

Details of settlement of PIT-36 for 2022

You will find here detailed information on the settlement of PIT-36 for 2022 in the Twój e-PIT service

 06.02.2023

Tax identifier

PESEL is entered in the tax return by persons included in the PESEL register who in the fiscal year:

- did not run a business,
- were not registered as VAT taxable persons,
- were not payers of premiums (either for social insurance or health insurance) or tax, e.g. for employment of an employee.

Please remember! If you are a foreign national and you are obliged to settle tax in Poland, you should, as a rule, enter your PESEL number.

NIP is entered by persons who do not meet at least one of the above conditions.

Tax return correction

A corrected tax return may be submitted if the tax return:

- includes accounting errors and obvious mistakes,
- has been completed contrary to the requirements or rises doubts whether the data it contains is correct.

The right to submit a corrected tax return:

- shall be suspended for the duration of a tax procedure or tax control – to the extent covered by this procedure or control,
- shall continue to appertain after the completion of:
 - tax control,
 - tax procedure – to the extent not covered by the decision specifying the tax liability amount.

If, in the course of the tax avoidance procedure, a corrected tax return referred to in Article 81b(1a) of the Tax Code is submitted, you should specify the reason for its submission.

Settlement method

No place of residence in Poland

Taxable persons who are resident for tax purposes outside Poland in a country of the European Union, the European Economic Area or the Swiss Confederation (which is documented with a certificate of residence), may show in the tax return revenue earned in Poland, that was subject during the year to lump-sum income tax in accordance with Article 29(1) of the Act, and then calculate tax on it according to the tax scale. In this case, the lump-sum income tax collected on this revenue is treated the same as the income tax advance deducted by the tax payer. If you want to use this solution, indicate this in the tax return.

This rule is applied if, based on ratified international agreements to which Poland is a party, the tax office can obtain tax information from the tax authority of the country where the natural person resides for tax purposes.

Income taxation

Joint taxation of spouses' income

The application for joint taxation of income, referred to in Article 6(2) of the Act, may be filed by spouses who in a given year:

- reside in Poland for more than 183 days or have a center of their personal and economic interests in Poland (see Article 3(1) of the PIT Act),
- are married – with a tenancy by the entirety – for the entire fiscal year or from the date of their marriage until the last day of the fiscal year (if the marriage was concluded during the fiscal year).

Joint taxation of income is not available for spouses covered by the provisions on:

1. non-agricultural business activity or special branches of agricultural production subject to flat-rate tax, or
2. non-agricultural business activity subject to lump-sum income tax (Lump-Sum Tax Act) with respect to revenue earned, tax-deductible expenses incurred, the obligation or the right to increase or decrease the tax base or revenue, the obligation or the right to make other additions or deductions (applies to points (a) and (b)) in the fiscal year,
3. non-agricultural business activity subject to a fixed amount tax
4. taxation under the Tonnage Tax Act or the Act on the activation of the shipbuilding industry and complementary industries.

Income does not include revenue that is subject to lump-sum income tax (e.g. winnings in number games, dividends, interest on bank deposits).

Spouses who meet the conditions for joint taxation may be taxed jointly on the sum of their income earned in the year concerned.

To this end, they have to submit a joint tax return, in which each of them makes available deductions, e.g. social insurance premiums, donations, the rehabilitation relief or thermal modernization relief.

Tax on the spouses' income is twice the amount of tax calculated on half of the total income of the spouses.

A joint tax return may be submitted also if one of the spouses did not earn in the fiscal year revenue taxed according to the tax scale.

An application for joint taxation of income may be signed by one of the spouses – it is treated as an authorization for joint taxation of their income.

Taxation method provided for widows and widowers

An application for joint taxation of the income of spouses with a tenancy by the entirety in the fiscal year may also be submitted by a taxable person who was married and their spouse died:

- during the fiscal year, or
- after the end of that year but before the tax return for that year was filed.

However, joint taxation is not possible where income is covered by the provisions on:

1. non-agricultural business activity or special branches of agricultural production subject to flat-rate tax, or
2. non-agricultural business activity subject to lump-sum income tax (Lump-Sum Income Tax Act) with respect to revenue earned, tax deductible expenses incurred, the obligation or the right to increase or decrease the tax base or revenue, the obligation or the right to make other additions or deductions (applies to points (a) and (b)) in the fiscal year,
3. non-agricultural business activity subject to a fixed amount tax
4. taxation under the Tonnage Tax Act or the Act on the activation of the shipbuilding industry and complementary industries.

Income does not include revenue that is subject to lump-sum income tax (e.g. winnings in number games, dividends, interest on bank deposits).

A person who meets the relevant conditions may have their income taxed jointly with the income of their deceased spouse.

To this end, this person has to submit a tax return in which they will make deduction available for each of the spouses, e.g. of social insurance premiums, donations, rehabilitation relief or thermal modernization relief.

The tax is twice the amount of tax calculated on half of the total income of the spouses.

Such settlement is possible also if one of the spouses did not earn in the fiscal year revenue taxed according to the tax scale.

Taxation of income of single parents

An application for determining the tax amount in the manner provided for single parents may be submitted by a parent or legal guardian with an unlimited tax obligation, who is:

- a maid or bachelor,
- a widow or widower,
- a divorced person or a person with a judgment of separation from a court ruled under other regulations,
- a married person, if their spouse has been deprived of parental rights or is imprisoned.

Such person may make a deduction if all the following conditions set out in the Act were met in the fiscal year:

1. the person was bringing up on their own children:

- a. who were minor,
- b. of any age, who, in accordance with other regulations, received an attendance allowance (benefit) or a social pension,
- c. under 25 years of age who during the fiscal year for which the tax return is submitted, studied at primary, secondary or higher schools, in Poland and abroad – if in the fiscal year they did not earn income taxable on general terms (according to the tax scale), capital gains (subject to a 19% tax rate on income) or earned tax-exempt revenue as part of “youth relief” or return relief in the total amount exceeding PLN 16,061.28.

The sum of this income does not include the income from a survivors’ pension and exempt revenue, e.g. financial maintenance, grants.

2. the income of the taxable person and of the child was not covered in the fiscal year by the provisions on:

- a. non-agricultural business activity or special branches of agricultural production subject to flat-rate tax, or
- b. non-agricultural business activity subject to lump-sum income tax (Lump-Sum Tax Act), with respect to revenue earned, tax deductible expenses incurred, the obligation or the right to increase or decrease the tax base or revenue, the obligation or the right to make other additions or deductions (applies to points (a) and (b)) in the fiscal year,
- c. non-agricultural business activity subject to a fixed amount tax
- d. taxation under the Tonnage Tax Act or the Act on the activation of the shipbuilding industry and complementary industries.

Income does not include revenue that is subject to lump-sum income tax (e.g. winnings in number games, dividends, interest on bank deposits).

Tax is calculated on the sum of income less available reliefs, e.g. social insurance premiums, donations, the rehabilitation relief or thermal modernization relief.

An eligible single parent determines tax at twice the amount of tax calculated on half of their income.

A grown-up child who earned taxable income in the fiscal year is obliged to submit on their own a tax return with the amount of income earned from the date of coming of age, regardless of its amount. Regardless of the foregoing, an eligible parent of an adult child may settle tax as a single parent.

The indicated rules and method of taxation of the income of spouses and single parents apply also to:

1. spouses who are resident for tax purposes outside Poland in a country of the European Union, the European Economic Area or the Swiss Confederation,
2. spouses, one of whom is subject to an unlimited tax obligation in Poland and the other is resident for tax purposes outside Poland in a country of the European Union, the European Economic Area or the Swiss Confederation,
3. single parents resident for tax purposes outside Poland in a country of the European Union, the European Economic Area or the Swiss Confederation,

if they earned revenue taxable in Poland in the amount of at least 75% of the total revenue of the spouses or a single parent in the fiscal year. A non-resident taxable person must also document their place of residence for tax purposes with a certificate of residence.

To be allowed to have income taxed in the manner provided for spouses, widows and widowers or single parents, there also must be legal grounds under the double taxation avoidance agreement or other ratified international agreements to which Poland is a party. It is necessary for the tax authority to obtain tax information from the tax authority in the country where the natural person taking advantage of the preferences resides for tax purposes.

At the request of tax authorities, spouses, as well as single parents, are required to document the total amount of revenue earned in the fiscal year by presenting a certificate issued by the competent tax authority of the country where these persons are resident for tax purposes or other document confirming the amount of total revenue earned in the fiscal year.

Taxation in accordance with the method provided for in Article 29(4) of the Act

If taxable persons have residence for tax purposes confirmed with a certificate of residence outside Poland in a country of the European Union, the European Economic Area or the Swiss Confederation, and during the fiscal year, generated revenue from which the taxpayer deducted lump-sum income tax (indicated in IFT-1/IFT-1R information), they may – as requested in the tax return – have the earned revenue taxed using the tax scale.

In this case, the lump-sum income tax deducted during the fiscal year is treated the same as the income tax advance deducted by the taxpayer.

This rule applies if the double taxation avoidance agreement provides legal grounds for the tax authority to obtain tax information from the tax authority in the country where the natural person is resident for tax purposes.

Social insurance premiums

Deduction is allowed

Deduction is allowed for the following premiums referred to in the provisions of the Act of 13 October 1998 on the social insurance system:

- premiums for old-age and disability insurance as well as for sickness insurance deducted and disclosed by the taxpayer in PIT-11,
- premiums for own old-age, disability, sickness, and accident insurance of the taxable person and persons cooperating with the taxable person, paid in the fiscal year by the taxable person, provided that these premiums were not previously recognized as tax-deductible expenses.

Premiums paid in the fiscal year from the taxable person's funds for compulsory social insurance of the taxable person or persons cooperating with the taxable person are – in accordance with the provisions on compulsory social insurance in force outside Poland in a country of the European Union, the European Economic Area or the Swiss Confederation – deductible as well.

For such premiums to be deducted, there must be legal grounds under the double taxation avoidance agreement or other ratified international agreements to which Poland is a party, for the tax authority to obtain tax information from the tax authority in the country where the taxable person paid premiums for compulsory social insurance.

Social security premiums that are not deductible in PIT-36:

- premiums deducted from taxable income on the terms specified in Article 30c of the Act,
- premiums deducted from revenue under the provisions of the Act on lump sum income tax,
- premiums recognized as tax-deductible expenses,
- premiums refunded in any form to the taxable person,
- premiums assessed based on income (revenue) exempt from tax under the Act and income from which tax collection has been waived pursuant to the provisions of the Tax Code,
- premiums assessed based on income (revenue) exempt from tax under double taxation avoidance agreements to which Poland is a party,
- paid and deducted outside Poland in a country of the European Union, the European Economic Area or the Swiss Confederation from income (revenue) or tax earned in that country, or from tax pursuant to Article 27b(1)(2) of the Act.

The amount of expense for social insurance premiums is determined based on documents confirming that they have been incurred.

The amounts of social insurance premiums denominated in foreign currencies are to be converted into PLN at the average exchange rate announced by the National Bank of Poland on the last business day preceding the day when the expense is incurred.

Note! No deduction is allowed in the case of premiums paid from revenue that is exempt from tax under Article 21(1)

- subparagraph 148 of the Act (youth relief),

- subparagraph 152 of the Act (return relief),

- subparagraph 153 of the Act (relief for families 4+),

- subparagraph 154 of the Act (relief for seniors).

If both exempt and taxable income is earned, the taxable person may deduct from the total amount of social insurance premiums paid the amount equivalent to the percentage of taxable revenue in the total amount of this revenue and revenue covered by youth relief.

Information for taxable persons who earned revenue exempt from tax pursuant to Article 21(1)(148) and Article 21(1)(152)-(154) of the Act (shown in section D of the tax return)

If the revenue shown in section D of PIT-36 tax return is the base for the assessment of non-deductible premiums, the taxable person (spouse, respectively) reduces the total amount of premiums paid (shown by the taxpayer) by that part thereof that is attributable to the revenue shown in section D of the tax return.

If revenue from employment and related relationships, contracts of mandate, graduate placements, student internships or maternity allowance, earned by the taxable person (spouse, respectively) in the period from 1 January 2022 to 31 December 2022, is fully exempt (does not exceed the limit of PLN 85,528), the reduction amount corresponds to the premiums shown in:

- items 87 and 88 in PIT-11(28) (only premiums from item 86 are deductible) or
- items 96 and 97 in PIT-11(29) (only premiums from item 95 are deductible).

The deduction amount is determined as follows:

- **Taxable persons who earned revenue only from employment and related relationships.**

One should add up the amounts from items 79, 81, 83 and 85 (the taxable person) or, respectively, the amounts from items 80, 82, 84 and 86 (the spouse), and then determine the percentage of exempt revenue in the calculated total, i.e. in the case of the taxable person, the share of the amount from item 79 in the total of the amounts from items 79, 81, 83 and 85, and in the case

of the spouse, the share of the amount from item 80 in the total of the amounts from items 80, 82, 84 and 86.

The so determined share corresponds to that part of the premiums paid that reduces their total amount:

- shown by the taxpayer in items 86, 87 and 88 in PIT-11(28) and in items 95, 96 and 97 in PIT-11(29).

- **Taxable persons who earned revenue only from contracts of mandate, referred to in Article 13(8) of the Act.**

One should add up the amounts from items 81 and 115 (the taxable person) or, respectively, the amounts from items 82 and 177 (the spouse), and then determine the percentage of exempt revenue in the calculated total, i.e. in the case of the taxable person, the share of the amount from item 81 in the total of the amounts from items 81 and 115, and in the case of the spouse, the share of the amount from item 82 in the total of the amounts from items 82 and 177.

The so determined share corresponds to that part of the premiums paid that reduces their total amount:

- shown by the taxpayer in items 86, 87 and 88 in PIT-11(28);
- shown by the taxpayer in items 95, 96 and 97 in PIT-11(29).

Taxable persons who earned revenue only from graduate placements or student internships.

One should add up the amounts from items 83 and 145 (the taxable person) or, respectively, the amounts from items 84 and 207 (the spouse), and then determine the percentage of exempt revenue in the calculated total, i.e. in the case of the taxable person, the share of the amount from item 83 in the total of the amounts from items 83 and 145, and in the case of the spouse, the share of the amount from item 84 in the total of the amounts from items 84 and 207.

