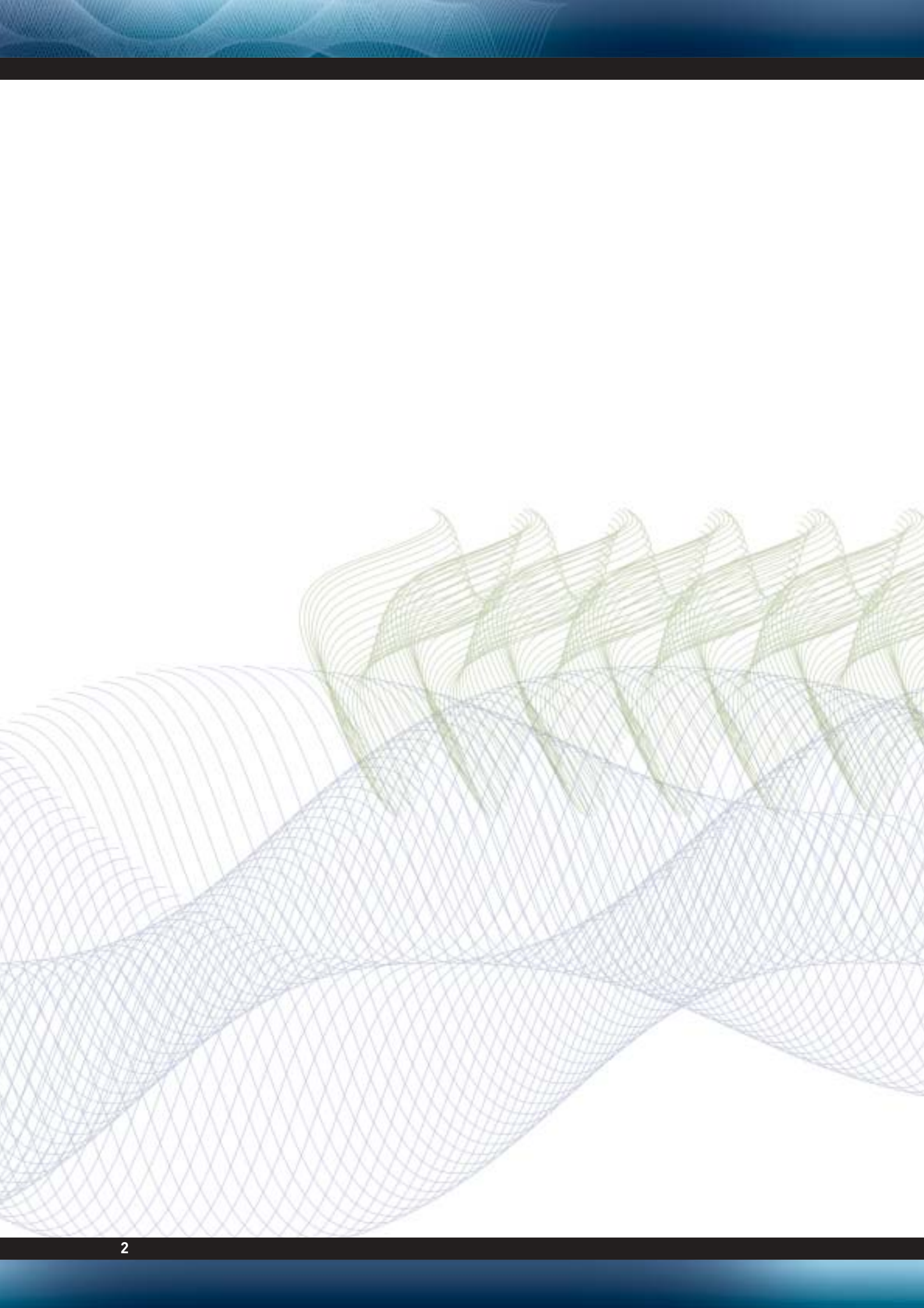




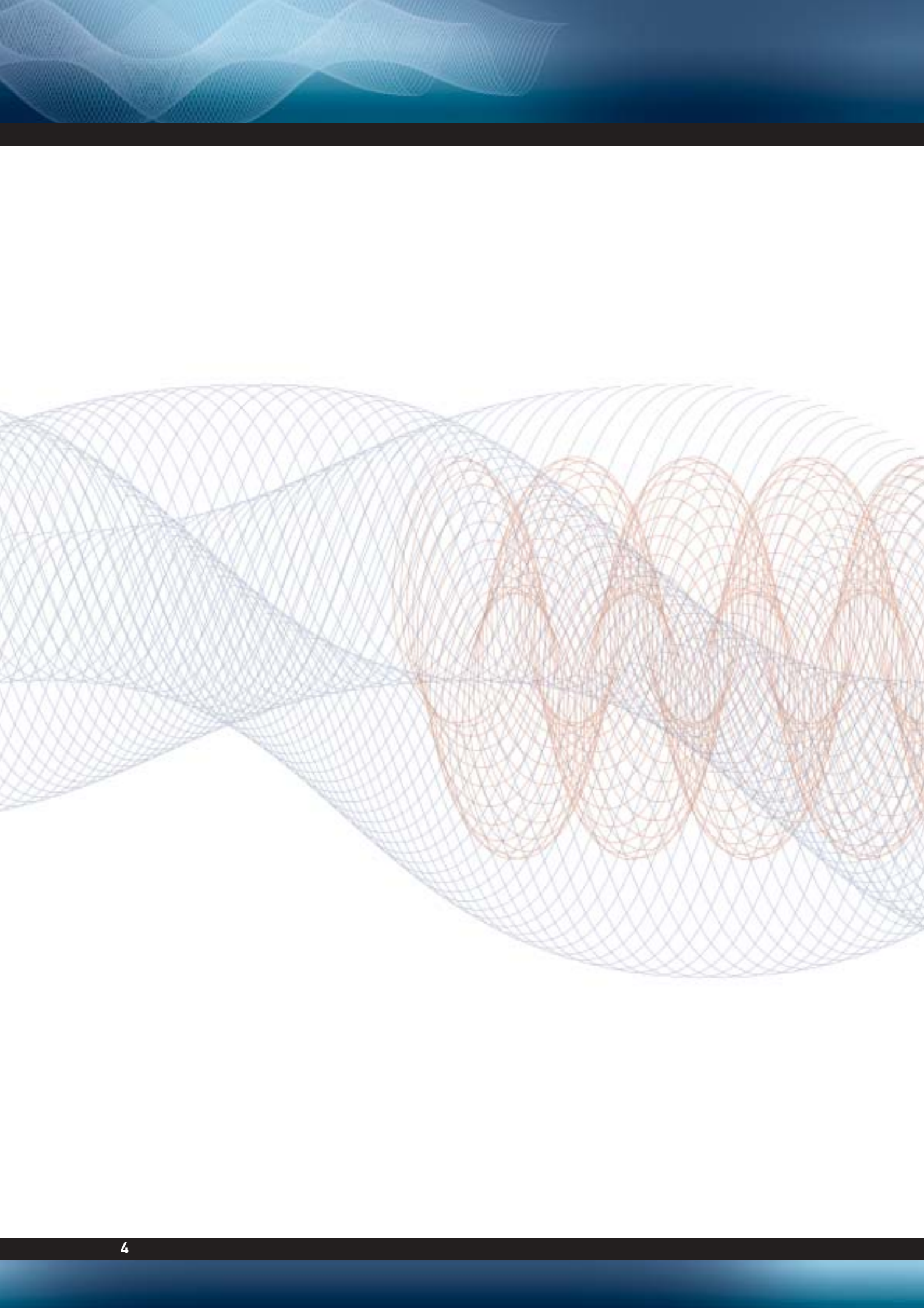
Tax Administration and Tax System in Poland

TAX INFORMATION BULLETIN / 2004





| | |
|--|------------|
| Introduction – Secretary of State Wiesław Ciesielski | 5 |
| Main macroeconomic indicators in the years 1998-2003 | 7 |
| Strategy for the modernisation of the Polish tax administration for the period to 2004 | 8 |
| 1. FISCAL ADMINISTRATION IN POLAND | 11 |
| 1.1 Organisational structure of the fiscal administration | 12 |
| 1.1.1 Ministry of finance | 13 |
| 1.1.2 Tax Chambers | 15 |
| 1.1.3 Tax Offices | 16 |
| 1.1.4 Large Taxpayer Offices | 17 |
| 1.1.5 Fiscal Audit Offices | 18 |
| 1.2 Tax-related tasks of the Customs Administration | 20 |
| 1.3 Regional Fiscal Boards | 21 |
| 2. BASIC TASKS AND PROCEDURES OF FISCAL ADMINISTRATION | 23 |
| 2.1 Registration | 24 |
| 2.2 Tax Audit | 25 |
| 2.3 Fiscal audit | 27 |
| 2.4 Enforcement proceedings | 29 |
| 2.5 Penal Fiscal Proceedings | 31 |
| 2.6 Special tax supervision | 34 |
| 2.7 Fiscal intelligence | 36 |
| 2.8 Monitoring of public assistance | 37 |
| 2.9 Tax Ordinance | 38 |
| 2.10 Taxpayer service | 39 |
| 2.11 Fiscal audit of means from the European Union | 44 |
| 3. FUNCTIONING OF THE TAX ADMINISTRATION | 47 |
| 3.1 Civil service in the fiscal administration | 48 |
| 3.2 Employment in fiscal administration | 50 |
| 3.3 Circulation of documents in the Tax Office | 52 |
| 3.4 Complaints and motions | 56 |
| 3.5 Internal control | 57 |
| 3.6 Internal audit | 57 |
| 3.7 IT in the Tax Administration | 58 |
| 3.8 Tax Information System (SIP) | 60 |
| 3.9 Operations of the Tax administration in 2002 | 62 |
| 4. TAXES IN POLAND | 67 |
| 4.1 Direct taxes | 68 |
| 4.1.1 Personal income tax | 68 |
| 4.1.2 Corporate income tax | 73 |
| 4.1.3 Local Taxes and Charges | 74 |
| 4.2 Indirect Taxes | 80 |
| 4.2.1 Tax on goods and services (VAT) | 80 |
| 4.2.2 Excise duty | 83 |
| 4.2.3 Gaming tax | 84 |
| 5. INTERNATIONAL CO-OPERATION | 87 |
| 5.1 Integration with the European Union | 88 |
| 5.1.1 PHARE | 88 |
| 5.1.2 VAT Information Exchange System (VIES) | 90 |
| 5.1.3 FISCALIS – Programme of the European Commission | 93 |
| 5.1.4 System of Exchange of Excise Data (SEED) | 94 |
| 5.2 Bilateral Co-operation | 95 |
| 5.3 Co-operation with OECD | 97 |
| 5.4 Harmful Tax competition | 98 |
| 5.5 Intra-European Organisation of Tax Administrations (IOTA) | 99 |
| 6. TAX ADMINISTRATION IN NUMBERS | 101 |





This Tax Bulletin of the Ministry of Finance has been compiled in a moment of profound change affecting both Polish tax administration and tax system, when the process of consolidation and modernisation of the tax administration, begun in 2002, is due to be finished. The main task during the previous period was to prepare Polish tax administration for the requirements of the European Union, to which Poland will accede as of 1 May 2004.

Major projects have been completed in order to amend many acts of taxation. Some amendments are intended to boost enterprise and enhance economic growth. In 2004, corporate income tax was reduced from 27 to 19 percent. In addition, a tax option for natural persons engaged in economic activity has been introduced, which envisages that small and medium-sized entrepreneurs have the right to choose whether they will settle their taxes – as is currently the case – according to progressive PIT rates or whether they will choose – depending on their situation – a flat tax at the level of 19 percent.

