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# Deadlines for CIT returns

A number of mandatory CIT deadlines expire at the end of March, so it might be beneficial to prepare all required documents in advance.

## **CIT-8 declarations – will the filing deadline be extended this year too?**

CIT-8 return should be filed by the end of the third month following the tax-year end. Taxpayers whose tax year ends together with the calendar year are to submit CIT returns on the amount of income earned or loss incurred (CIT-8) by 1 April 2024, as 31 March falls on a Sunday this year. Although in 2023 this deadline was extended by 3 months, this year an analogous extension does not seem likely. Still, it may be useful to keep an eye for updates published on the website of the Ministry of Finance, because in recent years the announcement on extending the time limit for CIT-8 filing was made only in March (in 2023, Regulation on the extension of deadlines for the fulfilment of certain corporate income tax obligations was published in the Official Journal on 21 March 2023). At the moment however, there is no information on the Ministry's website about

potential postponing of the deadline, so it is recommended not to leave CIT-8 filing till the last minute.

## **Tax on shifted income – reporting obligations to confirm that no tax is chargeable**

The tax on shifted income is settled once a year and paid together with CIT-8, i.e. by 1 April 2024. It is applicable to taxpayers that fulfil the conditions listed in the CIT Act. Please note that as of 1 January 2023, the burden of proof that a given expense does not meet the definition of shifted income rests with the taxpayer making payments to foreign related entities.

Hence, if – following analysis of the regulations – the Polish taxpayer concludes that it is not obliged to pay any tax on shifted income because of not meeting the statutory criteria, they should take reasonable efforts to properly document that fact so as to be able

to produce the appropriate evidence to tax authorities in Poland when necessary.

In particular, this concerns the conditions linked with the foreign recipient of payments (e.g. the share of passive payments from Polish related companies constituting at least 50 percent of total revenues, transfer of at least 10 percent of such payments to another entity, and taxation at a rate equal to or higher than 14.25 percent).

The above can be documented in the form of statements obtained from foreign entities and other relevant documents (such as financial statements, tax returns, etc.) based on which the revenue threshold and the applicable tax rate can be verified.

Next, bearing in mind that the obligation to pay tax on shifted income does not apply when passive payments are made to a related entity which pays tax

on all its income in a member state of the European Union or the European Economic Area and which conducts substantive economic activity in such a member state, the Polish taxpayer should hold documents confirming verification of the so-called business substance of the foreign payment recipient in the EU or EEA. If the passive payments are e.g. interest payments and the taxpayer applied for a ruling on the application of preferential WHT treatment in that respect, the documentation collected in the course of the ruling procedure as well as the ruling itself may serve as evidence of conducting substantive economic activity.

**Reporting the shareholding structures of real estate companies – if there are changes, it is crucial to obtain relevant information early**

Real estate companies are obliged to report ownership structures in 2024. They should submit the following forms by the end of the third month following the tax-year end:

- CIT-N1 – information about entities holding rights to the real estate company (to be submitted by the real estate company);
- CIT-N2 – information about the rights to the real estate company and about intermediary entities (to be submitted by taxpayers).

An entity holding shares in a real estate company must report all changes in its structure as compared to previous reporting. The shareholding structures should be verified as at the last day of the real estate company's tax year. Hence, if the real estate company has foreign shareholders, it is crucial to consult and obtain all required information in advance, especially in the event of changes in the shareholding structure or changes in the identification data of the entities to be reported on. Please note that in order to effectively submit CIT-N2, a foreign taxpayer required to file the form must hold a Polish tax identification number (NIP). Obtaining a Polish NIP for a foreign taxpayer is often a lengthy process (the appropriate documents and their sworn translations into Polish must be submitted to authorities in due course), so timely completion of all formalities is crucial.

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