

# PETERKA PARTNERS

THE CEE LAW FIRM

## MEASURES PROPOSED BY POLISH GOVERNMENT TO OVERCOME CRISIS CAUSED BY SPREAD OF COVID-19

The Polish Government has prepared new regulations aimed at limiting the negative effects of the COVID-19 epidemic, including support for the Polish economy, entrepreneurs, employers and employees. The new regulations were adopted on March 31 and (with some exceptions) they are effective from April 1.

The package of measures, known as the “**Anti-Crisis Shield**”, focuses on protection and support of the labour market, granting instruments to improve financial liquidity for entrepreneurs and provides for relief in public law liabilities.

Among others, the following measures will be implemented on the basis of the “**Anti-Crisis Shield**”:

### RELIEF IN THE PAYMENT OF SOCIAL SECURITY CONTRIBUTIONS

Self-employed and micro entrepreneurs (employing up to 9 employees) – at their request – may be released from the obligation to pay unpaid contributions for compulsory social insurance, due for the period from March 1, 2020 to May 31, 2020.

In the event of a positive decision to postpone the payment deadline or to divide into instalments payments of social security contributions due for the period from January 1, 2020, on the basis of an application submitted to the Social Insurance Institution during the period of the state of epidemic or within 30 days following its cancellation, no prolongation fee will be charged.

### TAX RELIEF

In the event of a positive decision to postpone the payment deadline or to divide into instalments payments of taxes, on the basis of an application submitted to the tax authorities during the period of the state of epidemic or within 30 days following its cancellation, no prolongation fee will be charged.

New regulations enable CIT and PIT taxpayers who bear the negative consequences of COVID-19 to deduct the loss incurred in 2020 from operating income earned in 2019. The deduction of "loss" from income by deducting loss achieved in 2020 from the income of 2019 will be possible provided that in 2020 the taxpayers achieve revenues lower by at least 50% compared to 2019. Based on the general provisions, it is possible to deduct the loss from business activities in a given year from the income achieved in the next five years.

In order to make the deduction, the taxpayer is obliged to submit a correction of the tax return for 2019.

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## CHANGES IN FUNCTIONING OF COMPANIES

- introducing the statutory instruments providing for the possibility of remote operation of the companies' organs, i.e., management board, supervisory boards and shareholders of companies by enabling participation in meetings *via* means of distance communication and adopting resolutions;
- extension for 3 months (for 2 months in the case of entities conducting supervised activities) of the deadline for preparing the financial statements and approving them, including holding ordinary shareholders' meetings/general meetings in commercial companies under a regulation of the Minister of Finance.

## CO-FINANCING OF REMUNERATION FOR EMPLOYERS WHO WILL MAINTAIN EMPLOYMENT

Employers forced to announce the interruption of work or reducing working time which will not reduce employment may obtain financial benefit from the Guaranteed Employee Benefits Fund to co-finance the employees' remunerations. The benefit will be available for:

- entrepreneurs affected by a decline in economic turnover of not less than 15% during any two consecutive calendar months, falling after January 1, 2020 to the day preceding the day of submitting the application for co-financing, compared to the total turnover from the corresponding two consecutive calendar months of the previous year,
- entrepreneurs affected by a decline in economic turnover of not less than 25% in any calendar month indicated after 1 January 2020 to the day preceding the day of submitting the application for co-financing, compared to the turnover from the previous month.

The co-financing may be granted to support the payment of the remuneration of employees whose remuneration was not higher than 300% of the forecasted average monthly gross remuneration in the national economy in 2020 in the month preceding the month in which the application for co-financing was filed.

In the case of an announced interruption of work, the employees' remuneration is co-financed from the Guaranteed Employee Benefits Fund, in the amount of 50% of the minimum remuneration for work determined on the basis of the provisions on the minimum remuneration for work, with respect to the working time.

