

Corporate income tax (CIT)

Corporate income tax is regulated by the Act on Corporate Income Tax of February 15th, 1992. The Act has been repeatedly amended so far.

Subject of the taxation

Taxpayers of the corporate income tax are as follows:

- Legal persons;
- Capital companies in organization;
- Organization units without legal personality with an exception of companies without legal personality;
- Companies without legal personality but which have registered office or board in another country if according to regulations of the tax law of that country they are treated like legal persons and liable to taxes in that country on worldwide income;
- Tax capital groups.

Amongst the legal persons exempt from CIT are among others:

- State Treasury,
- Budgetary units,
- Investment funds with the seat in EEA countries, which meet conditions provided in the Act,
- Pension funds with the seat in EEA countries, which meet conditions provided in the Act,
- The National Bank of Poland.

The subject of the corporate income tax

The subject of the corporate income tax is the income regardless the kind of revenue sources. The income is an excess of the revenues over the tax deductible costs occurred in the tax year. If the tax deductible costs are higher than the revenues, the difference is a loss. When a

taxpayer bears the loss in the tax year, he/she can reduce the income by the amount of this loss in the following five tax years. However, the amount of the reduction in any of these years must not be higher than 50% of the loss amount.

Limitations in deductions

The tax deductible costs are, with some exceptions, all costs bore in order to obtain revenue or to maintain or protect the revenue source.

Exempts

In accordance with the Act some kinds of income are tax exempt. For example, for taxpayers such as associations, societies, foundations that realise socially useful aims stated by the law, income is exempt from the tax if it is allocated for the statutory activity of these entities.

CIT rate

The rate of tax is 19% of tax base.

Tax returns and collection of the corporate income tax

Taxpayers and tax remitters do not submit tax returns during the tax year but they are obliged to pay the tax advances.

During a tax year taxpayers may also calculate the tax advances applying simplified method. In this method, payment of advances depends on due tax indicated in the tax return submitted in the year preceding the given tax year or in the tax return submitted in the year preceding the given tax year by two years.

Small taxpayers and the taxpayers who start their business activity have a possibility to pay advances tax in a quarterly system.

Taxpayers are obliged to submit the tax return on the amount of income (loss) gained in the tax year before the end of the third month of the following year. In that period the taxpayers are obliged to pay the due tax or the difference between the tax on the income indicated in the tax return and a sum of the due advances over the period from the start of the year .

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