



Changes in taxation from 2022

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Labour tax changes 			
	2020	2021	2022
Reducing the tax burden on the labour force			
General rate of compulsory state social security contributions (SSSC), <i>including:</i>	35.0 9%	34.0 9%	34.0 9%
<i>employer's rate</i>	24.0 9%	23.5 9%	23.5 9%
<i>employee's rate</i>	11%	10.5 %	10.5 %
<i>Maximum amount of SSSC, euros per year</i>	62,8 00	62,8 00	78,1 00
Solidarity tax rate	25.5 %	25%	25%
Personal income tax (PIT) rates			
<i>for income up to 20,004 euro per year</i>	20%	20%	20%
<i>for income between 20,004 and 78,100 euro per year (up to 62,800 euro in 2020 and 2021)</i>	23%	23%	23%
<i>for income above 78,100 euro per year (above 62,800 euro in 2020 and 2021)</i>	31.4 %	31%	31%
PIT Non-taxable minimum (NM)			

Maximum NM, <i>euro per month</i>	300	300	350 (from 01.01.2022) 500 (from 01.07.2022)
<i>income up to which the maximum NM is applicable, euro per month</i>	500	500	500
<i>income above which the NM is not applicable, euro per month</i>	1,200	1,800	1,800
Allowance for a dependant, <i>euro per month</i>	250	250	250
Non-taxable minimum for pensioners, <i>euro per month</i>	300	330	350 (from 01.01.2022) 500 (from 01.07.2022)

Personal income tax (PIT) 



As of 1 January 2022, the following shall be exempt from PIT:

in addition to the catering expenses covered by the employer, the medical expenses covered by the employer up to 480 *euro* per year (average 40 *euro* per month) within the existing limit;

In 2022, the employee's expenses related to the performance of remote work, which are covered by the employer in accordance with the Labour Law, if the total amount thereof per month for full-time work does not exceed 30 *euro*;

if real estate consisting of agricultural land and buildings is alienated, the PIT exemption for income from the alienation of agricultural land shall be applied in proportion to the value of agricultural land in the total valuation of the real estate indicated in the assessment of a certified real estate evaluator. If the real estate only consists of land, the PIT exemption for income from the alienation of agricultural land shall be applied in proportion to the value of

agricultural land in the total valuation of the real estate indicated in the assessment of a certified real estate evaluator or, in the absence of such an assessment, as before (in proportion to the share of the utilised agricultural area on the total plot of land);

support or co-financing for certain measures related to the environmental policy (grants awarded under the support programme for the renovation of residential buildings and improvement of energy efficiency, European Regional Development Fund support payment for the improvement of individual heating systems in households, local government co-financing for the connection of real estate to the central water supply or central sewerage system, support to cover the costs of asbestos waste management for households in the event of the replacement of slate and insulation materials).

Until 31 December 2022, the PIT regime for royalty income recipients specified in the Transitional Provisions of the Law “On Personal Income Tax” shall be maintained. Respectively, until 31 December 2022, recipients of royalties paid to a payer who is not a collective management organisation, have the right not to register as performers of economic activity, but the tax (PIT and SSSC) will be paid by the payer, applying to turnover up to 25,000 *euros* - PIT rate in the amount of 25%, but for turnover exceeding 25,000 *euros* - PIT rate in the amount of 40% The withheld PIT revenue is distributed as follows: MSSIC – 80% and PIT – 20%.

