

To Whom It May Concern,

Please find below the information on selected and, in our opinion, the most significant **amendments to the employment and payroll legislation to become effective in 2023 as well as on the selected changes in this respect planned for 2023**. Please note that the entry in force of Labour Code changes with titles marked as [BILL] depends on the further course of legislative works.

We hope that you will find the information useful.

The Mac Auditor Team

\* \* \*

**Table of contents**

1. Minimum pay.....	2
2. Tax brackets and progressive tax system [PIT].....	2
3. Rules for submitting tax statements and applications [PIT].....	2
4. New PIT-2 form [PIT].....	3
5. Tax-exempt income and the amount reducing the monthly withholding tax 1/12, 1/24, 1/36 [PIT].....	3
6. Two tax reducing amounts 2 x PLN 300 [PIT].....	4
7. Request not to collect withholding tax [PIT].....	4
8. Application not to apply tax deductible costs [PIT].....	5
9. Application to calculate the income tax for individuals under the age of 26 [PIT].....	5
10. Exemption from tax for persons up to the age of 26 [PIT].....	5
11. Default registration [Employee Capital Plans].....	5
12. Limit of the pension contribution assessment base [social security].....	5
13. Deduction-free amount.....	6
14. Public holidays in 2023.....	6
15. Amendments to employment contracts [BILL].....	6
16. Termination of a fixed-term contract [BILL].....	7
17. Information on terms and conditions of employment [BILL].....	7
18. Home office [BILL].....	7
19. Sobriety check [BILL].....	7
20. Leave related to force majeure [BILL].....	7
21. Additional unpaid care leave [BILL].....	7
22. Changes in parental leaves [BILL].....	7
23. Additional rights for parents of children under the age of 8 [BILL].....	8

\* \* \*

## 1. Minimum pay

From 1 January 2023:

- the gross minimum pay under an employment contract will be **PLN 3,490.00**;
- the gross minimum hourly rate under civil-law contracts will be **PLN 22.80**.

From 1 July 2023:

- the gross minimum pay under an employment contract will be **PLN 3,600.00**;
- the gross minimum hourly rate under civil-law contracts will be **PLN 23.50**.

## 2. Tax brackets and progressive tax system [PIT]

As of 1 January 2023, the limit of income above which the 32% tax rate applies remains unchanged, i.e. it is PLN 120,000. Consequently, the tax system is as follows:

Tax assessment base in PLN		The tax is
above	up to	
	PLN 120,000	12% minus PLN 3,600 (the tax-reducing amount)
PLN 120,000		PLN 10,800 + 32% of the surplus over PLN 120,000

## 3. Rules for submitting tax statements and applications [PIT]

As of 1 January 2023, the rules for submitting statements and applications and for including them by the withholding entity are harmonised.

**Any applications and statements submitted before 1 January 2023** (e.g. PIT-2, statement on increased tax deductible costs) **remain legally binding** and continue to influence the amount of the withholding tax calculated by the withholding entity. The taxpayer does not have to submit them again if the information contained therein remains valid.

Taxpayers will be able to submit any statements and applications which influence the calculation of the withholding to the withholding entity (e.g. employers, contractors):

- in writing, or
- otherwise as customary for the withholding entity.

The rules for submission of statements may be indicated by the withholding entity, while the taxpayer may use:

- the template specified and provided by the Polish Minister of Finance in the Public Information Bulletin, or
- the template form specified by the withholding entity (e.g. from the withholding entity's HR and payroll system).

The withholding entity takes into account the statement or application influencing the calculation of **the withholding tax not later than starting from the month following the month in which the withholding entity received it**.

Disability pension bodies are the only ones with a longer time limit (of two months) to take into account a statement or application influencing the calculation of the withholding tax.

Once submitted, a **statement or request applies in subsequent years as well** and, in principle, does not have to be repeated. Exceptions to this rule are laid down in the Personal Income Tax Act, i.e. the application not to collect the withholding tax in a given tax year, double tax credit, joint taxation – such applications are taken into account by the withholding entity only in the year in which the application was submitted.

