



### Medical Packages: Taxable Income of the Employee

We would like to draw your attention to an important resolution of the Supreme Administrative Court ("NSA") regarding personal income tax ("PIT") on medical packages.

#### Resolution of the NSA dated 24 May 2010 (II FPS 1/10)

The above resolution resolves a long-term dispute on whether or not medical packages purchased by an employer for employees should be treated as income from an employment relationship. To this date, voivodship administrative courts have not presented consistent views concerning this matter.

The NSA has stated that medical packages purchased by an employer which exceed the scope of obligatory medical services resulting from the Labour code shall be recognised as income from an employment relationship subject to PIT. This income arises when an employee is covered by a medical package, regardless of whether or not the employee benefits from available medical services.

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We would be pleased to assist you in reviewing the tax implications of your current arrangements with regard to medical packages.

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