The so determined share corresponds to that part of the premiums paid that reduces their total amount:

- shown by the taxpayer in items 86, 87 and 88 in PIT-11(28);
- shown by the taxpayer in items 95, 96 and 97 in PIT-11(29).

- **Taxable persons who earned revenue only from maternal allowances.**

One should add up the amounts from items 85 and 146 (the taxable person) or, respectively, the amounts from items 86 and 208 (the spouse), and then determine the percentage of exempt revenue in the calculated total, i.e. in the case of the taxable person, the share of the amount from item 85 in the total of the amounts from items 85 and 146, and in the case of the spouse, the share of the amount from item 86 in the total of the amounts from items 86 and 208.

The so determined share corresponds to that part of the premiums paid that reduces their total amount:

- shown by the taxpayer in items 86, 87 and 88 in PIT-11(28);
- shown by the taxpayer in items 95, 96 and 97 in PIT-11(29).

- **Taxable persons who earned two types of revenue, i.e. from employment and related relationships and from contracts of mandate.**

One should add up the amounts from items 79, 81, 89, 94 and 115 (the taxable person) or, respectively, the amounts from items 80, 82, 151, 156 and 177 (the spouse), and then determine the percentage of exempt revenue in the calculated total, i.e. in the case of the taxable person, the share of the total of the amount from items 79 and 81 in the total of the amounts from items 79, 81, 89, 94 and 115, and in the case of the spouse, the share of the amount from items 80 and 82 in the total of the amounts from items 80, 82, 151, 156 and 177.

The so determined share corresponds to that part of the premiums paid that reduces their total amount:

- shown by the taxpayer in items 86, 87 and 88 in PIT-11(28);
- shown by the taxpayer in items 95, 96 and 97 in PIT-11(29).
- **Other taxable persons, including those who cannot determine the amount of deduction from the revenue shown in part D of the tax return on account of premiums paid (not deductible ones) based on documents held.**

One should determine the share of the total of the amounts from items 79 and 81 in the total of the amounts from items 79, 81 and 147, and in the case of the spouse, the share of the total of the amounts from items 80 and 82 in the total of the amounts from items 80, 82 and 209.

The so determined share corresponds to that part of the premiums paid that reduces their total amount:

- shown by the taxpayer in items 86, 87 and 88 in PIT-11(28);
- shown by the taxpayer in items 95, 96 and 97 in PIT-11(29).

Revenue and tax-deductible expenses

Remuneration under employment relationship

Revenue under employment and related relationships means money and monetary values received by the taxable person or made available for the taxable person's disposal in the fiscal year as well as the value of benefits received in kind. This includes in particular: basic salary, remuneration for overtime, various types of bonuses, awards, equivalents for unused leave and any other payments, regardless of whether their amount has been determined in advance, as well as cash benefits paid for the employee by the employing establishment and the value of other benefits: gratuitous and partially remunerated ones.

Tax-deductible expenses on account of remuneration under an employment contract, including tax-deductible expenses at a 50% rate under copyright

For 2022, lump-sum tax-deductible expenses under employment relationship may not exceed:

- PLN 3,000 (PLN 250 per month), if the taxable person earned revenue under one employment relationship and related relationships,
- PLN 4,500, if the taxable person earned revenue under more than one employment relationship and related relationships at a time,
- PLN 3,600 (PLN 300 per month), if the place of permanent or temporary residence of the taxable person in the fiscal year was located outside the city or town where their employing establishment is located, and the taxable person did not receive a separation allowance or was not reimbursed for travel costs (except where the reimbursed costs have been recognized as taxable revenue),
- PLN 5,400, if the taxable person earned revenue under more than one employment relationship and related relationships at a time, and the place of permanent or temporary residence of the taxable person was located outside the city or town where their employing establishment is located, and the taxable person did not receive a separation allowance or was not reimbursed for travel costs (except where the reimbursed costs have been recognized as taxable revenue).

If the annual lump-sum fixed costs referred to in Article 22(2) of the Act are lower than the expenses on commuting to the employing establishment(s) by bus, rail, ferry or public transport, these expenses may be recognized by the employee in the tax return – instead of the above-mentioned ones – in the amount of actually incurred expenses, documented only with registered season tickets (Article 22(11) of the Act). The above rule does not apply if the employee was reimbursed for travel expenses (except where the reimbursed costs have been recognized as taxable revenue).

Where the exemption referred to in Article 21(1)(148) and Article 21(1)(152)-(154) of the Act is applied, the annual lump-sum fixed costs and those actually incurred are recognized in the amount that does not exceed the amount of revenue under employment and related relationships, that is subject to taxation.

A taxable person who earns revenue under an employment relationship and takes advantage from copyright or neighboring rights with respect to this revenue, as defined in other regulations, is entitled to tax-deductible expenses at a 50% rate.

These expenses are calculated based on revenue reduced by the social insurance premiums referred to in Article 26(1)(2)(b) of the Act, deducted in a given month by the taxpayer from the taxable person's funds following their assessment based on this revenue. The amount of tax-deductible expenses at a 50% rate under all the titles specified in Article 22(9)(1)-(3) of the Act may not exceed PLN 120,000.

Where the exemption referred to in Article 21(1)(148) and Article 21(1)(152)-(154) of the Act is applied, the sum of the total tax-deductible expenses under all the titles specified in Article 22(9)(1)-(3) of the Act, and revenue exempt from tax pursuant to Article 21(1)(148) and Article 21(1)(152)-(154), may not exceed PLN 120,000 in the fiscal year.

If the actually incurred expenses were higher than those resulting from the application of the 50% standard rate (with an annual limit of PLN 120,000), the taxable person (the spouse, respectively) may recognize these expenses in the amount of actually incurred and documented expenses (Article 22(10) and Article 22(10a) of the Act).

Tax-deductible expenses at a 50% rate, referred to in Article 22(9)(3) of the Act, apply only to revenue from:

1. creative activity in the field of architecture, interior design, landscape architecture, construction engineering, town planning, literature, fine arts, industrial design, music, photography, audio and audio-visual works, computer programs, computer games, theater, costume design, stage design, directing, choreography, artistic violin making, folk art, and journalism;

2. artistic activity in the field of acting, live, dance and circus art as well as in the field of conducting and vocal and instrumental studies;
 3. audio and audio-visual production;
 4. columnist activity;
 5. museum activity in the field of exhibition, science, popularization, education and publishing;
 6. restoration activity;
 7. dependent right referred to in Article 2(2) of the Act of 4 February 1994 on copyright and neighboring rights, to develop someone else's work in the form of a translation;
 8. research and development, scientific, scientific and didactic, research, and research and didactic activities as well as didactic activity at universities.
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Income earned abroad

If you have earned your income outside Poland, you must remember that it may also be taxable.

Therefore, if you worked abroad or in Poland, but your remuneration was paid by or on behalf of an employer that does not have a place of residence or registered office in Poland, you have to show this remuneration together with other revenue earned in a given fiscal year and settle it in PIT-36.

The tax return must be accompanied by the PIT/ZG appendix, in which you will show the income earned abroad and – in certain cases – also the tax paid on income earned abroad.

If during the fiscal year you earned income in different countries, this appendix has to be submitted separately for each country in which you earned your income.

Remember that the tax return must include all revenue earned abroad that is subject to joint taxation, regardless of its sources.

The obligation to pay tax in Poland does not stem from the fact of having Polish citizenship, but from tax residency. A Polish resident subject to unlimited tax obligation is a person who, on the territory of Poland:

- has a center of their personal and economic interests (center of life interests) or
- resides in Poland for more than 183 days in the fiscal year.

If you meet at least one of the above-mentioned criteria, you are subject to tax on all income (revenue) earned in the year, regardless of where it was earned. This means that you have to tax in Poland also income (revenue) earned outside Poland, even that from ordinary lease, usufructuary lease or business activity. If you do not have a center of your personal or economic interests in Poland or stay in Poland for less than 183 days in the fiscal year, you are subject to a limited tax obligation, i.e. you are a non-resident. In this case, you should settle in Poland only the income (revenue) earned in Poland.

The method of foreign income taxation depends on whether Poland has signed a double taxation avoidance agreement with the country where you earned income.

The agreements concluded by Poland provide for two methods of double taxation avoidance:

- exemption with progression,
- proportional deduction.

If you have earned income in a country with which Poland has not concluded a double taxation avoidance agreement, the proportional deduction method applies.

Due to the amendments introduced by the MLI Convention to particular double taxation avoidance agreements, it is advisable to check at the beginning of each fiscal year which method applies to your income (revenue).

For more information visit: <https://www.podatki.gov.pl/podatkowa-wspolpraca-miedzynarodowa/wykaz-umow-o-unikaniu-podwojnego-opodatkowania/>

Exemption with progression method

In accordance with the exemption with progression method, income earned abroad is not taxable in Poland. However, in order to determine the tax rate to be applied to income earned in Poland, income earned abroad should also be taken into account.

In the case of the exemption with progression method, the obligation to submit an annual tax return applies if:

- you earn in Poland other income taxable according to the tax scale;
- you want to take advantage of preferential annual settlement, for example with your spouse or as a single parent.

Example of settlement in accordance with the exclusion with progression method:

1. income earned in Poland = PLN 20,000.00
2. income earned abroad = PLN 30,000.00
3. total income (a+b) = PLN 50,000.00
4. Polish tax according to the tax scale on PLN 50,000.00 = PLN 2,400
5. interest rate (d:c) = 4.8%
6. tax payable in Poland: $4.8\% \times \text{PLN } 20,000 = \text{PLN } 960.00$ less advances paid in Poland

Proportional deduction method

In accordance with the **proportional deduction method**, income earned abroad must be always taxed jointly with that earned in Poland. You can deduct the tax paid abroad from the calculated tax. However, such deduction is possible only up to the amount of tax proportionally attributable to the income earned abroad.

Example of settlement in accordance with the proportional deduction method:

1. income earned in Poland = PLN 30,000.00
2. income earned abroad = PLN 20,000.00

3. tax paid abroad = PLN 5,000.00
4. Polish tax according to the tax scale on PLN 50,000.00 = PLN 2,400
5. interest rate (d:c) = 4.8%
6. tax payable in Poland: $4.8\% \times \text{PLN } 20,000 = \text{PLN } 960.00$ less advances paid in Poland

Example of settlement in accordance with the proportional deduction method:

1. income earned in Poland = PLN 30,000.00
2. income earned abroad = PLN 20,000.00
3. tax paid abroad = PLN 5,000.00
4. total income (a+b) = PLN 50,000.00
5. Polish tax according to the tax scale on PLN 50,000.00 = PLN 2,400
6. foreign tax to be deducted from Polish tax: $\text{PLN } 2,400 \times \text{PLN } 20,000 : \text{PLN } 50,000 \text{ zł} = \text{PLN } 960$
7. tax payable in Poland: $\text{PLN } 2,400 - \text{PLN } 960 = \text{PLN } 1,440$ less advances paid in Poland

Pursuant to Article 1(15) of the Act of 28 November 2020 amending the Personal Income Tax Act, the Corporate Income Tax, the Act on lump-sum income tax on certain revenue earned by natural persons, and certain other acts, abolition relief has been amended with respect to revenue earned abroad after 1 January 2021.

In accordance with the aforementioned provision, a deduction on account of abolition relief may not exceed PLN 1,360.

The above limit does not apply to income from work under employment contracts as well as contracts of mandate and contracts for specific work performed outside the land territory of countries. The above exclusion is available to, for example, individuals working on ships or drilling rigs.

Determination of taxable income

Regardless of the type of double taxation avoidance method, the method of determining income is the same:

If you live in Poland, and while temporarily staying abroad, you earned income from work there, you can reduce your income by the equivalent of 30% of the subsistence allowance specified in other regulations.

You are entitled to this deduction for each day of stay abroad when you worked.

When calculating the number of days of stay abroad, you can also take into account Saturdays, Sundays, holidays, days of business trips and days of holiday leave.

Revenue denominated in foreign currencies has to be converted into PLN at the average exchange rate announced by the National Bank of Poland on the last business day preceding the day when the revenue was earned (payment of the salary or making it available).

You can reduce the thus calculated income by tax-deductible expenses:

- PLN 250 per month, or

- PLN 300 per month –if your place of residence was outside the locality where you worked.

If you earned outside Poland revenue from activities performed in person (e.g. under a contract of mandate or contract for specific work), you can deduct expenses in the amount of 20% of your income, and if the contract relates to copyright – tax-deductible expenses account for 50% of your income.

If the expenses you incurred related to earning revenue are higher than 20% or 50%, respectively, and you have documents confirming that they were incurred, you can deduct expenses in the amount actually incurred

Income from abroad under a public service relationship, employment relationship, from outwork and under a cooperative employment relationship

Taxation of income from hired labor performed abroad is subject to the regulations provided for in bilateral agreements on double taxation avoidance. In accordance with the general rule applicable in agreements of this type, remuneration for hired labor performed abroad is taxable only in the country of residence, unless work is performed in the other country. In this case, income may be taxed both in the country of residence and in the country where work was performed.

Double taxation avoidance agreements provide for an exception to this general rule, in accordance with which remuneration for hired labor in another country may be taxed only in the country of residence, provided that all the following three conditions are met:

- the remuneration recipient stays in the other country for no longer than a specified period of time (usually 183 days in a calendar year or during the next 12 months from the date of arrival in that country), and
- remuneration is paid by or on behalf of an employer that does not have a place of residence or a registered office in the other country, and
- remuneration is not paid by an establishment or permanent establishment the employer has in the other country.

Failure to meet any of these conditions means that the remuneration received may be taxed both in the country where the work is performed and in the country where the person receiving the remuneration is a resident. In this case, in order to avoid double taxation of this income, the appropriate method of double taxation avoidance specified in the relevant agreement is applied. The agreements concluded by Poland provide for two methods of double taxation avoidance:

- exclusion with progression
- proportional deduction.

In accordance with the exclusion with progression method, income earned abroad is not added to income earned in Poland. However, in order to determine the tax rate at which income earned in Poland is to be taxed, all income earned in the fiscal year has to be taken into account.

