

## Limitation of the scope of the buyer's liability for tax arrears

Up to the end of 2008, the buyer of an enterprise, its organized part, or of separate assets with individual value in excess of PLN 16.1 thousand is jointly and severally liable together with the seller for any tax arrears which arose in connection with the business activities. The buyer's liability is limited to the value of the enterprise purchased (its organized part) or of the individual assets.

On 24 November 2008, the President signed a bill amending the Tax Ordinance Act which will come into force on 1 January 2009. The changes to article 112 eliminate the buyer's liability in cases where he purchases individual assets, regardless of their value.

However, where an enterprise or its organized part is purchased, the buyer together with the seller will remain jointly and severally liable for any tax arrears resulting from the business activities carried out.

The above mentioned amendment is beneficial for buyers of individual assets. In such cases it is the seller who will be solely liable for any tax arrears which arose up to the date of acquisition.

In addition, it will still be possible to eliminate / limit the buyer's liability where an enterprise or its organized part is purchased. In order to do so it is necessary to obtain a certificate of

tax arrears of the seller from the tax authorities. The buyer is not liable for any tax arrears not included in the certificate. Such a certificate is valid for 30 days.

KPMG will be happy to provide you any further information in relation to the possibilities of limiting the buyer's liability with regard to any additional amendments to the tax law in 2009.

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