Simultaneously, it is assumed that the pro-social character of the Polish tax system will be maintained. Therefore, the tax exempt amount will be kept in the case of PIT settlement, and natural persons will still settle their taxes according to a progressive tax scale. Some tax reliefs will be repealed but their social objectives will be met thanks to other, more effective methods.

In addition, some works have been completed in order to amend the Tax Ordinance with a view to adjusting Polish law to the requirement of exchanging tax information with foreign tax administrations. Moreover, work has been finalised aimed at the adoption of a new VAT Act and a new Excise Duty Act, which as a result will adjust Polish law to the EU directives.

INTRODUCTION

Polish tax administration faces three main objectives: ensuring a further rapid and balanced economic growth and boosting enterprise, developing conditions for favourable absorption of EU funds through securing funds for pre-financing and finally the co-financing of EU assistance programmes, as well as ensuring an efficient fulfilment of functions of the state and enhancing the independence of local government in this scope because it is at the local level where the most urgent social needs are clearly visible.

The Act on the Regional Fiscal Boards (WKS), passed in 27 June 2003, introduced changes in most organisational units subordinate to the Minister responsible for public finance. The Customs Service took over responsibility with regard of excise duty along with fulfilment of special tax supervision.

Polish tax administration aims at balancing service and audit functions in all its operations as well as providing the taxpayer with maximum assistance in proper tax compliance. In practice, these changes are reflected through specialised Large Taxpayer Offices, call-centres and separate taxpayer service rooms in Tax Offices. The co-ordination of audit operations at the regional level by the Regional Fiscal Boards (WKS) results in a reduction of the number of audits, their efficient performance and better results. Simultaneously, the tax administration is redirecting its efforts in a more efficient attempt to deal with the tax fraud resulting in the transformation of the shadow economy into an economy operating in accordance with law.

Without further ado, I offer you a next issue of the Tax Information Bulletin hoping that it will allow you to familiarise yourself with the nature of the Polish tax administration and tax system.



Wiesław Ciesielski

Secretary of State
General Inspector of Fiscal Control

MAIN MACROECONOMIC INDICATORS IN THE YEARS 1998-2003

| ECONOMIC INDICATORS | | YEAR | | | | | |
|---|-------------|---------|---------|---------|---------|---------|---------|
| Specification | Unit | 1998 | 1999 | 2000 | 2001 | 2002 | 2003* |
| REAL SECTOR | | | | | | | |
| Real GDP | % | 104.8 | 104.1 | 104.0 | 101.0 | 101.4 | 103.7 |
| Total domestic demand | % | 106.4 | 104.8 | 102.8 | 98.3 | 100.8 | 102.3 |
| GDP at current prices | PLN billion | 576.5 | 640.6 | 713.4 | 750.8 | 771.1 | 804.7 |
| GDP at current prices (old methodology) | PLN billion | 553.6 | 615.1 | 685.0 | 721.6 | - | - |
| PRICES | | | | | | | |
| Consumer price index | | | | | | | |
| - average | % | 11.8 | 7.3 | 10.1 | 5.5 | 1.9 | 0.8 |
| - December/December | % | 8.6 | 9.8 | 8.5 | 3.6 | 0.8 | 1.7 |
| WAGES AND SALARIES | | | | | | | |
| Average gross wage and salary of which: | PLN | 1,232.7 | 1,697.1 | 1,893.7 | 2,045.1 | 2,097.8 | 2,208.0 |
| - enterprise sector | PLN | 1,348.6 | 1,834.8 | 2,056.8 | 2,203.1 | 2,277.4 | 2,341.5 |
| - budgetary sphere units | PLN | 1,175.6 | 1,652.4 | 1,931.9 | 2,088.7 | 2,148.5 | 2,262.0 |
| Average retirement pay and pension: | | | | | | | |
| - from non-agricultural social security system | PLN | 732.5 | 813.7 | 875.5 | 971.8 | 1,039.3 | 1,092.4 |
| - individual farmers | PLN | 507.2 | 562.5 | 601.6 | 664.2 | 700.1 | 726.7 |
| LABOUR MARKET | | | | | | | |
| Average employment of which: | thousand | 9,863.8 | 9,637.1 | 9,354.1 | 9,050.2 | 8,736.3 | 8,539.0 |
| - enterprise sector | thousand | 5,856.2 | 5,795.4 | 5,312.0 | 5,137.6 | 4,911.5 | 4,724.0 |
| - budgetary sphere units | thousand | 2,203.5 | 1,887.0 | 1,828.9 | 1,613.3 | 1,579.2 | 1,586.0 |
| Average number of retirees and pensioners | thousand | 9,435.1 | 9,452.8 | 9,412.4 | 9,310.7 | 9,236.8 | 9,206.2 |
| - from non-agricultural social security system | thousand | 7,466.3 | 7,523.9 | 7,525.2 | 7,468.9 | 7,438.9 | 7,451.0 |
| - individual farmers | thousand | 1,968.8 | 1,928.9 | 1,887.2 | 1,841.8 | 1,797.9 | 1,755.2 |
| Unemployment (average) | thousand | 1,831.4 | 2,349.8 | 2,702.6 | 3,115.1 | 3,217.0 | 3,175.7 |
| Unemployment rate | % | 10.4 | 13.1 | 15.1 | 17.5 | 18.0 | 18.0 |
| Unemployment rate on the basis of results from the 2002 | | | | | | | |
| National General Census of Population and Dwelling Places | | | | | | | |
| and 2002 General Agricultural Census | | | | | 19.0 | 20.0 | 20.0 |
| EXCHANGE RATE | | | | | | | |
| - PLN/USD (average) | PLN | 3.4937 | 3.9675 | 4.3464 | 4.0939 | 4.0794 | 3.8889 |
| - PLN/EUR (average) | PLN | 3.9231 | 4.2270 | 4.0110 | 3.6686 | 3.8558 | 4.3978 |
| - USD/EUR (average) | USD | 1.1229 | 1.0654 | 0.9228 | 0.8960 | 0.9456 | 1.1308 |
| INTEREST RATES | | | | | | | |
| Nominal interest rates | | | | | | | |
| - minimum yield on 28-day open market operations | % | 20.3 | 13.7 | 17.9 | 15.9 | 8.8 | 5.7 |
| BALANCE OF PAYMENTS | | | | | | | |
| Current account | USD million | -6841 | -11553 | -9952 | -7166 | -6700 | -3972 |
| - trade balance | USD million | -13720 | -14379 | -13168 | -11675 | -10352 | -9661 |
| - goods: exports | USD million | 30120 | 26349 | 28255 | 30275 | 32945 | 42916 |
| - goods: imports | USD million | 43840 | 40728 | 41423 | 41950 | 43297 | 52577 |
| Capital and financial account | USD million | 10991 | 8241 | 7660 | 2980 | 6622 | 6343 |
| - direct investment: net | USD million | 4969 | 6352 | 8169 | 6928 | 3789 | 3675 |
| Ratio: | | | | | | | |
| - C/A to GDP | % | -4.2 | -7.5 | -6.1 | -3.9 | -3.5 | -1.9 |
| - trade balance to GDP | % | -8.7 | -9.3 | -8.0 | -6.4 | -5.5 | -4.7 |

*Expected execution



STRATEGY FOR THE MODERNISATION OF THE POLISH TAX ADMINISTRATION FOR THE PERIOD TO 2004

adopted by the Council of Ministers on 6 August 2000.

Mission statement of the Polish tax administration:

The collection of tax revenue in the most effective, fair and efficient way, and enabling the implementation of economic, social and administrative objectives.

STRATEGIC OBJECTIVES

1. Relationship with taxpayers

- a) Strategy of relationship with taxpayers;
 - Implementation of strategy for informing taxpayers of their rights and obligations,
 - Special treatment of particular groups of taxpayers (persons launching private business, graduates of secondary and high schools, disabled people, pensioners and people retiring early on health grounds).
- b) Taxpayer service strategy;
 - Development of the taxpayer service strategy and the Charter of Rights and Obligations of Taxpayers,
 - Development of taxpayer service points,
 - Establishment of Large Taxpayer Offices.
- c) Communication strategy;
 - To systemise the rules for the external communication of the Ministry of Finance with taxpayers and for internal communication between the units of the Ministry of Finance and Tax Chambers and Offices,
 - To develop an IT system for monitoring the application of tax law,
 - To establish regional public relations units.

2. Organisation, Personnel, Technical Equipment

- a) Performance management strategy;
 - To develop indicators for assessment of effective performance of the tax administration.

b) Management of human resources strategy;

- To develop a Code of Ethics for an employee of the tax administration,
- To introduce a system for job rotation of personnel within one organisational unit or between organisational units of the tax administration,
- To develop an integrated training system for the personnel of the tax administration.

c) IT strategy;

- To develop interface with EU systems,
- To develop a national VAT Information Exchange System (VIES) application for the Central Liaison Office,
- To implement an IT subsystem of tax audit support.

3. Collection and audit of tax dues

a) Risk management strategy;

- Methodology of use of risk analysis in selection of taxpayers for audit,
- Internal risk management through dissemination of data on improper conduct of tax administration's personnel.

b) Tax audit strategy;

- To develop standard operation rules for all bodies carrying out tax audit,
- To develop medium and long-term strategy for operations of services responsible for tax audit,
- To improve the co-operation of Tax Chambers and Tax Offices in the field of prevention of money laundering.

c) Long-term strategy of tax collection;

- To implement a long-term strategy of tax collection through introduction of legal instruments improving voluntary and compulsory tax collection, as well as the delegation of fiscal audit functions in the area of tax audit of large entities to the Tax Offices,
- To introduce the specialisation of the Tax Offices in the area of large taxpayer service.