Example of settlement in accordance with the exclusion with progression method:

1. income earned in Poland = PLN 20,000.00
2. income earned abroad = PLN 30,000.00

3. total income (a+b) = PLN 50,000.0
4. Polish tax according to the tax scale on PLN 50,000.00 = PLN 2,400
5. interest rate (d:c) = 4,8%
6. tax payable in Poland: $4,8\% \times \text{PLN } 20,000 = \text{PLN } 9,600$ less advances paid in Poland

Example of settlement in accordance with the proportional deduction method:

1. income earned in Poland = PLN 30,000.00
2. income earned abroad = PLN 20,000.00
3. tax paid abroad = PLN 5,000.00
4. total income (a+b) = PLN 50,000.00
5. Polish tax according to the tax scale on PLN 50,000.00 = PLN 2,400
6. foreign tax to be deducted from Polish tax: $\text{PLN } 2,400 \times \text{PLN } 20,000 : \text{PLN } 50,000 = \text{PLN } 960$
7. tax payable in Poland: $\text{PLN } 7,974.88 - \text{PLN } 3,189.95 = \text{PLN } 1,440$ less advances paid in Poland

Income earned abroad from activity performed in person, including under a contract for specific work or a contract of mandate

Activity performed in person, including under contracts of mandate and contracts for specific work

Revenue from activities performed in person includes:

- revenue from artistic, literary, scientific, training, educational and columnist activity performed in person, including revenue for participation in contests dedicated to science, culture, arts, and journalism, as well as revenue from playing sport, sports grants, and revenue earned by referees, umpires and judges from sports events,
- revenue from the activity of the clergy earned on other accounts other than an employment contract, revenue from the activity of Polish arbitrators participating in arbitration with foreign partners,
- revenue of persons who were commissioned by state administration or local government authorities, the court or public prosecutor, under relevant regulations, to perform certain actions (e.g. revenue of experts in court, investigative or administrative procedures), and remitters and collectors of public and legal fees, as well as revenue from participation in committees appointed by state administration or local government authorities,
- revenue earned by persons performing activities related to the fulfillment of social or public obligations, irrespective of the manner of their appointment, being members of management boards, supervisory boards, committees or other decision-making bodies of legal persons,
- revenue earned by members of the National Media Council,
- revenue under contracts of mandate or contracts for specific work concluded with natural person conducting business activity or legal persons and organizational units without legal personality,
- revenue of the owner (holder) of real estate with premises for rent, or the manager or administrator acting on their behalf,
- revenue from an enterprise in inheritance,
- revenue earned under enterprise management contracts, manager contracts or other contracts of this type.

If your revenue from activity performed in person, including under contracts for specific work and contracts of mandate, results from an agreement concluded with a foreign trading partner, the received remuneration should be included in the tax return for a given fiscal year. General principles and methods of taxation are described in the section "Income from abroad". These are provided for in the double taxation avoidance agreement concluded by Poland with particular countries. The agreements concluded by Poland provide for two methods of double taxation avoidance:

- exclusion with progression,
- proportional deduction.

Remember that you have to settle income from this source yourself, because the foreign trading partner will not do that.

When settling such income, you are entitled to apply a 20% rate for tax-deductible expense calculation.

If the expenses you incurred to earn revenue are higher than 20% and you have documents confirming that they were incurred, you can deduct expenses in the amount actually incurred.

From revenue earned by persons:

- who are members of management boards, supervisory boards, committees or other decision-making bodies of legal persons,
- working under enterprise management contracts, manager contracts or other contracts of this type

annual tax-deductible expenses (for each of the above-mentioned designations) amount to no more than PLN 3,000 (PLN 250 per month). If the taxable person obtained the same type of revenue from more than one entity or from the same entity, but under several legal relationships, the annual tax-deductible expenses in 2022 may not exceed PLN 4,500.

Since 1 January 2022, persons performing activities related to the fulfilment of social or civic duties have been entitled to tax-deductible expenses at a 20% rate.

Note! Where the exemption referred to in Article 21(1)(148) and Article 21(1)(152)-(154) of the Personal Income Tax Act (youth relief, return relief, relief for families 4+ and the relief for working seniors) is applied to revenue earned under contracts of mandate, tax-deductible expenses appertaining to these contracts are recognized in the amount that does not exceed the amount of revenue under contracts of mandate, that is subject to taxation.

Revenue to be shown in the tax return should be calculated in accordance with the rules described in the section "Income from abroad".

Income from abroad under copyright and other rights

Revenue under property rights includes, in particular, revenue under copyright and neighboring rights within the meaning of other regulations, the rights to inventive designs, the topography of integrated circuits, trademarks and ornamental designs, also from the sale of these rights.

Copyright was regulated in the Act of 4 February 1994 on copyright and neighboring rights. Pursuant to Article 1(1) of that act, copyright covers any manifestation of creative activity of an individual nature in any form, regardless of its value, purpose and manner of expression (work). In particular, copyright covers works expressed in words, mathematical symbols, graphic signs (literary,

journalistic, scientific, cartographic, as well as computer software).

Taxation of this revenue accounts for the provisions of the double taxation avoidance agreements concluded by Poland with other countries. In order to avoid double taxation, the appropriate taxation method provided for in a given agreement should be applied.

The agreements concluded by Poland provide for two methods of double taxation avoidance:

- proportional deduction,
- exclusion with progression.

General principles and methods of taxation are **described in the section "Income from abroad"**.

These are provided for in the double taxation avoidance agreement concluded by Poland with a given country. The method of calculating income and other rules for calculating output tax are **described in the section "Income from abroad"**.

The income from the sale of the above rights should be determined as the difference between the revenue earned and tax-deductible expenses.

For revenue from exercising copyright by creators and neighboring rights by performer-artists, within the meaning of other regulations, or from disposing of these rights, tax-deductible expenses are calculated in the same amount as in the case of income from these sources earned in Poland (50% of revenue, no more than PLN 120,000).

If the expenses you incurred to earn revenue are higher than 50% and you have documents confirming that they were incurred, you can deduct expenses in the amount actually incurred.

Income from ordinary lease and usufructuary lease earned abroad

Income of Polish tax residents from ordinary and usufructuary lease of real estate located outside Poland may be taxable not only in the country where the real estate is located, but also in Poland, which depends on the double taxation avoidance agreement concluded by Poland with a given country. In order to avoid double taxation, the appropriate method of taxation provided for in such agreement should be applied.

The agreements concluded by Poland provide for two methods of double taxation avoidance:

- proportional deduction,
- exclusion with progression..

General principles and methods of taxation are described in Chapter 3. These result from the double taxation avoidance agreement concluded by Poland with a particular country. The method of calculating income and other rules for calculating output tax are **described in the section "Income from abroad"**.

Income from abroad from other sources, including old-age and disability pensions as well as scholarships

If you have earned revenue **abroad from sources other than:**

- hired labor,
- contracts for specific work and contracts of mandate,
- ordinary lease and usufructuary lease, and
- copyright and other rights,

including revenue from old-age pension, disability pension or scholarship, you are required to settle it in the annual tax return, as long as it is not exempt from taxation under other regulations.

Taxable revenue is covered by double taxation avoidance agreement, so it is advisable to check the terms of the applicable agreement before completing the tax return.

General principles and methods of taxation are **described in the section "Income from abroad"**. These are provided for in the double taxation avoidance agreement concluded by Poland with a given country. The method of calculating income and other rules for calculating output tax **are described in the section "Income from abroad"**.

Old-age and disability pensions

Revenue under old-age and disability pensions includes:

- old-age benefits, including funded pensions,
 - disability benefits, including structural pensions, social pensions, along with increases and allowances (excluding family and attendance allowances and allowances increasing survivors' pensions for double orphans),
 - pre-retirement benefits, pre-retirement allowances, teacher's compensation benefits,
 - supplementary parental benefit, paid by the pension authority.
-

Ordinary lease or usufructuary lease

If, as the owner, you let your house, apartment, room, garage or other commercial premises, or you lease real estate and earn revenue on this account, you should show this revenue in the annual tax return.

There are two options for taxing this type of income – assuming that the ordinary/usufructuary lease is not provided as part of non-agricultural business activity:

- on general terms, i.e. according to the tax scale,
- with registered lump-sum tax.

If revenue from ordinary lease is generated both by YOU and your spouse in tenancy by the entirety, the revenue should – as a rule – be taxed separately, in proportion to the right to the share in the profit.

Unless otherwise specified, the rights to profit sharing are assumed to be equal.

In the case of tenancy by the entirety, revenue/income earned from private lease may be taxed in full by one of the spouses. In this case, you or your spouse should submit a written declaration to the tax office and specify which of you will fully settle the tax on the revenue (income) from the lease.

A declaration of taxation of all income earned from private lease by one of the spouses and a notice of resignation from this method of settlement, filed on behalf of both spouses may be signed by one of them. However, such declaration is made under the pain of criminal liability for false testimony.

It is worth mentioning that there is also a deadline for taxable persons under the Lump-Sum Income Tax Act for submitting a declaration of taxation of the entire revenue from private lease by one of the spouses and a notice of resignation from this method of settlement.

You may submit such declaration by the 20th day of the month following the month in which the first revenue on this account was received in the fiscal year, or by the end of the fiscal year, if the first such revenue was earned in December of the fiscal year. The same deadlines apply to submitting a notice of resignation from this method of settlement (Article 8(3)-(6) of the PIT Act and Article 12(6)-(8a) and (8c) of the Lump-Sum Income Tax Act) by spouses. The primary form of taxation of revenue from private lease is taxation on general terms, according to the tax scale. Therefore, you should show revenue from this source in the annual PIT-36 tax return, and if you obtain income, you should pay tax to the tax office.

Pursuant to the provisions of the Act, ordinary/usufructuary lease is taxed on general terms, and tax on this account is payable on income, i.e. on the difference between the actually earned revenue from ordinary/usufructuary lease and tax-deductible expenses. All expenses related to the let premises/real estate, incurred by the owner to earn revenue from this source or on its maintenance or protection, may be recognized as tax-deductible expenses. However, such expenses must be properly documented. Then the excess of revenue over expenses constitutes taxable income. Only the expenses listed in Article 23 of the Personal Income Tax Act are non-deductible.

It should be noted, however, that no expenses related to the subject of ordinary/usufructuary lease incurred by the lessee may be recognized as tax-deductible expenses by the lessor (owner).

Moreover, if the lease agreement contains a clause providing for the payment of a deposit to the lessor, part or all of which will be retained by the lessor, this amount should be added to the revenue from this source. Otherwise, the value of the deposit is not added to the revenue, as it is refundable.

Income from ordinary/usufructuary lease is added up with other income earned in a given fiscal year. You can make deductions from income from ordinary/usufructuary lease available to taxable persons who pay their tax on general terms.

Advances paid

In item 429 you show advances you actually paid during the fiscal year.

Copyright and other rights

Revenue from copyright and other property rights includes:

- payment to the author for the transfer of the ownership of an invention, topography of an integrated circuit, utility model, industrial design, trademark or decorative design,
- license fee for the transfer of the right to use an invention, topography of an integrated circuit, utility model, industrial design, trademark or ornamental design, received in the first year of the license term from the first entity with which the license agreement was concluded,
- exercising copyright by creators and the neighboring rights by performer-artists, within the meaning of other regulations, or disposing of the said rights.

Tax-deductible expenses at a 50% rate under copyright and other property rights

Tax-deductible expenses under:

- payment to the author for the transfer of the ownership of an invention, topography of an integrated circuit, utility model, industrial design, trademark or ornamental design – in the amount of 50% of the revenue earned (Article 22(9)(1) of the Act),
- license fee for the transfer of the right to use an invention, topography of an integrated circuit, utility model, industrial design, trademark or decorative design, received in the first year of the license term from the first entity with which the license agreement was concluded – in the amount of 50% of the revenue earned (Article 22(9)(2) of the Act),
- exercising copyright by creators and the neighboring rights by performer-artists, within the meaning of other regulations, or disposing of the said rights by them – in the amount of 50% of the revenue earned, with the proviso that these expenses are calculated with respect to the revenue less old-age and disability as well as sickness insurance premiums referred to in Article 26(1)(2)(b), assessed based on this revenue and deducted by the taxpayer in a given month (Article 22(9)(3) of the Act).

Note! Total tax-deductible expenses referred to in Article 22(9)(1)-(3) of the Act may not exceed PLN 120,000 in the fiscal year.

Where the exemption referred to in Article 21(1)(148) and Article 21(1)(152)-(154) of the Act (youth relief, return relief, relief for families 4+ and the relief for working seniors) is applied, the sum of the total tax-deductible expenses referred to in Article 22(9)(1)-(3) of the Act and revenue exempt from tax pursuant to Article 21(1)(148) and Article 21(1)(152)-(154) of the Act, may not exceed PLN 120,000 in the fiscal year. If you prove that tax-deductible expenses were higher than those indicated above (calculated at a 50% rate), you may recognize expenses in the amount of those actually incurred. You may thus recognize expenses actually incurred, even if they exceed PLN 120,000.

Tax-deductible expenses also include expenses incurred in the years preceding the fiscal year in which revenue corresponding to them was earned as well as expenses incurred in the year of the tax return submission, but not later than until the expiry of the

deadline for submitting this tax return (Article 22(5) and Article 22(5a)(2) of the Act).

In order to be entitled to deduct actually incurred expenses, the taxable person must be in possession of documents indicating the amount of expenses incurred, such as bills, invoices, agreements and other evidence documenting expenses incurred to earn revenue or maintain or secure the revenue source. All documents related to tax settlement should be kept until the tax liability expires, i.e. for 5 years from the end of the fiscal year in which the settlement was made.

Sale of goods

Taxation together with other income applies also to the sale of movables, if they have been sold within six months of their purchase and they are not sold as part of business activity. The 6-month period starts running from the end of the month in which the purchase was made.

If the sale of movable property took place after the expiry of the aforementioned period, no tax obligation arises and you do not have to show such amounts in the tax return.

Unregistered activity

Revenue from unregistered activity includes receivables received from the sale of goods or services.

In order to properly determine revenue from unregistered activity you have to:

- keep a record of sales:
 - comply with consumer rights,
 - issue invoices or bills at the request of the buyer.