In the event of changes, the taxpayer is required to change or withdraw a submitted statement or application. If a taxpayer wishes to update the above information influencing the calculation of the withholding tax, all they have to do is submit a new revised statement or application which will automatically cancel and amend the previously submitted statement or application.

**After the termination of a legal relationship** (e.g. termination of an employment contract, expiry of a contract of mandate), the withholding entity no longer complies with statements or applications submitted by the taxpayer, except for applications concerning:

- calculation of the withholding tax without the tax exemption, i.e. without the tax credit for young people;
- employee tax deductible costs (whether standard and increased);
- a decision not to apply 50% tax deductible costs.

#### 4. New PIT-2 form [PIT]

A **new PIT-2 form**, i.e. the taxpayer's statement for the purpose of calculating the monthly personal income tax withholding tax, applies starting from 01 January 2023 – PIT-2 version 9. This form is **optional** so the withholding entity may modify it as needed by dividing one document into several separate statements/applications. A taxpayer submits any statements and applications which influence the calculation of the withholding tax to the withholding entity in a manner customary for the withholding entity.

The new version of the PIT-2 Statement specified and provided by the Polish Minister of Finance is divided into several parts:

1. Statement on **reduction of monthly withholding tax** by 1/12, 1/24 or 1/36 of the annual tax reduction amount – for more information go to section 5 of the brochure
2. Statement on **joint income taxation** with the spouse or as a single parent
3. Statement on the application of **increased employee tax deductible expenses**
4. Statement on **allowances, e.g. the return to Poland allowance, the allowance 4+ family allowance, the allowance for working seniors**
5. Application **not to apply the tax credit for young people or the employee tax deductible costs** – for more information go to section 8 of the brochure
6. Application **not to apply the 50% tax deductible costs**
7. Taxpayer's application **not to make withholding tax payments in the tax year** – for more information go to section 7 of the brochure

The PIT-2 statement may be submitted by taxpayers paying taxes according to the progressive tax system, i.e. **employees, individuals under contracts or mandate, contracts for specific work or management contracts**.

PIT-2 can be submitted to no more than three withholding entities. If income is earned from more than one withholding entity, the total monthly amount of the reduction may not exceed 1/12 of the annual the reducing amount.

The withholding entity is required to take into account the statement not later than starting from the month following the month in which it was received. Once submitted, the statement remains valid for subsequent tax years until it is withdrawn or amended by the taxpayer. Such withdrawal or amendment must be made in writing. **PIT-2 statements submitted before 1 January 2023 remain in effect**. However, if a taxpayer wants to change the amount reducing the withholding tax payment (to 1/24 or 1/36 of the annual tax reducing amount) or is employed under an employment contract and a contract of mandate and wants, starting from 2023, to apply a monthly tax credit on the total income from both the employment contract and the contract of mandate, the taxpayer should resubmit the PIT-2 form.

When calculating the withholding tax after employment termination, the withholding entity will be required to ignore the previously submitted statements, except for the applications under sections 5 and 6.

#### 5. Tax-exempt income and the amount reducing the monthly withholding tax 1/12, 1/24, 1/36 [PIT]

As of 1 January 2023, the tax-exempt income is still **PLN 30,000** and, consequently, the tax reducing amount remains unchanged too – PLN 3,600 (30,000 x 12%).

A change brought by the year 2023 is that a taxpayer who earns income from more than one withholding entity can decide whether a monthly tax reducing amount is to be applied by one, two or maximally three withholding entities. The change is beneficial for individuals working several jobs as until 31 December 2022 they were allowed to indicate only one employer for the reduction.

However, this does not mean that each of the three withholding entities will apply 1/12 of the tax reducing amount (i.e. PLN 300).

In the statement submitted to the withholding entity, the taxpayer will have to state that this withholding entity is entitled to reduce the withholding tax by:

- 1) **1/12** of the tax reducing amount (**PLN 300**) or
- 2) **1/24** of the tax reducing amount (**PLN 150**), or
- 3) **1/36** of the tax reducing amount (**PLN 100**).

#### 6. Two tax reducing amounts 2 x PLN 300 [PIT]

The withholding tax of a taxpayer who has submitted a PIT-2 statement to the withholding entity will be reduced every month by 1/12 of the tax reducing amount, i.e. by PLN 300.