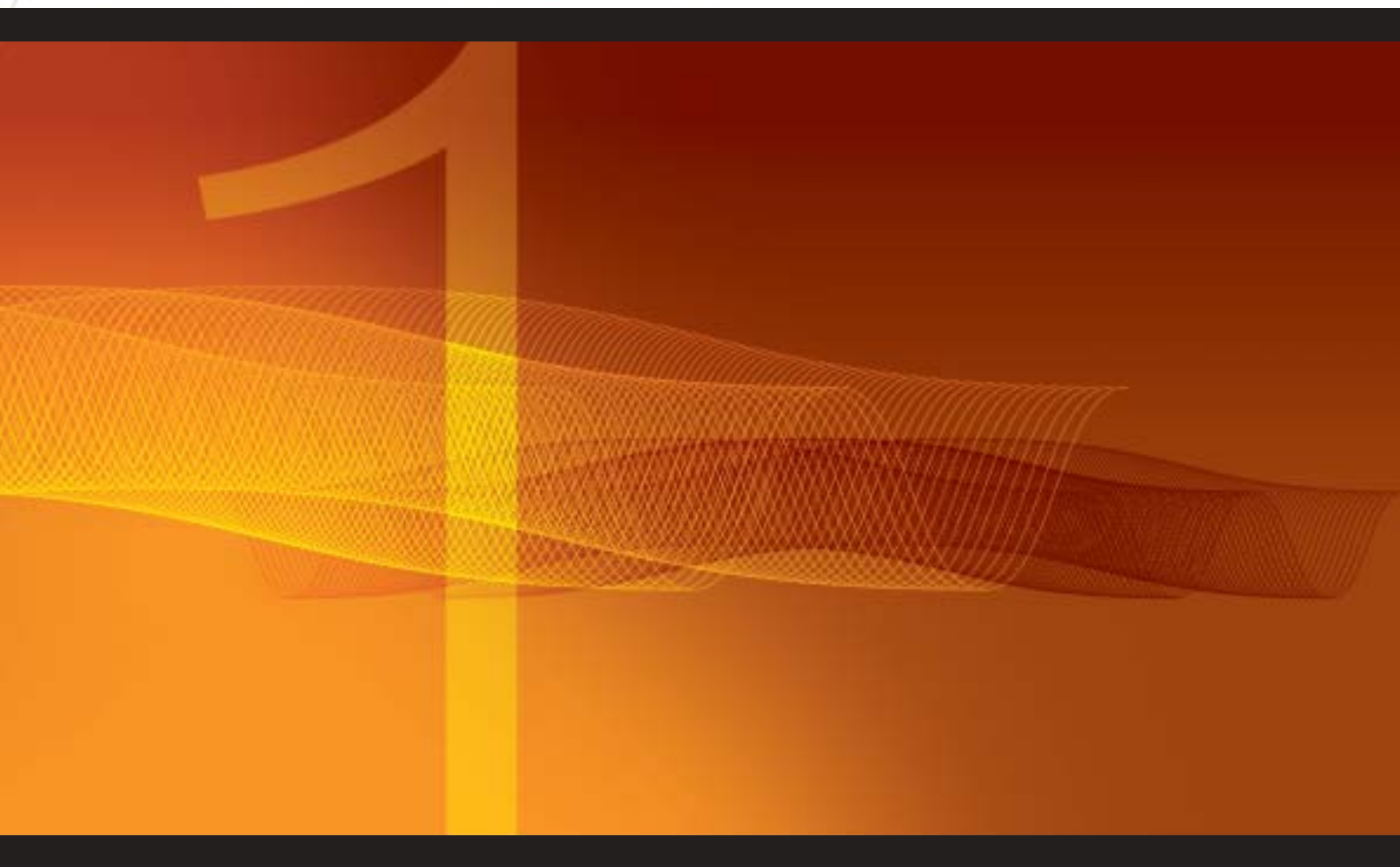
4. Co-operation with the European Union

- Establishment of the Central Liaison Office (CLO) and implementation of the VAT Information Exchange System (VIES),
- Establishment of the Excise Liaison Office (ELO) and implementation of the System of Exchange of Excise Data (SEED).





Fiscal administration in Poland



Fiscal administration in Poland consists of two primary parts:

- Local bodies of governmental administration that are subordinate to the Minister of Finance,
- Bodies of local government units.

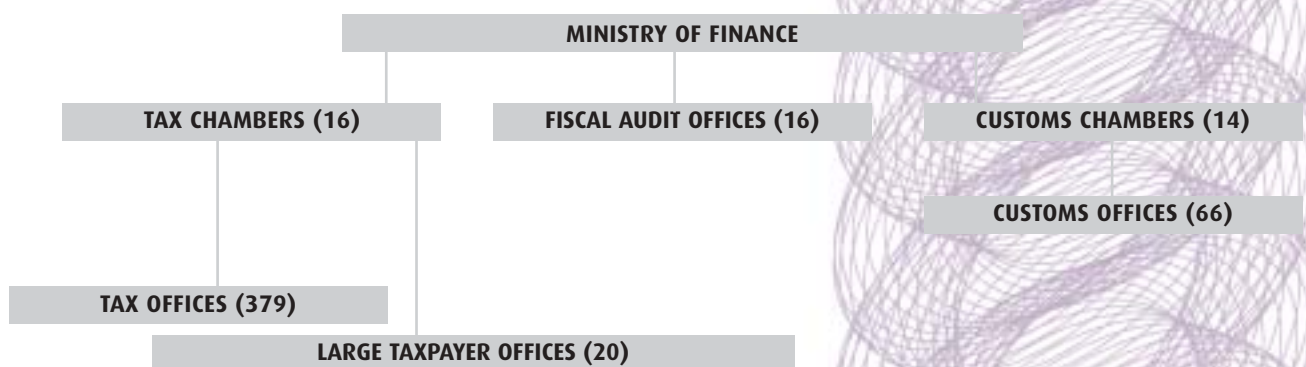
Within governmental tax administration the following bodies exist with the power to issue decisions:

- Tax bodies i.e. the Minister of Finance, the Directors of the Tax Chambers, the Heads of the Tax Offices, as well as the Directors of Customs Chambers and the Heads of Customs Offices (in scope of excise duty and VAT at imported goods and services);
- Fiscal audit bodies i.e. the Minister of Finance, the General Fiscal Audit Inspector and the Directors of the Fiscal Audit Offices.

1.1 ORGANISATIONAL STRUCTURE OF THE FISCAL ADMINISTRATION

The fiscal administration includes bodies and institutions dealing with the registration of taxpayers, tax assessment, audit and collection, as well as enforcement of tax liabilities, performance of investigations against fiscal offences and petty fiscal offences.

After the introduction on 1 January 1999 of a three-level territorial division of the state (gminas, poviats and voivodeships), which envisaged the introduction of 16 regions (voivodeships), the reduction of the number of Tax Chambers and Fiscal Audit Offices was adopted along with the corresponding adjustment of the territorial area of responsibilities of Tax Offices. At present, the fiscal administration consist of 16 Tax Chambers, 399 Tax Offices, including 20 Large Taxpayer Offices, 16 Fiscal Audit Offices, 14 Customs Chambers and 66 Customs Offices.



1.1.1 MINISTRY OF FINANCE



Andrzej Raczko

Minister of Finance

RESPONSIBILITIES AND FUNCTIONS OF THE MINISTER OF FINANCE

Responsibilities of the Minister of Finance:

1. General supervision over tax matters.
2. Organisation of tax collection and other budgetary dues.
3. Creation of tax laws (drafting acts and regulations, as well as issuing regulations and orders).
4. Forbearance of tax collection from groups of taxpayers.

The Minister of Finance performs the function of:

1. The supreme body of state administration that may amend or annul decisions issued by the tax authorities.
2. The supreme body of fiscal audit.
3. An authority of the first instance in matters of statement of invalidity of a decision, resumption of proceedings, amendment or annulment of a decision, or statement of expiration of a decision - ex officio.
4. An appeal authority against decisions issued in matters referred to in item 3 above.
5. The body supervising the performance of enforcement bodies in the area of the administrative enforcement of pecuniary dues.
6. The body supervising penal fiscal cases.

Management of Fiscal Administration



Wiesław Ciesielski

Secretary of State

General Inspector of Fiscal Audit

The Government's Proxy for Combating Financial Irregularities Perpetrated to the Detriment of the Republic of Poland or the European Union

Chairman of the Main Adjudication Commission for Violation of Public Finance Discipline

- Tax Administration Department
- Fiscal Audit Department
- Fiscal Documentation Office
- IT Department
- Office for International Fiscal Relations
- Office for Certification and Authentication of Means from the European Union
- Office for Exchange of VAT Information

Tax policy and law



Elżbieta Mucha

Undersecretary of State

Main Public Finance Discipline Commissioner

- Direct Taxes Department
- Indirect Taxes Department
- Local Taxes and Cadastre Department
- Tax System Department
- Public Finance Discipline Office

Management of Customs Administration, customs policy and law



Wiesław Czyżowicz

Undersecretary of State

Head of Customs Service

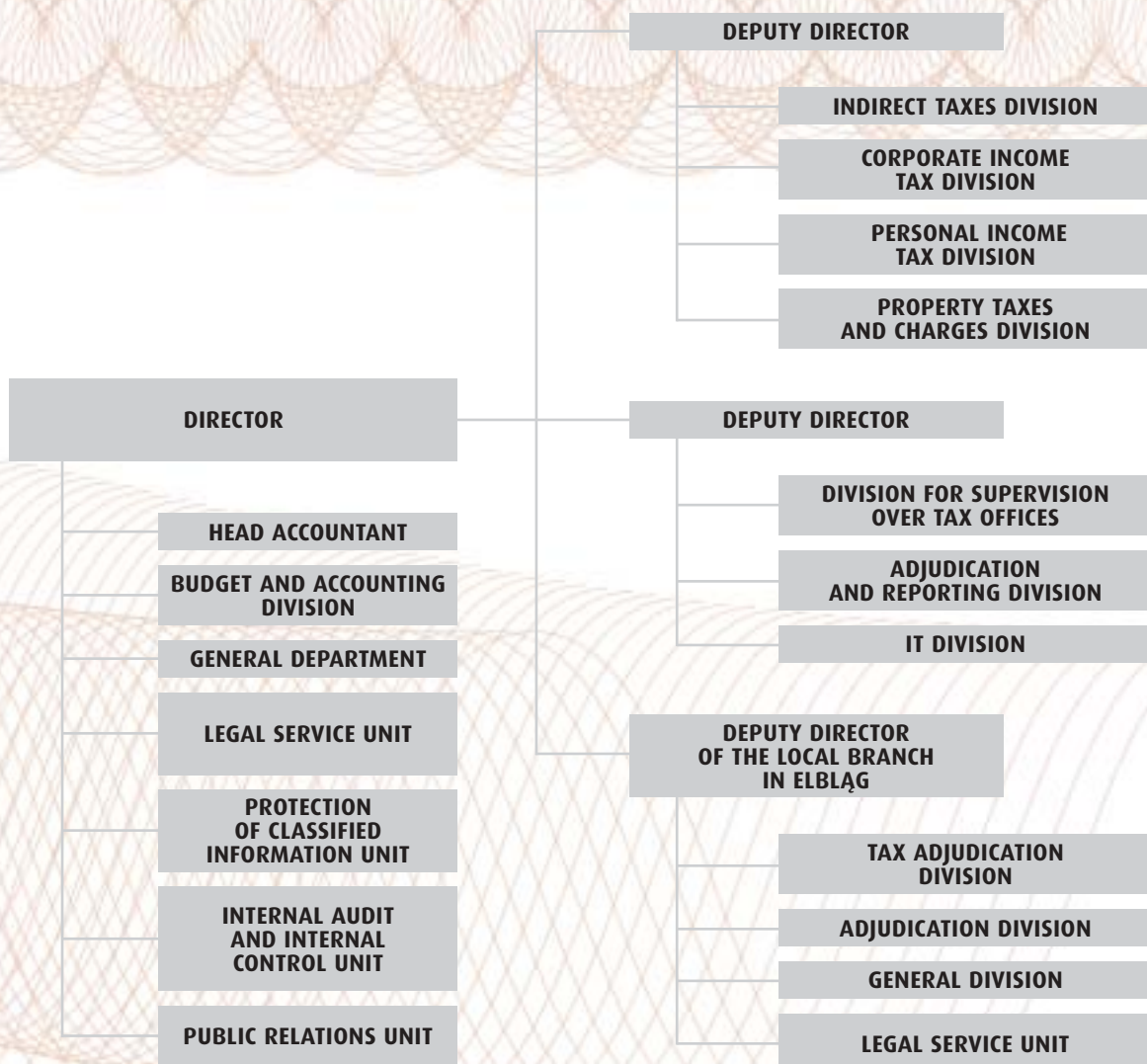
- Customs Department
- Customs Administration Department
- Customs Control Department
- Excise Duty Department
- Department for Games of Chance and Mutual Bets (subordinated to the General Inspector of Financial Information)

1.1.2 TAX CHAMBERS

The tasks of the Tax Chambers:

1. Supervision of the Tax Offices.
2. Adjudication in cases of appeal in which the Tax Offices have issued decisions in the first instance.
3. Consideration of appeals against the decisions issued by the Directors of the Fiscal Audit Offices.
4. Settlement, provision and analysis of the correct use of a purpose-defined subsidy in the scope specified by the Minister of Finance.
5. Performance of other tasks specified in separate provisions.

