

The final deadline for claims under tax abolition legislation expires on 6th February 2009

Individuals wishing to file claims under the Polish tax abolition provisions have only until **6th February 2009** to file their claims. These regulations apply to Polish tax residents (individuals) who received income from work (defined as income from employment, personal services, self-employment, business activities, and certain other types of income) performed in the years 2003– 2007 in countries with which Poland had not signed a double tax treaty or the existing treaty stipulated the unfavorable tax credit method of avoiding double taxation. Relevant countries include Belgium, the Netherlands, Finland, Denmark, the USA, Russia, Australia, and before the end of 2006 also the United Kingdom).

Claims under the abolition provisions may be made by both those who have declared their foreign income in Poland for the said period, and also by those who failed to declare such income in Poland. The aim of the legislation is to lower their tax burdens to the level consistent with the exemption method of avoiding double taxation.

The Abolition Act also expressly frees all the beneficiaries of the abolition provisions from any penal accountability for non-payment the relevant income taxes.

It is important to note that the abolition regulations do not apply automatically, but require taxpayers to submit a formal application on a special PIT-AZ form together with appropriate attachments. A positive decision by the competent tax authority results in annulment of the tax arrears or a refund of the tax paid.

Our suggested steps with regard to making an application include:

- analyzing the tax situation of individuals (verification of tax residency status);
- analyzing the amount of the individual's income for each year;
- gathering all the needed documentation;
- filling the PIT-AZ form with attachments before deadline.

Anyone interested in settling their tax matters in accordance with the approach presented above and benefitting from the tax abolition provisions is welcome to contact KPMG. We are ready to answer your questions and offer assistance with each step of the process.

Due to the short deadline we recommend that the appropriate steps are taken as soon as possible.

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