If the taxpayer additionally fills out a statement on an intention to exercise preferential tax treatment rights in the form of joint taxation with their spouse or as a single parent (this is one of the sections of the new PIT-2 version), their withholding tax will be reduced by a **double tax reducing amount**.

In the statement, the taxpayer confirms that their income will not exceed the upper limit of the first tax bracket, i.e. PLN 120,000, and the spouse or the child do not have any income and withholding tax payments for all the months in the year equal 12% of the income earned in a given month and are decreased every month by an additional 1/12 of the tax reducing amount, i.e. by PLN 300. As a result, the withholding tax of the taxpayer will be reduced by a **double tax reducing amount, i.e. PLN 2 x 300 = PLN 600**.

The employer takes into account the submitted statement starting from the month following the month of the submission. The statement applies to the calendar year in which it was submitted.

#### 7. Request not to collect withholding tax [PIT]

As of 1 January 2022, the legislator enacted a law authorising the taxpayer to submit to the an application to the withholding entity not to collect the withholding tax if the taxpayer anticipates that its **income in a given tax year will not exceed PLN 30,000**. This law applied to a certain group of taxpayers earning income:

- 1) from personally performed artistic, literary, scientific, coaching, educational and artistic activities, as well as income from practising of sports, from sports scholarships awarded under separate regulations and income of referees and umpires at sports competitions;
- 2) from activities related to community or civil duties;
- 3) from performance of services under a contract of mandate or a contract for specific work;
- 4) from enterprise management contracts, management contracts or similar contracts;
- 5) from internships for graduates or students.

**Starting from 1 January 2023**, this list increases. **Individuals under employment contracts will also be able to submit a written application not to collect the withholding tax.** A taxpayer may submit the document at any time throughout the year. The employer is required to take it into account not later than starting from the month following the month in which it received the application. This application must be submitted separately for every tax year. The employee may also withdraw the application not to collect the withholding tax at any time.

If an employee submits an application not to collect the withholding tax to the employer and exceeds the limit of PLN 30,000 within this source during the year, the employer is required to collect withholding tax on any subsequent income according to general rules.

#### 8. Application not to apply tax deductible costs [PIT]

On 1 January 2022, the legislator introduced the possibility of cancelling the application of basic monthly tax deductible costs.

**Starting from 1 January 2023**, it will be possible to **decide not to apply** either basic or **increased tax deductible costs**.

If an employee submits an application to collect withholding tax to the withholding entity without applying monthly tax deductible costs, the withholding entity collects the withholding tax without applying such costs not later than starting from the month following the month in which the application was received. The application will be valid until further notice and may be submitted in any form customary for the withholding entity.

This may happen when an employee employed by two workplaces under employment contracts does not want one of the them to apply tax deductible costs.

#### 9. Application to calculate the income tax for individuals under the age of 26 [PIT]

If a taxpayer submits a written application to the withholding entity to collect the withholding tax without applying the tax exemption, the withholding entity is required to collect the withholding tax not later than starting from the month following the month in which the application was received. This application must be submitted separately for every tax year.

#### 10. Exemption from tax for persons up to the age of 26 [PIT]

The tax exemption applies to individuals under the age of 26 who are employed under an employment contract, a cooperative employment relationship, civil service, home work, contract of mandate, graduate internships and student internships. The amount of the exemption has not been changed and it applies to revenue from the above-mentioned relationships **up to PLN 85,528** per annum.

#### 11. Default registration [Employee Capital Plans]

Employee Capital Plans (PPK) are subject to self-registration, which means that every 4 years the employer is required to renew default registration for the PPK. **The first default registration will take place in March 2023.**

The default registration date is fixed for all organisations regardless of the PPK implementation date.

By 28 February 2023, the Employer is required to communicate the information on the default registration to all those who have submitted a declaration not to make the PPK contributions, i.e.:

- the PPK participants who have decided not to make the PPK contributions and are not 55 years old and will not turn 55 by the end of March 2023;
- employees who have decided not to make the PPK contributions before a PPK operating agreement was concluded on their behalf and who are not 55 years old and will not turn 55 by the end of March 2023;
- employees/PPK participants who have decided not to make PPK contributions and who will turn 55 before 1 April 2023 and will only be eligible for saving money within the PPK after submitting a relevant application.

