

Poland Tax Knowledgebase

Employee personal income tax

Tax residence

Tax Residency in Poland:

An individual is considered a Polish tax resident if they:

- Have a permanent place of residence in Poland,
- Spend more than 183 days in Poland in a tax year, or
- Have their centre of vital interests in Poland (e.g., family, property, business).

Important: Individuals may be considered residents even if they do not have a physical residence, but spend a significant amount of time working or living in Poland.

Conditions for the obligation to file the PIT

Who must file?

- **Polish tax residents:** Required to file a PIT return for worldwide income, including foreign-source income.
- **Foreign tax residents:** Must file for Polish-source income only.
- **Business operators (e.g., sole proprietors):** Required to file an annual PIT-36 return.

Exempt from filing: If an individual's sole income is from employment, and the employer withholds and pays the tax.

Tax report in question (Form name)

To file tax returns, individuals will need to use the following forms:

PIT-28:

Purpose: Used by individuals who earn income from business activities under a flat-rate taxation scheme (e.g., sole proprietors or those earning from rental or agricultural activities).

Taxation method: Flat-rate taxation.

PIT-36:

Purpose: Used by individuals with income from non-agricultural business activities, freelance work, or rental income. It applies to taxpayers who are taxed under general tax rules (progressive rates).

Taxation method: Progressive tax rates.

PIT-36L:

Purpose: Similar to PIT-36 but for those who choose linear taxation (19%) for their business income (typically sole proprietors or freelancers).

Taxation method: Linear (flat) tax rate of 19%.

PIT-37:

Purpose: Used by individuals who earn income from employment, pensions, or other sources with tax withheld at the source. It is the most common form for employees and retirees.

Taxation method: Progressive tax rates (tax withheld at source).

PIT-38:

Purpose: Used to report income from the sale of securities, stocks, bonds, or other financial instruments, as well as capital gains.

Taxation method: Capital gains tax (19%).

PIT-39:

Purpose: Used to report income from the sale of real estate, including properties, land, or buildings. This form is often used by individuals selling property or real estate.

Taxation method: Capital gains tax (19%) or applicable exemption rules.

PIT-54:

Purpose: Used to report income earned by foreign individuals working in Poland, particularly those who are employed under foreign contracts.

Taxation method: Similar to PIT-37, but tailored to foreign workers.

PIT-53:

Purpose: Used for reporting income from capital (interest, dividends, etc.) that is subject to withholding tax. This form is typically used by individuals with passive income from financial investments.

Taxation method: Withholding tax rates (often 19%).

PIT-40:

Purpose: A simplified form for retirees, pensioners, or individuals who receive other social security payments to report their income and tax obligations.

Taxation method: Based on progressive tax rates or applicable exemptions.

PIT-11:

Purpose: This form is not filed directly by taxpayers but is provided by employers to employees, showing the income earned and tax withheld throughout the year. It serves as a basis for filling out PIT-37.

Taxation method: No direct taxation method is used; instead, it's used to report income and tax withheld.

PIT-4R:

Purpose: Used to report advance tax payments made by individuals who earn income from business activities or other sources subject to tax withholding.

Taxation method: Tax withheld at source, used by individuals paying advance taxes.

PIT-8C:

Purpose: This form is used to report income from non-cash sources (e.g., stock options, other forms of employee income) that might be subject to taxation. It is often provided by employers and other organisations.

Taxation method: Varies depending on the source of income.

Tax year

The tax year in Poland is the calendar year (January 1 to December 31).

Tax rates

Poland's tax system generally applies progressive tax rates of 12% for annual incomes up to PLN 120,000, and 32% for income exceeding that amount. There is a tax-free allowance of PLN 30,000. However, business owners can opt for alternative taxation methods, including a flat 19% tax or a lump-sum tax regime. Capital gains are taxed at a flat rate of 19%.

For private rental income, the tax system follows a lump-sum regime. Income up to PLN 100,000 is taxed at a rate of 8.5%, while amounts above that are taxed at 12.5%. In some cases, spouses can apply a lower flat tax rate of 8.5% to rental income up to PLN 200,000. Non-residents are generally taxed at a flat rate of 20% on specific types of income, such as board fees or management contracts, unless a double tax treaty applies.

