

/ Tax on retail sales adopted by Polish government

16.06.2016

Warsaw

The government has adopted a draft law on a tax on retail sales. It introduces two tax rates: 0.8% on revenue between 17 and 170 million zloty per month and 1.4% on revenue exceeding 170 million zloty. According to Prime Minister Beata Szydło it will guarantee equal opportunities for Polish entrepreneurs.

The draft law stipulates that the taxation is aimed at revenue from sales made to consumers that are individuals not engaged in any professional economic activity. Sales to entrepreneurs will not be included in the tax base. The draft law does not provide for the taxation of online sales either.

In Prime Minister Szydło's opinion, the new tax is a good solution, developed in the course of long conversations, discussions and consultations that met the expectations of all interested parties, especially traders. "It leads to guaranteed equal rights and equal opportunities for small Polish trading companies in comparison to retail giants," said the Polish Prime Minister.

The history of the tax on retail sales (or "supermarket tax") is long and controversial. Law and Justice – the ruling party – announced it during the election campaign in 2015. At the time, the tax was essentially to be levied on foreign retail chains. Subsequent government proposals regarding obliged entities as well as individual rates (including such ideas as a higher rate for revenue earned on Sundays) were sharply criticized, especially by smaller entrepreneurs. Finally, after almost six months, it has been decided to submit the draft law in its current form.

The introduction of a tax on retail sales was intended to bring to the State Treasury about 2 billion zloty in 2016, as well as to be one of the main sources of funding for several social programs introduced by the new government. However, it will no longer be possible to achieve this amount. The Ministry of Finance estimates that this year Treasury income arising from this levy will amount to 638.1 million zloty.

After having been adopted by the government, the draft law now has to go through the legislative procedure in the Parliament. However, taking into consideration the majority that the ruling party has in both chambers, major changes to the draft are not expected. Therefore, the tax will enter into force in the very near future – most likely in a matter of days.

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