

# Payroll Alert

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## New PIT-2 form – what is it and how to complete it?

From January 1st, 2023, a new form of the PIT-2 statement in version 9 will be in effect.

PIT-2 will be filled out by **employees** (employment contract, outwork, service contract, social work), by people performing **contractual employment** (contract of mandate, contract work, etc.), and by **employees working multiple jobs**.

The new PIT-2 form (9) is called „DECLARATIONS/APPLICATIONS of taxpayer for the purpose of calculating monthly advances on personal income tax” and **contains 5 declarations and 3 applications** for the taxpayer for the purpose of calculating monthly advances on personal income tax.

### 5 employee declarations:

- 1. Part C** – taxpayer declaration on **applying the amount reducing tax, i.e. the tax relief** which is submitted to the workplace and to the remitter, such as the principal, ordering party, etc. The amount reducing tax equals PLN 300 monthly, PLN 3,600 annually. The taxpayer will be able to indicate a maximum of three remitters to apply the amount reducing the PIT advance. In each case, this will cause the tax advance to be reduced by:
  - **1/24th** of the amount reducing tax, i.e. **PLN 150**, when authorizing **two** remitters;
  - **1/36th** of the amount reducing tax, i.e. **PLN 100**, when authorizing **three** remitters;
  - **1/12th** of the amount reducing tax, i.e. **PLN 300**, in the case of **one** remitter.
- 2. Part D** – taxpayer declaration on applying the **amount reducing tax**, submitted only to agricultural production cooperatives, and other cooperatives dealing with agricultural production, and the enforcement authority paying workplace

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receivables from the employment relationship and related relationships, or an entity which is not a legal successor of the workplace which takes over the workplace's obligations resulting from the employment relationships and related relationships.

3. **Part E** – taxpayer declaration on the intent for **preferential taxation of revenue (with a spouse or as a single parent)**. The taxpayer submits a declaration on the intent for preferential taxation of revenue with a spouse, or as a single parent, when:

- predicted annual revenue **will not exceed PLN 120,000, and the spouse or child do not receive any income** which is conjunct with the income of the taxpayer - the taxpayer will collect tax advances for all months in a year in the amount of 12% and will apply double tax relief, i.e. 2x PLN 300 per month;
- predicted annual income will **exceed PLN 120,000, while the income of the spouse or child**, which are conjunct with the taxpayer's income, **will not exceed PLN 120,000** – then the taxpayer will collect tax advances for all months in a year in the amount of 12% and will apply single tax relief, i.e. PLN 300 per month.

4. **Part F** – taxpayer declaration on **applying increased employee tax deductible costs (KUP)**, or on fulfilling the conditions for applying higher KUP – **PLN 300**. The condition is that the taxpayer's place of permanent or temporary residence is outside of the city in which the workplace is located, and that the taxpayer does not receive expatriation allowance nor reimbursement of workplace travel costs (except when reimbursed costs are treated as taxable income).

5. **Part G** – taxpayer declaration on fulfilling the conditions for applying exemptions and reliefs such as: **relief for parents of four or more children, relief for persons returning from abroad, relief for working seniors**. In the event of eligibility for multiple reliefs, the sum of revenue exempt from taxation may not exceed **PLN 85,528**. A taxpayer who has not submitted a declaration to the remitter concerning benefiting from these reliefs does not lose the right to utilize them, as they may be applied during the annual PIT settlement in accordance with rules specified in the act on PIT.

The following tax reliefs for revenue up to PLN 85,528 during the tax year are for:

- parents exercising parental authority **over four or more children** (this relief applies to each parent separately);

- **persons returning from abroad**, for four successive years after moving. An exemption from tax is allowed to each taxpayer moving their place of residence to Poland. The exemption for persons returning from abroad will be available during the four successive tax years counting from the beginning of the year in which the taxpayer moved his or her residence, or from the start of the next year;
- **working seniors**, who despite having reached age 60 (women) or 65 (men) waive receipt of benefits under a retirement pension, family disability pension, or pension for uniformed services or judges in order to continue working, performing contracts, or operating a business. This relief extends only to income that is the basis for social insurance. The exemption for pensioners who are professionally active and not receiving pension benefits is applicable solely to revenue earned as part of an official relationship, employment relationship, cottage industry or cooperative employment relationship, under contracts of mandate referred to in PIT Act Art. 13(8), and in non-agricultural business activity. Revenue earned under a managerial contract or copyright agreement is not eligible for this relief.

### 3 employee applications:

#### 1. Part H – application for:

- not utilizing the relief for young taxpayers – the relief for young taxpayers is an exemption from personal income tax for people who are under 26 years of age for amounts not exceeding PLN 85 528;
- not utilizing employee tax deductible costs (KUP) - KUP in the basic amount of PLN 250 or the higher rate of PLN 300 per month. It is particularly dedicated for employees with multiple jobs who want to avoid a tax surcharge in the annual settlement. This occurs because the annual KUP for employees is limited by an amount which:
  - for basic KUP rates equals **PLN 3,000** for those working one job, and **PLN 4,500** for people working few jobs;
  - for higher KUP rates equals **PLN 3,600** for those working one job, and **PLN 5,400** for people working multiple jobs.

A discontinuation of applying the relief for young taxpayers, or KUP during the year does not deprive the taxpayer from applying these reliefs in the annual PIT settlement, when the conditions specified for these reliefs are met.

#### 2. Part I – taxpayer application **discontinuing the application of 50% tax deductible costs (KUP)** on the account of copyrights, related rights and the disposal of these rights (this concerns employees who are creators, artists, or performers). During

the tax year, 50% of KUP may not exceed the amount of PLN 120,000. The discontinuation of applying these costs during the year does not deprive the taxpayer from applying these reliefs in the annual PIT settlement (taking the limit into account), when the conditions specified for this relief are met.

3. **Part J** – taxpayer application on **not collecting advance payments during the tax year**. This concerns the taxpayer who predicts that their annual income will not exceed the amount of tax allowance – PLN 30,000.

## Key questions concerning the new PIT-2 (9) form

### When should the PIT-2 be resubmitted in the new version?

According to art. 31a par. 3 and par. 4 on PIT, if the circumstances influencing the calculation of tax advances have undergone change, the taxpayer is obliged to withdraw or change the previously submitted statement or application.

### In what form should the previously submitted PIT-2 declaration be withdrawn or changed?

Withdrawing and changing the previously submitted statement or application is made by submitting a new declaration or application. The document is submitted „in writing or in another method accepted by the remitter” as mentioned in art. 31a par. 1 in the PIT Act. The employer may therefore accept PIT-2 through their dedicated HR & payroll software.

**Example:** If the taxpayer wants to change or withdraw the declaration previously submitted to the employer on applying the amount reducing tax, part C must be filled out. Wherein, in the case of changing the previously submitted declaration, the taxpayer fills out section 6, and, in case of withdrawing the previously submitted calculation, fills out section 7.

### Is the PIT-2 declaration valid after terminating employment?

In the new PIT-2 declaration, the Ministry of Finance indicates that after terminating the legal relationship between the parties, when calculating tax advances, the remitter **does not apply declarations and applications which were previously submitted by the taxpayer, except for:**

1. taxpayer applications included in part H – i.e., application on not applying the relief for young taxpayers nor employee tax deductible costs;
2. taxpayer applications included in part I – i.e., application on discontinuing the application of 50% tax deductible costs (KUP).

The new PIT-2(9) form may be downloaded on the [Ministry of Finance website](#).

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# 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.

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