Organisational structure of the Tax Chamber as exemplified by the Tax Chamber in Olsztyn



1.1.3 TAX OFFICES

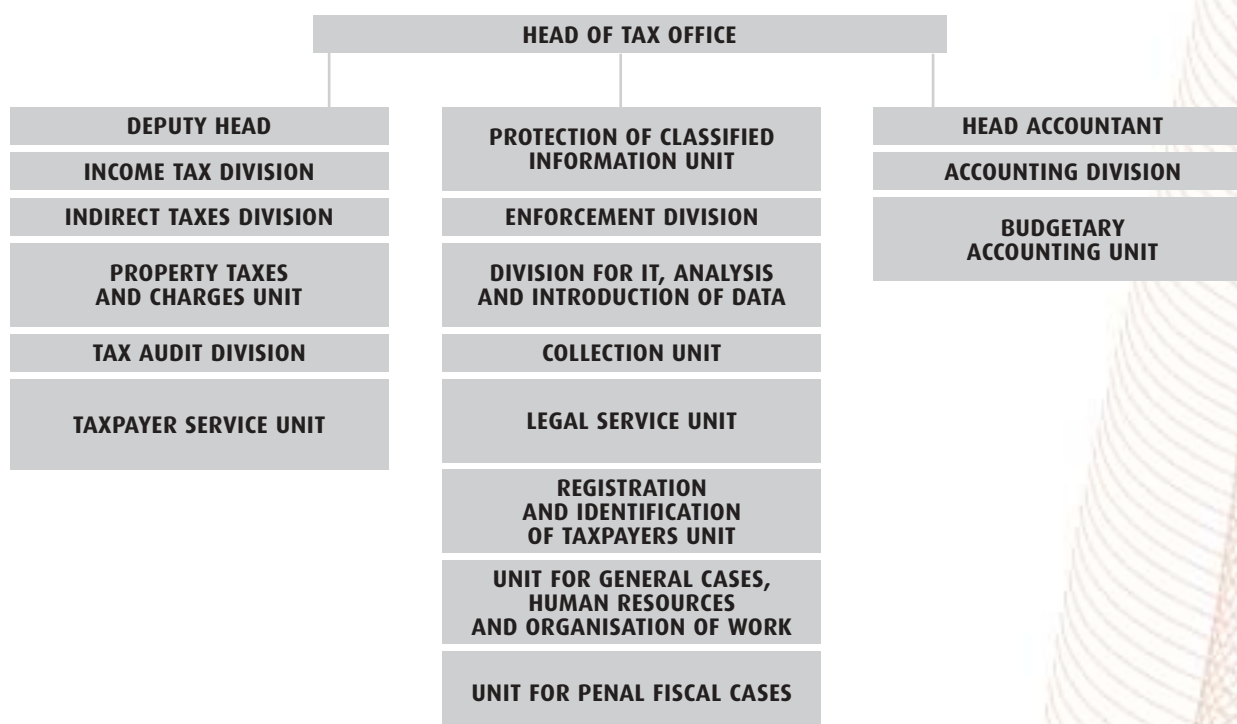
The tasks of the Heads of the Tax Offices:

1. Identification or assessment and collection of taxes and non-tax budgetary dues, as well as other dues on the basis of separate provisions.
2. Granting Tax Identification Numbers (NIP), registration of taxpayers and updating of data on taxpayers.
3. Performance of tax audit.
4. Distribution and transfer, in accordance with the terms specified in separate provisions, of budgetary revenue between the state budget and budgets of local governments.
5. Administrative enforcement of pecuniary dues, as well as pecuniary penalties, in the scope specified in the provisions of the Executive Penal Code and Penal Fiscal Code.
6. Performance of other tasks specified in separate provisions.

The tasks of Tax Offices include:

1. Performance of investigations in penal fiscal cases and petty fiscal cases.
2. Performance of the function of public prosecutor in penal fiscal cases and petty fiscal cases.
3. Enforcement of property fines in the scope provided for in the provisions of the Executive Penal Code and Penal Fiscal Code.

ORGANISATIONAL STRUCTURE OF TAX OFFICE AS EXEMPLIFIED BY THE TAX OFFICE IN ŚRODA ŚLĄSKA



1.1.4 LARGE TAXPAYER OFFICES

Regarding new legislation which came into force on 1 September 2003 under the Act of 27 June 2003 relating to the establishment of Regional Fiscal Boards and amendments to some acts regulating tasks and competence of bodies and organization of organizational units subordinate to the Minister competent in the area of public finance, the Minister of Finance, taking advantage of rights stemming from a delegation of legislative power specified in the above-mentioned Act, established 20 Tax Offices rendering services exclusively to certain categories of taxpayers as of 1 January 2004.

The features of entities that are subject to the competence of the newly created offices cover:

1. type of subject, whether the taxpayer is:

- a capital tax group,
- a bank,
- an insurance establishment,
- a unit acting pursuant to the provisions on public trade of securities, and provisions on investment funds,
- a unit acting pursuant to the provisions on pension funds,
- a branch or agency of a foreign company.

2. type of object, whether the taxpayer being a legal person or an organizational unit having no legal personality:

- raised an annual net revenue of at least €5 million in the previous year,
- as a resident participates directly or indirectly in the management of companies located abroad or control thereof or has a share in their capital,
- is managed directly or indirectly by a non-resident, or a non-resident has a minimum of 5% of the votes at a meeting of shareholders or at a general meeting,
- as a resident jointly participates directly or indirectly in the management of a domestic entity and foreign entity, or controls or has at the same time a share in the capital of such entities.

1.1.5 FISCAL AUDIT OFFICES

The tasks of the Fiscal Audit Offices include, among other things:

1. Audit of the veracity of declared tax bases and correctness of calculation and payment of taxes constituting the revenue of the State budget, as well as other dues of the State budget or State earmarked funds;
2. Detection and audit of undeclared economic activity for the purpose of taxation, as well as unaccounted income in disclosed sources of revenue;
3. Audit of sources of origin of property, in the case of undeclared economic activity for the purpose of taxation, as well as unaccounted income in the declared sources of revenue;
4. Audit of expediency and compliance with the law on the management of both public means and means from the European Union and international financial institutions, subject to repayment;
5. Audit of correctness of transfer of own means to the budget of the European Union;
6. Prevention and detection of corruption offences perpetrated by persons employed by, or in the service of organizational units subordinate to the Minister competent for public finance;
7. Audit of declarations on the property status of persons – obliged in accordance with separate provisions to submit such declarations – employed by or in the service of organizational units of customs, tax and fiscal audit administrations subordinate to the Minister competent for public finance, including the office rendering service to this Minister.

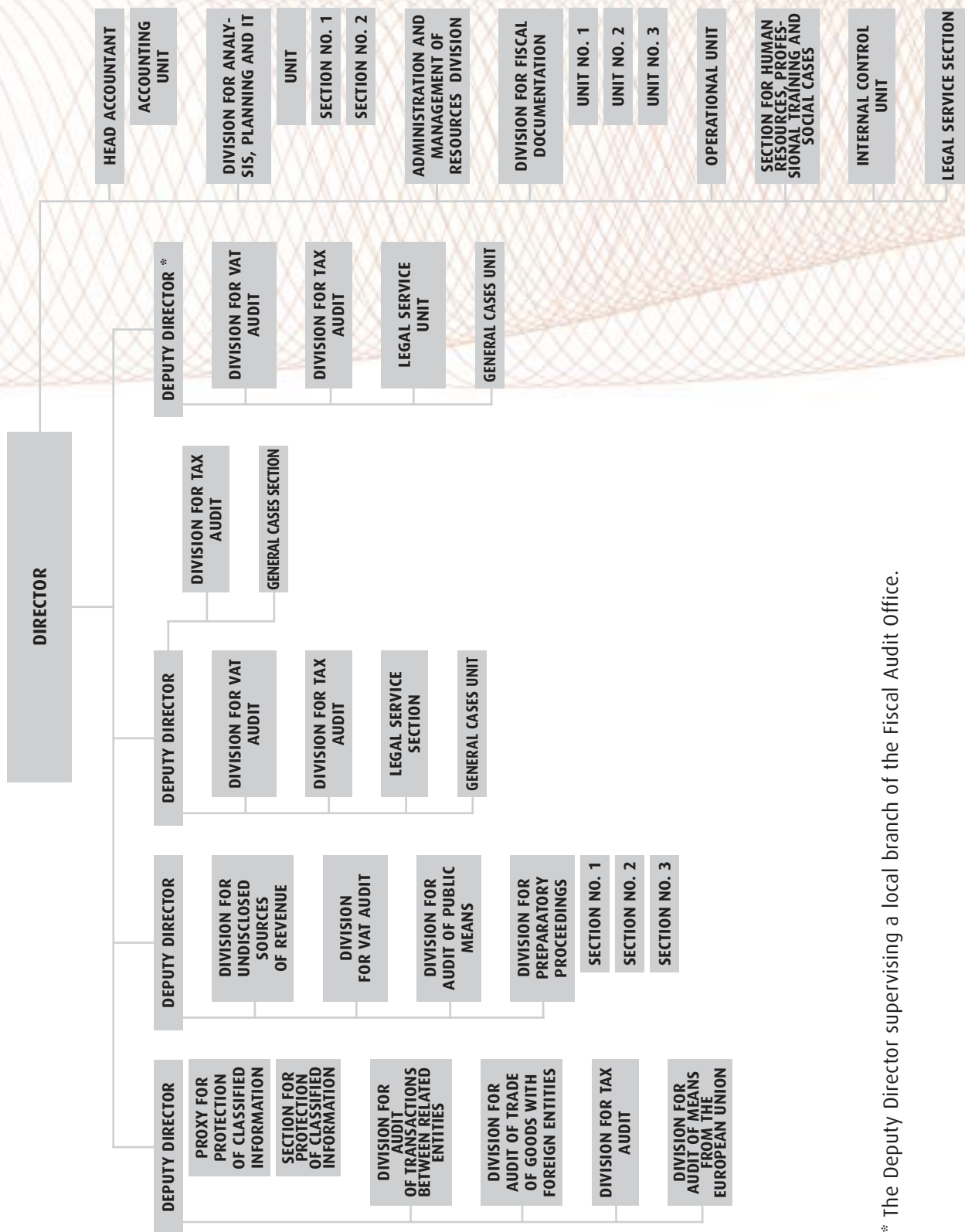
The following fiscal audit authorities hold fiscal audit in the area and course specified by statute:

- The Minister competent for public finance as the supreme body of fiscal audit,
- The General Inspector of Fiscal Audit as a body of higher level over the Directors of Fiscal Audit Offices,
- The Director of the Fiscal Audit Office.

Following the reform of regional administration, Fiscal Audit Offices are located in all the 16 capitals of the voivodeships (regions).

In larger voivodeships there are also local branches, including 24 local branches located in towns which were capitals of the voivodeships prior to the reform.

Organizational structure of Fiscal Audit Office



* The Deputy Director supervising a local branch of the Fiscal Audit Office.

