



New Regulations on Personal and Corporate Income Taxes – Good news!

On 1 January 2009, amended Personal Income Tax Law (hereinafter: the “PIT Law”) and Corporate Income Tax Law (hereinafter: the “CIT Law”) came into force. We set out below the most important changes:

1. Changes to the personal income tax

- **New tax rates**

From 1 January 2009, there are two PIT rates, 18% and 32%, in place of the previously existing three rates. The 32% tax rate applies to income exceeding PLN 85 528.

- **Joint taxation for non-resident spouses**

Pursuant to the amendment, spouses who are tax residents in EU, EEA or Swiss Confederation may settle their taxes jointly in Poland in a situation where whole or most of their income is earned in Poland. Also in a situation where one of the spouses has the unlimited tax liability in Poland, and the other spouse – abroad, the spouses will have the right to joint taxation.

- **Sale of a real estate - exemption**

From 1 January 2009, if income obtained from sale of real estate is distributed for another residential investment, such income will be exempt from taxation. However, the income should be distributed for these purposes within two years from the end of the tax year in which the real estate was sold.

2. Changes to the corporate income tax

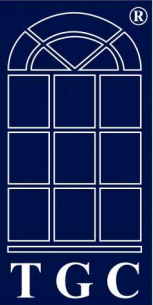
- **Taxation on transformation of a company into a partnership**

From 1 January 2009, the value of undistributed profits in companies, in case of transformation of such companies into partnerships, constitutes taxable income.

- **Abandoned investments as tax deductible costs**

From 1 January 2009, expenditures for abandoned investments can be regarded as tax deductible costs on the date of sale, liquidation, destruction or demolition of the investment making further use therefore impossible.





TGC Corporate Lawyers

We would be pleased to provide you with more detailed information about the amended provisions of the PIT Law and Cit Law. For this purpose we are ready to organise relevant training or meetings with our tax advisers as well as prepare opinions and advice upon your request.

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