Additionally, individuals whose annual income exceeds PLN 1 million, from sources such as business activity or the sale of securities, must pay an extra 4% solidarity surcharge on the portion of income exceeding PLN 1 million.

Wealthy individuals who transfer their tax residency to Poland but continue earning income from abroad may qualify for a special lump-sum taxation regime. This allows them to pay a fixed PLN 200,000 tax per year for up to 10 years on foreign income, provided they meet certain criteria, including investing a minimum of PLN 100,000 annually in Poland to support economic growth and development.

This tax system offers a combination of progressive and flat tax rates, along with special regimes aimed at encouraging investment and attracting high-net-worth individuals to Poland.

Tax returns and payment of tax

Deadline: PIT returns must be filed by April 30 of the year following the tax year.

Payment: The tax payment deadline is also April 30.

Electronic filing: Returns can be filed through the e-Deklaracje online system.

Personal deductions (salary)

Personal deductions:

- **Social security contributions:** Mandatory contributions are deductible.
- **Child relief:** PLN 92.67 per month for each child.
- **Donations:** Donations to qualified charities are deductible up to 6% of taxable income.
- **Mortgage interest:** Deductible under certain conditions (for first-time homebuyers).
- **Health insurance:** Contributions are deductible for health insurance premiums.

Tax allowances

- 1. Holiday allowance (Urlopowy):** A mandatory benefit paid to employees to cover vacation expenses, usually paid annually.
- 2. Health and life insurance:** Contributions made by an employer towards an employee's health or life insurance can be tax-exempt up to a certain amount.
- 3. Employee Pension Scheme (PPE):** Contributions made by the employer to an employee's pension plan can be tax-exempt within certain limits.
- 4. Meals:** If provided by the employer, meals for employees may be exempt from tax, especially if provided during working hours at the workplace.
- 5. Company car:** The use of a company car for private purposes is considered a fringe benefit. However, the employee may be taxed on this benefit depending on the extent of the private use.
- 6. Training and education:** Employer-paid training, courses, or education that directly benefits the employee's professional skills can be tax-exempt.
- 7. Reimbursement of business expenses:** Any expenses directly related to work that are reimbursed by the employer, such as travel, accommodation, or equipment costs, are generally tax-free.

8. Social benefits: Some additional benefits, such as employee loans, allowances for family care, or subsidies for cultural or sports activities, may be exempt from tax.

9. Parking spaces: If the employer provides parking spaces for employees, this can also be considered a non-taxable fringe benefit, though certain conditions apply.

Additional tax reliefs (not mentioned above)

Employee expenses

Non-business expenses reimbursed by the employer are generally taxable. Business travel costs can be reimbursed tax-free up to certain limits. School fees or home visits paid by the employer create a taxable benefit.

Personal deductions:

- **Charitable contributions:** Deductible up to 6% of taxable income.
- **Internet expenses:** PLN 760 relief available for up to two consecutive years.
- **Blood donation:** Money equivalent deductible up to 6% of taxable income.
- **IKZE contributions:** Deduction up to 4% of the previous year's pension insurance basis.
- **Rehabilitation expenses:** Deductible for disabled taxpayers or those supporting disabled dependents (e.g., spouse, children, parents).
- **Thermo-modernisation relief:** Deduction for thermo-modernisation expenses up to PLN 53,000.
- **Social security contributions:** Deductible up to set limits, including those paid in the EU/EEA/Switzerland.
- **Renovation of monuments:** Deduct 50% of renovation costs for properties listed in the Register of Cultural Property.

Standard deductions:

For employees:

- PLN 250/month (local), PLN 300 (commuters)
- Annual limits: PLN 3,000 (local), PLN 3,600 (commuters), PLN 4,500 (multiple contracts, local), PLN 5,400 (multiple contracts, commuters)

Business deductions

Sole traders and partners can deduct all business expenses, but not personal items. Special deductions include:

- 200% for R&D costs
- Cashless refund for unused R&D tax relief
- 30% for prototype production
- 50% for industrial robot purchases

Native Teams

- Up to PLN 1 million for expanding sales
- CSR activity tax relief

How to submit the tax return

Prepare documents: Gather your income documents (e.g., PIT-11 from your employer), receipts for deductible expenses, and your bank account details for any refunds.