Remember that the provisions on unregistered activity do not apply to partners of a civil partnership.

As part of unregistered activity, you may not perform regulated activity, i.e. activity that requires special permits, licenses, etc.

Income from unregistered activity has to be settled in the annual PIT-36(30) tax return (items 132-135 and 194-197). You are not required to pay income tax advances during the year. You can show in the annual tax return expenses incurred strictly in connection with the activity performed. These expenses should be documented, so you should keep all evidence related to your business.

Unregistered activity is a solution for those who:

- during the last 60 months have not performed any business activity **and**
- as part of this activity, do not earn in any month **revenue due** in an amount in excess of 50% of the minimum wage

Amounts received are those that you receive at the time of sale or before the sale, e.g. advance payments, while **amounts due** are those that you have not received yet at the time of sale – you have sold goods or performed a service and issued a sales document (bill, invoice), but the customer has not paid you yet).

Remember that exceeding the permissible limit for revenue due from unregistered activity means that from the next day on you run a business activity and are required to apply for entry into CEIDG (Central Registration and Information on Business). It has to be done within 7 days of exceeding this limit.

Revenue from the sale of processed plant and animal products

Income tax is also paid on income from the sale of plant and animal products processed otherwise than in industrial manner, with the exception of processed plant and animal products obtained within special branches of agricultural production and products subject to excise duty under other regulations, e.g. if:

- processing of plant and animal products and their sale does not involve employing individuals under employment contracts, contracts of mandate, contracts for specific work and other contracts of a similar nature, excluding the slaughter of slaughter animals and post-slaughter processing of these animals, including cutting, splitting and classification of meat, grain milling, oil or juice pressing as well as sales thereof during exhibitions, festivals, fairs and shows,
- the amount of plant or animal products from farming, breeding or rearing on one's own, used for the production of a given product, constitutes at least 50% of this product, excluding water.

Since 2022, the limit of revenue from the sale of processed plant and animal products exempt from taxation has been PLN 100,000. This means that you will be obliged to tax such revenue only if your revenue from the sale of processed plant and animal products exceeds PLN 100,000 in a year. You can tax your revenue on general terms according to the tax scale or with a 2% lump-sum income tax.

You have to communicate the choice of lump-sum tax to the head of the tax office.

Other sources

Revenue from other sources applies to taxable persons who:

1. earned – through the agency of the taxpayer(s) – revenue in the form of, for example:
 - membership in an agricultural production cooperative or other cooperative engaged in agricultural production,
 - cash benefits from social insurance, including those paid by the employing establishment,
 - remuneration for work payable to temporarily arrested or convicted persons,
 - benefits paid from the Labor Fund and the Guaranteed Employee Benefit Fund,
 - scholarship, including that referred to in Article 21(1)(40b) of the Act, in an amount exceeding the amount exempt from tax,
 - integration benefits and an incentive integration bonus, granted under the Act of 13 June 2003 on social employment,
 - remuneration payable under an employment support contract,
 - cash benefits paid for graduate placements, referred to in the Act of 17 July 2009 on graduate placements, or student internships referred to in Article 121a of the Act of 14 December 2016 – Educational Law,

2. have received PIT-11 with a completed section "Information on the amount of revenue referred to in Article 20(1) of the Act",
3. are required to show the amounts **previously deducted from income** on account of expenses incurred for their own housing purposes or multi-family housing for rent, **to which they are no longer entitled, i.e. in the case of:**
 - withdrawal of the housing or building contribution from the housing cooperative, that was made from 1 January 1992,
 - complete change of the intended use of premises or residential building from residential to commercial,
 - reimbursement of previously deducted expenses,
 - withdrawal of accumulated savings from the housing fund, except where the withdrawn amount, following the systematic saving period specified in the contractual loan agreement, has been spent in accordance with the systematic saving objectives in an account kept by the fund,
 - assignment of the entitlement to a savings and loan account to third parties, except for one's own or adopted children,
 - occurrence of events related to the loss of the right to relief on account of multi-family housing for rent, referred to in Article 7(14) of the Act of 9 November 2000 amending the Personal Income Tax Act and certain other acts,
4. are obliged to add to their income the amounts previously deducted from the income or the tax base in connection with the receipt in the fiscal year of a refund (in whole or in part) of the deducted amounts (e.g. donations, social insurance premiums),
5. tax – using the tax scale – revenue listed in Article 29(1) of the Act, but this revenue has not been qualified as the sources listed in lines 1 - 4.

The taxable person is not entitled to tax-deductible expenses in the case of revenue from:

- membership in an agricultural production cooperative or other cooperative engaged in agricultural production,
- cash benefits from social insurance,
- remuneration for work payable to temporarily arrested or convicted persons,
- benefits paid from the Labor Fund and the Guaranteed Employee Benefit Fund,
- scholarships,
- integration benefits and an incentive integration bonus, granted under the Act on social employment,
- cash benefits paid for graduate placement or student internships.

Information for taxable persons who received in 2022 a scholarship fully or partially exempt from tax pursuant to Article 21(1)(40b) of the Act.

Pursuant to Article 2(1)(40b) of the Act, scholarships for pupils and students, whose amounts and the rules for their award are set out in a resolution of the decision-making body of the local government unit, as well as scholarships for pupils and students, awarded by the organizations referred to in Article 3(2) and (3) of the Act on public benefit and volunteer work, in accordance with regulations approved by their statutory bodies, made available to the public via the Internet, mass media or displayed (put up) for those interested in public spaces, are exempt from tax up to PLN 3,800 in the fiscal year.

Information on capital gains

Revenue earned by taxable persons covered by an unlimited tax obligation, referred to in Article 3(1) of the Act, who earned interest income (revenue) and discounts on securities, dividends and other revenue from share in the profits of legal persons or from participation in equity funds, from which the taxpayer deducted tax in accordance with Article 30a(2a) of the Act.

Tax additions

The obligation to show and add amounts previously deducted from tax applies to taxable persons who, among others:

1. took advantage of tax deductions for expenses incurred for their own housing needs, and then in the fiscal year:
 - withdrew the housing or building contribution from the cooperative,
 - completely changed the intended use of premises or a residential building from residential to commercial,
 - received a refund of the deducted expenses after the year in which they made the deductions, except where the refunded amounts were qualified as taxable revenue,
 - withdrew accumulated savings from the housing fund, except where the withdrawn amount, following the systematic saving period specified in the contractual loan agreement, has been spent in accordance with the systematic saving objectives in an account kept by the fund,
 - assigned the entitlement to a savings and loan account to third parties, except for one's own or adopted children,
 - sold the land or the right of perpetual usufruct of the land,
 2. are obliged to add to tax the amounts previously deducted from tax in connection with the receipt in the fiscal year of a refund (in whole or in part) of the deducted amounts (e.g. health insurance premiums).
-

Losses carried forward

In the tax return for 2022, you may show losses incurred in 2017, 2018, 2019, 2020 or 2021. You are entitled to deduct it from the same source from which it was incurred. You are entitled to deduct a loss from income in the following five consecutive fiscal years.

If the loss arose by 31 December 2018, the deduction amount may not exceed 50% of the loss amount. The above rule for deducting losses is set out in Article 9(3) of the Act – with the wording in force until 31 December 2018 – and applies to losses incurred until the end of 2018.

It should be remembered that losses incurred after 31 December 2018 are deducted in accordance with different rules.

Pursuant to Article 9(3) of the Act – with the wording in force since 1 January 2019 – you may use the amount of a loss from a source of revenue, incurred in the fiscal year, to:

make a one-off reduction of the revenue obtained from this source in one of the following five consecutive fiscal years by an amount of up to PLN 5,000,000. The non-deducted amount is subject to settlement in the remaining years of this five-year period, but the reduction amount in any of these years may not exceed 50% of this loss amount.

You can deduct a loss incurred, among others, from the following income sources:

- business activity,
- ordinary lease, usufructuary lease,
- sale of shares in companies,
- sale of securities, including the sale of borrowed securities (short sale),
- sale of derivative financial instruments and the exercise of rights arising therefrom,
- taking up shares in companies in exchange for a non-cash contribution in a form other than an enterprise or its organized part,
- taking up contributions in cooperatives in exchange for a non-cash contribution in a form other than an enterprise or its organized part,
- sale of plant and animal products from own crops, breeding or rearing, processed by way of non-industrial methods, referred to in Article 20(1c) of the Act, also if the above-mentioned revenue is subject to lump-sum tax on recorded revenue.

It is not possible to deduct losses incurred from:

- revenue sources generating income exempt from income tax;
- sale of real estate or a part thereof, a cooperative ownership right to an apartment or commercial premises, the right to a single-family house in a housing cooperative, as well as the right to perpetual usufruct of land;
- sale of goods;
- special branches of agricultural production, if for the period of the next five fiscal years income will not be determined in accordance with tax books – ledger or a book of revenue and expenses.

Income of minor children

If your child was a minor in the fiscal year 2022 and earned income, you must remember that, as a rule, this income should be added to the parents' income taxed on general terms. This obligation applies to parents regardless of whether they are biological or adoptive parents.

Income of a minor child to be added to the parents' income includes income from:

- ordinary lease or usufructuary lease,
- property rights,
- other sources.

Therefore, if your child earned in the fiscal year income from the above-mentioned income sources, you should show this income in your PIT-36 tax return along with PIT/M.

Spouses who are the parents of a minor child, regardless of the method of settlement (individually or jointly with the spouse), have to submit a separate PIT/M. PIT/M has to include the first name and surname of the parent. Regardless of the number of children whose income you are obliged to add, each of you has to submit one PIT/M, disclosing in it:

- revenue,
- tax-deductible expenses,
- income (or loss),
- advances due based on revenue earned by the minor child, subject to joint taxation with the parents' income.

The data shown in PIT/M has to be entered in the relevant items in PIT-36.

The child's income is added to the income of the spouses who are their parents in half, unless a given parent is not entitled to receive proceeds from the child's sources of income. If neither parent has this right, neither of them adds to their income the amounts of income earned by the minor child. In the case of separation between the spouses who are the parents of a given child, the child's income is added to the income of the parent who raises the child.

If a minor child earned in Poland revenue from:

- work,
- pension,
- scholarships,
- income from items given them for free use (e.g. books, toys, small equipment),
- sale of real estate (this revenue may not be combined with other revenue, PIT-39 has to be submitted)

it should be settled on a separate tax return with the child's first name and surname. Such tax return is signed by you or your spouse (or the child's legal guardian).

Pensions paid in Poland and abroad

If your child received in 2022 income from a survivor's pension, you do not add it to your income.

As a result of the changes introduced as part of Low Taxes, from 2022, a minor child becomes a taxable person with a separate tax-free amount of PLN 30,000.

If your child has not earned other revenue, you do not have to submit a tax return on their behalf if the pension authority makes the settlement on the PIT-40A form

Ordinary lease or usufructuary lease

If the parents have the right to the proceeds from the lease of real estate owned by their minor child, income from this source should be added to the parents' income.

As spouses are, as a rule, subject to separate taxation, the income of a minor child should be added in half to the income of each of the spouses who are the parents of that child.

Therefore, if your minor child has earned income or suffered a loss on account of ordinary or usufructuary lease of real estate or things belonging to them and taxation on general terms has been chosen, you have to show it in PIT/M and in PIT-36 together with your income.

Property rights

Article 18 of the Personal Income Tax Act provides that revenue from property rights includes, in particular, revenue from copyright and neighboring rights within the meaning of other regulations, rights to inventive designs, rights to the topography of integrated circuits, trademarks and ornamental designs, including revenue from the sale of these rights. The aforementioned provision mentions only certain types of revenue, constituting a non-exhaustive list.

If the parents have the right to the proceeds from property rights held by their minor child, income from this source should be added to the parents' income. As spouses are, as a rule, subject to separate taxation, the income of a minor child should be added in half to the income of each of the spouses who are the parents of that child, as in this case, these are the parents that are taxable persons, not the minor child.

Therefore, if your minor child has earned income or suffered a loss on account of property rights held by them, you have to show it in PIT/M and in PIT-36 together with your income.

Other sources

Revenue from other sources includes, in particular: amounts paid after the death of a member of an open-ended pension fund to a person or a member of their immediate family designated by them, within the meaning of the provisions on the organization and operation of pension funds, amounts refunded from an individual pension security account and payments from an individual pension security account, including payments made to the entitled person in the event of the saver's death, cash benefits from social insurance, financial maintenance, scholarships, benefits received under a harvest help contract, subsidies (grants) other than those mentioned in Article 14 of the Personal Income Tax Act, surcharges, awards, and other gratuitous benefits not included in the revenue specified in Articles 12-14 and Article 17 of this Act.

These are only some examples of types of revenue from other sources, as their list is non-exhaustive.

If the parents have the right to the proceeds from revenue from other sources owned by their minor child, income from these sources should be added to the parents' income. As spouses are, as a rule, subject to separate taxation, the income of a minor child should be added in half to the income of each of the spouses who are the parents of that child, as in this case, these are the parents that are taxable persons, not the minor child. Therefore, if your minor child has earned income or suffered a loss from other sources, you have to show it in PIT/M and in PIT-36 together with your income.

Your reliefs and deductions

Check what reliefs you are entitled to:

- Youth relief;
- Return relief;
- Relief for families 4+;
- Relief for seniors;
- Relief for transferred donations;
- Internet relief;
- Rehabilitation relief;
- Thermal modernization relief;
- Relief for payments to the individual pension security account (IKZE);
- Relief for refund of unduly received benefits;
- Child relief;
- Refund of unused child relief;
- Relief for training students or for employing apprentices;
- Housing reliefs;
- Relief for trade unions;
- Relief for monuments;
- Abolition relief;
- Relief for an employment support contract.

Youth relief

“Youth relief” is available to taxable persons who in the period from 1 January 2022, but not later than until they turned 26, earned:

1. revenue under employment and related relationships, shown by the taxpayer in PIT-11,
2. revenue earned under contracts of mandate, referred to in Article 13(8) of the Act, shown the taxpayer in PIT-11,
3. revenue from graduate placement and student internships,
4. revenue from maternity allowances.

