

January 2021

## Changes in the jurisdiction of tax authorities from 1 January 2021

**On 31 December 2020, the decree of the Minister of Finance, Development Funds and Regional Policy of 28 December 2020 on certain taxpayers and remitters, in respect of whom activities are carried out by the head of a tax office other than the locally competent one, was published in the Polish Journal of Laws. A day earlier, on 30 December 2020, the decree of the Minister of Finance, Development Funds and Regional Policy of 28 December 2020 amending the decree on the jurisdiction of tax authorities was also published in the Journal.**

Thus, by way of both decrees, the scope jurisdiction of the tax authorities in relation to certain categories of taxpayers was modified, with effect from 1 January 2021.

**As of 1 January 2021, the largest businesses (with the revenue exceeding EUR 50 million per year) operating in Poland are in the jurisdiction of the First Mazovian Tax Office in Warsaw. In turn, jurisdiction over smaller taxpayers (with the revenue exceeding EUR 3m) has been granted to nineteen specialized tax offices operating at the voivodeship level.**

### The First Mazovian Tax Office in Warsaw

At present, legal persons or organizational units without legal personality which, as part of their business activities carried out in the given tax year, achieved net revenue from the sale of goods, products and services exceeding EUR 50 million

(excluding taxpayers and remitters conducting business activity under private partnerships) are serviced by the First Mazovian Tax Office in Warsaw.

The office will also handle the matters of:

- listed companies,
- tax capital groups and their member companies,
- national banks and joint-stock banks established under banking law,
- Polish insurance and reinsurance companies.

### Specialized tax offices operating at the voivodeship level

Moreover, as of 1 January 2021, legal persons or organizational units without legal personality which, as part of their business activities carried out in the given tax year, achieved net revenue from the sale of goods, products and services exceeding EUR 3 million, but below the cap of EUR 50 million (excluding taxpayers and remitters conducting business activity under private partnerships) are under the jurisdiction of nineteen 'large' specialized tax offices, operating in individual voivodships (with two offices in Mazowieckie, Śląskie and Wielkopolskie, respectively).

The specialized tax offices are also responsible for handling the matters of:

- foreign entities (excluding natural persons) whose revenue in the given tax year was equal to or surpassed EUR 3 million,

- branches or representative offices of foreign entities (excluding branches of foreign entities being natural persons),
- cooperative banks and cooperative savings and credit unions,
- local government units.

### The Second Mazovian Tax Office in Warsaw

Competence of the Second Mazovian Tax Office in Warsaw extends to foreign entities (excluding natural persons) operating in Poland, whose annual revenue amounted to at least EUR 3 million and who have a permanent place of business in more than one voivodship, as well as entities operating under the provisions of the Act on Trading in Financial Instruments and the Act on Investment Funds and Management of Alternative Investment Funds and entities operating under the provisions of the Act on the Organization and Operation of Pension Funds.

### Head of the Tax Office in Lublin

As of 1 January 2021, the head of the Tax Office in Lublin is the sole authority with the jurisdiction over all taxpayers and remitters, in terms of flat-rate corporate income tax collected by remitters from non-residents (withholding tax) in Poland. The authority is also locally competent in cases of overpayment of the flat-rate corporate income tax collected by remitters, at the request of non-resident taxpayers.

According to the explanatory notes, the main purpose of the shift was to ensure improved identification of risks associated with WHT and efficient service of WHT payers and remitters, which requires from the authority a high degree of specialized knowledge.

### Foreign entities

The amendments equally apply to the competence of tax offices in terms of taxation of non-residents and taxpayers with foreign participation. The matters related to CIT on business income earned by non-residents in the territory of the Mazovian voivodeship and by non-residents conducting business activity or earning revenue in more than one voivodeship, are handled by the head of the Third Masovian Tax Office in Radom. In turn, Polish taxpayers who are managed - directly or indirectly - by a non-resident or in which

a non-resident holds at least 5 percent of the voting rights, as well as those Polish taxpayers participating in management or holding shares in foreign entities who do not meet the revenue thresholds specified in the new regulations, will be dealt with by the tax offices of general jurisdiction.

### Deadlines

Inclusion in the category of taxpayers subject to special jurisdiction due to the exceeded revenue threshold (EUR 50 million or EUR 3 million) takes place on 1 January of the second year following the end of the tax year in which the threshold condition has been met.

In other words, if in 2019 the taxpayer's revenue from the sale of goods, products and services exceeded EUR 3 million (jurisdiction of nineteen specialized tax offices competent for each voivodeship)

or EUR 50 million (jurisdiction of the First Masovian Tax Office), the change of the competent tax office would take place on 1 January 2021. In turn, if the first year in which the taxpayer exceeded the relevant revenue threshold was 2020, the taxpayer would be in the jurisdiction of the specialized tax office from 1 January 2022.

Pursuant to the decrees, a taxpayer included in the group of taxpayers the matters of whom are handled by a specialized tax office should notify the head of the relevant tax office of this fact in writing, by October 15 of the year preceding the year in which the inclusion takes place. Please note, however, that in 2021 the shift of jurisdiction took place automatically.

If you would like to learn more about the issues discussed, please do not hesitate to contact us at: [mampytanie@kpmg.pl](mailto:mampytanie@kpmg.pl)

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**KPMG offices****Warsaw**

ul. Inflancka 4a  
00-189 Warsaw  
**Tel. :** +48 22 528 11 00  
**Fax:** +48 22 528 10 09  
kpmg@kpmg.pl

**Gdańsk**

al. Zwycięstwa 13a  
80-219 Gdańsk  
**Tel. :** +48 58 772 95 00  
**Fax:** +48 58 772 95 01  
gdansk@kpmg.pl

**Kraków**

ul. Opolska 114  
31-323 Kraków  
**Tel. :** +48 12 424 94 00  
**Fax:** +48 12 424 94 01  
krakow@kpmg.pl

**Katowice**

ul. Francuska 36  
40-028 Katowice  
**Tel. :** +48 32 778 88 00  
**Fax:** +48 32 778 88 10  
katowice@kpmg.pl

**Poznań**

ul. Roosevelta 22  
60-829 Poznań  
**Tel. :** +48 61 845 46 00  
**Fax:** +48 61 845 46 01  
poznan@kpmg.pl

**Łódź**

ul. Składowa 35  
90-127 Łódź  
**Tel. :** +48 42 232 77 00  
**Fax:** +48 42 232 77 01  
lodz@kpmg.pl

**Wrocław**

ul. Szczytnicka 11  
50-382 Wrocław  
**Tel. :** +48 71 370 49 00  
**Fax:** +48 71 370 49 01  
wroclaw@kpmg.pl



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