Select the correct form:

- PIT-37: For employees.
- PIT-36: For self-employed individuals.
- PIT-28: For lump-sum tax (e.g., rental income).
- PIT-39: For income from selling property.

Submit via e-PIT:

1. Log in to the e-PIT portal (podatki.gov.pl/e-pit).
2. Check pre-filled data for accuracy.
3. Add any eligible deductions (e.g., charitable donations).
4. Confirm and submit your return online.
5. Paper submission (Optional): Print the relevant form (PIT-37, PIT-36, etc.) and submit it at your local tax office.

Confirm submission:

1. e-PIT: Receive an electronic confirmation.
2. Paper: Request a receipt at the tax office.
3. Pay any tax due: If you owe taxes, pay by the deadline (usually April 30th).

Request a refund: If applicable, you can request a tax refund, which will be paid directly into your bank account.

Check status: Track your return and refund status through the e-PIT portal.

Deadline: Submit and pay by April 30th of the following year.

Pre-paid advance taxes for self-employed individuals and information on social security contributions.

Before confirming the pre-filled data, it is essential to review, add to, or correct any inaccuracies. If all data matches your actual income and no changes are needed, you can simply review, confirm, and sign the declaration.

However, if there is missing data, such as income from other self-employed activities, foreign sources, or property abroad, you will need to manually add these details. You can make corrections, remove incorrect information, or add new data where necessary.

Important considerations include:

Responsibility for correct data: The individual filing the return is responsible for ensuring the accuracy of the data, even if it is pre-filled.

Additional income: If you earned income not automatically included in the form, you must manually enter it. For example, if you have income from a freelance profession or farm activity, you need to add this to the relevant sections.

Updating data: If you made any changes, the updated information will appear the next time you access the portal. Ensure that corrections are reflected in the tax return to avoid discrepancies.

Special cases: If you received income from multiple employers, ensure that only the correct information appears. If tax relief was partially claimed during the year, it must be manually added to Annexe 10.

Additionally, specific cases, such as receiving sums from postal operators or agricultural income, require additional steps to correctly classify and declare the income in the right section of the return.

By using this automated service, individuals can ensure their tax returns are as accurate as possible, but it is essential to review, add, and correct data as needed before final submission.

Paper submission

If you prefer to submit your tax return in person, you can do so by submitting a paper form. Here's how:

1. **Download the form:** Visit the NAP website or collect the necessary form from your local NAP office. The main form for individual tax returns is usually Form 2001.
2. **Complete the form:** Fill out the form with the correct information.
3. **Submit in person:** Submit the completed paper form at the NAP office that corresponds to your permanent address. You can find the list of NAP offices and their operating hours on the official NAP website.
4. **Deadline for submission:** The deadline for submitting your tax return is typically April 30th of the year following the tax year. Be sure to submit on time to avoid penalties and interest for late submission.

What you need to know about the tax return

Required documents: You will need proof of income, deductions, and any tax reliefs you're eligible for. For example, you may need receipts for donations, mortgage interest, or education expenses.

Additional forms: Depending on your situation, you may also need to submit additional forms, such as for foreign income, business income, or capital gains.

Filing fees: Generally, there are no fees for submitting a tax return; however, late submissions may incur penalties and interest.

Special considerations for foreigners

If you are a foreigner or a non-resident, you may still be required to submit a tax return if you have earned income in Bulgaria or have other taxable activities in the country. Ensure you meet the criteria for filing taxes.

Paper submission locations

In addition to online submissions, you can also submit your tax return on paper at NAP offices. Find the closest office to your location by visiting the NAP website. The NAP's territorial directorates are responsible for collecting paper forms and will provide assistance if you have any questions.

For a list of NAP offices, visit: [NAP Offices List](#).

Additional information

Tax advisors: If you find the process complicated or have complex tax matters, consulting a tax advisor may be beneficial. They can assist with proper form filling and ensure you are taking advantage of all available tax benefits.

Electronic signature: When filing online, an electronic signature is required. If you don't already have one, it can be obtained from the NAP.

