

New allowance for the entrepreneurs - one-time depreciation

As of January 1, 2017, companies may use the regulations on one-time depreciation with respect to acquired brand new fixed assets. It will allow for faster recognition of tax costs from expenses for the acquisition of these assets to the amount of PLN 100,000.

THE ESSENCE OF ONE-TIME DEPRECIATION

One-time depreciation allows for depreciation write-offs of brand new fixed assets in the year of their entry into records **up to the amount of PLN 100,000**.

However, the following should be considered:

- the payment itself related to the acquisition of brand new fixed assets (e.g. earnest money, advance payment) may be recognized as costs of earning income
- the amount of PLN 100,000 covers also payments for the acquisition of the fixed asset
- the provisions do not apply to the depreciation of real estate or vehicles
- there are statutory minimum limits of the value of one fixed asset or the total value of at least two fixed assets
- the sum of depreciation write-offs cannot exceed the initial value of fixed assets.

WHY IT IS BENEFICIAL

The possibility of recognizing early depreciation in the costs translates into decreasing tax base in the particular reporting period and, in consequence, **limits tax due for payment**.

One-time depreciation up to PLN 100,000 may be a beneficial solution also for small taxpayers in the case of depreciating the value of intangible assets which were excluded from the existing provisions or in situations when these entities used the support within *de minimis* aid.

OUR SUPPORT

Potential benefits encourage using the implemented allowance. It is worth remembering that within the area of expenses for the acquisition of fixed assets various options or allowances may be used. TPA Poland offers comprehensive support within this scope including:

- verification of possibilities of applying one-time depreciation
- analysis of the company tax situation against the profitability of applying one-time depreciation
- comparative analysis regarding other possibilities of settling expenses and recommendations regarding optimum recognition
- support in the implementation of the selected form of settlement (calculation of maximum depreciation amount).

CONTACT DETAILS

The above alert does not constitute tax advice and serves only to inform about the selected and - as far as we are concerned - most essential aspects of the presented amendment. Therefore, it cannot be deemed complete. The impact of the proposed changes on an entity requires individual analysis, however, due to their scope, it is highly probable that they will apply to a large number of business entities.

Should you be interested in discussing any particular aspect of the planned amendment or in establishing its impact on your activity, please contact us.



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