Starting from 1 March 2023, the employer will be required to calculate and collect the PPK contributions from the individuals who did not submit a statement on not joining the PPK scheme and the employer will be required to transfer the contributions to a financial institution between 1 and 17 April 2023.

#### 12. Limit of the pension contribution assessment base [social security]

The limit for the annual assessment base for the retirement and pension contributions in 2023 is **PLN 208,050**, the forecast average monthly pay assumed for its determination being PLN 6,935.

### 13. Deduction-free amount

In 2023, the **deduction-free amount change twice** as it depends on the minimum pay, which will be changed on 1 January 2023 and on 1 July 2023.

The deduction-free amount is a net amount so it depends on the individual situation of the employee, i.e. the type of application of tax deductible costs, the method of reducing the tax withholding tax, the application of exemptions or the PPK participation.

### 14. Public holidays in 2023

In 2023, public holidays are Sundays and the following days:

Date	Day of the week	Name of the holiday
01/01/2023	Sunday	New Year
06/01/2023	Friday	Epiphany
09/04/2023	Sunday	Easter Sunday
10/04/2023	Monday	Easter Monday
01/05/2023	Monday	Labour Day
03/05/2023	Wednesday	Constitution Day
28/05/2023	Sunday	Pentecost (Whit Sunday)
08/06/2023	Thursday	Corpus Christi
15/08/2023	Tuesday	Assumption Day
01/11/2023	Wednesday	All Saints' Day
11/11/2023	Saturday*	Independence Day
25/12/2023	Monday	Christmas
26/12/2023	Tuesday	Christmas

\*For every holiday which falls on Saturday (November 11), employees must be given an extra day off. The extra day off shall be granted in the workplace settlement period (of one month or three months, as applicable).

### 15. Amendments to employment contracts [BILL]

The bill amending the Labour Code assumes major changes concerning the types of contracts and their duration.

**A probationary contract can be concluded for a maximum period of 2 months, with a possibility of extending it to account for the absences (medical leaves, holidays, other) up to a maximum of 3 months.** The employer will have an option of concluding either a probationary contract for not more than 1 month if it intends to conclude another contract for a fixed term shorter than 6 months or a probationary contract for 2 months if it intends to conclude another contract for a fixed term of not shorter than 6 months and not longer than 12 months.

In the case of a fixed-term employment contract, the employee will be able to apply to the employer in writing once a year to change the FTE/type of contract. The employer will be required to inform the employee in writing of its decision.

If work is provided at more than one location, the employer must indicate the exact address of each work location.

#### 16. Termination of a fixed-term contract [BILL]

The bill amending the Labour Code assumes a requirement of providing the cause of contract termination also in the case of a fixed-term contract. Currently, cause is given only for case of open-ended contracts and in the case of termination of the employment contract without notice.

#### 17. Information on terms and conditions of employment [BILL]

The bill amending the Labour Code significantly changes the information on employment terms. The employer will be required to provide it to an employee in writing or in an electronic format not later than 7 days after allowing the employee to commence work.

The deadline by which the employer must inform the employee about any revision of the employment terms is also planned to be significantly changed – the employer will have to do so before the change becomes effective. The information notice will be significantly expanded.

#### 18. Home office [BILL]

The Labour Code is anticipated to include the concept of home office. Home office can be arranged either at the stage of concluding an employment contract or during employment at the request of one of the parties. The following issues are to be regulated: work location, obligations of the employer and the employee, work monitoring possibilities, work materials and tools or occupational health and safety regulations. The bill also provides for a procedure for determining how the costs incurred by the employee during home office work should be covered.

#### 19. Sobriety check [BILL]

In order to ensure the protection of life and health or property, the legislator plans to introduce the possibility of testing employees for the presence of alcohol and substances with similar effects.

