



The explanations of the Ministry of Finance regarding new rules for collection of withholding

Today, the long-awaited explanations of the Ministry of Finance regarding new rules for collection of withholding tax have been published, i.e. the rules for collecting flat-rate tax on abroad payments of interest, royalties, dividends and the remuneration for broadly understood intangible services. It should be noted that this is still a draft of explanations to which comments can be submitted by June 30.

Although the published explanations are quite general, the restrictive position of the Ministry of Finance emerges from their cursory reading as
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regards the interpretation of new regulations. Many additional obligations were imposed on Polish entities in the scope of verification of foreign contractors (both related and unrelated) in terms of the possibility of using exemptions or reduced withholding tax rates, in particular as regards the possibility of considering contractors as beneficial owners of payments from Poland. A lot of attention in the explanations is also devoted to the issue of due diligence of Polish payers as well as general examples of behavior in this respect.

It seems that even greater responsibility was imposed on the managers of Polish entities making payments abroad exceeding PLN 2 million annually (in practice, the management boards of Polish companies making payments abroad). In the published explanations the Ministry of Finance clearly indicates that by submitting the declaration referred to in art. 26 par. 7a of the CIT Act and art. 41 par. 15 of the PIT Act - entitling not to collect withholding tax or to benefit from a reduced tax rate - the payer somehow guarantees that the tax due is settled in line with new tax regulations, with all its consequences.

The explanations published today will undoubtedly become the subject of intense discussion. In the near future we will try to present you with more details of the explanations published today, as well as keep you updated on any new developments in this area.

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