1.2 TAX-RELATED TASKS OF THE CUSTOMS ADMINISTRATION

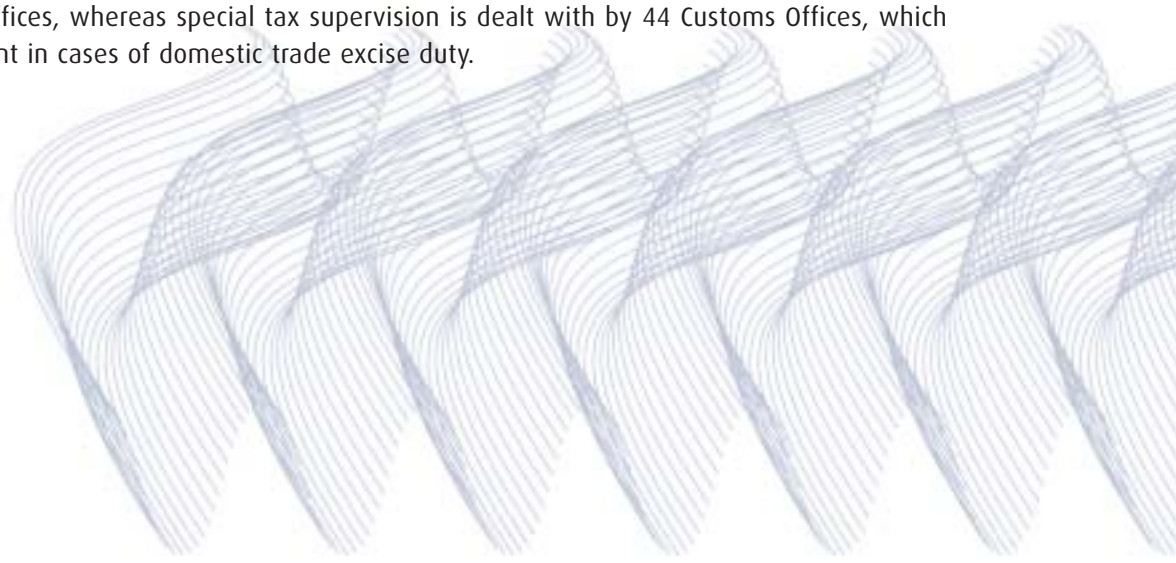
Regarding new legislation which came into force on 1 September 2003 under the Act on the establishment of Regional Fiscal Boards and amendments to acts regulating the tasks and competence of bodies and organization of organizational units subordinate to the Minister competent for public finance, tax administration in Poland (apart from Tax Offices and Tax Chambers), also includes the Customs Offices and Customs Chambers as special bodies of governmental administration subordinate to the Minister of Finance.

As of 1 September 2003 the customs authorities became tax authorities in respect of VAT on imported goods, and excise duty in full scope.

The service in respect of:

- VAT and excise duty on imports – belongs to the competence of all the 66 Customs Offices,
- excise duty on domestic trade goods - belongs to the competence of 44 appointed Customs Offices.

The customs authorities also took over responsibility from the fiscal audit services the duties and obligations connected with labelling of goods with excise stamps, as well as the performance of special tax supervision. The cases connected with the issuing and sale or the issuing of authorizations for receipt of tax label bands and legalizing label bands are performed by 13 Customs Offices, whereas special tax supervision is dealt with by 44 Customs Offices, which are also competent in cases of domestic trade excise duty.



1.3 REGIONAL FISCAL BOARDS

By virtue of the Act on the establishment of Regional Fiscal Boards and amendments to acts regulating the tasks and competence of bodies and organisation of organisational units subordinate to the Minister competent for public finance, which entered into force on 1 September 2003, the Regional Fiscal Boards were established, whose task is to consolidate and co-ordinate operations connected with the pursuance of the financial policy of the State, and in particular tax, customs and audit policies, within the territory of an individual voivodeship including:

1. Agreement on activities connected with the pursuance of customs, tax and audit policies.
2. Co-ordination of audit plans and their implementation, including the selection of taxpayers for audit.
3. Agreement on the course and scope of exchange of information necessary for the implementation of the Board's tasks.
4. Initiating and giving an opinion on solutions in the area of tax and customs law.

The Board consists of:

- the Director of the Tax Chamber,
- the Director of the Customs Chamber,
- the Director of the Fiscal Audit Office,
- the Head of the Tax Office representing the Heads of the Tax Offices from a given voivodeship – appointed by the Minister responsible for public finance.

A Voivod takes part in the meetings of the Board.

The Board is convened and chaired by the Director of the Tax Chamber. The Tax Chamber provides the Board with office service. The General Inspector of Fiscal Audit holds the supervision over the activities of the Boards. The Board is convened as the need arises; although at least one meeting per month is mandatory. Unless a request for calling a meeting is received by the fifteenth day of the month, the Board is convened by the Director of the Tax Chamber.



Basic tasks and procedures of fiscal administration



2.1 REGISTRATION

In accordance with the Act of 13 October 1995 on the terms of registration and identification of taxpayers and tax remitters, the following persons are subject to the obligation of registration and receive tax identification numbers (NIP):

- Natural persons,
- Legal persons,
- Organisational units having no legal personality, which are taxpayers by virtue of separate acts,
- Entities, which are taxpayers pursuant to separate acts, and in particular establishments (branches) of legal persons and tax remitters,
- Entities being, according to separate provisions, remitters of social insurance or health contributions.

- An identification application shall be made once.
- Granting of a NIP shall only be made by a decision issued by the Head of the Tax Office.
- A decision must be delivered.
- A natural person shall receive a NIP for life regardless of whether he or she carries on economic activity whereas an entity not being a natural person by the time of dissolution of legal personality. A NIP can only pass on to a legal successor in cases specified by statute.

In order to submit an identification/update application to the National Register of Taxpayers the following forms are applicable:

NIP-1 – identification application of a natural person carrying on independent economic activity.

NIP-2 – identification application of a legal person or organisational unit having no legal personality, being a taxpayer or remitter.

NIP-3 – identification application of a natural person not carrying on independent economic activity.

1. Registration of taxpayers, tax remitters and payers of social insurance contributions is done by the Heads of Tax Offices.
2. The responsibility of the Head of Tax Office in registration cases is specified by the Act on the terms of registration and identification of taxpayers and remitters.
3. The time-limits for submitting an identification application is specified by the Act on the terms of registration and identification of taxpayers and remitters.
In cases when provisions envisage different time-limits for filing an identification application, the taxpayer, tax remitter and payer of social insurance contributions submit an application once only, at the earliest date.
4. Entities having a NIP are required to update the data included in the identification application. The time-limits for submitting the identification application are provided for in Article 9 of the Act on the terms of registration and identification of taxpayers and remitters.

Taxpayers include their NIP in all documents connected with the fulfilment of tax liabilities and non-tax budgetary dues, the collection of which constitutes the obligation of tax or customs authorities.

2.2 TAX AUDIT

In the Polish legal system tax audit was regulated by the Tax Ordinance Act of 29 August 1997. Tax audit is carried out by the tax authorities or authorities performing the function of tax authorities (e.g. customs authorities) but it may be also performed by other authorities having the right to do so under the basis of separate provisions even if such authorities do not perform the function of tax authorities.

The initiation of a tax audit does not require the body performing an audit to inform relevant parties about the reasons for instituting an audit, but the body performing an audit is obliged to specify the scope of audit. As for the subject of audit, tax audit may concern taxpayers, tax remitters and collectors. Tax audit is performed on the basis of an individual authorisation granted by the Head of the Tax Office to employees of that office, by the Head of the Customs Office to customs officials and employees of this office, as well as by the Voit, Mayor (President of a City), Staroste, Marshal of a Voivodeship to employees of the Gmina Office (City Office), Starosty or the Office of a Marshal of a Voivodeship. The auditors, affected by the authorisation, are entitled, in particular, to enter a site or buildings, premises or other rooms, and request that the property liable to audit be presented and to inspect it, request that stock-taking be effected, request that records, books and all kinds of documents connected with the object of the audit be made available to them.

As of 1 September 2003 new legislation came into force under the Act on the establishment of Regional Fiscal Boards and amendments to acts regulating the duties and responsibilities of bodies and the organisation of organisational units subordinate to the Minister responsible for public finance. This act is a continuation of the implementation of governmental programmes supporting enterprise, known under the name "Enterprise above all". The solutions proposed in the act aim at facilitating the co-operation of large economic entities with the tax authorities through the establishment of tax offices specialising in rendering service to such above-mentioned entities. It is assumed that the Large Taxpayer Office, which will be solely responsible for services to the groups of taxpayers provided for in the act, will ensure a better service and tax compliance.

| Year | 2000 | 2001 | 2002 |
|--|----------|----------|----------|
| Number of tax returns filed | 39242136 | 41690782 | 42872215 |
| Number of audits performed by Tax Offices | 451350 | 419986 | 402114 |
| Number of audits performed by Fiscal Audit Offices | 28339 | 25465 | 23207 |

However, the solutions introduced do not rule out the possibility of performing an audit of such taxpayers by the Fiscal Audit Offices. The Act of 28 September 1991 on fiscal audit envisages that the institution of tax proceedings by fiscal audit authorities in relation to large taxpayers may take place: on the basis of a written request by the Head of the Tax Office, responsible for this taxpayer, when there is justified suspicion of committing an offence or fiscal offence, provided that a fiscal audit inspector is competent to pursue an investigation, or when there are grounds for the existence of relations or connections referred to in the provisions of tax law, in the meaning of the Tax Ordinance Act.

As of 2004 it is assumed that the Polish Tax Administration will introduce a strategy for the management of external risk, which in practice will have an impact on both the improvement of tax compliance and an increase in the effectiveness of methods and resources used by the fiscal administration.

AUDITS PERFORMED BY THE TAX AUTHORITIES IN THE YEARS 2002-2003

| | | Number of taxpayers under audit | | Number of performed audits in total | | Number of audits detecting offence | | Amount of liabilities detected in thousand PLN* | |
|------|---|---------------------------------|-----------|-------------------------------------|-----------|------------------------------------|---------|---|---------|
| Year | | 2002 | 2003 | 2002 | 2003 | 2002 | 2003 | 2002 | 2003 |
| | Natural persons carrying on economic activity and practising a liberal profession | 2 442 946 | 2 444 907 | 277 465 | 222 327 | 113 329 | 84 016 | 478 060 | 390 371 |
| | Legal persons | 280 020 | 295 063 | 83 962 | 74 236 | 22 539 | 18 279 | 1 017 538 | 476 357 |
| | Companies of commercial law | 17 680 | 22 491 | 9 632 | 13 095 | 1 890 | 2 544 | 23 325 | 19 605 |
| | Special sections of agricultural production | 41 598 | 42 137 | 3 023 | 2 963 | 346 | 286 | 194 | 116 |
| | Other** | | | 3 589 117 | 3 303 967 | 529 461 | 489 140 | 1 461 632 | 831 959 |

(Source: The MF – 9 Ps report on audits performed by the tax authorities)

*/ referring only to the main amount due.

**/ including desk audits.

2.3 FISCAL AUDIT

In 2002, the Fiscal Audit Offices completed in total 23,207 audits, of which 79.9% comprised audits covered in the plans formulated by the offices themselves (17,776), 6.3% of audits were performed within the framework of co-ordinated audit plans developed by the Ministry of Finance (1463), whereas 13.8% of audits were completed on the basis of information gathered by the Fiscal Audit Offices or at the request of other authorities as ad hoc audits not covered in the plans (3968).