Revenue listed in points 1-3 is eligible for tax exemption in 2022 in a total amount of up to PLN 85,528; when determining this amount, revenue subject to lump-sum income tax, revenue exempt from income tax, and revenue on which tax collection has been waived pursuant to the provisions of the Tax Code is not taken into account.

The exemption applies also to revenue from which the taxpayer deducted a tax advance during the year.

Note: if you earn income from work abroad that would be subject to taxation in accordance with the proportional tax deduction method, you have the right to include it in the exemption limit as part of the youth relief.

As the provisions contain no guidelines regarding the method of applying the youth relief, nor do they specify the hierarchy of revenue to which it applies, it is up to you how you will use this relief.

Note! If you earn in the fiscal year only revenue that is exempt from tax pursuant to Article 21(1)(148), you are not required to submit a tax return

However, if, apart from exempt income, you also have taxable income, remember that the excess of revenue from each source over the tax-exempt amount is subject to taxation.

The exemption affects the amount of tax-deductible expenses that you (and, respectively, your spouse) may deduct from the above-mentioned revenue.

Return relief

The return relief is available to taxable persons who have moved their place of residence to the territory of the Republic of Poland, as a result of which they are subject to an unlimited tax obligation in Poland.

The tax exemption may be applied to revenue up to PLN 85,528, earned after 31 December 2021 under:

- public service relationship, employment relationship, outwork, cooperative employment relationship,
- contracts of mandate concluded "with the company",
- maternity allowances, and
- non-agricultural economic activity (taxed according to the scale, with flat-rate tax or lump-sum tax on revenue).

The relief is available to a taxable person who:

- has Polish citizenship, Pole's Card or citizenship of a country of the European Union or the European Economic Area other than Poland or of the Swiss Confederation
- **or** resided continuously for at least three years in a Member State of the European Union or a country belonging to the European Economic Area, the Swiss Confederation, Australia, the Republic of Chile, the State of Israel, Japan, Canada, the United Mexican States, New Zealand, the Republic of Korea, the United Kingdom of Great Britain and Northern Ireland or the United States of America
- **or** lived in Poland for five years before a three-year break preceding the year of return
- **and** holds a certificate of residence or another document confirming the place of residence for tax purposes in the period necessary to determine the right to the exemption.

If you meet the conditions for taking advantage of this relief, remember that you can use it for four consecutive years and it is up to you when you want to start taking advantage of the relief: from the year in which you moved your tax residence or from the following year.

Relief 4+

Since 1 January 2022, tax exemption has applied also to revenue up to PLN 85,528 generated in the fiscal year under:

- public service relationship, employment relationship, outwork, cooperative employment relationship,
- contracts of mandate concluded "with the company",
- maternity allowances, and
- non-agricultural economic activity (taxed according to the scale, with flat-rate tax or lump-sum tax on revenue).

The exemption applies to a taxable person who was responsible as a parent for at least 4 children in the fiscal year, was a legal guardian of a child living with them, or acted as a foster family under a court decision or an agreement concluded with the poviát governor, and in the case of grown-up learning children – met the maintenance obligation incumbent on them or acted as a foster family.

Remember that when determining the right to the exemption, you may not take into account children who, under a court decision, have been placed in the fiscal year in an institution providing 24-hour maintenance within the meaning of the provisions on family benefits.

If you meet the conditions for taking advantage of this relief, you should communicate that either in the prepared information (PIT-DZ) or in your tax return, indicating the number of children and their PESEL numbers, and in the absence of these numbers – first names, surnames and dates when the children were born.

The relief is available if your children are: minors, adults receiving care benefit (allowance) or a social pension, or adults – studying at schools until the age of 25.

In the case of grown-up children, you are entitled to the relief concerned provided that the grown-up children that are studying:

- did not apply the provisions on the 19% flat-rate tax or the Lump-Sum Income Tax Act, with the exception of the provisions on private lease, e.g. in terms of revenue earned,
- were not subject to tonnage tax or the provisions of the Act on the activation of the shipbuilding industry and complementary industries,
- did not generate income taxable under general rules, with 19% tax on the sale of securities or derivative financial instruments, or tax-exempt income under the youth relief or return relief, in the total amount exceeding PLN 16,061.28, with the exception of a survivor's pension.

Importantly, both parents are entitled to this relief, thus the total limit of tax-exempt revenue is PLN 171,056 per annum.

After the end of the year, at the request of the tax authorities, you will be required to provide certificates, statements and – depending on the situation – other evidence necessary to establish the right to the exemption, in particular:

- (1) a copy of the child's birth certificate;
- (2) a certificate of the family court on the appointment of the child's legal guardian;
- (3) a copy of the court decision on establishing a foster family or an agreement concluded between the foster family and the poviast governor;
- (4) a certificate confirming that a grown-up child attends school.**

Relief for working seniors

Since 1 January 2022, pursuant to Article 21(1)(154), income tax exemption has been applied to revenue under:

- public service relationship, employment relationship, outwork, cooperative employment relationship,
- contracts of mandate concluded "with the company",
- maternity allowances, and
- non-agricultural economic activity (taxed according to the scale, with flat-rate tax or lump-sum tax on revenue),

obtained by women over the age of 60 and men over the age of 65.

In order to take advantage of the relief the taxable person must be subject to social insurance on account of this revenue within the meaning of the Act of 13 October 1998 on the social insurance system and – despite the acquisition of this entitlement – they may not receive:

- old-age pension or survivor's pension referred to in the Act of 20 December 1990 on social insurance of farmers,
- old-age pension or survivor's pension referred to in the Act of 10 December 1993 on retirement benefits for professional soldiers and their families,
- old-age or survivor's pension referred to in the Act of 18 February 1994 on retirement benefits for officers of the Police, the Internal Security Agency, the Foreign Intelligence Agency, the Military Counterintelligence Service, the Military Intelligence Service, the Central Anti-Corruption Bureau, the Border Guard, the Marshal's Guard, the State Protection Service, the State Fire Service, the Customs and Tax Service and the Prison Service and their families,
- old-age pension or survivor's pension referred to in the Act of 17 December 1998 on old-age and disability pensions from the Social Insurance Fund,
- benefits referred to in Article 30(1)(4a), i.e. cash benefits received by officers of uniformed services and soldiers in connection with having been released from permanent service under other regulations, for a period of one year on a monthly basis or for a period of one year once or on a monthly basis for a period of three months,
- retirement pay or family pay referred to in the Act of 27 July 2001 – Law on the System of Common Courts.

The taxable person may receive a foreign disability or old-age pension!

Note:

If you are entitled to several of the above-mentioned reliefs in one year, the sum of tax-exempt revenue in a fiscal year may not exceed PLN 85,528.

Where the relief on revenue from work is applied, the sum of the total tax-deductible expenses calculated at a 50% rate, referred to in Article 22(9)(1)-(3) of the PIT Act, and revenue covered by:

- youth relief
- return relief
- relief for families 4+
- relief for working seniors

may not exceed PLN 120,000 per annum.

None of the reliefs discussed above applies to revenue:

- subject to lump-sum income tax under the PIT Act,
- exempt from income tax,
- on which tax collection has been waived pursuant to the provisions of the Tax Code,
- under cash benefits from social insurance (e.g. sick pay),
- under contracts for specific work,

under copyright.

Rehabilitation relief

Expenses for rehabilitation and expenses for facilitating bodily functions incurred in the fiscal year by a taxable person with disabilities or a taxable person with dependent persons with disabilities are deductible from income.

Tax-deductible expenses include expenses on:

- adaptation and equipment of apartments and residential buildings to meet the needs resulting from disability,
- adaptation of motor vehicles to the needs resulting from disability,
- purchase, repair or rental of medical devices included in the list of medical devices specified in regulations issued under Article 38(4) of the Act on the reimbursement for medicines, foodstuffs for special nutritional uses and medical devices, as well as equipment enabling their use as intended, with the exception of pull-up pants, anatomical diapers, absorbent panties, underlays and anatomical inserts,
- purchase, repair or rental of personal equipment, devices and technical tools necessary for rehabilitation and facilitating bodily functions, according to the needs resulting from disability, and equipment enabling their use, that are not included in the list of medical devices specified by the Minister of Health, with the exception of household appliances,

- purchase of pull-up pants, anatomical diapers, absorbent panties, underlays and anatomical inserts for up to PLN 2,280 in the fiscal year, provided that you are in possession of invoices confirming their purchase,
- purchase of publications and training materials (aids), according to the needs resulting from disability,
- payment for a stay at a rehabilitation camp,
- payment for a stay of the carer of a disabled person qualified to disability group I or of disabled children up to 16 years of age, staying with a disabled person at a rehabilitation camp, in a health resort treatment facility or medical rehabilitation facility,
- payment for rehabilitation or therapeutic and rehabilitation treatment,
- payment for a stay in a health resort treatment facility, medical rehabilitation facility, care and treatment facility, nursing and care facility, and payment for rehabilitation treatment,
- payment for guides for the blind in the 1st or 2nd disability group and persons with motor disabilities in the 1st disability group, in an amount of up to PLN 2,280 in the fiscal year,
- maintenance of an assistance dog referred to in the Act of 27 August 1997 on vocational and social rehabilitation and employment of people with disabilities, in an amount of up to PLN 2,280 in the fiscal year,
- home nursing care for a person with disabilities in the period of a chronic disease that makes it impossible for them to move and care services provided to people with disabilities in the 1st disability group,
- payment for a sign language interpreter,
- summer camps and camps for children and adolescents with disabilities and children of people with disabilities under 25 years of age,
- medicines in the amount being the difference between the expenses actually incurred in a given month and PLN 100, if a medical specialist determines that a person with disabilities should take certain medicines permanently or temporarily,
- chargeable, necessary transport to required medical and rehabilitation treatments:
 1. of a disabled person in a medical transport ambulance,
 2. of a disabled person included in the 1st or 2nd disability group, and of disabled children up to 16 years of age, also by means of transport other than a medical transport ambulance,
- use of a passenger car owned (jointly owned) by a disabled person or a taxable person with a dependent disabled person or a disabled child under the age of 16, in an amount of up to PLN 2,280 in the fiscal year,
- chargeable travel by public transport related to a stay:
 1. at a rehabilitation camp,
 2. in a health resort treatment facility, medical rehabilitation facility, care and treatment facility, and a nursing and care facility,
 3. at camps for children and adolescents with disabilities and children of people with disabilities under 25 years of age,

The deduction does not apply to those expenses that have been co-financed from a company fund for the rehabilitation of the disabled, a company activity fund, the State Fund for the Rehabilitation of the Disabled or the National Health Fund, a company social benefit fund, or have been refunded to you in any form.

If the expenses were partially financed (co-financed) from these funds, the difference between the expenses incurred and the amount financed (co-financed) from these funds or refunded in any form may be deducted.

In order to be able to take advantage of the deduction of expenses under this relief, you must, as a rule, be in possession of documents confirming that they have been incurred and one of the following documents:

1. a decision on the qualification by the evaluating bodies to one of the three degrees of disability, specified in other regulations,
2. a decision on granting disability pension due to total or partial inability to work, a training pension or a social pension,
3. a decision ascertaining the disability of a person who is under 16 years of age, issued under other provisions,
4. a disability certificate, issued by the competent authority under other provisions in force until 31 August 1997.

In the case of deductions limited to PLN 2,280 (for example, for the maintenance of an assistance dog, payment for a guide for a blind person in the 1st or 2nd disability group), it is not required to have documents confirming their amount, however, at the request of the tax authorities, you have to provide evidence necessary to determine the entitlement to the deduction, in particular:

1. indicate the first name and surname of the persons paid for their assistance as a guide;
2. show a certificate confirming the assistance dog status.

Deductions of expenses for rehabilitation purposes and those related to facilitating bodily functions may be made also by taxable persons with dependent persons with disabilities: the spouse, one's own and adopted children, foster children taken in for upbringing, stepchildren, parents, spouse's parents, siblings, stepfather, stepmother, and sisters and brothers-in-law if the income of these disabled persons did not exceed PLN 16,061.28 in the fiscal year.

Note:

When calculating the income of a disabled person – to determine whether they are dependent on you – the following are not taken into account:

- financial maintenance for children:
- who are minor,
- of any age, who, in accordance with other regulations, received an attendance allowance (benefit) or a social pension,
 - under 25 years of age, if they study at primary, secondary or higher schools, in Poland and abroad, if in the fiscal year they did not earn income taxable on general terms or capital gains, or earned tax-exempt revenue as part of the youth relief, in the total amount exceeding PLN 16,061.28. The total of this income does not include exempt revenue, e.g.: financial maintenance, scholarship or a survivor's pension,
- thirteenth old-age pension,
- supplementary benefit, and
- attendance allowance.

Internet relief

As part of this relief, expenses for using the Internet incurred in the fiscal year can be deducted, regardless of the place and form of its use (e.g. at home (fixed connection, wireless connection, including via mobile devices) and in an Internet cafe). You are entitled to take apply this relief provided that you have never taken advantage of this deduction and are in possession of a document confirming that the expense on this account has been incurred (e.g. bank transfer, proof of payment, certificate). The deduction may be made in up to two consecutive fiscal years. The maximum deduction for the fiscal year may not exceed PLN 760.

Thermal modernization relief

This relief involves deducting from income expenses incurred for the implementation of a thermal modernization project in a single-family residential building.

The relief is available for the owner or co-owner of a single-family residential building (also a terraced or semi-detached house).

A thermal modernization project may consist in:

- improvement that reduces the energy demand for heating domestic hot water and residential buildings;
- improvement resulting in a reduction in primary energy losses in local heating networks and local heat sources supplying these networks, if the residential buildings to which energy is supplied from these networks meet the energy saving requirements specified in the provisions of the construction law, or measures have been taken to reduce the consumption of energy supplied to these buildings;
- making a technical connection to a centralized heat source in connection with the elimination of a local heat source, as a result of which the costs of generating heat supplied to residential buildings are reduced;
- complete or partial conversion of energy sources to renewable sources or the use of high-efficiency cogeneration.

Thermal modernization relief may not be used in the case of a building under construction.