In the case of reduced working time, the employees' remuneration is co-financed from the Guaranteed Employee Benefits Fund, up to 50% of the remuneration, but no more than 40% of the average monthly salary from the previous quarter announced by the President of the Central Statistical Office, effective as of the date of submission of the application for co-financing.

Reduction of working time will be possible by 20%, but to no more than 50% of full working time and the paid remuneration may not be lower than the statutory minimum remuneration.

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Applications for co-financing **should be submitted to the Directors of Voivodship Labour Offices.**

Each of the benefits will be due for a total period of 3 months from the date of signing the agreement. In order to overcome the economic effects of COVID-19, the Council of Ministers may extend this period, taking into account the period of the state of epidemic threat.

## **EXPIRY OF MUTUAL OBLIGATIONS UNDER LEASE AGREEMENTS**

During the prohibition on operating in large scale commercial facilities (with a sales area of over 2,000 m<sup>2</sup>) the mutual obligations of the parties to the lease agreement under which the commercial space is used shall expire.

### **Postponement of certain obligations under “anti-crisis shield”:**

- temporary extension of the deadline for submitting a notification of payment to an account not included in the list of VAT taxpayers from 3 days to 14 days,
- extension of the deadline for submitting annual income tax returns and payment of corporate income tax and personal income tax due for 2019 until **31.05.2020**,
- postponement of the date of advance payment for income tax due to the remuneration paid in March and April (until **01.06.2020**),
- postponement of the deadline for payment of the annual fee for perpetual usufruct until **30.06.2020**,
- facilitating VAT settlement by postponing of entry into force to **01.07.2020** of a new Standard Audit File for Tax,
- postponing to **13.07.2020** the deadline for companies to register in the Central Register of Beneficial Owners,
- extension of the deadline for submitting information on transfer prices to **30.09.2020**,
- postponing the obligation to create Employee Capital Plans (PPK) in medium-sized enterprises, by postponing the deadline for conclusion of an agreement for management of PPK until **27.10.2020** and conclusion of an agreement for operating of PPK until **10.11.2020**,
- extending the period of preparation of paper waste record documents to **31.12.2020**,
- deferring the tax on retail sale until **1.01.2021**.

### **Other important facilities granted by “Anti-Crisis Shield”:**

- temporary suspension, however, not longer than until 30.06.2020, of the deadline for reporting domestic tax schemes,
- introducing new procedures regarding the organization of the work of courts – in the event that the court has completely ceased operations due to the spread of COVID-19, another court shall be appointed to hear urgent cases. The catalogue of urgent cases dealt with by courts during the cessation of activities is listed in the new regulations,
- the opportunity for "small taxpayers" to refrain from paying the simplified income tax advances paid for March-December 2020,

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- during the period of the epidemic and during the 30 days following its cancellation, with the exception of Sundays on which a holiday falls, the prohibition on performing trade-related activities consisting in unloading, receiving and displaying goods of first necessity and entrusting an employee or employee with such activities is lifted,
- exemption from charging contractual penalties for delays in the execution of tenders related to the epidemic,
- co-financing of part of employee remuneration costs and due social security contributions by the *Starosta* in the event of a decrease in economic turnover,
- co-financing of a part of the costs of running a business in the event of a decrease in business turnover for entrepreneurs who are natural persons and do not employ employees,
- one-off loans of up to PLN 5,000 for micro entrepreneurs,
- payment from the Social Insurance Institution of a new kind of benefit, i.e., a downtime benefit in the amount of 80% of the minimum remuneration for work in 2020 (for people employed under civil law contracts) and in the amount of 50% of the minimum remuneration for work in 2020 (for self-employed),
- the possibility of reducing uninterrupted daily and weekly rest for employees, and introducing an equivalent working time system to preserve the level of employment,
- extension of legal stay and work permits for foreigners.

For more details on the measures provided by the “**Anti-Crisis Shield**”, as well as for information on any legal matters arising out of these special circumstances, please do not hesitate to contact our **COVID-19 Help desk** at [covidhelpdesk@peterkapartners.com](mailto:covidhelpdesk@peterkapartners.com).