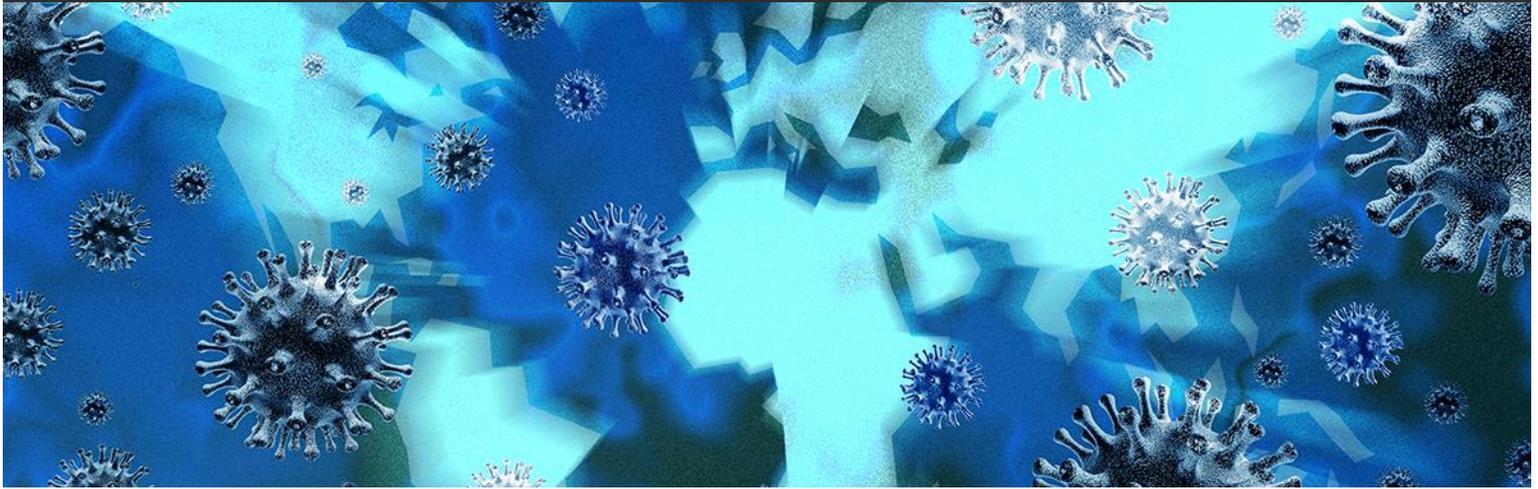


**Alert | Health Emergency Preparedness Task Force:
Coronavirus Disease 2019**



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Poland’s ‘Crisis Shield’ Act Now in Effect, Affording Tax Relief and Support to Businesses

The act of 31 March 2020 amending the act on extraordinary measures aimed at preventing, counteracting and combating Coronavirus Disease 2019 (COVID-19), other communicable diseases, and crisis situations caused by them, and on amendments to certain other acts was promulgated in the official journal *Dziennik Ustaw* on 31 March 2020. The act is part of a legislative package jointly referred to as the “Crisis Shield”.

Most of the Crisis Shield Act took effect as of the date of its promulgation in *Dziennik Ustaw*.

Certain provisions of the Crisis Shield have also been implemented in the form of ordinances (regulations).

The Crisis Shield Act and the accompanying ordinances provide for a number of actions that are intended to help mitigate the effects of the outbreak for businesses. These actions are intended, in particular, to improve the liquidity of businesses, postpone certain statutory deadlines and implement certain measures facilitating tax settlements.

Some of these provisions (in particular the extension of the period allowed for issuing individual advance tax rulings) may also have the potential to hinder business activity.

Tax-related Provisions of the Crisis Shield Act and Certain Ordinances of the Minister of Finance

The tax-related provisions in the Crisis Shield Act and certain ordinances of the Minister of Finance include:

- *Postponing until 20 July 2020 the deadline for payment of minimal tax on commercial properties for the periods from March 2020 to May 2020*

This relief will be available to those taxpayers whose revenues in a given month fall, due to COVID-19, by 50% or more as compared to the same month of the previous year, and those who did not generate revenues in the previous year but suffered adverse economic consequences of the COVID-19 outbreak in a given month. With respect to personal income tax (PIT), this applies to revenues from nonagricultural business activity.

- *Option for communes to offer real estate tax relief for part of 2020*

Commune councils will be authorized to decide on applying preferential treatment with respect to real estate tax to certain specified groups of entrepreneurs whose financial liquidity deteriorated as a result of adverse economic consequences of COVID-19. Such entrepreneurs may either be (i) exempted from the tax or (ii) commune councils can postpone their deadlines for payment of real estate tax installments falling due in April, May, and June 2020, however the extension cannot extend beyond 30 September 2020.