Employee taxation of income (int, div, royalties)

Interest income: Tax rates

Interest Income is taxed at a flat rate of 19% for both residents and non-residents.

This applies to interest from Polish bank accounts, loans, or deposits.

EU/EEA interest income: The same 19% rate applies to interest from EU/EEA accounts.

Dividend income: Tax rates

Dividend Income is taxed at a flat rate of 19% for both Polish residents and non-residents.

For Polish tax residents, dividends are subject to a 19% tax on both Polish- and foreign-source dividends.

For Non-residents: Dividends from Polish companies are subject to 19% withholding tax, which can be reduced under a Double Tax Treaty (DTT)..

Capital gains: Tax rates

Capital gains are subject to a 19% tax rate.

The tax applies to the sale of assets, including stocks, real estate, and other securities.

Taxable base: The capital gain is calculated as the difference between the sale price and the acquisition cost. Statutory deductions are allowed, including costs related to the sale.

Royalty income: Tax rates

Royalty income is subject to taxation as either personal income or business income, depending on the recipient.

Individuals: Royalties are taxed under progressive PIT rates (12% up to PLN 120,000 and 32% above). Creative activity royalties can benefit from a 50% lump-sum deduction, capped at PLN 120,000 per year.

Businesses: Royalty income is taxed under CIT, with a standard rate of 19% (or 9% for small businesses).

Withholding tax: Foreign royalty payments are generally subject to a 20% withholding tax, which can be reduced based on tax treaties (as low as 5%, 10%, or 15%).

VAT: Royalty payments are generally subject to 23% VAT, though exemptions exist for certain IP types.

Deductions: Both individuals and businesses can deduct related costs, such as legal and marketing expenses.

Reporting: Individuals report royalties on their annual PIT return (PIT-36 or PIT-37), and businesses report them on their CIT return (CIT-8).

Withholding

Withholding tax on interest: Rates

Non-residents: 19% Withholding Tax (WHT) applies on interest earned from Polish sources, such as bank deposits or loans.

For non-residents, no tax exemption exists unless reduced under a Double Tax Treaty (DTT).

Withholding tax on dividends: Rates

19% WHT on dividends from Polish companies.

The WHT rate may be reduced under the relevant Double Tax Treaty (DTT), which might lower the tax rate to as low as 5% for certain countries.

Withholding tax on capital gains: Rates

19% WHT applies to Polish-source capital gains for non-residents.

For example, if a non-resident sells Polish real estate or shares in a Polish company, this will be subject to 19% withholding tax.

Withholding tax on royalties: Rates

Withholding tax on royalties in Poland

General rate: 20% withholding tax (WHT) applies to royalty payments made by Polish tax residents to non-residents.

Double Tax Treaty (DTT) reduction: The WHT rate may be reduced under a relevant DTT between Poland and the recipient's country. A tax residence certificate is required to claim the reduced rate.

Beneficial ownership requirement

To apply for WHT exemptions or reduced rates, the recipient must be the beneficial owner of the payment, meaning they must receive the payment for their own benefit and bear the economic risk.

Due diligence and documentation

The paying company must conduct due diligence to verify the recipient's status as the beneficial owner and ensure eligibility for any reduced rates or exemptions. Required documents may include a tax residence certificate and proof of ownership.

Penalties for non-compliance

Incorrect withholding tax or false documentation can result in significant penalties, including fines or imprisonment for company managers.

Fees for technical services:

Technical Services:

Payments received for the provision of technical services (including consultancy, market research, and installation) are considered taxable income.

For Polish residents, this income is subject to the regular 19% tax rate.

Non-residents: Subject to 19% withholding tax (WHT), but may be reduced under DTT.

Employee tax - Special regimes to apply

Special tax regimes (if applicable)

The personal income tax on specific activities (Ulga na Start) - a simplified regime for new entrepreneurs who haven't run a business in the past 5 years, allowing them to pay a flat 30% tax rate for the first 6 months of their business activity to encourage startup growth.

Tax regime for researchers (Ulga na Badań i Rozwój) - Poland offers tax reliefs for R&D, including a 5% tax rate for IP Box, 200% deductions for R&D costs, and a 50% deduction for eligible robotisation investment costs.

