

# Payroll Alert

KR Group | HR & Payroll Services | 11th April 2022

## PIT: Amendment of the Polish Deal

### Deferral of PIT advances

An amendment to the “Polish Deal” has been in force since 10 March 2022, incorporating into the Personal Income Tax Act the Minister of Finance’s regulation of 7 January 2022 on PIT advances. The amending act of 24 February 2022 refers to **deferral of the deadline for remitting advances against personal income tax for employees, contractors, retirees and disability pensioners earning monthly gross revenue of up to PLN 12,800.**

If an employer has also signed a contract of mandate (*umowa zlecenia*) with an employee, this limit is applied separately for each source of revenue: **PLN 12,800 for the employment contract and PLN 12,800 for the contract of mandate.**

**Important!** The amendment **does not apply** to contracts for a specific work (*umowa o dzieło*) or managerial contracts, or to appointed members of supervisory boards or management boards, nor does it apply to individual business operators.

For the limit of revenue determining whether the amending act applies, revenue subject to taxation according to the tax scale is included, i.e. not just base salary but also:

- Various types of supplements
- Overtime pay
- Bonuses
- Prizes
- Equivalent for unused holiday
- Fringe benefits (e.g. healthcare or gym subscriptions)
- Sick pay.

The amending act does not apply to benefits under sickness or accident insurance—these are revenue from other sources.

The act is mandatory for taxpayers, i.e. **employees, contractors, retirees and disability pensioners**, and indicates that the advance against PIT for revenue of up to PLN 12,800 gross per month should be remitted in an amount **no higher than the amount of the advance calculated under the rules in force through 31 December 2021.**

To this end, the amount of the PIT advance calculated according to the Polish Deal rules, in force starting 1 January 2022, should be compared with the amount of the PIT advance determined under the rules in force through the end of 2021.

### **DISCLAIMER**

*This Newsletter shall not constitute tax or legal advice. | Copyright © 2022 KR Group*

If the advance payment from 2022 determined in this way turns out to be higher, then the tax in a lower amount will be deducted, i.e. according to the rules from 2021. The remaining portion of the tax (**the excess advance, i.e. the difference in the advance under the 2022 rules and the 2021 rules**), resulting from the new regulations, is to be **settled at a later date**—when in one of the following months the taxpayer begins to profit from the Polish Deal and the advance according to the 2022 rules turns out to be lower than the advance calculated according to the old rules from 2021.

In most instances, this situation will not occur until the latter part of the year, when the taxpayer exceeds the tax threshold, which in 2022 was raised from PLN 85,525 to PLN 120,000.

Below we present **sample calculations of the PIT advance applying the new amendment to employment contract and contracts of mandate.**

### Example 1. Employment contract

**Assumptions for calculations:** a worker under an employment contract earns the monthly pay indicated in the table, has revenue-earning costs of PLN 250 per month, has filed a PIT-2 declaration (i.e. benefits from tax relief of PLN 425 per month), **benefits from middle-class tax relief**, and is not a participant in a PPK pension plan.

Monthly pay (EMPLOYMENT)	PIT advance based on 2021 rules	PIT advance based on 2022 rules	Monthly difference, i.e. excess advance to be paid later
PLN 3,500.00	PLN 193.00	PLN 46.00	-
5,200.00	329.00	295.00	-
6,000.00	393.00	392.00	-
7,000.00	472.00	472.00	-
8,500.00	592.00	592.00	-
9,000.00	632.00	695.00	<b>PLN 63.00</b>
10,000.00	712.00	915.00	<b>203.00</b>
11,000.00	792.00	1,136.00	<b>344.00</b>
12,000.00	872.00	1,293.00	<b>421.00</b>
12,800.00	935.00	1,410.00	<b>475.00</b>

### Example 2. Contract of mandate

**Assumptions for calculations:** contract of mandate—contractor is above age 26, has one basis for social insurance, and does not pay voluntary sickness contributions.

Monthly pay (CONTRACT OF MANDATE)	PIT advance based on 2021 rules	PIT advance based on 2022 rules	Monthly difference, i.e. excess advance to be paid later
PLN 1,000.00	PLN 52.00	PLN 121.00	PLN 69.00
2,000.00	104.00	241.00	137.00
3,000.00	156.00	362.00	206.00
5,000.00	260.00	604.00	344.00
7,000.00	363.00	845.00	482.00
10,000.00	519.00	1,207.00	688.00
12,800.00	664.00	1,545.00	881.00

**Note!** It should be borne in mind that **from July 2022** further tax changes are planned, aimed at **eliminating the need to calculate PIT advances for 2022 twice**. Thus the mechanism of deferring payment of PIT advances is expected to be removed sometime during the course of this year.

In practice this means that for a few months, the taxpayer may receive higher take-home pay, but the taxpayer will have to make up the shortfall in PIT advances built up over those months in the annual tax return.

The amending act is applied automatically, but the taxpayer has a right to waive application of the amendment, i.e. by filing a **“Request not to defer remittance of income tax advances.”**

### PIT-2 declaration

Other changes introduced by the amendment to the Polish Deal involve the possibility of **filing a PIT-2 declaration during the course of the year**. Before, the employee had to file a PIT-2 declaration before the first payment of salary during the tax year. Now the taxpayer may submit a PIT-2 declaration at any time during the tax year, and the employer will apply the deduction of 1/12<sup>th</sup> of the tax-free amount (i.e. currently PLN 425 per month, or, from 1 July 2022, after the planned changes enter into force, PLN 300 per month) no later than the month following the month in which the employer receives the PIT-2 declaration.

A PIT-2 declaration should be filed with the employer also by a retiree or disability pensioner who has filed a request with the Social Insurance Institution not to apply the tax-free amount (known as an EPD-18 application).

PIT-2 applications filed using the existing forms will remain valid, and taxpayers do not need to refile them.

# About KR Group

KR Group was established in Poland in 2000. Over the years the company has built a considerable position on the highly competitive market of accounting, tax, audit, payroll and HR services. KR Group applies an excellent understanding of business realities to its core services, thus attracting the most renowned companies in its portfolio of clients.

## Expanding in the CEE region? Choose a single regional provider

Instead of looking for service providers in each country and multiplying your expenses, cooperate with us. We can help you unleash your regional synergy by cutting unnecessary costs and speeding up your processes.

Our offer includes a variety of integrated services for pan-regional groups in CEE, such as:

- Single point of contact, including dedicated account manager and team to facilitate cooperation across KR Group offices
- Harmonization of VAT compliance processes and one-stop shop for settlement of VAT in the CEE-5
- One-time reporting system, including unified management reporting and HR & payroll reporting
- Centralized payment process management services
- Pan-regional tax team capable of dealing with cross-border transfer-pricing projects and accounting software localization
- Interfaces and integration developed for most accounting and reporting software
- Knowledge-sharing tools and procedures ensuring time efficiency
- In-house developed accounting data warehouse connected with local accounting software.

For more information visit our website at [www.krgroup.eu](http://www.krgroup.eu)



## Contact

**Beata Bar**  
Payroll Manager

t: (+48) 22 262 81 16  
@: b.bar@krgroup.pl

**Company headquarters in Warsaw**  
ul. Skaryszewska 7  
03-802 Warsaw, Poland

t: (+48) 22 262 81 00  
@: office@krgroup.pl