- *Retroactive deduction of PIT and corporate income tax (CIT) losses*

Taxpayers will be permitted to deduct losses incurred in 2020 due to COVID-19 from their income (or, with respect to PIT, from income or revenue) reported for 2019 by filing a correction to the 2019 annual tax return. This relief will be available to those entities whose revenues in 2020 fall by 50% or more compared to 2019. With respect to PIT, this applies to revenues and losses from non-agricultural business activity. The maximum amount of losses that can be deducted by way of such a one-off deduction is PLN 5 million. Losses above this amount can be deducted in subsequent years.

- *Suspended application of bad debt income tax regulations with respect to those debtors who should account for unpaid liabilities in their calculation of income tax advances*

This obligation will be waived for those entities whose revenues in a particular settlement period of 2020 falls by 50% or more due to COVID-19, compared with revenues in the corresponding period of 2019, as well as taxpayers who did not generate revenues in the previous year but suffered adverse economic consequences of the COVID-19 outbreak in the given settlement period. With respect to PIT, this applies to revenues from non-agricultural business activity.

- *Extension of financial reporting deadlines and deadlines for filing certain tax reports*

In an ordinance dated 31 March 2020, the Minister of Finance postponed certain financial reporting deadlines, such as the deadline for completing and approving the annual financial statements, by three months (until 30 June 2020) or, with respect to institutions regulated by the Polish Financial Supervision Authority (KNF) – by two months.

Also in the ordinance of 31 March 2020, the Minister of Finance postponed deadlines for preparing and filing disclosures regarding agreements concluded with non-residents (ORD-U form) which fall between 31 March and 31 May 2020, until the fifth month after the fiscal year for which they are prepared, and – with respect to those taxpayers whose fiscal year ended in the period between 31 December 2019 and 31 January 2020 – also the disclosure of the amount of revenues (income)

generated by corporate income tax payers which do not have their registered office or management in the territory of Poland (IFT-2R form), until the end of fifth month after the fiscal year for which the disbursements were made.

- *Extension of CIT settlement deadlines*

Pursuant to the ordinance of the Minister of Finance of 27 March 2020, the deadline for submission of the annual CIT return on income (losses) generated in a fiscal year ended at any time during the period from 1 December 2019 to 31 January 2020 and for the payment of the due CIT disclosed in that return, or the difference between the tax due on the income disclosed in the tax return and the total of CIT advances paid since the beginning of that fiscal year, is postponed until 31 May 2020.

- *Option to cancel simplified tax advances in 2020 and to calculate monthly advances on actual income for PIT and CIT purposes*

The option to cancel simplified tax advances for the months of March 2020 to December 2020 will be available at any time during the fiscal year to “small taxpayers” if they suffer from adverse economic consequences of COVID-19. Taxpayers who cancel simplified tax advances will calculate monthly advances based on their actual income.

- *Suspension of procedural and litigation time limitations*

During the period of the state of epidemic threat or epidemic outbreak declared in relation to COVID-19, the procedural and litigation time limitations will not commence, and those already commenced are suspended and will not run during that period. This applies, among other things, to all proceedings and inspections conducted on the basis of the Tax Code, tax and customs inspections, administrative court proceedings, enforcement proceedings, tax penal proceedings.

- *Suspension of time limitations in a number of categories prescribed by administrative law*

During the period of the state of epidemic threat or epidemic outbreak declared in relation to COVID-19, a number of categories of time limitations prescribed by the provisions of administrative law will not commence, and those already commenced are suspended and will not run during that period.

- *Possibility to stay administrative enforcement proceedings*

The Council of Ministers may issue an ordinance staying administrative enforcement proceedings concerning cash liabilities. The ordinance may specify the geographic area where this decision will apply and the period of its validity, taking into account the duration of the state of epidemic threat or epidemic outbreak related to COVID-19 and its consequences.

- *Extended time period permitted for issuing individual advance tax rulings*

The three-month period permitted under the Tax Code for issuing individual advance tax rulings will be extended by an additional three months for individual advance tax ruling applications that were filed but not considered by the effective date of the Crisis Shield Act, or were filed after its effective date but before the state of epidemic threat and epidemic outbreak declared in relation to COVID-19 are lifted. The act allows the Minister of Finance to extend (by issuing an ordinance) the period permitted for issuing individual advance tax rulings under the Tax Code for further periods in the circumstances described, however by no more than three months, taking into account the effects of COVID-19.

