

New regulations concerning taxation of benefits covering usage of business cars for private purposes and transportation to workplace organized by employers



On 24 November 2014, the President signed the Act of 7 November 2014 on facilitations in conducting business activity. The Act provides, among others, some important amendments with regard to personal income tax regulations, which will have an impact on the method of calculating employees' taxable income.

The new regulations introduce specific clauses on determining the taxable value of the benefit covering free-of-charge usage of business car for private purposes. As an exception from the general rule regarding establishment of the taxable value of free-of-charge benefits provided by the employer to the employees, the value of private usage of company cars by the employees will be fixed as a lump sum amount of – either PLN 250 or PLN 400 monthly, depending on the engine cubic capacity of the car made available to the employee. The new regulations provide also for a methodology of determining the amount of the aforementioned benefit for personal income tax advance calculation purposes in case of using the car for

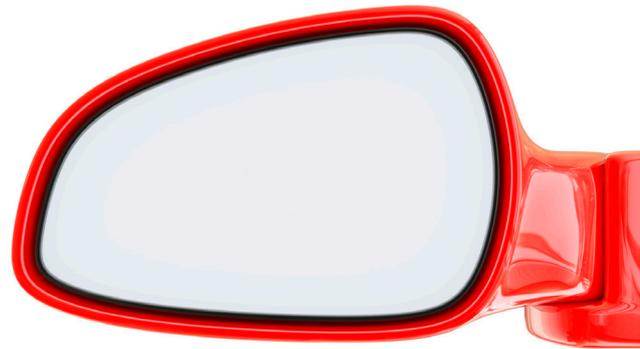
private purposes only for a part of a month, as well as in the case when the employee partially bears the cost of such benefit.

Another important amendment is introduction of a personal income tax exemption which applies to the value of benefit covering free-of-charge bus transportation to the workplace organized by an employer for its employees.

It is worth noting that literally, the abovementioned regulations concern only employees. They do not refer to persons remunerated under other legal titles (e.g. personal services contracts, resolutions defining remuneration of board members or self-employed individuals).

The rules presented above come into force on 1 January 2015. In the view of this amendment of the legislation, employers should consider reviewing their current car policies and practices with regard to personal income tax and social security treatment of the benefit covering

usage of business cars for private purposes by their employees (as well as persons engaged under other legal titles). The aforementioned change is even more significant, taking into account that at this stage the legislator has not provided for any adjustments of social security regulations that would match the new wording of the tax provisions.



Should you be interested in our assistance and support in the abovementioned areas, please do not hesitate to contact us.

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