Tax-deductible expenses include expenses that:

- are listed in the Appendix to the Regulation of the Minister of Investment and Development of 21 December 2018 on the list of types of building materials, devices and services related to the implementation of thermal modernization projects,
- relate to a thermal modernization project that will be completed within 3 consecutive years, counting from the end of the fiscal year in which the taxable person made the first expense,
- have been documented with an invoice issued by a VAT taxable person not exempt from this tax,
- have not been financed (co-financed) by the National Fund for Environmental Protection and Water Management or voivodship funds for environmental protection and water management or refunded to the taxable person in any form,
- have not been recognized as tax-deductible expenses, deducted from revenue under the Act on lump-sum income tax on certain revenue earned by natural persons or accounted for by the taxable person to take advantage of tax reliefs within the meaning of the Tax Code.

If the expenses incurred were subject to VAT, the expense amount is understood as the expense plus with this tax, provided that VAT has not been deducted pursuant to the Value Added Tax Act.

A deduction is made, as a rule, in the tax return for the fiscal year in which the expense was incurred.

A deduction amount that was greater than your income for a given fiscal year is deductible in subsequent years, but not longer than for 6 years from the end of the fiscal year in which you incurred the first expense.

A deduction amount may not exceed PLN 53,000 for all thermal modernization projects implemented by you in particular buildings you own or co-own.

If you fail to complete the project within the three-year period, you are obliged to return the relief. This means that you must add to your income for the fiscal year in which the three-year period expired the amounts previously deducted on this account.

If you are refunded the deducted expenses for the implementation of a thermal modernization project after the year in which you took advantage of the relief, you must add the previously deducted amounts to the income in the tax return submitted for the fiscal year in which the refund was made.

Relief for monuments

You may take advantage of this relief if you are the owner or co-owner of an immovable monument and you incurred in 2022 expenses for:

- the renovation fund of a housing community or housing cooperative, established pursuant to other regulations for an immovable monument entered in the register of monuments or included in the record of monuments,
- conservation, restoration and construction works related to an immovable monument entered in the register of monuments, or purchased a building being a monument.

If you made payments to the renovation fund and are in possession of proof of payment or a confirmation of the amount of payments made in the fiscal year issued by the housing community or housing cooperative, you may deduct 50% of these expenses from your income.

In the case of conservation, restoration or construction works, besides being the owner or co-owner of the immovable monument at the time of making the expense, you must hold a permit of the voivodeship preservationist to carry out these works and be in possession of an invoice issued by a VAT taxable person that is not exempt from this tax.

You may make the deduction in the tax return for the fiscal year in which the expenses were incurred. If your income amount is lower than the amount of the deduction to which you are entitled, you may deduct the amount that is not covered by your income within up to six subsequent years from the end of the fiscal year in which you made the first deduction.

Spouses with tenancy by the entirety may deduct the relief in equal parts or in any proportion they determine, regardless of whether the document confirming the expense has been issued for one or both of them.

If after the fiscal year in which you made deductions you receive a refund of the expenses concerned, you are obliged to add them to your income for the fiscal year in which you received this refund.

If you purchased in 2022 a building entered into the register of monuments, you are entitled to deduct this expense as well. You may not, however, deduct more than the amount equivalent to the product of PLN 500 and the number of square meters of the usable area of this monument. You may deduct the thus calculated amount only after you have incurred some expense for works related to this monument.

Remember that the deduction limit for all investments as part of this relief may not exceed PLN 500,000.

Relief for trade unions

2022 is the first year for which you may deduct from your income contributions you pay to trade unions.

If you make payments directly to the union's account, proof of payment is sufficient.

If contributions are paid on your behalf by your employer, your employer is obliged to show in PIT-11 the amounts transferred to the union.

You may deduct up to PLN 500 for the whole year

Child relief

You are entitled to the child relief if your income is taxed according to the tax scale.

For each calendar month in which with respect to a minor child you:

1. exercised parental responsibility,
2. acted as a legal guardian and the child lived together with you,
3. held custody of the child as a foster family in accordance with a court decision or an agreement concluded with the poviát governor

you may deduct from tax an amount of:

- PLN 92.67 for the first and second child (PLN 1,112.04 for the entire year for each child),
- PLN 166.67 for the third child (PLN 2,000.04 for the entire year),
- PLN 225.00 for the fourth and each subsequent child (PLN 2,700.00 per child for the entire year).

You are not entitled to such deduction if you exercised parental responsibility, acted as a legal guardian or held custody by acting as a foster family only with respect to one minor child, and at the same time:

1. you were married for the entire year – the income earned by you and your spouse exceeded PLN 112,000 in the fiscal year,
2. you were a single person, but was not a single parent (also for part of the fiscal year), and your income in the fiscal year exceeded PLN 56,000.

The income referred to above is understood as all income taxed on general terms (work, business activity taxed on general terms, capital gains) reduced by the amount of social insurance premiums paid by you or deducted by the taxpayer.

The deduction applies jointly to both parents, legal guardians of the child or married foster parents. This amount may be deducted from tax in equal parts or in any proportion determined by them.

If in the same month, the child was under parental responsibility or was in custody of a legal guardian or a foster family, then for that month each taxable person may deduct 1/30 of the available deduction amount for each day of holding custody of the child.

In accordance with the above principles, a deduction is available also to those who, in connection with the performance of their maintenance obligations and in connection with acting as a foster family, maintained in the fiscal year a grown-up child:

- who, in accordance with other regulations, received an attendance allowance (benefit) or a social pension,

under 25 years of age who during the fiscal year for which the tax return is submitted, studied at primary, secondary or higher schools, in Poland and abroad, if in the fiscal year they did not earn income taxable on general terms (according to the tax scale), capital gains (subject to a 19% tax on income) or earned tax-exempt revenue as part of the youth relief or return relief in the total amount exceeding PLN 16,061.28. A deduction is not available to persons whose children run business activity taxed at a 19% tax rate or subject to lump-sum tax on recorded revenues or pay a fixed amount tax, or are subject to the provisions of the Tonnage Tax Act or the Act on the activation of the shipbuilding industry and complementary industries.

Refund of unused child relief

If the tax amount was insufficient to take advantage of the full amount of the child relief, you are entitled to an "additional refund". A deduction can be made from the social and health insurance premiums shown in the tax return. When making a deduction, you may also take into account premiums deducted from exempt income, but you are not allowed to take into account premiums deducted in other tax returns (e.g. PIT-36L, PIT-28 or PIT-16A).

Reliefs deducted in accordance with the acquired rights principle

Student relief

The relief for training students or for employing apprentices can be applied in accordance with the acquired rights principle, provided that the conditions entitling to it were met before the end of 2003. This relief is granted based on a decision issued by the tax office. A deduction can be applied to amounts awarded before 1 January 2006 and not deducted, as well as amounts of reliefs granted under regulations in force after 1 January 2006.

The relief consists in reducing income tax by the amount specified in a decision issued by the tax office.

Employment support contract

You may take advantage of this relief only if you became entitled to it in previous years.

A deduction is available to a person who, in accordance with the provisions of the Act of 20 April 2004 on employment promotion and labor market institutions, concluded an employment support contract with an unemployed person for performing gainful work in the household, and paid social insurance premiums on this account with own funds.

A deduction is available after each period of 12 consecutive months of this contract term, provided that:

- the concluded employment support contract has been registered with the poviát labor office, and the fact of its conclusion is confirmed by a certificate,
- the expenses have been documented with evidence confirming that they were incurred.

Expenses incurred by a person running a household to pay with their own funds social insurance premiums of a person employed under an employment support contract, specified in the Act of 13 October 1998 on the social insurance system, are deductible.

Refund of unduly received benefits

You may deduct from income also unduly collected benefits that previously increased taxable income (in amounts including tax), if these were not deducted by the taxpayer.

Taxable persons who in the years: 2017, 2018, 2019, 2020 or 2021 refunded unduly collected benefits and the amount of these refunds was not covered by their income for those years, have the right to deduct this amount from income earned in 2022. You may also deduct refunds made in 2022.

Housing reliefs

The housing relief available only in accordance with the acquired rights principle applies to expenses incurred:

1. to repay interest on a housing loan granted to the taxable person in 2002-2006, as well as interest on a loan granted to the taxable person for the repayment of a housing loan or a loan for the repayment of these loans;
2. to continue the systematic accumulation of savings only in one savings and loan account and with one bank running a housing fund;
3. to repay (with interest) a bank loan or a loan from the employing establishment, received in 1992-1993 for housing purposes specified in Article 26(1)(5) and (6) of the Personal Income Tax Act of 26 July 1991 with the wording in force in those years,
4. in previous years, for housing purposes (including renovation or modernization of a house/apartment), if these expenses were not covered, respectively, by the income, revenue or tax for those years.

Interest relief

Pursuant to Article 9(1) of the Act of 16 November 2006 amending the Personal Income Tax Act and certain other acts

“a taxable person who was granted a loan referred to in Article 26b of the Act with the wording in force before 1 January 2007, hereinafter referred to as a “housing loan”, in 2002-2006, is entitled – on the terms specified in this Act and in the Act on lump-sum income tax on certain revenue earned by natural persons, with the wording in force before 1 January 2007 – to deduct expenses incurred to repay interest on:

1. a housing loan,
2. a loan taken out to repay a housing loan,
3. each subsequent loan taken out to repay the loan referred to in subparagraphs (1) or (2)

– until the repayment deadline specified in a housing loan agreement concluded before 1 January 2007, but for no longer than until 31 December 2027.”

The “housing loan” referred to above is a loan granted directly to the taxable person (and not, for example, to the developer or the housing cooperative) in 2002-2006 to finance an investment aimed at satisfying one’s own housing needs related to:

1. construction of a residential building, or
2. provision of a construction or housing contribution to a housing cooperative for the acquisition of the right to a newly constructed residential building or an apartment in such building, or
3. the purchase of a newly built residential building or an apartment in such building from the gmina or from the person who has built this building in the course of their business activity, or
4. construction of a superstructure or extension of a building for residential purposes, or reconstruction (adaptation) of a non-residential building, its part or non-residential premises for residential purposes, as a result of which an autonomous apartment that meets the standards specified in the provisions of the construction law will be created.

As part of the interest relief, both actually repaid interest on a housing loan and on a loan taken to repay the housing loan and on each subsequent loan taken to repay the aforementioned liabilities is deductible.

If a loan – granted to the taxable person to repay a housing loan or a loan taken to repay a housing loan and each subsequent loan taken to repay the aforementioned liabilities – is part of a loan intended to repay also loan liabilities other than those listed in this provision, only the interest on that part of the loan that is proportionally due to the repayment of the loan taken to repay the housing loan and each subsequent loan taken to repay the aforementioned liabilities is deductible.

A taxable person who completed a housing investment in 2022 may deduct interest on a loan for the first time in the tax return submitted for that fiscal year, and interest paid before the year of the investment completion (if it is not deducted from the income for 2022) may be deducted also in the next fiscal year. In this case, only the difference between the sum of the deductible interest and the amount of interest actually deducted in the year in which the taxable person made the first deduction is deductible.

A deduction can be made if, among others:

- a housing loan was granted in 2002-2006,
- a housing loan was granted by an entity authorized under the provisions of banking law or the provisions on cooperative savings and credit unions to grant loans, and the loan agreement indicates that it relates to one of the investments listed in PIT-

2K,

- a loan granted to repay a housing loan or any subsequent loan taken to repay these loans has been taken out at banks or savings and credit unions operating in all countries of the European Union, the European Economic Area, and the Swiss Confederation,
- the investment concerns residential buildings or apartments located on land in the Republic of Poland intended for housing construction in the local spatial development plan, and in the absence thereof – specified as such in a decision on building conditions and land development, issued under applicable laws,
- the investment concerns a residential building or an apartment, the construction of which was completed not earlier than in 2002, and also in the case of an investment related to:
 - construction of a residential building or construction of a superstructure or the extension of a building for residential purposes, or reconstruction (adaptation) of a non-residential building, its part or non-residential premises for residential purposes, as a result of which an autonomous apartment that meets the standards specified in the provisions of the construction law will be created – the investment was completed within three years, counting from the end of the calendar year in which, in accordance with the construction law, a permit for construction of a residential building or construction of a superstructure or the extension of a building for residential purposes or for reconstruction (adaptation) of a non-residential building, its part or non-residential premises for residential purposes was obtained, and was confirmed with an occupancy permit for a residential building, as specified in the provisions of the construction law, and if such permit is not required – a notification of completion of the construction of such building,
 - provision of a construction or housing contribution to a housing cooperative for the acquisition of the right to a newly constructed residential building or an apartment in such building, or the purchase of a newly built residential building or an apartment in such building from the gmina or from the person who has built this building in the course of their business activity – an agreement on the establishment of cooperative ownership or tenant right to the apartment, or an agreement in the form of a notarial deed establishing separate ownership of the apartment, on the transfer of the ownership of the residential building or the apartment to the taxable person was concluded, one of the parties to which is the taxable person,
- interest:
 - has been actually paid, and its amount and payment date are documented by a proof issued by an entity authorized under the provisions of banking law or the provisions on cooperative savings and credit unions to grant loans,
 - has not been recognized as tax-deductible expenses or has not been refunded to the taxable person in any form, unless the refunded interest increased the tax base,
- the taxable person or their spouse did not or does not take advantage of the deduction from income (revenue) or tax on account of expenses incurred for their own housing purposes, intended for: purchase of land or transfer of the right of perpetual usufruct of land for the construction of a residential building, construction of a residential building, a construction or housing contribution to a housing cooperative, purchase of a newly built residential building or an apartment in such building from the gmina or from the person who has built this building in the course of their business activity, building a superstructure or the extension of a building for residential purposes, reconstruction of the attic, drying room or adaptation of other room for residential purposes as well as finishing an apartment in a newly built residential building, until the apartment is occupied, systematic accumulation of savings on a savings and loan account with a bank running a housing fund.

A deduction is possible only for interest:

- accrued for the period from 1 January 2002 and paid since then,
- on that part of the loan that does not exceed the amount of the product of 70 m² of usable area and the conversion factor of 1 m² of usable floor area of a residential building, established to calculate a guarantee premium on contributions to housing savings books for the third quarter of the year preceding the fiscal year, determined for the year of the investment completion.