Lump-sum tax on registered income (Ryczałt od Przychodów Ewidencjonowanych) - allows small businesses and self-employed individuals to pay a fixed percentage on their gross income instead of calculating tax based on profits.

Flat-rate tax (Podatek Liniowy) offers a 19% flat tax rate on income for businesses that choose this simplified tax regime instead of the general tax rules.

Special Economic Zones (SEZ) - offer tax exemptions and incentives, such as CIT reductions, to businesses operating in designated underdeveloped regions.

Tax on incomes of individuals engaged in creative work (Ulga na Twórczość) - offers reduced tax rates or higher allowable deductions for individuals earning income from creative activities.

Additionally, independent workers can deduct 20% of revenue, with special tax treatment for income from creative activities like copyrights, research, and journalism. The 50% lump-sum deduction for creative work is capped at PLN 120,000 annually.

Impatriate Law (Inbound employee regulations)

Foreign employees in Poland may be eligible for preferential tax treatment under the Expatriate tax program, which allows for a 20% flat rate on income (subject to specific criteria). This can be beneficial if the individual was not a tax resident in Poland for the last 5 years before employment.

Expatriate Law (Working abroad rules)

Expatriate tax program: For foreigners working in Poland, the tax rate can be 20% on income, provided the individual was not a tax resident in Poland for the previous 5 years. The program is designed to attract skilled workers to Poland by offering reduced taxation.

Digital nomads' tax regime

Poland does not have a special digital nomad tax regime. However, digital nomads (remote workers) are taxed based on their residency status. If they meet the conditions for being a Polish tax resident, they will be subject to Polish taxes.

Double taxation agreements (link website)

You can find a list of the Double Tax Treaties signed by Poland and currently in force on the following website:

<https://www.mfcr.cz/en/eu-and-international-affairs/double-tax-agreements>

Impatriate Law (Inbound employee regulations)

How to apply and deadlines for employees

Poland offers a preferential tax rate under the Impatriate tax program, which allows foreign nationals with specialised skills to be taxed at a flat 20% rate on income derived from employment in Poland.

Eligibility requirements:

- **Tax residency:** The employee must not have been a tax resident of Poland for at least five years prior to beginning employment in Poland.
- **Employment requirement:** The program applies to employees of a Polish company.

How to apply:

- To qualify for the program, employees must submit an application to the Polish tax office within 30 days of beginning employment.
- Taxation scope: The 20% rate applies only to income derived from employment in Poland.

However, there are certain limitations and conditions associated with other income sources, and individuals must meet specific requirements to benefit from this scheme fully.

Expatriate Law Working abroad rules)

How to apply and deadlines for employees

Requirements for expatriates in Poland:

Tax residency:

- You are a tax resident if you stay in Poland for more than 183 days or have your economic centre there.
- Non-residents are taxed only on income earned in Poland (typically 19% WHT).

Expatriates must contribute to Poland's social security system (ZUS) unless they remain under their home country's social system (EU/EEA or bilateral agreements).

Non-EU citizens need both a work permit and a residence visa. EU citizens need to register if staying over 90 days.

Double Taxation Treaty (DTT):

Poland has DTTs to avoid double taxation. Expats can apply for tax relief based on the treaty.

Non-EU citizens apply at the local Voivodeship office or Polish consulate.

EU citizens register at the local commune office if staying over 90 days.

Non-residents must register with the tax office (Urząd Skarbowy) and obtain a Tax Identification Number (NIP).

Social security:

Register with ZUS for health, pension, and disability insurance.

Deadlines:

- Work/residence permits: Apply at least 3 months before starting employment.
- Tax filing: April 30th of the following year for annual returns. Quarterly returns are due the month after the quarter ends.
- Social security contributions: Paid monthly, due by the 15th of the following month.

Digital nomads' tax regime

How to apply and deadlines for employees

Digital nomads: Poland does not currently have a specific tax regime for digital nomads. However, remote workers or freelancers who are Polish tax residents are subject to the same income tax rules (flat 19% for business income or regular PIT rates for salaried workers).

Non-residents who work remotely for a foreign company but spend a substantial amount of time in Poland may need to consider the 183-day rule for tax residency.