Other technical, editorial clarifications and norms improving the law made to the Law “On Personal Income Tax”:

the legal norm regarding the eligible expenses incurred in accordance with life insurance contracts (with accumulation of funds) has been clarified, stipulating that the policyholder and the insured person must be the same person in the life insurance contract, and the contract must stipulate that the insurance indemnity for the insured event (except in the event of death) is paid to the insured person;

the law contains a new article that ensures the application of the freedoms enshrined in the EU Treaty (free movement of goods, services, capital and persons), avoiding the need to make direct references to certain provisions of the law;

the law includes a norm that improves the administration of scholarships exempt from PIT and provides the right to the SRS to assess the compliance of scholarships with its definition not only in terms of legal form, but also in terms of economic nature, incl. to evaluate the sources of scholarship payments;

the law contains a norm that ensures uniform interpretation of the law and provides that when determining the PIT from the income of leased personnel, the SSSC or payments equivalent thereto shall be taken into account;

the law contains a norm that stipulates that solidarity taxpayers, to whom an SSSC rate lower than 25% has been applied during the taxation year, shall pay the solidarity tax supplement by paying PIT on the basis of the declaration;

the law includes a norm, which envisages that the SRS only repays the overpayment of PIT in non-cash form;

the law has been amended in connection with changes to the Micro-enterprise Tax Law, which entered into force on 1 January 2021.

The Law on Excise Duty in 2022 envisages several changes in the tax rates for alcoholic beverages and tobacco products, liquids used in electronic smoking devices, components for the preparation of liquids used in electronic smoking devices and tobacco substitutes, which will enter into force in different terms.

As of 1 January 2022, excise tax rates are increased:

for cigarettes, the minimum level of excise duty is increased from 121.4euro to 128.4 euro per 1,000 cigarettes; the specific tax increases from 92.5 euro to 98 euro per 1,000 cigarettes and the maximum retail (*ad valorem*) tax rate is 15%;

for cigars and cigarillos, from 104.7 euro to 115.2 euro per 1000 pieces;

for smoking tobacco and tobacco leaves, from 80.25 euro to 85.9 euro per 1000 grams;

for heated tobacco, from 160 euro to 207 euro per 1000 grams;

for liquid used in electronic smoking devices and components for the preparation of liquid used in electronic smoking devices, from 0.12 euro to 0.16 euro per 1 ml of liquid;

for tobacco substitutes, from 80 euro to 100 euro per 1000 grams;

for non-alcoholic beverages per 100 litres with a sugar content of up to 8 grams (excluding) per 100 millilitres - 7.4 euro, but with a sugar content of 8 grams (inclusive) per 100 millilitres, from 7.4euro to 14 euro.

as of 1 July 2022:

reduced rates of excise duty on wine, fermented beverages and intermediate products are determined:

- an excise duty rate of 55.5 euro per 100 litres shall apply to 100 hectolitres of wine produced by an independent average wine producer in one calendar year or to 150 hectolitres of wine produced by a small distillery producing wine;

- the rate of excise duty shall be applied to 1500 hectolitres of fermented beverages produced in one calendar year by an independent average producer of fermented beverages or 150 hectolitres of fermented beverages produced by a small distillery producing fermented beverages, if it:

(a) has an absolute alcoholic strength of not more than 6% alcohol by volume (inclusive) - 32euro per 100 litres;

(b) has an absolute alcoholic strength above 6% alcohol by volume - 55.5euro per 100 litres;

- the rate of excise duty shall apply to 80 hectolitres of intermediate product produced by an independent average intermediate producer in one calendar year or to 10 hectolitres of intermediate product produced by a small distillery producing intermediate products, if:

(a) has an absolute alcoholic strength of not more than 15% alcohol by volume (inclusive) - 55.5euro per 100 litres;

(a) has an absolute alcoholic strength of 15% alcohol by volume to 22% alcohol by volume (inclusive) - 92.5euro per 100 litres;

as of 1 January 2022:

To promote the diversity of books and periodicals and their accessibility to the public, thus meeting the cultural, educational and information needs of the public, a reduced rate of 5% VAT will apply to the supply of books, periodicals and other media publications or publications (including newspapers, magazines, newsletters and other periodicals, information agencies' notices for public distribution, and publications on the internet) in printed and electronic media, in the form of an edition (including online or by download) as well as their subscription fee;

In order to prevent a situation where the fee for the right to use legal land is subject to VAT in cases of forced division of property, a VAT exemption has been established, which applies to the legal right to use the land (including compulsory lease) in the legal relationship between the land and building owners.

