

Taxation of certain financial institutions – new regulations

This briefing concerns the so-called bank tax introduced by the Act on Tax on Certain Financial Institutions of 15 January 2016. The government estimates that the bank tax may bring the State budget even PLN 4-5 billion in the form of tax revenues. The provisions of the new legislative act will enter into force already from 1 February 2016.

Act on Tax on Certain Financial Institutions of 15 January 2016

Basic assumptions:

- The tax is to apply, as a rule, to domestic banks (including cooperative savings and loan societies and lending institutions), insurance (reinsurance) companies and branches of foreign banks and insurance (reinsurance) companies in Poland.
- The tax is to be calculated on the basis of the gross value above a threshold of PLN 4 billion in the case of banks, PLN 2 billion in the case of insurance/reinsurance companies and PLN 200 million in the case of lending institutions.
- The rate of the tax is 0.0366% per month.

Detailed information

The tax on certain financial institutions applies to the following entities conducting financial activity in Poland: domestic banks, branches of foreign banks, branches of credit institutions, cooperative savings and loan societies (SKOKs), lending institutions in the meaning of the Act on Consumer Credit, domestic insurance companies, domestic reinsurance companies, branches of foreign insurance companies and reinsurance companies and main branches of foreign insurance companies and reinsurance companies. The tax does not apply to state banks (currently the only "state bank" within the meaning of the Banking Law is BGK – Bank Gospodarstwa Krajowego). Moreover, the tax does not apply to investment funds (including mutual funds) or credit institutions with their registered offices in the EU performing cross-border banking activities on the basis of a European passport (i.e. directly by the credit institution, and not through a branch).

The tax base is the surplus of the assets above the amount exempt from tax, this amount being PLN 4 billion (approx. EUR 900 million) in the case of banks, PLN 2 billion (approx. EUR 450 million) in the case of insurance/reinsurance companies and PLN 200 million (approx. EUR 45 million) in the case of lending institutions. In the case of taxpayers other than insurance companies or reinsurance companies and lending institutions the tax base is decreased by the value of own funds (i.e. the sum of Tier I and Tier II capital), assets purchased from the National Bank of Poland constituting security for a refinancing credit facility granted by that bank and treasury bonds. Moreover, in the case of insurance/reinsurance companies and lending institutions, the value of the assets is calculated jointly for all taxpayers that are controlled or jointly controlled, directly or indirectly, by one entity or a group of affiliated entities. The tax base is determined by the taxpayer as at the end of each month in accordance with separate accounting regulations. In the case of branches of foreign banks and insurance and reinsurance companies, the tax base is determined on the basis of the assets of those branches. Payers of the tax are obliged to pay the tax on a monthly basis, at the rate of 0.0366% of the tax base.

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