

PLEASE BE INFORMED THAT THE LEGISLATIVE PROCESS ON THE NEW RETAIL TAX AND CHANGES IN REAL ESTATE TAX (CARRIED OUT IN CONNECTION WITH MAJOR REGULATORY MEASURES WITH REGARD TO RENEWABLE ENERGY) HAS ENTERED A NEW PHASE IN THE LAST FEW DAYS. PLEASE FIND BELOW A DESCRIPTION OF THE CURRENT STATUS AND WHAT THE NEW LEGISLATION WILL ENTAIL.

We would be very glad to meet with you to discuss your particular circumstances and the measures required to conform to the forthcoming changes, and answer any questions you may have.

NEW TAX ON TRADE. RETAILERS NEED TO BE PREPARED FOR THE LATEST CHANGES

The government has significantly sped up work on the envisaged new retail tax, and has put forward a proposal for a bill in the last few days.

Who will be affected by the new tax?

Under the proposal, the retail tax will apply to firms which **conduct consumer sales in Poland** and which achieve sales revenue in excess of **PLN 17 million per month**.

Calculating the tax base

The tax base is the excess sales revenue above PLN 17 million in the month in question, but does not include certain products (such as medicines and real estate). Sales to businesses and output VAT will also not be included in the tax base.

The sale of accompanying services will not mean that the goods sold will not be taxable.

The government has said that under the proposal online sales will not be subject to tax, but off-premises sales will be.

Tax rate

The bill provides for two tax rates:

- 0.8% of the tax base if it is between PLN 17 million and PLN 170 million
- 1.4% of the excess tax base above PLN 170 million

The legislation is still only a proposal but despite this it is likely to be enacted soon.

Consistency of the new tax with EU rules, taking into consideration the different elements and principles that could be impacted, should be reviewed.

CHANGES AFFECTING WIND FARMS

The Sejm has also recently approved a proposal for a bill on wind farms. The main points of the bill are described below.

A higher level of tax

Owners of wind farms should be aware of new legislation under which they will pay higher real estate tax. Under the intended changes, the tax will apply not only to fixed elements of a wind farm, but to the technical components (such as the turbine) as well. The amendment will mean a considerable increase in real estate tax.

Wind farms have to be further away from other structures

The legislative changes also envisage a minimum distance between wind farms and houses of ten times the height of the wind farm, taking as the point of reference the highest point of the structure (the rotor).

Additional permit

Under the envisaged legislation, in addition to the occupancy permit, the investor will be required to obtain one more decision allowing operation. The operation decision for a wind farm would be issued by the Technical Supervision Authority (UDT).

Requirement for a local zoning plan

The site for a wind farm project will be determined solely on the basis of a local zoning plan and **moreover, under the interim legislation on wind farms which are in the process of being constructed, a planning permit for wind farms which do not fulfill the appropriate minimum distance from residential buildings will cease to be valid as of the day the bill comes into effect and the planning permit will have to be amended, or a new planning permit obtained.**

The new legislation will probably lead investors to seek new ways of keeping the effect the new rules will have on the financial return of their business to a minimum, including, where necessary, adopting changes to the business model.

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