- *Possibility to waive the collection of interest on tax arrears and the waiver of the prolongation fee*

The Minister of Finance may issue an ordinance fully or partially waiving the collection of interest on tax arrears, stating the type of tax, geographic area, period of time and groups of taxpayers covered by

the waiver, taking into account the duration of the state of epidemic threat or epidemic outbreak related to COVID-19 and its consequences.

In addition, in case of decisions on spreading into installments or deferring payment deadlines of the taxes and tax arrears which constitute State budget income, issued upon application submitted during the duration of the state of epidemic threat or epidemic outbreak declared in relation to COVID-19, or in the period of 30 days after they are lifted, the prolongation fee has been waived.

- *Tax deductions and 0% VAT rate on donations for countering COVID-19; deductions related to research and development activity to develop products necessary to counter COVID-19*

The act permits deducting from the PIT and CIT calculation base for any donations made in the period from 1 January 2020 to 30 September 2020 for countering COVID-19 to certain medical service providers, the Reserve Materials Agency (*Agencja Rezerw Materiałowych*), and the Sanitary and Epidemiological Reserves Center (*Centralna Baza Rezerw Sanitarно-Przeciwepidemicznych*). The deduction permitted for donations made by the end of April 2020 is 200% of the value of the donation, 150% of the donation amount in May 2020, and 100% of the donation from June 2020 onwards.

Furthermore, according to the ordinance of the Minister of Finance of 25 March 2020, the VAT rate reduced to 0% applies to supplies of goods performed in the period from 1 February 2020 to 31 August 2020 with respect to certain goods designated for countering COVID-19 supplied to the Reserve Materials Agency, the Sanitary and Epidemiological Reserves Center, or to certain medical service providers.

PIT and CIT taxpayers are also permitted to deduct from income, as the basis for calculating an income tax advance, certain qualified costs incurred in 2020 for research and development activity to develop products necessary to counter COVID-19.

PIT and CIT taxpayers are also permitted to post a one-off depreciation charge against the initial value of the fixed assets acquired for the purpose of manufacturing certain goods related to countering COVID-19 that they first registered in the fixed assets register in 2020.

- *Income tax exempt for benefits disbursed under the Crisis Shield Act*

According to the act, downtime benefits (i.e., benefits provided under the act in relation to business downtime suffered by sole proprietors and persons employed under civil law contracts) and benefits in the form of accommodation and catering provided to employees by employers in the situations contemplated in the act, which are disbursed or made available to taxpayers in 2020 will be exempted from income tax.

- *Changes concerning tax penal sanctions*

The act rules out all sanctions under the Tax Penal Code for delays in the submission of the PIT tax return on income (losses) generated in 2019 and in payment of the PIT due, provided that the return is filed and the tax paid by 31 May 2020 (in such event the tax authorities will not initiate tax penal proceedings and any proceedings already initiated in this respect will be discontinued).

Additionally, the act offers taxpayers an option to file, in electronic form, a notice of active repentance regarding a tax offense or minor offense committed by the taxpayer, which will rule out its tax penal liability in that respect.

- *Extended deadline for tax remitters to remit tax advances on remuneration collected for March 2020 and April 2020 until 1 June 2020 if tax remitters suffered economic consequences of COVID-19*
- *Postponing the collection of the retail sales tax until 1 January 2021*

- *Increased PIT exempt limits in particular categories*
- *Postponing the obligation to submit the new JPK_VAT declarations (the declaration and the source documents) for large enterprises until 1 July 2020*
- *Postponing the implementation date of the new VAT rates matrix until 1 July 2020*
- *Extended deadline for submission of a notification of a payment made to an account not disclosed on the VAT taxpayers list (the so-called VAT taxpayers white list) from three to 14 days*
- *The deadline for submission of transfer pricing information extended until 30 September 2020 for entities whose fiscal year commenced after 31 December 2018 and ended before 31 December 2019*
- *The deadlines for tax scheme reporting (Mandatory Disclosure Rules) will not start or, if started, will be suspended in the period from 31 March 2020 until the state of epidemic threat and epidemic outbreak declared in relation to COVID-19 are lifted, but in no event beyond 30 June 2020*
- *Postponing the deadline for submission of information to the Central Register of Beneficial Owners until 13 July 2020*

The Crisis Shield Act also provides for non-tax relief intended to help mitigate the economic downturn caused by the COVID-19 outbreak, such as postponing the deadline for payment of the perpetual usufruct fee until 30 June 2020, with an option of further postponement by way of an ordinance of the Council of Ministers.

** This GT Alert is limited to non-U.S. matters and law.*

For more information and updates on the developing situation, visit [GT's Health Emergency Preparedness Task Force: Coronavirus Disease 2019](#).

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