

Tax exemption

Whether there are any exemptions from paying company tax

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Exemptions

CIT-exempt revenue includes:

- revenue from agricultural activities, except that earned from special areas of agricultural production,
- revenue from forest management,
- revenue from activities which may not be subject to a legally binding agreement,
- revenue earned by shipping entrepreneurs subject to pay tonnage tax,
- revenue earned by shipbuilding entrepreneurs subject to pay flat-rate tax.

Subject-based exemptions

Certain types of body also qualify for a CIT exemption and may benefit from a '**subject-based exemption**' [zwolnienie podmiotowe].

The entities exempt from CIT include:

- the State Treasury,
- the National Bank of Poland (Narodowy Bank Polski),
- budgetary units,
- state special-purpose funds,
- local government units, with regard to income specified in the Act on incomes of local government units,
- open-end funds,
- pension funds,
- the Social Insurance Institution (Zakład Ubezpieczeń Społecznych),
- the National Health Fund (Narodowy Fundusz Zdrowia).

Object-based exemptions

Another type of exemption is '**object-based exemption**' [zwolnienie przedmiotowe], which can be divided into unconditional and conditional.

You qualify for an **unconditional exemption** if your source of income is exempt from income tax, regardless of your spending objectives.

Unconditional exemptions include:

- income from the sale – after 5 years (from the end of the calendar year in which the property is purchased) – of all or a part of a property or a share in a property being a part of an agricultural holding,
- income earned by church legal persons from non-economic statutory activities,
- income from economic activities carried out within a special economic zone on the basis of an appropriate authorisation,
- income from economic activities defined in the decision on support referred to in the Act on supporting new investments,
- income from raffles and bingo games with raffles,
- income earned (on a reciprocal basis) by cultural institutions from foreign countries from their economic activity on the territory of the Republic of Poland,
- grants from the state budget or financed by local government authorities,
- amounts received from government or executive agencies, if these agencies have received funds for this purpose from the state budget,
- direct payments under the Common Agricultural Policy of the European Union,
- funds received by a project participant as aid granted under a programme co-financed by EU funds,
- interest or a discount received by taxable persons whose registered office or head office is not established in Poland:
 - on bonds issued by the State Treasury and offered on foreign markets, and income from the sale of these bonds,
 - on covered bonds,
 - paid by the National Bank of Poland in connection with operations involving financial instruments that are carried out as part of foreign exchange reserve management activities,
- certain types of income (revenue) earned by closed-end or specialised open-end investment funds that operate in accordance with the investment rules and restrictions for closed-end investment funds.

Conditional exemption – all or part of your income will be exempt from taxation, but only if you use it for the purposes specified by the legislator.

Conditional exemptions include:

- income earned by taxable persons whose statutory objective is to carry out scientific, scientific and technical and educational activities, including educating students, cultural activities, activities involving physical education and sport, environmental protection, supporting social initiatives for the construction of roads and telecommunications networks in rural areas and providing water supply to rural areas, charity work, health care and social assistance, vocational and social rehabilitation of disabled persons, and religious worship – insofar as it is intended for these purposes,
- income earned by organisational bodies of the Volunteer Fire Brigade – insofar as it is intended for statutory purposes,
- income earned by public benefit organisations – insofar as it is intended for statutory activities,

- income earned by trade unions, socio-professional groups of farmers, chambers of agriculture, chambers of commerce, self-regulatory organisations of craftsmen, cooperative auditing associations, employers' organisations, political parties, European political parties and European political foundations – insofar as it is intended for statutory purposes,
- income earned by country housewives clubs – insofar as it is intended for statutory purposes,
- income from running schools – insofar as it is used to meet certain school objectives,
- income from housing stock management – earned by housing cooperatives, housing communities, housing associations and local government authorities that are engaged in housing activities – insofar as it is used to maintain the housing stock.

You are not eligible for these exemptions if:

- your income from an economic activity which involves the manufacture of products in the field of electronics, fuel, tobacco, spirits, wine or beer, and other alcoholic products with an alcohol content over 1.5%, and articles made of or using precious metals, or income from trading in these products – is used for the stated purposes,
- your income from leasing activities is used for the stated purposes,
- your income is used for purposes other than those set out



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