As for the object of audits performed, they are as follows (in % of total number of audits):

| | Year 2000 | Year 2001 | Year 2002 |
|---|----------------|---------------|---------------|
| Natural persons | 36.8% (10,414) | 34.8% (8,856) | 35.5% (8,235) |
| Commercial companies | 34.6% (9,812) | 35.2% (8,964) | 42.8% (9,930) |
| Civil partnerships | 14.5% (4,107) | 4.9% (3,787) | 9.5% (2,205) |
| State-owned companies, state-owned organisational units, sole shareholder companies of the State Treasury and co-operatives | 7.3% (2,067) | 7.2% (1,840) | 5.4% (1,247) |
| Funds and foundations | 0.2% (61) | 0.9% (225) | 0.2% (55) |
| Other entities | 6.6% (1,878) | 7.0% (1,793) | 6.6% (1,535) |

NUMBER OF AUDIT PROCEEDINGS PERFORMED IN THE YEARS 1999-2002 IN RELATION TO AMOUNT DUE

| Year | Number of proceedings | Due amount disclosed as a result of audit (in thousand PLN) |
|------|-----------------------|---|
| 1999 | 30,792 | 2,441,086 |
| 2000 | 28,339 | 3,482,303 |
| 2001 | 25,465 | 4,647,280 |
| 2002 | 23,207 | 4,884,532 |

In 2002, the audit authorities, apart from full fiscal audits, performed audits of documents of traders co-operating with the taxpayer under audit. This refers in particular to VAT audits (so-called cross-check of invoices). Such audits are carried out through the application of a simplified procedure, without an issued authorisation, requiring only the presentation of an identity card by a fiscal audit inspector. Throughout 2002 the fiscal audit authorities performed 13,972 such audits.

TAX AUDITS PERFORMED BY THE FISCAL AUDIT OFFICES

The main area of operations of the Fiscal Audit Offices in 2002 covered tax audits. The full tax audit was performed at taxpayers' seats, when on the basis of preliminary findings, there was a probability of detection of violations of tax provisions.

As the result of audits performed in 2002, the disclosed tax liabilities totalled PLN 4,779,726 thousand, i.e. an increase of more than 5.3% from 2001. The increase of this amount may be attributed mostly to a higher amount of findings in the area of corporate income tax (an increase of 39.9%) and partly to personal income tax (an increase of 13.2%). In the area of VAT and excise duty, the amount of findings decreased (by 5.5%).

The structure of tax liabilities detected in 2002 was as follows:

- VAT and excise duty in total – 67.0% (in 2001 – 74.6%),
- Corporate income tax – 22.8% (in 2001 – 17.2%),
- Personal income tax – 6.6% (in 2001 – 6.2%),
- Other (local taxes and charges, property taxes, payments to earmarked state funds etc.) – 3.6% (in 2001 – 2.0%).

In addition, as the result of audits performed in 2002 by the fiscal audit authorities, an unjustified receipt of subsidies was revealed totalling PLN 104,806 thousand.

In 2002 the Fiscal Audit Offices, performing their statutory tasks, co-operated in the exchange of information with tax and audit authorities from other countries.

The Polish fiscal authorities submitted to the tax authorities from other countries 36 requests for information on 76 bodies, concerning, inter alia, existence of a given body, scope of performed activity, verification of submitted invoices, identification of relations between a Polish taxpayer and a non-Polish taxpayer. Such requests were addressed to the following countries: Germany - 12 (18 taxpayers), the Ukraine - 5 (30 taxpayers), the USA - 4 (5 taxpayers), Belgium - 3 (10 taxpayers), Italy - 3 (3 taxpayers), Russia - 1 (2 taxpayers); the Netherlands, Indonesia, Ireland, Luxembourg, Singapore, Slovakia, Great Britain and Zimbabwe - 1 (1 taxpayer). Overseas tax authorities provided information to 30 requests concerning 50 taxpayers.

2.4 ENFORCEMENT PROCEEDINGS

The terms of conduct and enforcement measures, which can be applied by the administrative executive authorities in order to enforce on the obliged body the performance of their obligations, were regulated in the Act on Enforcement Proceedings in the Administration.

The executive body enforcing pecuniary dues is primarily the Head of the Tax Office who is entrusted with all measures of enforcement. Administrative enforcement is applicable to taxes, charges and other dues, to which the provisions of the Tax Ordinance Act are applicable, as well as fines, pecuniary penalties and other pecuniary dues subject to the competence of governmental administrative bodies and bodies of local government or submitted for enforcement pursuant to other statutes, as well as payments to earmarked funds established in accordance with separate provisions.

The enforcement body institutes an administrative enforcement at the request of a creditor and on the basis of an issued executory title. In the case of enforcement performed at the request of third party creditors, the enforcement body is not entitled to examine the expediency and time limit for the performance of obligation covered by an executory title but it is obliged to examine the admissibility of administrative enforcement and correctness of issuing an executory title by creditor.

The measures of administrative enforcement of pecuniary dues cover seizure from:

- Cash,
- Salary,
- Retirement pension and social security payments, as well as social pension,
- Bank accounts,
- Other pecuniary liabilities,
- Rights stemming from securities registered in securities account and liabilities at pecuniary account,
- Securities not registered in securities account,
- Bill of exchange,
- Copyrights and neighbouring rights, as well as industrial property rights,
- Share in a limited liability company,
- Other property rights,
- Movables,
- Real estate.

After Poland's accession to the European Union or upon conclusion of an appropriate agreement with a country outside the EU, the enforcement authorities (Tax Offices) will lend assistance to foreign countries in the exchange of information, notification and recovery or securing specific pecuniary dues. The same kind of assistance will be provided to Polish creditors.

EFFECTIVENESS OF TAX ENFORCEMENT (from 1 Jan 2002 to 31 Dec 2002)

| | Specification | Number of executory titles to be settled in the reporting period (along with the initial balance) | Number of executory titles settled in the reporting period | Ratio for realisation of executory titles in % (4:3) | Amount of arrears covered by executory titles (from column 3) (in thousand PLN) | Amount of tax arrears enforced (in thousand PLN) | Collection ratio in % (7:6) |
|----|--|---|--|--|---|--|-----------------------------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 1 | Corporate income tax | 21 931 | 12 451 | 56.77% | 449 187 | 132 526 | 29.50% |
| 2 | Personal income tax | 960 187 | 485 638 | 50.58% | 1 359 959 | 523 654 | 38.51% |
| 2a | including <ul style="list-style-type: none">Personal income tax settled by tax remitters | 305 499 | 162 185 | 53.09% | 357 246 | 144 031 | 40.32% |
| 2b | <ul style="list-style-type: none">Personal income tax settled by natural persons carrying on economic activity | 483 118 | 239 102 | 49.49% | 700 043 | 279 311 | 39.90% |
| 3 | VAT | 954 434 | 501 459 | 52.54% | 4 337 928 | 1 896 577 | 43.72% |
| 4 | Excise duty | 6 984 | 3 581 | 51.27% | 227 182 | 59 257 | 26.08% |
| 5 | Tax on games | 494 | 184 | 37.25% | 7 049 | 2 965 | 42.06% |
| 6 | Repealed taxes | 4 016 | 1 148 | 28.59% | 10 760 | 1 927 | 17.91% |
| 7 | Total | 1 948 046 | 1 004 461 | 51.56% | 6 392 065 | 2 616 90 | 40.94% |



2.5 PENAL FISCAL PROCEEDINGS

The current legally binding Penal Fiscal Code sees the primary role of the fiscal authorities in the area of penal fiscal protection of fiscal interests of the State. The Tax Offices, Customs Offices and fiscal audit inspectors are the main investigation authorities in penal fiscal cases, and they are entrusted with the function of public prosecutor preparing and supporting a bill of indictment in court proceedings. Due to the fact that Tax Offices as investigative bodies play an important role of public prosecutors, in cases concerning fiscal offences and petty fiscal offences in simplified proceedings before common court of law they have many rights, which normally a prosecutor is entrusted within penal proceedings. The penal fiscal liability for fiscal offence or petty fiscal offence concerns only that person who has perpetrated an act injurious to the public, and which is prohibited under penalty by statute in force in the time of its perpetration. However, the prohibited act is not considered a fiscal offence or petty fiscal offence if its social injury is insignificant. The perpetrator of the prohibited act does not commit a fiscal offence or fiscal petty offence if it is not possible to impute guilt to him or her at the time of the perpetration of the act. Furthermore, the penalty for a fiscal offence or petty fiscal offence is not meted out against a person who, after the perpetration of prohibited act, has informed prosecution authorities of this irregularity, disclosing the essential circumstances of such an act, and in particular information regarding persons co-operating in its perpetration.

The provisions included in the Penal Fiscal Code were targeted in such a way to support the behaviour of taxpayers who are favoured by the tax law in force e.g. the application of penal implications (quashing or limitation) is dependent on whether their potential reduction or reduced liability in public law has been actually paid off by the perpetrator of the act, which constitutes an element of a few procedures such as active repentance, assuming liability voluntarily, refraining from imposing a punishment and extraordinary mitigation of punishment.

Art. 53. § 2. Fiscal offence is an act prohibited by the Code under penalty of fine in daily rates, restriction of liberty or imprisonment.

§ 3. Petty fiscal offence is an act prohibited by the Code under penalty of fine defined in amount, if the amount of the reduced or at danger of reduction liability in public law or value concerning object of act does not exceed five times the amount of the lowest monthly remuneration in the time of its perpetration. Petty fiscal offence is also another prohibited act if the Code envisages so.

(Act of 10 September 1999 on Fiscal Penal Code, Dz. U. No. 83, item 930 with subsequent amendments)

In the period from 1 January to 31 December 2002, all Tax Offices in Poland instituted 28,406 investigations, including 12,063 fiscal offence cases and 16,343 petty fiscal offences. In the same period, Tax Offices completed 24,467 investigations, including 10,500 fiscal offence cases and 13,967 petty fiscal offences. The way of adjudication of penal fiscal cases is as follows: 10,264 cases were referred to court with indictment, 10,037 were referred with an application for consent to assume liability voluntarily. In addition, in the year 2002, 150,438 cases were adjudicated in the course of proceedings by penal orders.

In 2002, the financial investigation authorities took advantage for the most part of the possibility of application of simplified forms of proceedings such as proceedings by penal orders or assuming liability voluntarily, enabling negotiation with the perpetrator. Thanks to this application of simplified forms of proceedings by the investigation authorities, full proceedings are instituted in petty fiscal offence cases very rarely, which results in an improvement and speeding up of the proceedings in such cases, thus increasing both the effectiveness of the protection of public finance and the efficiency of the operations of the fiscal authorities.

Art. 17. § 1. The court may give its consent for assuming liability voluntarily if the guilt of the perpetrator and circumstances of the perpetration of a fiscal offence or fiscal petty offence does not raise any doubts, and the perpetrator has:

- 1) paid off a liability in public law if the prohibited act constitutes reduction or potential reduction of such liability,
- 2) paid off the amount which is equivalent to the minimum fine charged for a given prohibited act,
- 3) has given consent for forfeiture of objects at least in the compulsory scope, and if such forfeiture of objects is impossible – has paid off their equivalent value in cash ...
- 4) paid off a lump sum equivalent to the cost of proceedings.

Art. 18. § 1. The court, giving consent for assuming liability voluntarily, adjudicates:

- 1) a fine of an amount not exceeding the amount that has been already paid by the perpetrator,
- 2) a limited forfeiture of objects, in which the perpetrator has given their consent to, or in the case of impossibility of their forfeiture – paid off their equivalent value in cash.

In 2002, the courts sentenced 12 persons to imprisonment, whilst 6,724 persons were charged with a fine. The total amount of fines imposed by the courts totalled PLN 7,521,656, with the average amount of fines being at a level of PLN 1,958 for fiscal offences and PLN 738 for petty fiscal offences.

In cases, in which the motion for granting consent for assuming liability voluntarily was approved, imposed fines totalled PLN 8,940,276, with the average amount of fines being at a level of PLN 1,304 for fiscal offences and PLN 480 for petty fiscal offences.

In the course of proceedings by penal orders, imposed penal orders totalled PLN 27,382,877, with the average amount of the individual penal order being at a level of PLN 182.

Art. 137. § 1. In proceedings by penal orders, unless the Code states otherwise, the investigation body or its representative authorised to charge a fine by means of penal order may impose it only when the perpetrator and circumstances for perpetration of fiscal petty offence do not raise any doubts, and it is not necessary to impose a penalty that is severer than that provided for in Art. 48 § 2. The condition for imposing a fine in the course of proceedings by fiscal order is that the perpetrator of petty fiscal offence should give their consent for accepting a fiscal order.

