

Financial liquidity in times of pandemic

April 2020

Tax
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TAX REFUND ON REVENUES FROM THE BUILDINGS AN OPPORTUNITY FOR TAXPAYERS IN TIMES OF PANDEMIC

The tax on revenues from the buildings is not the definitive one. Taxpayers are entitled to apply for a refund. This is a direct result of the provisions of the Polish Corporate Income Tax Act.



Who has the right to apply for a refund?

- Any taxpayer who has incurred a real burden of tax on revenues from the buildings is entitled to apply for a refund. A real burden means that the tax was paid and not deducted from corporate income tax for the year for which the refund is applied.



Refund of tax paid only for 2019?

- In this case, the law is retroactive. The provision is effective as of 1 January 2019, but the right to apply for a refund refers not only to tax paid in 2019 but also in 2018.



Does the changes in the subject of taxation has an impact on the right to refund?

- No. The changes that have taken place in the tax base of the tax on revenues from the building (so called minimal CIT) since the moment when the tax came into force are not affecting this the right.



FORMALITIES

Application for refund

- A taxpayer does not indicate in the annual CIT return a request for applying for a refund. A separate application is required.

Deadline

- After submitting the annual CIT return for a given tax year, till the end of statutory prescription period.

CONDITIONS

- No irregularities in the calculation of income tax, i.e. the amount of tax liability/loss in the tax return submitted.
- No irregularities in the calculation of tax on revenues from the buildings in the tax return submitted.
- Conditions of debt financing (if any) incurred under the purchase or construction of the building established on an arm's length basis. Other revenues and costs incurred also established on an arm's length basis.

WHY IS IT WORTHWHILE TO APPLY FOR REFUND?

- A real chance for a taxpayers financial injection - improving cash flows.
- Only a few conditions - correctly made annual tax return for the year for which the refund was requested. This should not come as a surprise to our clients, to whom we conduct such settlements.
- The following requests may be submitted just right now:
 - for a refund for 2018
 - for a refund for 2019, if the taxpayer has already submitted the annual CIT return for 2019.



According to the Ordinance of the Minister of Finance of 27 March 2020, the deadline for submission of the annual CIT return for 2019 was postponed to 31 May 2020 for corporate income taxpayers.

Taxpayers who took advantage of the extension of the deadline for submitting the annual CIT return for 2019 do not have to wait with applying for a refund for 2018 until that declaration is settled. A separate application for the refund for 2018 can be made now. It's worth taking advantage of this to avoid waiting in a queue to consider your request with the new ones coming in from June 2020.

- **Our experts will provide support in the return procedure.**

If you are interested in and looking for support in the above issue, please contact us. Our experts will help you to carry out the procedure of tax refund on revenues from the buildings.

CONTACT

This document has been prepared for information purposes only and covers general nature. Before taking any action based on the above information, we recommend that you obtain a valid opinion of TPA experts.



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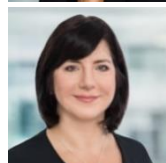


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