

## **POLAND – TAX CONSIDERATIONS ON SHORT-TERM LETTINGS**

The following information is a guide to help you get started in learning about some of the tax requirements that might apply to you when providing short-term accommodation in Poland.

Tax can be tricky and it is important to ensure that you keep up to date with your tax obligations and remain tax compliant. The timely preparation, filing and payment of taxes are your responsibility.

If you are supplying short-term accommodation in Poland, you should make sure that you understand each of the following types of taxes, and pay the ones that apply to you;

- Income taxes
- Value added tax (VAT)
- Real estate (property) tax

Please understand that this information is not comprehensive, and is not intended to be legal advice. If you are unsure about your local tax obligations, we encourage you to check this with official local sources, or to seek advice from qualified professionals.

Please note that we do not update this information in real time, so you should confirm that the laws or procedures have not changed recently.

We draw your attention to the fact that Airbnb may have an obligation to report income earned by users of the platform. Therefore, if there is a mismatch between the information reported by Airbnb and the income you reported in your annual income tax return, the tax authorities may ask you questions.

### **INCOME TAX**

Where you earn income in Poland, it is likely that you will be required to pay a percentage of the tax on this income to the Polish tax authority. Below is a brief outline of the tax that may arise on income earned from short-term lettings in Poland and some information on how this tax can be paid over to the Polish tax authorities.

**Poland's tax year** runs from 1 January to 31 December.

**Polish income tax rates.**

Short-term rental revenue is generally treated as private rental revenue and taxed under the relevant rules. However, in certain cases this income can alternatively be classified as business income and

taxed under the rules relevant for business activities (please see “Polish rules applicable to income earned in relation to short-term lettings” below for clarification between rental income and income classified as business income).

The tax rates applicable in 2023 depend on which category your income falls into:

- 12% and 32% or flat 19% - for business profits where the rental income is qualified as income earned from a business and taxed under the Personal Income Tax Act;
- 8.5% and 12.5% - for lump sum taxation (8.5% of revenue up to the amount of PLN 100,000 and 12.5% of revenue on the excess over the amount of PLN 100,000) – for private rental revenue or for business profits where the lump sum taxation rules are chosen.

### **Coming within the charge to income tax in Poland.**

Under flat tax rate of business income (19%) and lump sum tax for rental income (8.5% and 12.5%), there are no tax free amounts. Therefore, once you are in receipt of this type of income you will fall within the charge to tax in Poland.

If you tax your business income under the general tax rules (12% and 32%), you will be required to pay the first tax advance by the 20th day of the month following the month the income exceeded the threshold of PLN 30.000.

### **Reporting tax in Poland.**

As a rule, an annual tax return can be submitted in an electronic form (e.g, online via [eDeklaracje program](#)) or in hard copy format by post, or by presenting personally at your tax office. You should pay tax advances on a monthly basis (however, you may be eligible to choose quarterly payments as well).

### **Reporting tax - filing deadline.**

The deadline for filing your income tax return and paying associated liabilities falls on 30 April of the year following the year of earning income (so the tax return for 2023 should be filed by 30 April 2024).

For lump sum taxation of rental income (8,5% and 12,5%) the deadline falls on between February 15 and 30 April of the year following the year of earning income (so the tax return for 2023 should be filed by 30 April 2024).

### **Polish Tax Authority contact details.**

There is no designated employee of the Polish tax authority whom you can contact in individual cases. You should contact your local tax office instead. If you are resident in Poland your local tax office is dependent on where you actually reside. If you are a non-resident individual the location of your tax office is dictated by the location of your property.

More general information regarding your taxes can be found [here](#).

### **Polish rules applicable to income earned in relation to short-term lettings.**

Unless income has been classified as income received from the business activity, rental income is taxed under the lump sum taxation, which is 8.5% and 12.5%.

In some cases you may classify the short-term rental income as business profits if you carry on such activity in an organized and continuous manner and you decided to treat your real estate property as business assets.

In principle, business income is taxed under the general rules (12% and 32% tax rates) or, if applied for by the taxpayer, a flat rate taxation of 19% or the lump sum taxation, which is 8.5% and 12.5%. An entrepreneur carrying on business activities is also subject to social security (fixed amount irrespective of income / revenues, indexed annually; certain preferential schemes may be available for definite period of time when you start your business activities) as well as health contribution (9% or, for flat rate taxation, 4.9% of your [revenues less social contributions] or, for the lump sum taxation, a fixed amount of PLN 376.16 or PLN 626.93 or PLN 1,128.48 monthly depending on the value of your taxable revenues earned in a tax year.

If you are unsure how your income should be taxed and required further guidance, you should consider seeking advice from a tax professional.

### **Typical expenses that can be deducted from an individual's income in relation to short-term lettings.**

Expenses that are incurred in order to earn business income or keep the source of business income are generally allowable as deductions against income in Poland. The following business expenses are generally allowable as deductions:

- Interest on the loan (excluding the loan instalment),
- Costs incurred to maintain the property, maintenance fees,
- Renovation costs, if they serve to preserve the property in a proper condition and not only increase its value (real estate preservation but not improvement).

Starting from 2023, tax depreciation write-offs are no longer tax deductible in case of real estate residential property used for short-term lettings.

If you are taxed with the lump-sum tax on revenues (8,5% and 12,5%), the expenses cannot be deducted from the tax base.

The tax should be paid to an individual micro-tax account generated on the basis of your PESEL or NIP.