The provisions specifying the groups of employees to be tested as well as the testing methods, including the type of equipment to be used by the employer for the testing, the frequency and time of the testing should be included in the collective bargaining agreement, the staff regulations or an announcement. The rules for processing the personal data and information obtained in connection with the testing are also planned to be established.

#### 20. Leave related to force majeure [BILL]

The bill amending the Labour Code provides for time off work of 2 days or 16 hours in connection with force majeure. This will be a possibility of granting time off to take care of urgent family matters related to an illness or accident. The payment for the leave will equal a half of the salary. Such leave may be requested not later than on the date on which the employee is going to take the time off.

#### 21. Additional unpaid care leave [BILL]

The bill amending the Labour Code provides for the introduction of an additional care leave of 5 days a year. The leave will be granted to provide personal care or support to a person who is a family member (son, daughter, mother, father, spouse) or another person from the same household. The employee does not retain the right to pay for the period of such additional care leave.

#### 22. Changes in parental leaves [BILL]

The bill amending the Labour Code provides for extending parental leave from 32 to 41 weeks in the case of giving birth to one child or from 34 to 43 weeks in the case of multiple birth. The additional 9 weeks (above the current

leave entitlement) cannot be transferred to the other parent and any not leave not taken will be lost. Parents will be able to divide the leave into 5 parts and use it until the end of the calendar year in which the child turns 6.

The amount of the benefit for the entire period of parental leave will be 70% of the benefit assessment base. However, if an employee applies for a maternity and a parental leave not later than 21 days after childbirth, the monthly benefit for the period of the maternity and parental leave will amount to 81.5% of the benefit assessment base.

Parents of children with severe and incurable diseases will be able to take a parental leave of up to 65 weeks if one child is born or up to 67 weeks in the case of multiple birth.

Paternity leave – the amendment to the Labour Code is anticipated to reduce the period during which an employee who is father raising a child will be able to take a paternity leave from 24 to 12 months after the child's date of birth.

### 23. Additional rights for parents of children under the age of 8 [BILL]

The bill amending the Labour Code prohibits assigning an employee to night work, overtime work, work in the interrupted working time system, work outside the permanent workplace without the employee's consent if the employee is a parents of a child under the age of 8 (versus under the age of 4 in the current regulations).

Additionally, parents of children under the age of 8 will be able to apply for flexible working time (i.e. teleworking, flexible working time systems, implementation of flexible working time, individual working time schedule). An employee will be required to submit an application at least 21 days before the planned commencement of the flexible working system. The employer will be required to inform the employee, in a paper or electronic format, whether the application was approved or rejected or about any alternative period of implementing the flexible working system other than that requested in the application. The employer should do so within 7 days of receiving the request. A staff member who has applied for flexible working time and whose application has been approved is protected under Article 177 of the Polish Labour Code.

\* \* \*

#### Legal notice

This material was drawn up in January 2023 by Mac Auditor Sp. z o.o. Some significant changes concerning the above information could have taken place since that time, including changes in the law, changes to interpretations or changes resulting from court rulings. The information presented in this material is general and simplified. Numerous detailed issues were omitted. This material serves information purposes only and in particular it should not be used as the only basis for making tax-related decisions. Such decisions should always take into account the complete legal status, interpretations and case-law. Mac Auditor Sp. z o.o. may not be held liable if any information presented in this document is used for any purposes whatsoever. This material is copyrighted and its distribution requires prior written consent of Mac Auditor Sp. z o.o.

**Mac Auditor Sp. z o.o.** has been present on the market since 1994 and specialises in outsourcing of accounting, HR and payroll services. Mac Auditor is an auditing company entered on the list maintained by the Polish National Chamber of Statutory Auditors at number 244 and entered in the register maintained by the PCAOB, an American supervisory organisation, at number 1920.

Mac Auditor Sp. z o.o.  
ul. Obrzeźna 5 / 8p.,  
02-691 Warszawa

T: +48 22 649 27 65 F: +48 22 649 27 68  
macauditor@macauditor.pl  
www.macauditor.pl

Warsaw District Court, 13th Commercial Division  
KRS No.: 0000099338 NIP (taxpayer number): 118 00 64 610  
Share capital: PLN 100,000; Registered Statutory Auditor No. 244