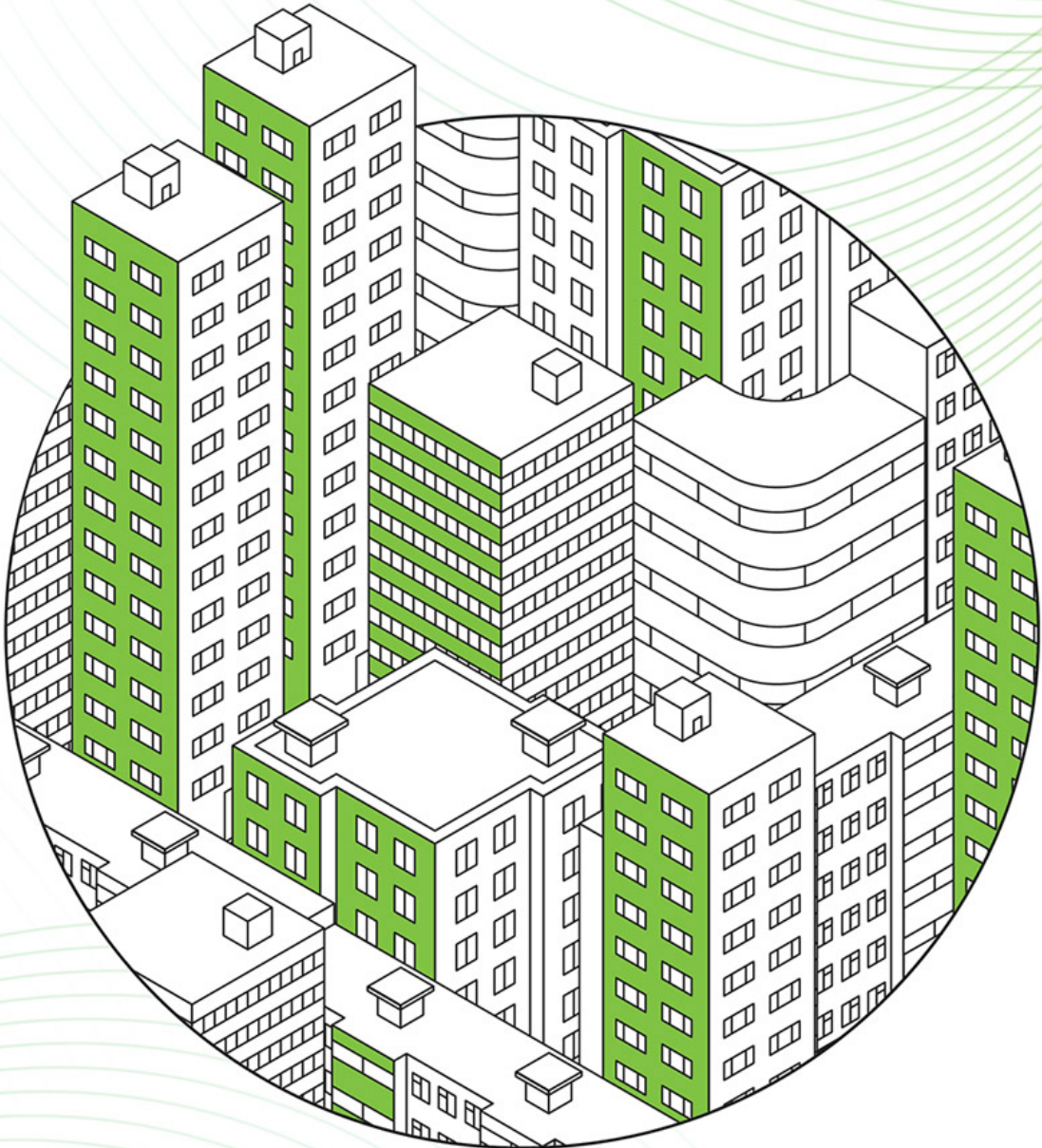


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PRS investment in Poland

Recently, the popularity of Polish Private Rented Sector (PRS) among investors has grown and they plan to invest more in this type of assets. Based on our experience, in order to ensure predictable returns on PRS investments, tax aspect should be properly handled as early as at the investment planning stage.

Below please find a brief presentation of PRS-specific tax aspects, which need to be considered in the course of a decision making process:

- Determining the appropriate VAT rate applicable to rental services. As no established practices exist, due to minor differences in business setup, rental services provided may be either subject to VAT, or VAT-exempt, which materially affects the ability to have VAT paid upon asset acquisition, construction or operation refunded. This issue is of particular importance in the context of PRS investments.
- According to information originating from government sources, there are plans to introduce an increased six-percent transfer tax on the acquisition of residential assets. No official draft act has been prepared in this respect yet. Importantly, the transfer tax will apply even to assets whose acquisition is taxed with VAT.

- Residential buildings will not undergo tax depreciation. The change, though, should not apply to fixed assets separated from such facilities or parts of buildings not intended for residential purposes.
- Using real estate tax rates applicable for commercial property, which are almost 30 times higher than those applicable to residential property.

If you need support in analyzing and addressing tax aspects of PRS projects, do not hesitate to contact us. We are ready to share our experience and discuss potential challenges and opportunities.

If you need more information, you are welcome to contact the author of the article:

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