### **Polish income tax obligation for non-resident individuals.**

If you are not resident in Poland but you are in receipt of Polish rental income, you will be subject to tax on this income in Poland, as outline above.

### **Polish income tax obligations for a Polish individual in receipt of foreign rental income.**

If you are a Polish tax resident you may be required to declare any foreign rental income on your tax return and pay associated taxes on this income.

The relevant provisions of the Double Tax Treaties on the avoidance of double taxation may apply if income is received from a country with which Poland has signed a double tax treaty.

### **General property taxes payable.**

If you own property in Poland you are obliged to pay property tax at the rates established annually by the local tax authorities. The maximum rates for a tax year are updated annually by the Ministry of Finance (e.g. in 2023 the rates from (i) residential buildings and, (ii) from buildings related to running a business or residential buildings in whole or in part occupied for business conduct are PLN 1.00 and PLN 28.78 respectively). The exact rates are decided by the relevant municipality where real estate is located.

### **Capital taxes in Poland.**

Income from the disposal of residential real estate property is taxed at the rate of 19% on the net income from the sale. A tax exemption may apply to all or part of income if sale proceeds are spent within 3 years on certain eligible aims to satisfy personal housing needs. There is no tax liability if the sale takes place after 5 years from the end of the year in which the acquisition or construction took place.

### **Sample Computation**

<b>Sample Computation</b>
Aleksandra owns a 2 bedroom flat in Warsaw. She rents out the spare room during the weekends.
Aleksandra received total gross rent in 2023 of PLN 30,085.

Aleksandra incurred the following expenses in relation to this house in 2023: house insurance PLN 2,000\*\*\*, local property tax PLN 1,500\*\*\*, online commission payments PLN 1,000 and electricity/gas PLN 2,000\*\*\*

	<b>Lump sum tax (8.5% and 12.5%)</b>	<b>Business income: General tax rules and Flat rate</b>
	<b>PLN</b>	<b>PLN</b>
Gross rental income	30,085 *	30,085 **
<i>Less allowable expenses:</i>		
Online commission payments		(1,000)
House Insurance		***
Local property tax		***
Electricity		***
<b>Net taxable rental income</b>	<b>30,085</b>	<b>29,085</b>

*\*Under this taxation option expenses cannot be deducted.*

*\*\*The deduction of costs incurred in connection with let property in which the landlord lives, and, in part, irregularly rents, may be challenged by the tax authorities.*

*\*\*\*Home insurance, real estate tax, fees related to the use of an apartment, can be deducted from rental income only in the part in which they are directly related to the rented room.*

## **VALUE ADDED TAX**

Value added taxes can be complicated and you should take time to understand the rules as they apply to you and your particular situation.

Broadly speaking, Value-Added Tax (VAT) in Poland is a tax on consumption. Most goods and services supplied in Poland are subject to VAT.

A person who supplies goods and/or services in Poland may have to charge VAT and pay this to the Polish tax authority. As with all taxes, we encourage you to consult with a tax advisor regarding your potential VAT obligations in Poland.

If you are currently renting a room to guests, you may be required to apply VAT to your rental charge and to pay this VAT amount to the Polish tax authorities. As Airbnb is not supplying the rental, it is

the responsibility of the host to consider local VAT obligations of the rental charge.

### **Do I need to collect any VAT from guests if I am letting short-term accommodation in Poland?**

In general, individuals who are considered to be in business in Poland need to charge VAT on their supplies, once the criteria for VAT registration is met.

Currently, in Poland, you are required to register for VAT if your turnover (not limited only to the rental, but overall turnover from business activity) exceeds PLN 200,000 in the previous tax year. As such, where you supply short term accommodation and you exceed this threshold, you should register for VAT.

If you are an individual who is not resident in Poland, but your accommodation is located in Poland, then you should also register for VAT, as no registration threshold applies to you.

We encourage you to consult a tax advisor if you need assistance in determining whether you need to register for and charge Polish VAT.

For further guidance on registering for VAT, please see the Polish tax authorities' [website](#).

### **VAT applies to me. How do I determine how much tax I need to collect from my guests?**

VAT rates differ per country and change periodically. We recommend you to check on a regular basis with the local tax authority to get the most up to date VAT rates for the country where you are required to pay VAT.

For example, at the date of issuance of this document, the VAT rate applicable to supplies of holiday accommodation is 8% in Poland. There is also an exemption available in relation to long-term residential lettings, you should reach out to your local tax advisor in order to assess whether this may apply.

However, there are other VAT rates currently in force in Poland, so we recommend that you confirm with a local tax advisor the VAT rate applicable to your supplies.

### **VAT applies to me. How do I collect VAT from guests?**

If you determine that you need to charge VAT on the supplies that you make to guests, please keep in mind that you have to collect this VAT from your guests and report and remit this VAT on a periodic VAT return. In Poland, the VAT return typically covers a monthly period and is required to be filed by the 25th day of the following month (i.e. the January VAT return is due to be filed by the 25th of February). The VAT payment is required to be made on the same day that the VAT return is required to be filed. There may also be certain other filing obligations and it is recommended that you confirm with a local tax advisor your VAT compliance obligations.

Some formalities, such as issuing a receipt or an invoice to your guests, may be required. Please find more information on this [here](#).

For further guidance on filing returns, please see the Polish tax authorities' [website](#).

There may also be requirements around whether you use VAT-inclusive or VAT-exclusive pricing. We recommend that you check your obligations in terms of pricing and the applicable invoice requirements with a local tax advisor.