As of 1 February 2022, the definition and purpose of the deposit fee will be changed by introducing the mandatory unified deposit system. Thus, amendments have been made to the Value Added Tax Law, which stipulates the application of VAT to the fee for reusable beverage packaging and not to the deposit fee. The Value Added Tax Law stipulates that the fee for the reusable packaging of beverages will not be included in the VAT taxable value of the goods sold. However, when submitting the return for the tax year, the taxable value of the supplied goods must be adjusted to the value of the packaging of the beverage not received in the previous year, as a result of which the amount of VAT calculated in the state budget must be paid. The regulation of the Value Added Tax Law is not applicable to the deposit fee.

From 1 July 2022 similar VAT rules will be introduced for defence measures implemented within the framework of the Common Security and Defence Policy of the *European* Union and the North Atlantic Treaty Organization.

In 2022 (after the announcement in the general order), establishing the temporary exemption for imports and supply of goods and services in response to the Covid-19 pandemic, the application of VAT for the re-importation of goods into the country was harmonised with European Union regulation.

As of 1 January 2022, the amendments to the Law on Financial Statements and Consolidated Financial Statements enter into force. With amendments to the law:

medium and large companies are also required to provide detailed information on research and development costs in the notes to the financial statements (applicable to annual statements starting in 2021);

in order to improve the acquisition of data on the provision of construction services using the resources of the State Revenue Service Electronic Declaration System, which will facilitate the administration of state fees for registration activities in the Register of Construction Merchants, a new sub-item has been added to the item "Net Turnover" to indicate revenues from construction services provided;

in order to improve the accounting norms related to the revaluation of fixed assets, the legal norms have been harmonised with the requirements of the International Accounting Standards (IAS);

it is stipulated that a company whose transferable securities have been admitted to trading on a regulated market and which has previously prepared annual financial statements in accordance with IAS is entitled to continue to prepare annual financial statements in accordance with IAS, regardless of its size;

the requirements for the publication of annual reports included in the law have been harmonised with the publication requirements specified in the Commercial Law - henceforth the annual reports will be published on the website of Enterprise Register.

As of 1 January 2022, the Accounting Law will enter into force, which will replace the Law "On Accounting", as well as the regulations of the Cabinet of Ministers:

Regulation of the Cabinet of Ministers of 24 August 2021 No. 569 "Regulations on the annual reports of political organisations (parties) and their associations" (*replaces Cabinet Regulation No. 591 of 13 July 2004*);

Cabinet Regulation No. 590 of 31 August 2021 "Procedure for valuing and indicating the property and liabilities of an enterprise in accounting if the operation of an enterprise or its structural unit is terminated" (*replaces Cabinet Regulation No. 583 of 21 October 2003*);

Cabinet Regulation No. 625 of 14 September 2021 "On requirements for cash receipts and cash expenditure justification documents and cash book management" (*replaces Cabinet Regulation No. 584 of 21 October 2003*).

New regulations of the Cabinet of Ministers will be adopted, which will replace:

Cabinet Regulation No. 585 of 21 October 2003 "Regulations on accounting and organisation";

Cabinet Regulation No. 808 of 3 October 2006 "Regulations on the annual reports of associations, foundations and trade unions";

Cabinet Regulation No. 928 of 14 November 2006 "Regulations on Annual Reports of Religious Organisations";

Cabinet Regulation No. 301 of 8 May 2007 "Regulations on financial statements of individual entrepreneurs";

Cabinet Regulation No. 188 of 20 March 2007 "Procedures for accounting by individual entrepreneurs, individual enterprises, farmers and fishermen, other natural persons performing economic activity in the simple entry system".

The above-mentioned regulations of the Cabinet of Ministers, insofar as they do not contradict the Accounting Law, shall be applicable until the date of entry into force of the new regulations, but not longer than until 1 July 2022.

