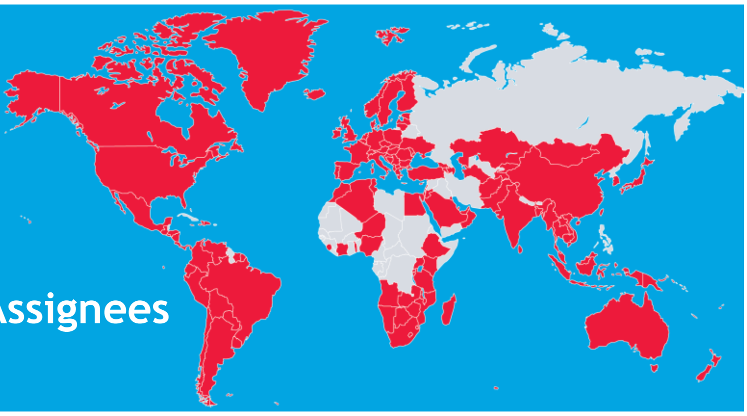
EXPATRIATES
Poland
Tax facts for International Assignees



INCOME TAX: WHO IS LIABLE

A Polish employee on international assignment may be considered as a Polish tax resident or Polish tax non-resident, depending o the facts and circumstances.

Scope of taxation in Poland depends exclusively on the Individual’s tax residency status.

Polish tax residents are subject to taxation in Poland on their worldwide income, irrespective of the place the income is earned and paid.

If any part of the income earned by the Polish tax resident is (or may be) subject to taxation abroad, the respective form of avoidance of double taxation shall be applied in Poland via annual tax declaration.) Polish tax residents are obliged to file Polish tax declarations if they receive any income earned in Poland or abroad (with the exception: if the Individual’s income earned in fully exempt from taxation, based on the Polish PIT provisions or provisions of the Double Tax Treaties).

On the other hand, Polish tax non-residents are subject to taxation in Poland only on their income sourced in Poland or the income for work performer physically on the territory of Poland. Polish tax non-resident is obliged to file annual tax return in Poland, only if he/she receive taxable income sourced in Poland.

Based on the Polish Personal Income Tax provisions, an Individual can be recognised as a Polish tax resident if at least one of the below criteria is met:

- the Individual has in Poland centre of personal or economic interest (centre of vital interest) or
- the Individual stay on the territory of Poland exceeds 183 days in tax year (calendar year).

If the Individual can be considered at the same time as a tax resident of Poland and host country (based on the local law), his/her tax residency status is determined in accordance with the provisions of Double Tax Treaty concluded between Poland and Host Country.

BREAKING RESIDENCY – EXIT PROCEDURES

If the Individual breaks his/her tax residency status due to the international assignment, this can take place:

- during the year (in this case he/she will be considered as a Polish tax resident for a part of the year and a Polish tax non-resident for the remaining period) or
- at the beginning of the year following the year of start of assignment.

Polish tax authorities should be informed about the change of the tax residency status. The Individual should file a registration form (“ZAP-3”) to update his/her address for tax purposes.

In certain cases, an exit tax may be applicable for the Individuals changing their tax residency status in Poland (to non-resident). An exit tax is applicable to certain assets (e.g. shares in a Company or stock and securities) with the value exceeding PLN 4,000,000.

INCOME TAX RATES

Taxable income	Tax rate
up to PLN 120,000	12% less the amount decreasing tax (PLN 3,600)
income exceeding PLN 120,000	PLN 10 800 + 32% on the excess of PLN 120,000

In addition, a solidarity tax is applicable on the income exceeding PLN 1,000,000. Solidarity tax is calculated at 4% rate – on the excess of PLN 1,000,000.

SOCIAL SECURITY TAX RATES

Contribution	Employer	Employee
Pension*	9.76%	9.76%
Disability*	6.5%	1.5%
Sickness	-	2.45%
Accident**	1.67%	-
Labour Fund	2.45%	-
Total social security	**20.38%**	**13.71%**
Health insurance***	-	9%

**pension and disability contributions are capped – for 2023 at PLN 208,050 – the amount is amended each calendar year*
***accident contribution for the payer with less than 9 employees insured or not listed in the Polish REGON registry*
****health insurance is calculated at the basis of gross remuneration less employee's social security*

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