



**PASSION** *for*  
**TECHNOLOGY**



## Ideas for changes in Polish law

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The aim of this document is to signalize the difficulties and obstacles that service providers in Poland, including Sii, have to face and propose changes in the Polish tax law.

**Sii Poland**  
Warsaw 2016

# TAX LAW – DIFFICULTIES

## I. Cash register

- The requirement of having a cash register, even when all transactions with natural persons are done via bank transfer and thus without the use of cash.

## II. VAT

- No possibility of making a VAT deduction for alcohol consumed, for example during business meetings, when drinking a glass of wine is a customary practice in European countries.
- No possibility of including a corrective invoice in the current period.

## III. CIT

- No possibility of including the PFRON (State Fund for the Rehabilitation of the Disabled) contributions in the company's costs.
- No clear regulations which would allow to include fiscal receipts and/or scans of documents in the tax costs.
- Lack of unanimous regulations in CIT and the Accounting Act, concerning differences in exchange rates.
- Even though the Company paying the dividends, pays an income tax (of 19%), when the dividend is paid, the stakeholders – natural persons, are obliged to pay a lump



sum income tax. As it is a lump sum tax, there is no possibility of including the cost of earning income. Meanwhile, (after fulfilling certain criteria), a different company (a legal entity), which is a stakeholder, is exempt from the tax.

- The duty of obtaining the original of the tax residency certificate from providers from abroad. In most cases contractors can't understand why we demand the original document, and not, for example, a scan of the document.



## TAX LAW – PROPOSED CHANGES

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- Bigger support for the taxpayer from the tax officers.
  - Appointing one person to a company by the Tax Office, which could make the contact and sorting out arising issues easier.
  - Tax exemption for forms of appreciation for the hard work and engagement of an employee, e.g. material prizes, bonuses, prizes up to 300 PLN, which are currently obligatorily added to the remuneration.
  - The possibility of receiving a confirmation of the balance for the PIT, CIT and VAT taxes from the Tax Office.
  - Standardization of judicial decisions and individual interpretations. Currently, in spite of holding a court verdict, the taxpayer does not have the certainty that the problem won't be interpreted in a way disadvantageous to him.
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## WORKFORCE POLICY – DIFFICULTIES

1. More and more restrictive acts and interpretations concerning foreigners' employment:
  - Authorities' policy is getting stricter.
  - Longer time needed to close employment, the whole process of getting permissions delays: applications have been rejected and we are asked for new documents.
  - Acts are not very precise and some clerks could interpret them in different ways, with more difficult path sometimes.



2. Obligation of adding to employees' salaries all forms of recognition of their hard work and commitment. Bonuses, rewards should be exempt from tax, e.g. up to the amount of 500 PLN.
3. Very low per diem for employees in domestic business trips – 30 PLN.
4. The employee must provide the original invoice or bill instead of e.g. a receipt or scan of the invoice.
5. Inadequacy of Polish standards towards other EU countries, e.g. the possibility of providing receipts for business expenses or a business meeting with a glass of wine for employees.
6. Big charges for the company and employees – taxes and social security contributions.
7. Secondment – lack of professional and thorough consulting services on the market. Each situation has to be verified individually, separately for each country due to additional internal regulations.
8. Foreigners – residence and work permit processes are extended in time by the authorities. Each case takes months to be finished. Long list of obligatory documents for each individual.



9. Termination of employment – terminating agreements concluded for an indefinite time requires giving a detailed justification of the decision. There is a risk of being sued by the Employee and of suffering legal consequences. Additionally, some employees' groups are additionally protected.

10. Contact with state offices, such as Tax Office, Social Security Office (ZUS), National Labor Inspectorate (PIP), Office for Foreigners, or Liaison offices – difficulties with obtaining clear answers to questions. It happens that two institutions give contradictory answers to the same question. Bureaucracy is overwhelming; short deadlines for submitting documents vs. long time of waiting for an answer. Sometimes answers are sent shortly before the deadline expires. Lack of one assigned specialist.

11. Workplace regulations – needs to be updated, verified and communicated to the employee, along with the need to document the date and the specific manner in which it was made available to him.

Z poważaniem

A handwritten signature in black ink, appearing to read 'Gregoire Nitot', written in a cursive style.

Gregoire Nitot / Założyciel i CEO