

PIT – New Legislation, New Possibilities

Tax Alert (07/2015)

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The Act amending the PIT and CIT Acts, which introduces positive changes enabling both employers and employees to realize tax savings, was signed by the President on 17 August 2015.

The new legislation extends the scope of **PIT exemptions allowed for benefits offered by employers in relation to provision of care to underage children of employees.**

PIT Act – new legislation, new possibilities

The legislation that will enter into force as of **1 January 2016** introduces the following two amendments:

- 1) extension of the scope of the unlimited tax exemption to include benefits from the company's social benefits fund related to **pre-school care;**
- 2) introduction of an additional tax exemption for benefits which are not subsidized by the company's social benefits fund, received from the employer in relation to:
 - a. provision of day care to an employee's child or such child's attendance to a day care center or children's club – **an annual exemption limit of PLN 400.00;**
 - b. an employee's child's attendance to kindergarten – **a monthly exemption limit of PLN 200.00.**

Practical implications, further action to be taken

The amended legislation is not only tantamount to extension of the scope of the tax exemption allowed for selected employee benefits. It also enables employers to offer attractive remuneration to their employees without incurring any additional costs. What is more, in some circumstances costs may even be reduced.

An employee's net salary may be increased by more than PLN 1,000.00 per year.

We are ready to discuss the new possibilities with you and plan further action to be taken so that you get properly prepared for the upcoming changes.