In 2022, this amount is PLN 374,290. Hence, if the taxable person took out a loan in 2002-2006 in the amount of e.g. PLN 380,000, and completed the housing investment in 2022, they may deduct from income in the tax return submitted for this year the actually paid interest in the part attributable to the loan in the amount of PLN 374,290, i.e. in the percentage that will be obtained by dividing the limit amount (PLN 374,290) by the total loan amount (PLN 380,000) x 100.

You must also remember that:

- the amount of deductions applies to both spouses jointly. If the spouses settle tax separately – deductions are made in accordance with applications contained in annual tax returns, or from the income of each spouse, in the proportion indicated in the application, or from the income of one of them,
- the taxable person attaches to the tax return submitted for the year in which deductions under the interest relief are made for the first time, a statement on the amount of all expenses incurred with respect to a given investment, including the amount of expenses documented with invoices issued by VAT taxable persons not exempt from this tax – PIT-2K. In this statement, the taxable person (and in the case of joint settlement – both the husband and wife) is required to indicate, besides providing identification data, also:
 - the year in which they obtained the housing loan,
 - the amount of the loan,
 - the year of commencement and completion of the housing investment for which the taxable person took out a loan,
 - the type of the investment,
 - the total amount of expenses related to the investment,
 - the amounts of expenses documented with invoices issued by VAT taxable persons that do not take advantage of exemption from this tax,
- no deduction is available to a taxable person who has taken out a housing loan on the terms set out in the Act of 8 September 2006 on financial support for families purchasing their own apartments – paragraph 2 of Article 9 of the Act of 16 November 2006 amending the Personal Income Tax Act and certain other acts.

Note! The information provided above does not fully reflect the wording of Article 26b of the Act, in force before 1 January 2007, read together with Article 9 of the Act of 16 November 2006 amending the Personal Income Tax Act and certain other acts. Therefore, before a deduction in the tax return is made, it is advisable to read all the regulations concerning the relief concerned, contained in the above-mentioned provisions.

Taxable persons who in the fiscal year repaid (with interest) a bank loan or a loan from the employing establishment received in 1992-1993 for housing purposes specified in Article 26(1)(5) and (6) of the Act with the wording in force in those years, and did not incur housing expenses, but deduct expenses incurred and deductible in previous years, in the part in which these expenses were not covered by the income (revenue) for those years.

One should specify the type of housing expense and the amount deducted accordingly. However, the deduction amount may not be higher than the amount of the deduction limit applicable in a given fiscal year. This limit is calculated as the difference between the deduction limit available to the taxable person in the period when the provisions of the Act were in force (i.e. starting from 1992) and the deduction limit used in previous years.

Note! Do not enter expenses incurred in the fiscal year to repay debt under loans for housing construction contracted by housing co-operatives by 31 May 1992. The relief in question expired, respectively, at the end of 1999 (deduction from income) and at the end of 2004 (deduction from tax).

Housing fund

A tax deduction for the systematic accumulation of savings in one savings and loan account and with one bank that runs a housing fund is available to taxable persons who concluded with a bank running a housing fund a contractual loan agreement on the systematic accumulation of savings, in accordance with the rules set out in the provisions on certain forms of support for housing construction, and acquired, before 1 January 2002, the right to deduct from tax expenses incurred for the purpose specified in Article 27a(1)(2) of the Act, with the wording in force before 1 January 2002, are entitled to deduct, on the terms set out in that act, further amounts of savings paid to continue the systematic accumulation of savings only in the same savings and loan account and with the same bank running a housing fund, paid from 1 January 2002 until the expiry of the period of the systematic accumulation of savings, specified in the contractual loan agreement.

The deduction amount may not exceed 30% of the expenses incurred in the fiscal year, but not more than PLN 11,340. It should be checked at this point whether the amount deducted does not exceed the deduction limit available in the fiscal year, calculated as the difference between the deductions limit set out for the years when the provisions of the Act were in force (i.e. from 1992) and the deduction limit used in previous years. Persons who also make deductions related to interest repaid in the fiscal year on a bank loan or a loan from the employing establishment, received in 1992-1993 for housing purposes (falling within the concept of the so-called large construction relief), should additionally reduce the above-mentioned deduction limit determined for the years when the provisions of the Act were in force by 19% of this interest.

Housing expenses not deducted in previous years

Taxable persons who in previous years made tax deductions for housing expenses (also as part of the renovation and modernization relief), but the deduction they were entitled to was not covered by the tax for those years, may increase the tax deduction they are entitled to in the fiscal year by the uncovered amount.

Payments to the individual pension security account (IKZE)

The amount of payments to IKZEs is specified in Article 13a(1)-(4) of the Act of 20 April 2004 on individual retirement accounts and individual retirement security accounts. Pursuant to these provisions, payments made to the IKZE may not exceed the amount equivalent to 1.2 times the average forecast monthly wage in the national economy for a given year specified in the Budget Act or the Provisional Budget Act or in drafts thereof, if the relevant acts have not been enacted. In 2022, this limit is PLN 7,106.40.

In the case of persons running business activity in the form of self-employment (non-agricultural activity, within the meaning of Article 8(6) of the Act of 13 October 1998 on the social insurance system), the maximum limit of payments to IKZEs is higher and amounts to 1.8 times the average monthly wage, i.e. PLN 10,659.60 for 2022).

Refund of funds

Amounts refunded from the IKZE constitute revenue from other sources, taxed according to the tax scale. If you receive such revenue, you have to show it in the annual tax return.

If, in the period from 1 January 2012 to 31 December 2012, the saver transferred the funds accumulated in an individual retirement account (IKE) to an individual retirement savings account (IKZE), these funds are considered a payment to the IKZE. This payment was deductible from income within the limit applicable in the fiscal year 2012. The excess over the deduction limit applicable in this year is deductible in subsequent years.

However, you must remember that during the period in which you deduct from income funds transferred from the IKE to the IKZE, you are not entitled to make payments to the IKZE.

If payments to the IKZE are made by a minor, the deduction may not exceed the income earned by them in a given year from work performed under an employment contract, nor may it be higher than the annual limit amount.

Donations

Check which of the following donations you are allowed to deduct from income for 2022:

- donations for public benefit purposes,
 - donations for religious worship purposes,
 - blood donation,
 - donations for the reconstruction of the Saski Palace, Brühl Palace and tenement houses on Królewska Street in Warsaw,
 - donations for purposes related to counteracting the effects of COVID-19,
 - donations for computer equipment in the form of laptops and tablets,
 - donations under other acts
-

Donations for public benefit purposes

Donations may be deducted from the tax base for numerous purposes specified in the provisions of the Act of 24 April 2003 on public benefit and volunteer work. Their aim is, among others, to support families and people in a difficult life situation, charity and the disabled, protection and promotion of health or science, school and higher education.

You may make a donation to:

- non-governmental organizations (e.g. foundations and associations) that are not entities of the public finance sector and do not operate for profit, and, among others, churches, associations of local government units or social cooperatives, or
- equivalent organizations specified in the provisions regulating public benefit activity in force in a country of the European Union (EU) or the European Economic Area (EEA) other than Poland, carrying out public benefit activity in the area of public tasks and implementing specific goals.

You may deduct in the tax return the amount of a donation actually made, but no more than 6% of your income.

The 6% limit includes deductions on account of donations for the purposes of religious worship, honorary blood donations, and donations for the reconstruction of the Saski Palace, Brühl Palace and tenement houses on Królewska Street in Warsaw.

If the donation relates to goods subject to VAT, the amount of the donation is understood as the value of the goods plus VAT – in the part exceeding the amount of the input tax that the taxable person has the right to deduct in accordance with the provisions on VAT on account of this donation.

In the case of a donation to an organization specified in the regulations governing public benefit activities in another EU or EEA country, the taxable person is entitled to make a deduction provided that:

- the taxable person presents a representation of this organization that as at the date of the donation, it was an organization equivalent to an organization operating under Polish provisions on public benefit activities and volunteer work, implementing specified goals,
- there are legal grounds under a double taxation avoidance agreement or other ratified international agreements to which Poland is a party, for the tax authority to obtain tax information from the tax authority in the country where the organization has its registered office.

Non-deductible donations:

- donations for the benefit of natural persons,
- donations for legal persons and organizational units without legal personality, conducting business activity consisting in the production of consumer electronics, fuel, tobacco, spirits, wine and beer, as well as other alcoholic products with an alcohol content above 1.5%, and products made of precious metals or including such metals, or trade in these products,
- donations returned in any form,
- donations recognized as tax-deductible expenses,
- donations deducted from revenue or income in another tax return (e.g. PIT-28, PIT-37).

A donation subject to deduction must be documented with:

- proof of payment to the donee's payment account or its bank account other than a payment account – in the case of a cash donation,
- proof of the donor's identification data and the value of the donation, along with the donee's representation on its acceptance – in the case of a non-monetary donation.

Donations made during the year may be deducted after the end of that year, but also during it. The deduction is made during the fiscal year when:

- tax advances are calculated by taxable persons who earn income from business activity, ordinary, lease, and usufructuary lease, that is taxed according to the tax scale,
- monthly (quarterly) lump-sum tax on recorded revenue is calculated.

In PIT/O attached to the annual tax return, you should specify the amount (value) of the donation made, the amount (value) of the donation deducted, and the donee's identification data.

Donations for religious worship purposes

Donations for religious worship purposes may be deducted from income.

You may deduct in the tax return the amount of a donation actually made, but no more than 6% of your income.

The 6% limit includes deductions on account of donations for the purposes of religious worship, honorary blood donations, and donations for the reconstruction of the Saski Palace, Brühl Palace and tenement houses on Królewska Street in Warsaw.

If the donation relates to goods subject to VAT, the amount of the donation is understood as the value of the goods plus VAT – in the part exceeding the amount of the input tax that the taxable person has the right to deduct in accordance with the provisions on VAT on account of this donation.

No deduction is possible in the case of:

- donations for the benefit of natural persons,
- donations for legal persons and organizational units without legal personality, conducting business activity consisting in the production of consumer electronics, fuel, tobacco, spirits, wine and beer, as well as other alcoholic products with an alcohol content above 1.5%, and products made of precious metals or including these metals, or trade in these products,
- donations returned in any form,
- donations recognized as tax-deductible expenses,
- donations deducted from revenue or income in another tax return (e.g. PIT-28, PIT-37).

A donation must be documented with:

- proof of payment to the donee's payment account or its bank account other than a payment account – in the case of a cash donation,

- proof of the donor's identification data and the value of the donation, along with the donee's representation on its acceptance – in the case of a non-monetary donation.

In PIT/O attached to the annual tax return, you should specify the amount (value) of the donation made, the amount (value) of the donation deducted, and the donee's identification data.

Blood donation

Blood donations by honorary blood donors are deductible from income/revenue.

The relief is due in the amount of PLN 130 multiplied by liters of donated blood or its components. The amount of a donation actually made is deductible up to 6% of the donor's income/revenue.

You may deduct in the tax return the amount of a donation actually made, but no more than 6% of your income.

The 6% limit includes deductions on account of donations for the purposes of religious worship, honorary blood donations, and donations for the reconstruction of the Saski Palace, Brühl Palace and tenement houses on Królewska Street in Warsaw.

The amount of the donation should be documented with a certificate from the organizational unit implementing tasks in the area of blood donation. The certificate should specify the amount of blood or its components donated free of charge.

In PIT/O attached to the annual tax return, you should specify the value of the donation made, the value of the deduction, and the data enabling the identification of the relevant organizational unit that performs tasks in the area of blood collection.

Donations for reconstruction of the Saski Palace, Brühl Palace and tenement houses on Królewska Street in Warsaw

You may also deduct donations for the reconstruction of the Saski Palace, Brühl Palace and tenement houses on Królewska Street in Warsaw. The reconstruction is implemented by a special purpose vehicle established by the State Treasury.

You may deduct in the tax return the amount of a donation actually made, but no more than 6% of your income.

The 6% limit includes deductions on account of donations for the purposes of religious worship, honorary blood donations, and donations for the reconstruction of the Saski Palace, Brühl Palace and tenement houses on Królewska Street in Warsaw.

Donations for counteracting COVID-19

A deduction is possible only in the case of donations made by 31 May 2022 to:

- entities performing medical activities, entered in the list of entities providing healthcare services, including sanitary transport, in connection with counteracting COVID-19, announced in the Public Information Bulletin of the National Health Fund;
- Government Agency for Strategic Reserves for the purpose of performing its statutory tasks;
- Central Base of Sanitary and Anti-Epidemic Reserves for the purpose of performing its statutory tasks;
- homes for mothers with underage children and pregnant women, night shelters, shelters for the homeless, including those with care services, support centers, family nursing homes, and social welfare centers referred to in the Act of 12 March 2004 on social assistance;

5) COVID-19 Counteraction Fund.

In the case of donations made in 2022, the donor may deduct the amount corresponding to 100% of the donation value.

Donations in the form of tablets and laptops

A deduction is possible in the case of donations made by 31 May 2022 to:

- bodies running educational institutions,
- organizations referred to in Article 3(2) and (3) of the Act on public benefit and volunteer work, performing public benefit activity in the area of public tasks, or the operator of the National Educational Network, for the purpose of further free transfer to the bodies running educational facilities or to educational facilities.

Educational facilities include:

- entities referred to in Article 2(1)-(4) and Article 2(7) of the Educational Law;
- universities within the meaning of the Law on Higher Education and Science;
- care and education facilities within the meaning of the Act on supporting the family and the foster care system.

A deduction is possible if the donation covers complete, usable portable computers (tablets, laptops) manufactured not earlier than 3 years before the date of their transfer.

In the case of donations made in 2022, the donor may deduct the amount corresponding to 100% of the donation value.

Donations under other acts

Donations under other acts are deducted from the tax base.

These are donations to charity and care activities carried out by church, that are fully deductible (in the amount of the donation actually made).

The right to such deduction is provided for in acts regulating the relationship of the state to particular churches, e.g. the Act of 17 May 1989 on the relationship of the state to the Catholic Church in the Republic of Poland.

You may only deduct donations whose amount you are able to document with:

- proof of payment to the donee's payment account or its bank account other than a payment account – in the case of a cash donation,
- document indicating the donor's identification data and the value of the donation, along with the donee's representation on its acceptance – in the case of a non-monetary donation.

