

## Taxes of buying a property

### What type of taxes one should pay when buying a property

 13.12.2021

#### Purchase of real estate

##### When a real estate purchase agreement is subject to taxation

If you have purchased real estate:

- located in Poland,
- located abroad and your place of residence or registered office is in Poland and the agreement was concluded in Poland,

then you are subject to a tax on civil law transactions.

##### When you will not pay the tax

You will not pay the tax on civil law transactions if, inter alia:

- the agreement is subject to VAT,
- you have purchased real estate located abroad and your place of residence or registered office is not located in Poland or the agreement was concluded abroad.

##### Who pays the tax

You will pay the tax if you have purchased real estate.

If you have purchased real estate together with other persons, all the persons will be jointly and severally liable to pay the tax.

##### How to determine the amount of the tax

The tax is paid on the market value of real estate rather than on the price specified in the agreement as the price specified in the agreement may differ from the market value of real estate.

In such a situation, you may be requested by the tax authority, within 5 years from the end of the year in which the sales agreement was concluded, to change the value of the real estate.

The market value is determined on the basis of average prices used in the trading of property or property rights of the same type and kind, without deducting any debts or charges. The following aspects are also taken into account: location, condition and degree of wear and tear, and the date of the transaction.

### **The amount of the tax**

The tax on real estate sales agreements is 2%.

### **Obligations related to the purchase of real estate**

The tax on the purchase of real estate is paid on the date of conclusion of the sales agreement.

The obligation to collect the tax and pay it to the revenue office rests with the notary.

You are not required to submit the PCC-3 declaration when you conclude an agreement in the form of a notarial deed.

### **Purchase of other assets**

#### **Purchase of other assets**

If you purchased:

- property located in Poland or property rights exercised in Poland,
- property located abroad or property rights exercised abroad and your place of residence or registered office is in Poland and the agreement was concluded in Poland,

then you are subject to a tax on civil law transactions.

### **When you will not pay the tax**

You will not pay the tax on civil law transactions if, inter alia:

- the agreement is subject to VAT,

- at least one of the parties to the agreement is exempt from VAT in connection with that transaction, except for agreements relating to:
  - the right of perpetual usufruct,
  - a cooperative ownership right to premises,
  - a right to a single-family home in a housing cooperative,
  - a right to a parking space in a multi-space garage,
  - a share in these rights,
  - shares in commercial companies,
- you purchased property which, within the meaning of customs legislation, constitutes goods:
  - placed in a free zone,
  - placed under the customs warehousing procedure,
- you purchased movable property located abroad or property rights exercised abroad, and your place of residence or registered office is not located in Poland or the agreement was concluded abroad,
- the market value of the movable property does not exceed PLN 1 000.

You will not pay the tax on civil law transactions if you purchase rehabilitation equipment, a wheelchair, a moped, a motorcycle or a passenger vehicle for your own use and you are classified as having a severe or moderate disability, regardless of the type of disorder, or as having a mild handicap due to a motor disability.

## Who pays the tax

You will pay the tax if you made the purchase.

If you purchased an asset together with other persons, all the persons will be jointly and severally liable to pay the tax.

## How to determine the amount of the tax

The tax is paid on the market value of the purchased property or property right rather than on the price specified in the agreement. This is because the price specified in the agreement may differ from the market value.

In such a situation, you may be requested by the tax authority, within 5 years from the end of the year in which the sales agreement was concluded, to change the value of the subject of the agreement.

The market value is determined on the basis of the average market prices of property or property rights of the same type and kind, without deducting any debts or charges. The following aspects are also taken into account: location, condition and degree of wear and tear, and the date of the transaction.

## The amount of the tax

The rate of the tax on agreements for the sale of:

- movable property, the right of perpetual usufruct, a cooperative ownership right to a dwelling, a cooperative ownership right to commercial premises, and a right to a single-family home and a right to a dwelling in a small dwelling house arising from cooperative law is 2%,
- other property rights is 1%.

If the value of the purchased property or property rights to which different tax rates apply has not been identified, you will pay the tax at the highest rate on their total value.

### Obligations after the purchase of other assets

If the purchase of an asset is subject to taxation, you must submit a PCC-3 declaration to the competent revenue office and calculate and pay the tax within 14 days from the date on which the tax becomes chargeable.

If you made a purchase together with other persons, you must submit a PCC-3 declaration, together with PCC-3/A information on the other taxable persons.

You may submit a PCC-4 cumulative declaration by the seventh day of the month following the month in which the tax became chargeable and in which you concluded at least three civil law transactions covering an agreement for the sale of movable property or property rights, and the last transaction was concluded within 14 days after the first one.

You are not required to submit a declaration when you conclude an agreement in the form of a notarial deed.

### Where to submit PCC-3 or PCC-4 declarations

If your place of residence is in Poland, then the competent tax authority is the head of the tax office competent for your place of residence.

If your place of residence is not in Poland, the competent tax authority is the Head of the Third Tax Office Warszawa-Śródmieście.

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