In the structure of fiscal offences perpetrated in 2002, in common to previous years, the most frequently recorded offence constituted an act of failure to declare to the tax authorities an object of taxation or tax base, thus endangering the State Treasury or a territorial self-government unit with a reduction of tax amount (tax fraud), untimely payment of tax, or claiming unjustified VAT refund. In the structure of fiscal petty offences, subject to adjudication in the form of proceedings by fiscal orders, the most frequent recorded offences constituted acts of persistent evasion of timely payment of taxes or the untimely submission of a registration application or its update.

2.6 SPECIAL TAX SUPERVISION

Special tax supervision covers the production, import, export and trade of some excisable products, as well as activities directly connected with them such as production, enriching, modifying, using, denaturing, barrelling or bottling, acceptance, storage, release, transport, as well as use and marking such products with excise fiscal marks in accordance with separate provisions.

Special tax supervision also covers audits connected with the opening and closing of game tables along with the calculation of results of games on tables and gambling machines in their place of their location.

By 31 August 2003 special tax supervision was one of the forms of fiscal audit performed by fiscal audit organisational units. Since 1 September 2003 special tax supervision has been taken over by the Customs Offices competent for excise duty cases in domestic trade.

The following products are liable for special tax supervision:

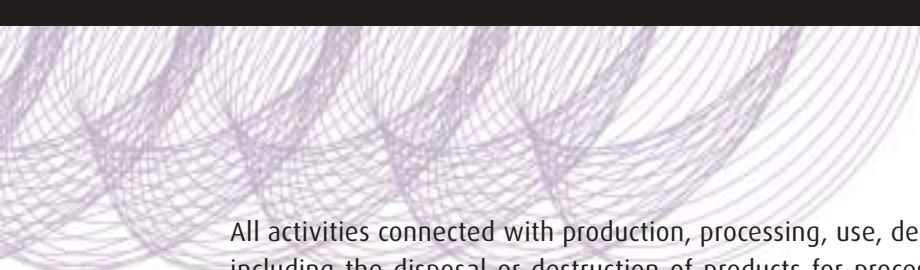
- Spirits produced on one's own and purchased at a price excluding the highest excise duty rate calculated for such spirit,
- Spirit products, wine products, beer, other alcoholic beverages prior to arising liability in scope of excise duty,
- Products being liable for use of excise fiscal marks pursuant to separate provisions,
- Heating oil and diesel oil, in the scope of the content of non-removable tinge and red dye, whose amount is specified by separate provisions.

Special tax supervision personnel in the presence of a representative appointed by the entrepreneur carry out the official examination. This inspection is documented in a report that along with other documents constitute the verification files of the entity.

The basis for audits performed by special tax supervision personnel is the examination of production documents, storage documents, documents on trade of products, as well as accounting records kept by the given body.

Personnel performing special tax supervision are entitled to:

- enter at any times an area or all the premises of the body subject to special tax supervision,
- examine documents and records covered in the scope of the audit, conduct inspections and secure the evidence gathered,
- request stock-counting of products, semi-finished products, production in process and raw materials and any other materials,
- collect samples of raw material, semi-finished products and finished products for the purpose of examination,
- impose official securities,
- check the identity documents of persons in order to establish their identity if this is necessary for the purposes of the audit,
- have access to witnesses and consult experts,
- audit activities performed in relation to the products subject to marking with excise marks, trade of such products, as well as the marking of products, including the use of excise fiscal marks.



All activities connected with production, processing, use, denaturation, storage, transport and trade, including the disposal or destruction of products for processing and use due to their unsuitability should be (usually 7 or 3 days before their commencement) reported to the Customs Offices. In addition, in relation to such activities a compulsory clause has been introduced stating that they may be performed only in the presence of a special tax supervision employee or that the performed activity is subject to permanent supervision.

Permanent tax supervision as a form of performing special tax supervision is applied to industrial distilleries, rectification plants, spirit dehydration plants, vodka distilleries, gambling casinos and entities producing any products liable to be marked with excise fiscal marks.

AUDITS FOR THE YEAR 2002

On 1 September 2003 the performance of all tasks connected with special tax supervision was taken over by the customs authorities. Until that date those tasks had been carried out by the Fiscal Audit Offices.

As of the end of 2002 the organisational units of special tax supervision employed 1,589 employees, of which 596 (37.5%) were responsible for permanent supervision of economic entities under their control.

As a result of disclosed violations of the provisions of the Penal Fiscal Code, the fiscal audit inspectors instituted 6,464 penal fiscal proceedings. In successful cases, 5,046 persons were penalised whereas the amount of fines imposed totalling PLN 1,061.8 thousand. Special tax supervision personnel secured in total over 1,037 thousand packets of cigarettes lacking excise label bands and 52.3 thousand packaged units of spirit products lacking the required excise label bands (calculated in terms of pure alcohol as 51.0 thousand dm³ of 100% spirit).

In addition, in the year 2002, permanent supervision was maintained over the organisation of all games in 28 casinos. In 149 amusement arcades with gambling machines special tax supervision was performed in the form of ad hoc audits.

2.7 FISCAL INTELLIGENCE

The fiscal intelligence authorities act pursuant to the course and terms provided for in the Act of 28 September 1991 on fiscal audit, and they perform their tasks by means of organisational units as a part of the fiscal audit organisational units (the Ministry of Finance and Fiscal Audit Offices).

The main directions of fiscal intelligence operations relate to:

- obtaining, collating, processing and applying information on persons and income, revenue, things and property rights of entities being subject to fiscal audit for the purpose of determining a correct amount of liability constituting the revenue of the State budget, state earmarked funds or territorial self-government units,
- ensuring proper foreign trade in goods,
- prevention and suppression of corruption,
- countering offences connected with the trade in goods and technologies covered by international control,
- disclosure and prevention of money laundering and other financial offences prosecuted under international treaties and agreements.

The statutory rights of fiscal intelligence have been adjusted to comply with the legal and practical framework of similar services in EU Member States. They include:

- conducting operational and investigative acts, including those that facilitate the obtaining of information and establishing evidence,
- observing and recording by technical means an image of events and sound accompanying such events taking place in public places,
- obtaining and processing data identifying a subscriber to a telecommunication network or a network terminal, as well as data concerning the attempt to establish a connection, the circumstances and the kind of connection made,
- performing operational audits concerning, in particular, clandestine control of correspondence content, content of postal matters, as well as recording the content of telephone calls – in the likelihood of circumstances determined in the provisions of the Act on fiscal audit,
- access to information, also in the form of electronic recording, obtained by other authorities as the result of the performance of their operational and investigative actions and the submitting of such information, obtained independently, to the competent authorities,
- right to use measures of direct coercion and the licence to hold and use firearms,
- use of assistance provided by persons not being fiscal intelligence personnel, keeping confidential personal data of any provider of assistance.

Fiscal intelligence organisational units are as follows: the Fiscal Documentation Office supervising local units and Fiscal Documentation Divisions or Branches located in all the 16 Fiscal Audit Offices. In the 14 largest voivodeships (regions) there are Fiscal Documentation Units (1-3 per voivodeship) located in the larger cities of a region and subordinate to the regional divisions (branches) of fiscal intelligence.

The fiscal intelligence authorities co-operate effectively with other state authorities and institutions (i.a. the Police, Prosecutor's Office, Internal Security Agency and Army Intelligence Service), and with foreign authorities, including organisations responsible for protection of financial interests of the European Union (the corresponding services of the USA, Germany, France, Great Britain, the Netherlands, Sweden, Italy, former countries of the Soviet Union, and the Czech Republic), as well as with international organisations (OLAF, Europol, Interpol, GRECO) in the scope necessary for fulfilment of statutory tasks.

In 2002 on the basis of evidence obtained by the fiscal intelligence units, the fiscal audit authorities completed 550 audits, issuing decisions determining tax arrears of the bodies under audit to an amount of PLN 1,449.8 million.

| Year | Number of audits performed at request of the fiscal intelligence authorities | Determined tax arrears (in million PLN) | Share of findings made on the basis of fiscal intelligence requests in the total amount of tax findings of fiscal audit authorities (in %). |
|------|--|---|---|
| 1999 | 243 | 89.0 | 3.6% |
| 2000 | 390 | 271.0 | 9.0% |
| 2001 | 412 | 1,060.6 | 24.7% |
| 2002 | 550 | 1,449.8 | 29.6% |

In 2002, as the result of including fiscal intelligence authorities in anti-corruption operations in the fiscal administration, within the Fiscal Documentation Office, a unit was established for the purpose of receiving, analysing and auditing declarations on the property status of fiscal administration personnel.

2.8 MONITORING OF PUBLIC ASSISTANCE

The tasks in the scope of the monitoring of public aid provided to entrepreneurs stem from the obligations of the tax authorities envisaged in the provisions of the Act of 27 July 2002 on conditions of eligibility and supervision of public assistance to entrepreneurs.

The granting of tax relief is preceded by verification of the entrepreneur's application on whether or not the entrepreneur has met the formal criteria laid down in the act, by virtue of which the entrepreneur is entitled to tax relief – for example, pursuant to the Tax Ordinance Act. It is also preceded by verification of the application as regards its completeness and expedience pursuant to the Act on Public Assistance. At such a moment, the body providing assistance differentiates clearly between public assistance and optimisation of tax collection.

In order to determine whether the act of granting tax relief constitutes public assistance, and its granting is expedient, first the body providing assistance verifies the de minimis threshold of assistance provided, that is achieved by the entrepreneur during three consecutive years prior to assistance being provided. Then the tax authorities examine whether the Act on Public Assistance envisages the provision of assistance for the specific purpose and whether the entrepreneur meets the conditions specified in the Act. If such conditions are observed, the Tax Office issues a positive decision.

Quarterly the Tax Offices and Tax Chambers submit information on public assistance provided to the Ministry of Finance, and subsequently the Ministry of Finance submits it to the Office for Protection of Competition and Consumers. Annual reports concerning provided public assistance are submitted to the European Commission.

In 2002 the fiscal authorities issued, in this scope, about 52 thousand decisions with the amount of assistance totalling PLN 610 million. The so-called automatic, non-decision assistance referred to over 30 thousand cases and its value amounted to PLN 1.6 billion.

The Department for Finance of the National Economy at the Ministry of Finance conducts correspondence with the fiscal administration regarding explanations in particular cases concerning the application of the Act on public assistance. Such explanations are helpful for the tax authorities while issuing decisions on assistance. It should be noted that in the case of 63 thousand decisions taken to grant assistance, the tax authorities had to complete the procedure laid down in the Act on public assistance.

Furthermore, it should be pointed out that the Act of 27 July 2002 on conditions of eligibility and supervision of public assistance to entrepreneurs will cease to be in force in the present form as of the day of Poland's accession to the European Union. In its place new regulations will enter into force.

2.9 TAX ORDINANCE

The general tax law was laid down in the Tax Ordinance Act. Its provisions are applied to taxes, charges and other non-tax dues of the State budget and budgets of territorial self-government units, for whose assessment or determination the tax authorities are authorized, as well as stamp duty and charges referred to in the provisions on local taxes and charges, and tax law matters other than the previously stated ones belonging to the competence of the tax authorities. In addition, unless separate provisions envisage otherwise, the provisions of this Act are also applicable to charges and non-tax dues of the State budget, for whose assessment or determination authorities other than tax authorities are authorized.

The Tax Ordinance includes a set of statutory terms for any specific tax, tax obligation, tax liability, taxpayer, tax remitter, tax collector, and it regulates the issues concerning territorial and material competence of the tax authorities.