Note! You should receive from the donee:

- confirmation of the receipt of the donation, and

a report on the allocation of the donation to charity and care activities carried out by the church (within two years of the donation receipt)

Abolition relief

You may reduce income tax by deducting the amount that is the difference between tax calculated by applying the proportional deduction method to revenue from work earned abroad and the amount of tax calculated by applying to this revenue exemption with progression. The right to reduce tax in this way is provided for in Article 27g of the Personal Income Tax Act.

The relief is available to taxable persons who are subject to an unlimited tax obligation and earn income outside Poland:

- from work under an employment contract, activity performed in person, and business activity,
- under property rights, copyright and neighboring rights as defined in other regulations, and artistic, literary, scientific, educational and columnist activities outside Poland, except for income (revenue) for exercising or disposing of these rights

– and settle tax using the proportional deduction method (pursuant to the rules set out in Article 27(9) or (9a) of the Act).

You may deduct from tax the amount equivalent to the difference between the tax calculated by applying the proportional deduction method and the amount of the tax calculated by applying exemption with progression (in accordance with the rules set out in Article 27(8) of the Act).

A deduction amount may not, however, be in excess of PLN 1,360.

The above limit does not apply (Article 27g(5) of the Act) to income earned outside Poland to income from work under employment contracts, contracts of mandate, contracts for specific work or services performed outside the land territory of countries.

Remember that you may not take advantage of abolition relief if income (revenue) from the above-mentioned sources was earned in countries and territories applying harmful tax competition. The list of such countries was published in the Regulation of the Minister of Finance of 28 March 2019 on the determination of countries and territories applying harmful tax competition in the field of personal income tax.

Advances due

Taxable person

Section O of PIT-36 applies to persons who do not have a place of residence in Poland (Article 3(2a)), are subject to a tax obligation only with respect to income (revenue) earned in the territory of Poland (limited tax obligation), and earn revenue specified in Article 29 of the Personal Income Tax Act.

In this case you are obliged to pay lump-sum income tax in accordance with the rules referred to in Article 29, for the months in which you earned the said income, without being requested to do so. You should make payments by the 20th day of the following month for the previous month. Tax for December is payable by the deadline for filing the tax return. The advances should be shown in PIT-36, in section O.

Article 29(1) of the Personal Income Tax Act specifies the following types of revenue and the lump-sum tax rate applicable to this revenue:

- revenue from the activities specified in Article 13(2) and (6)-(9) and from interest other than that mentioned in Article 30a(1), under copyright or neighboring rights, rights to inventive designs, trademarks, and ornamental designs, including the sale of these rights, from fees for disclosing the secret of a recipe or production process, for the use or the right to use an industrial, commercial or scientific device, including a means of transport, and for information related to know-how in the field of industry, commerce or science – the lump-sum tax rate applicable to this revenue is 20%;
- revenue from fees for services related to shows, entertainment or sports, provided by natural persons residing abroad, and organized by natural persons or legal persons conducting business activity in the area of artistic, entertainment or sports events in the territory of Poland – the lump-sum tax rate applicable to this revenue is 20%;
- revenue from due fees for the export of cargo and passengers transported from Polish ports by foreign commercial shipping companies, with the exception of transit cargo and passengers – the lump-sum tax rate applicable to this revenue is 10%;
- revenue earned on the territory of Poland by foreign air navigation companies, excluding revenue from scheduled air passenger transport, the use of which requires the passenger to have an air ticket – the lump-sum tax rate applicable to this revenue is 10%;
- revenue for consultancy, accounting services, market research, legal services, advertising, management and control services, as well as data processing, employee recruitment and acquisition, guarantees and sureties, and similar services – the lump-sum tax rate applicable to this revenue is 20%.

The above revenue is subject to double taxation avoidance agreements to which Poland is a party.

However, the application of the tax rate resulting from the relevant double taxation avoidance agreement or abandoning tax collection (payment) in accordance with such agreement is possible provided that you document for tax purposes your place of residence with a certificate of residence.

The provisions of Article 29(1) do not apply if the revenue referred to therein was obtained by a person referred to in section O of the tax return, conducting non-agricultural business activity through a foreign establishment located on the territory of Poland, provided that such person holds a certificate confirming the existence of that foreign establishment, issued by the competent tax authority of the country where this person resides or by the competent tax authority of the country where the foreign establishment is located.

If you are a non-resident (i.e. a person referred to in Article 3(2a) of the Act) and:

- have a place of residence for tax purposes in a country of the European Union other than Poland or in another country of the European Economic Area or the Swiss Confederation, and
- have documented your place of residence for tax purposes with a certificate of residence

– you may, at a request made in the tax return for the 2022 fiscal year, tax revenue referred to in paragraph 1, subject to taxation in Poland, on the general terms. In this case, you may treat the lump-sum income tax collected on this revenue as an income tax advance deducted by the taxpayer.

Such taxation may be applied, however, only if there are legal grounds under a double taxation avoidance agreement or other ratified international agreements to which Poland is a party, for the Polish tax authority to obtain tax information from the tax authority in the country where you have a place of residence for tax purposes.

Remember that the deduction referred to in Article 21(1)(148) and Article 21(1)(152)-(154) (youth relief, return relief, relief for families 4+ and the relief for working seniors) does not apply to revenue listed in Article 29, earned by persons referred to in Article 3(2a) (with an limited tax obligation).

Spouse

Section O of PIT-36 applies to persons who do not have a place of residence in Poland (Article 3(2a)), are subject to a tax obligation only with respect to income (revenue) earned in the territory of Poland (limited tax obligation), and earn revenue specified in Article 29 of the Personal Income Tax Act.

Such persons are obliged to pay lump-sum income tax in accordance with the rules referred to in Article 29, for the months in which they earned the said income, without being requested to do so. Payments should be made by the 20th day of the following month for the previous month. Tax for December is payable by the deadline for filing the tax return. The advances should be shown in PIT-36, in section O.

Article 29(1) of the Personal Income Tax Act specifies the following types of revenue and the lump-sum tax rate applicable to this revenue:

- revenue from the activities specified in Article 13(2) and (6)-(9) and from interest other than that mentioned in Article 30a(1), under copyright or neighboring rights, rights to inventive designs, trademarks, and ornamental designs, including the sale of these rights, from fees for disclosing the secret of a recipe or production process, for the use or the right to use an industrial, commercial or scientific device, including a means of transport, and for information related to know-how in the field of industry, commerce or science – the lump-sum tax rate applicable to this revenue is 20%;
- revenue from fees for services related to shows, entertainment or sports, provided by natural persons residing abroad, and organized by natural persons or legal persons conducting business activity in the area of artistic, entertainment or sports events in the territory of Poland – the lump-sum tax rate applicable to this revenue is 20%;
- revenue from due fees for the export of cargo and passengers transported from Polish ports by foreign commercial shipping companies, with the exception of transit cargo and passengers – the lump-sum tax rate applicable to this revenue is 10%;
- revenue earned on the territory of Poland by foreign air navigation companies, excluding revenue from scheduled air passenger transport, the use of which requires the passenger to have an air ticket – the lump-sum tax rate applicable to this

revenue is 10%;

- revenue for consultancy, accounting services, market research, legal services, advertising, management and control services, as well as data processing, employee recruitment and acquisition, guarantees and sureties, and similar services – the lump-sum tax rate applicable to this revenue is 20%.

The above revenue is subject to double taxation avoidance agreements to which Poland is a party. However, the application of the tax rate resulting from the relevant double taxation avoidance agreement or abandoning tax collection (payment) in accordance with such agreement is possible provided that the taxable person's place of residence is documented for tax purposes with a certificate of residence.

The provisions of Article 29(1) do not apply if the revenue referred to therein was obtained by a person referred to in section O of the tax return, conducting non-agricultural business activity through a foreign establishment located on the territory of Poland, provided that such person holds a certificate confirming the existence of that foreign establishment, issued by the competent tax authority of the country where this person resides or by the competent tax authority of the country where the foreign establishment is located.

If you are a non-resident (i.e. a person referred to in Article 3(2a) of the Act) and:

- have a place of residence for tax purposes in a country of the European Union other than Poland or in another country of the European Economic Area or the Swiss Confederation, and
- have documented your place of residence for tax purposes with a certificate of residence

– you may, at a request made in the tax return for the 2022 fiscal year, tax revenue referred to in paragraph 1, subject to taxation in Poland, on the general terms. In this case, you may treat the lump-sum income tax collected on this revenue as an income tax advance deducted by the taxpayer.

Such taxation may be applied, however, only if there are legal grounds under a double taxation avoidance agreement or other ratified international agreements to which Poland is a party, for the Polish tax authority to obtain tax information from the tax authority in the country where you have a place of residence for tax purposes.

Remember that the deduction referred to in Article 21(1)(148) and Article 21(1)(152)-(154) (youth relief, return relief, relief for families 4+ and the relief for working seniors) does not apply to revenue listed in Article 29, earned by persons referred to in Article 3(2a) (with a limited tax obligation).

Table with advances due

Section Q of PIT-36 relates to persons who:

1. earn income without the mediation of taxpayers:

- under an employment relationship abroad,
- from old-age and disability pensions from abroad,
- under entitlements specified in Article 13(2), Article 13(4) and Article 13(6)-(9) of the Act, subject to paragraph 1(1).

Such persons are required to make during the fiscal year advance payments for income tax that have to be shown in PIT-36, section Q.

The entitlements specified in Article 13(2), Article 13(4) and Article 13(6)-(9) include:

- revenue from artistic, literary, scientific, training, educational and columnist activity performed in person, including revenue from participation in contests in the field of science, culture, arts, and journalism, as well as revenue from playing sport, sports grants awarded under other regulations, and revenue earned by referees, umpires and judges running sports events (subparagraph 2);
- revenue earned by Polish arbitrators participating in arbitration with foreign partners (subparagraph 4);
- revenue of persons who were commissioned by state administration or local government authorities, the court or a public prosecutor, under relevant regulations, to perform certain activities, in particular revenue of experts in court, investigative or administrative procedures as well as remitters, subject to Article 14(2)(10) of the Act, and collectors of public and legal fees, and revenue from participation in committees appointed by state administration or local government authorities, except for revenue referred to in subparagraph 9 (Article 13(6));
- revenue earned by persons, irrespective of the manner of their appointment, who are members of management boards, supervisory boards, other decision-making bodies and committees of legal persons (subparagraph 7);
- revenue earned by members of the National Media Council (subparagraph 7a);
- revenue from the performance of services under a contract of mandate or a contract for specific work, obtained only from:
 - a natural person conducting business activity, a legal person and its organizational unit, as well as an organizational unit without legal personality,
 - the owner (holder) of real estate with premises for rent, or the manager or administrator acting on their behalf – if the taxable person performs such services only for the purposes related with this real estate,
 - an enterprise in inheritance

- with the exception of revenue earned under contracts concluded as part of non-agricultural business activity conducted by the taxable person and revenue referred to in subparagraph 9 (Article 13(8));

- revenue earned under enterprise management contracts, manager contracts or other contracts of this type, including revenue under such agreements concluded as part of non-agricultural business activity conducted by the taxable person – except for revenue referred to in subparagraph 7 (Article 13(9));
1. earned revenue from other sources referred to in Article 10(1)(9) of the Act, under a contract to which the provisions of civil law relating to contracts of mandate or contracts for specific work apply;
 2. reside in Poland and are subject to tax on all their income (revenue) regardless of the location of income sources (unlimited tax obligation), and are temporarily staying abroad and earning income from revenue sources located outside Poland.

Persons referred to in points 1 and 3 are required to calculate advance income tax and pay it on their own.

They are obliged to make the payment, respectively:

- by the 20th day of the month following the month in which the income was earned, and for December – by the deadline for submitting the tax return, applying to the income obtained the lowest tax rate specified in the scale referred to in Article 27(1)

of the Act; when determining the income from which an advance payment should be calculated, the taxable person is entitled to take into account the monthly tax-deductible expenses in the amount specified in Article 22(2) or (9) of the Act and the premiums referred to in Article 26(1)(2) or (2a), paid in a given month. When calculating the advance, the taxable person may apply a higher tax rate specified in the scale referred to in Article 27(1). The taxable person may reduce the thus calculated advance payment by the amount of health insurance premium referred to in Article 27b, paid in a given month from the taxable person's funds;

- by the 20th day of the month following the month in which the person returned to Poland. If the payment deadline falls after the end of the fiscal year, the output tax is payable by the deadline for submitting the tax return. A due advance payment is calculated in accordance with the above-mentioned rules.

Persons referred to in point 2, i.e. those who have earned revenue from other sources referred to in Article 10(1)(9) of the Act, under a contract to which the provisions of civil law relating to contracts of mandate or contracts for specific work apply, may pay monthly tax advances during the fiscal year, applying to their income the lowest tax rate specified in the scale referred to in Article 27(1). When calculating the advance, the taxable person may apply a higher tax rate specified in the scale referred to in Article 27(1) of the Act. Taxable income is understood as revenue earned in a given month less tax-deductible expenses referred to in Article 22(9)(6) of the Act. Monthly tax advances should be paid to the account by the 20th day of the month following the month in which income was earned, and for December – by the deadline for submitting the tax return.

Other information

PERSONAL ACCOUNT FOR OVERPAYMENT REFUND

If the tax return shows an overpayment, you may indicate in this section an account other than the one related to the business activity you conduct, to which the overpayment is to be refunded.

You may be the holder or co-holder of the indicated account. An account held or jointly held by your spouse may be indicated only where a joint tax return is submitted. The indicated account updates the account previously reported to the tax office.

If you have a valid **Large Family Card (KRD)**, you may take advantage of an accelerated tax overpayment refund. This option is available to those who submit their tax return in electronic form.

Provide contact details: phone number, e-mail address.

Certificate of residence

Certificate of residence proving your place of residence for tax purposes.

It is your duty to submit a certificate of residence if you have a place of residence for tax purposes outside Poland in a country of the European Union, the European Economic Area or the Swiss Confederation, and pursuant to Article 45(7a) of the Act you have chosen the taxation method provided for income earned by married couples or single parents, or wish to have revenue specified in Article 29(1) of the Act taxed on general terms using the tax scale.