1, 2024 the so called minimum tax will apply in Poland to taxpayers who, in a given year recognized a tax loss or income not exceeding 2% of the revenue value. The tax will amount 10% of the taxable base, which will be the sum of 1.5% of operational revenues (other than from capital gains), plus "excessive" debt financing costs paid to related entities (generally debt financing costs exceeding 30% of the so-called tax EBITDA), plus costs of intangible services or royalties paid to related entities - exceeding PLN 3 million plus 5% of the so-called tax EBITDA.

## POLITIC BRIEF

- The recent governmental elections in Poland took place on 15 October 2023, where both the Sejm and Senate seats were contested. The Law and Justice (PiS) party won the most votes for a single party, yet a liberal opposition jointly won most seats in both chambers and have a majority necessary to form a new government. The opposition calls for a swift formation of a new government by the President, yet predictions about the new government are still uncertain due to ongoing coalition talks. The election saw an unprecedented voter turnout of 72.9%, marking a historic high in Poland's free elections
- The eventual rule of a democratic opposition may accelerate the completion of the milestones necessary to trigger disbursements from the Recovery Plan.