



# An increase in per diem rates for business travels

In November, an ordinance was published by the Minister of Family and Social Policy, which introduced higher per diem rates for foreign travel as of November 29, 2022. In addition, it increases the domestic per diem rate starting in 2023.

## Foreign travel allowance

Previous per diem rates for foreign travel had been in effect since 2013.

Per diem rates have been changed for about 30 countries. The allowance per diem for foreign travel in selected countries is as follows:

No.	Country	Currency	Per diem - Before	Per diem - Now	Increase
1	Austria	EUR	52	57	10%
2	Belgium	EUR	48	55	15%
3	Czech Republic	EUR	41	41	0%
4	Denmark	DKK	406	446	10%
5	France	EUR	50	55	10%
6	Germany	EUR	49	49	0%
7	Great Britain	GBP	35	45	29%
8	Ireland	EUR	52	52	0%
9	Italy	EUR	48	53	10%
10	Netherlands	EUR	50	50	0%
11	Norway	NOK	451	496	10%
12	Slovakia	EUR	43	47	9%
13	Spain	EUR	50	50	0%
14	Sweden	SEK	459	510	11%
15	Switzerland	CHF	88	88	0%
16	USA	USD	59	59	0%

Pursuant to the transitional provisions, in the case of an overseas business trip commenced and not completed before November 29, 2022, business travel allowances shall be determined:

- for travel time falling before November 29, 2022 – based on previous regulations,
- for travel time falling as of November 29, 2022 – based on the new regulations.

According to Polish regulations, the allowance during a foreign trip is intended to cover food and other minor expenses. The allowance shall be at the rate applicable to the destination country of the foreign trip.

The per diem amount due is calculated as follows:

- for each day of travel abroad, a full allowance per diem is due;
- for an incomplete day of travel abroad:
  - up to 8 hours – 1/3 of the per diem allowance is due,
  - more than 8 to 12 hours – 50% of the per diem allowance is due,
  - more than 12 hours – full per diem allowance is due.

It is important to note that even in a situation where the employee was provided with full board free of charge during the foreign trip, he or she is still entitled to a 25% per diem. According to the current regulations, the amount of the per diem is reduced by the cost of the food provided free of charge, assuming that each meal constitutes respectively:

- breakfast – 15% of the per diem,
- dinner – 30% of the per diem,
- supper – 30% of the per diem.

In addition to per diem allowances, the employee is entitled to reimbursement of expenses related to the foreign assignment, including, but not limited to, travel, accommodation, other necessary documented expenses, as determined or recognized by the employer in accordance with the legitimate needs.

In principle, an employee traveling abroad should receive an advance in foreign currency from the employer for the necessary costs of the foreign trip.

## Domestic travel allowance

As of July 28, the allowance for domestic travel is PLN 38 (up from PLN 30). As of January 2023, the allowance will be PLN 45 per day (an increase of 18%).

The allowance during domestic travel is intended to cover increased food costs. The per diem payment is calculated for the time from the start of the domestic trip (departure) to the return (arrival) after the performance of the business task in the following way:

- 1) if the trip is no longer than 24 hours and is:
  - a) shorter than 8 hours – the allowance is not due,
  - b) from 8 to 12 hours – 50% of the per diem allowance is due,
  - c) more than 12 hours – full per diem allowance is due;
- 2) if the trip is longer than 24 hours, the full per diem shall be paid for each day, and for an incomplete but started day:
  - a) up to 8 hours – 50% of the per diem allowance is due,
  - b) more than 8 hours – full per diem allowance is due.

Importantly, the allowance is not due:

- for the time of posting to the employee's permanent or temporary residence,
- if the employee was provided with full-day meals free of charge.

It is important to remember that the amount of the per diem is reduced by the cost of the food provided free of charge, assuming that each meal constitutes respectively:

1) breakfast – 25% of the per diem;

2) dinner – 50% of the per diem;

3) supper – 25% of the per diem.

If a business trip starts before the date of entry into force of the Ordinance and continues after that date, business travel dues will be determined on the basis of the existing as well as the new per diem rates.

## Payment of per diems vs. taxation

Per diem allowances paid to an employee in the amounts specified in the regulation enjoy tax exemption, so they do not constitute part of the tax base for PIT and Social Security (ZUS).

At the same time, if the employer – following internal regulations – establishes higher per diem rates, the excess is taxable.

## CONTACT

Should you be interested and are looking for support in the above topic, please feel free to contact us.



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