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Global Tax Alert

Poland passes 2018 corporate income tax reform

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On 27 November 2017, the bill significantly amending Poland's Corporate Income Tax law was published in the official *Journal of Law*. Accordingly, the amendments become effective 1 January 2018.

The key changes include:

- New thin capitalization rules (also covering third party financing)
- Disallowance of interest on debt-push-down strategies (leveraged buy-outs followed by tax consolidation of the acquirer with the target)
- Majority of royalties and service fees will become non-deductible (restrictions go much further than the Organisation for Economic Co-operation and Development Base Erosion and Profit Shifting recommendations)
- Introduction of income baskets
- Minimum levy on certain commercial real estate
- New controlled foreign company rules

Details of the proposed amendments have been summarized in previous earlier tax alerts.[1]

The changes are far reaching and will likely have an impact on the majority of companies operating in Poland. Taxpayers should take immediate actions to prepare for the 2018 tax reform.

Building a better working world

Endnote

1. See EY Global Tax Alerts, *Poland: Advanced Pricing Agreement to remove new limitation on tax deductibility of intra-group charges*, dated 24 October 2017, *Poland: Interest on share acquisitions may be non-deductible under new draft Corporate Income Tax Act bill*, dated 4 October 2017, *Polish Ministry of Finance publishes revised draft bill significantly amending Corporate Income Tax Act*, dated 27 September 2017, and *Polish Ministry of Finance publishes draft bill significantly revising Polish Corporate Income Tax Act*, dated 13 July 2017.

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