The Act provides for the course of arising tax liabilities, their enforcement, time limits for payment, rights and obligations of legal successors and transformed entities, tax responsibility of third parties, terms and way of charging default interest, ways of expiry of tax liabilities, their limitation and matters connected with overpayments.

The Tax Ordinance lays down detailed regulations concerning tax proceeding. Their aim is to ensure an appropriate course of proceeding before the tax authorities and appropriate application of provisions of material law. The provisions regulating tax proceeding determine the rights and obligations of the tax authorities regarding the fulfilment of their tasks within the scope of the tax law, as well as the rights and obligations of persons participating in this proceeding.

The provisions of the said Act also regulate the institution of desk audits and tax audits. The purpose of desk audits is to check the observance of time limits for submitting tax returns and prompt payment of declared taxes, as well as to state the formal compliance of documents submitted while filling tax returns and paying taxes. The purpose of the tax audit is to check the compliance of the taxpayer, tax remitter or tax collector as regards their obligations stemming from the provisions of the tax law.

All the individual data included in a tax return and other documents filed by taxpayers, tax remitters or tax collectors are covered by fiscal secrecy by virtue of the provisions of the Tax Ordinance.

2.10 TAXPAYER SERVICE

For several years Tax Administration in Poland has been undergoing a process of modernisation aimed at modern approach to the issue of interaction between the Tax Administration and its clients. The modernisation strategy is based on the experience of the Polish Tax Offices, as well as drawing ideas from the solutions implemented by other tax administrations. The new approach applied in the administrations of the majority of the EU Member States consists in balancing service and audit functions and treating the taxpayer as a client. The taxpayer should be enabled, to the maximum extent, voluntary and proper tax compliance in scope of the obligations stated in the Constitution and appropriate legal acts. The Tax Administration aims at the extension of the scope of services available to the clients and improve their quality whatever the form of contact with the taxpayer. The Tax Administration should also foster, through the principles entered into force and procedures used, an understanding and acceptance of tax obligations. Simultaneously, it should be more active in the fight against tax fraud and improve the quality and effectiveness of auditing operations.

Recently a few improvements have been introduced in the functioning of the Tax Offices, which were included in “the Strategy for Modernisation of the Polish Tax Administration by 2004”, which was adopted by the Council of Ministers on 6 August 2002, aimed at the improvement of client services, and including:

- Taxpayer service rooms have been established in the majority of Tax Offices, where it is possible to receive general information, file tax statements and tax returns, pay outstanding tax liabilities and receive a refund of any excess tax paid;
- The establishment of the Wielkopolskie Tax Information Centre in Leszno which provides information over the telephone, whose territorial scope extends over the Wielkopolskie voivodeship and Lubuskie voivodeship;
- In 16 Tax Chambers spokespersons were appointed, who are responsible for communication with the media, dealing with, among other things, public relations of the fiscal administration in given regions;
- Over 3,200 employees of the Tax Offices dealing with taxpayer service were trained in the scope of direct and telephone client service;
- The Tax Offices also take an active part in the “Friendly Administration” programme run by the Office for Civil Service – inter alia through information placed in the system of info-kiosks and on the website of this programme.

Tax Offices have become one of the best-assessed offices in the country as regards the services rendered to their clients. In 2001 in the first round of a contest organised by the Head of Civil Service for "the most friendly office of the governmental administration" the Tax Office in Lubań was praised, whilst in 2002 in the "small office" category the main award went to the Tax Office in Płońsk, whilst the Tax Office in Piekary Śląskie and Tax Office in Zabrze were praised.

In 2003 15 Tax Offices have been admitted to the 4th round of the contest. Out of a total number of 236 applications, 30 governmental administration offices have qualified for the final stage of the contest. In the "small office" category the main award went to the Tax Office in Sierpc. In addition, the Tax Offices in Piła, Środa Śląska, Rawicz and Płońsk were praised.

Furthermore, in a contest organised by the Business Centre Club in 2002, the entrepreneurs honoured 51 Tax Offices, which in their opinion supplied the best services.

For all the fiscal administration employees, the said awards and honours constitute motivation for further work on the introduction of new solutions, which will both enable taxpayers to comply with their tax obligations, and make tax evasion increasingly difficult. For this purpose, plans for the near future envisage:

- By the year 2007, through the establishment of the next 5 tax information call centres, a nation-wide programme of telephone contacts for taxpayers with their Tax Office will have been launched;
- A change in work organisation at taxpayer service rooms – introduction of permanent posts at taxpayer service rooms, ensuring the taxpayer's privacy in a separate consultation room in more complex cases, along with continuous monitoring of the quality of services rendered by the personnel of taxpayer service room;
- Limiting the necessity of attending a Tax Office in person (e.g. sending a letter notifying the taxpayer of what error he or she has made, along with a Xerox-copy of the page highlighting the error and a blank tax return form, asking the taxpayer to make the correction and send it back to Tax Office.). It will also be possible to arrange a visit to the Tax Office by phone;
- Appointing Tax Offices that will provide information in a foreign language;
- Extending the scope of information available via the Internet;
- Improving the tax audit system through the development of risk analysis methods;
- Introducing IT audit of records kept by taxpayers.

All these activities aim at the adjustment of Polish Tax Administration to adopt the standards of service presently used in EU Member States. These activities will be included in "the Strategy for the Polish Fiscal Administration for the years 2005-2007" presently under preparation and constituting an element for "the Governmental programme for improvement and reduction of public expenses".

One of the most essential tasks facing the Tax Administration at present is to shape a proper image of the fiscal services among taxpayers by means of easily accessible and reliable information.

This task was included in the programme named “the Strategy for Modernisation of the Polish Tax Administration by 2004”, pursuant to which some actions were taken aimed at the unification of rules for publication of information materials on tax matters. It was decided that the information brochures on such matters will be published at the central level, whereas the scope of their content will be extended depending on the needs connected with changes in the tax system.

In 2003 the Ministry of Finance elaborate five brochures on tax matters:

- Rights and obligations of the taxpayer,
- Rehabilitation relief,
- Redecoration relief,
- Tax on acts in civil law in respect of contract of sale,
- Starting up a private business.

The first four materials are presented in the form of printed brochures, as well as being available on the website of the Ministry of Finance. The text of the brochure for persons starting up a private business – due to the future planned changes – was placed on the website of the Ministry of Finance.

In 2003 the Ministry of Finance also agreed to launch a pilot information campaign at primary schools. To this end, a series of meetings on basic tax matters has been planned for the tax administration personnel and pupils of primary school 6th forms from the Pomorskie voivodeship. In order to help the young in understanding the peculiarities of tax, as well as to explain how tax revenue is earmarked, an educational poster has been prepared, which is also discussed during meetings at school. According to the Ministry of Finance, direct contact of children with an official/expert makes taxation matters more friendly, guaranteeing that knowledge on taxation will be taught in a reliable way.

INFORMATION ON THE RESEARCH SURVEY "TAX OFFICES IN THE OPINION OF SMALL AND MEDIUM SIZED COMPANIES"

From 9 January to 15 February 2003 the Ministry of Finance conducted a research survey among random chosen group of 3600 small and medium-sized companies (employing up to 50 employees) from the Mazowieckie, Śląskie and Zachodniopomorskie voivodeships (1,200 companies from each region). The aim of the survey was to check the satisfaction of the said entities as for services rendered by Tax Offices. The research included 1,362 respondents, which constitutes 38% of the total number. Among those surveyed, 77% of the companies had been operating in the market for over three years whereas 45% of the companies operated in large cities and towns (above 50,000 inhabitants). The results of the survey are as follows:

- 73% of the respondents are satisfied with the service rendered by Tax Offices.
- 80% of the small and medium-sized companies applied to Tax Offices for information. 70% of the companies declared that they received information in the satisfactory time limit and in their opinion it was sufficiently detailed.
- 65% of the respondents think that tax officials are well prepared for providing information but respectively 27% and 20% of the respondents had the impression that the officials either did not want to lend them assistance in solving a problem or they gave an unsatisfactory service.
- According to over 65% of the respondents, tax officials do not admit their making errors.
- Although the majority of those surveyed do not have a problem with contacting their Tax Office, 38% of all the surveyed claimed that they have a problem with obtaining answers to questions asked over the phone.
- For the majority of the taxpayers, oral information (67%) is more understandable than written one (63%).
- 98% of the respondents said that they did not have the impression that a Tax Office's employee expected any benefits for a positive settlement of their case. Simultaneously, almost 35% of the respondents think that taxpayers are not treated on equal terms.
- 70% of the respondents held the opinion that the officials auditing them were impartial during conducting audits.
- The respondents were also asked about their opinion of the changes that have taken place in Tax Offices during the last two years. 50% of the respondents noticed positive changes. (This opinion is important bearing in mind that such an opinion is claimed mainly by the companies operating for longer than three years).
- Asked about the possibility of improvement of services rendered by the Tax Offices, the respondents pointed primarily to higher levels of understanding from tax officials, better access to information concerning amendments to legal provisions and the higher qualifications of the officials.
- Over 40% of the respondents also expressed a willingness to file tax returns and statements via the Internet.
- The analysis of correlation of the variables indicates that the taxpayers' satisfaction from the services provided by the Tax Offices depends mostly on the attitude of the officials.

The conclusions drawn from the survey:

- 1.** The respondents hold written information in the highest esteem, which may stem from non-uniform and inconsistent interpretation of tax provisions. This may also be attributed to the fact that taxpayers rely most on written information. The results of the survey also show that the officials rarely admit their errors made, which also accounts for the demand for written information as evidence of information received. The preparation of written information (e.g. in the form of brochures or posters) targeted at particular groups of taxpayers might significantly satisfy the expectations of the small and medium-sized business.
- 2.** The longer a company operates, the more positive the assessment given by it in respect of the services provided by the Tax Offices. This may result from better understanding of the provisions of tax law and administrative procedures. However, such companies more often admit that they rely on the assistance of external companies (tax consultants, chartered auditors and the like).
- 3.** Recently-established companies express the most critical opinions on the services rendered by Tax Offices – they have the highest number of problems with understanding information (oral and written) received and they also have problems with obtaining adequate information. Therefore, the conclusion may be drawn that this group should be provided with the utmost care while developing new services.
- 4.** The companies operating in the smaller towns (up to 50,000 inhabitants) are generally more satisfied with the services provided by Tax Offices.

2.11 FISCAL AUDIT OF MEANS FROM THE EUROPEAN UNION

The fiscal audit of means from the European Union covers at present an audit of the use of means coming from the pre-accession funds. As of the day of Poland's accession to the European Union, the fiscal audit tasks will also cover an audit of the use of the means coming from the structural funds, Cohesion Fund and means earmarked for the financing of the Common Agricultural Policy. In addition, the fiscal audit tasks will also include an audit of transfer of own means to the budget of the European Union.

The basis for implementation of the said tasks is Article 2 of the Act on Fiscal Audit, determining the scope of fiscal audit. The scope covers, inter alia, the tasks related to:

- Audit of expediency and compliance with law of the management of public means and means from the European Union and international financial institutions being subject to repayment, as well as an audit of fulfillment of conditions on financing assistance from the said means,
- Audit of correctness of transfer of own means to the budget of the European Union (In force as of the day of Poland's accession to the European Union),
- Certification and issue of declarations of winding up the financial assistance from the means coming from the European Union.

At present, as mentioned above, the fiscal audit is performed in relation to the pre-accession funds. The fiscal audits in this scope are conducted by the Fiscal Audit Offices on the basis of audit plans prepared by the Bureau for International Treasury Relations and Body for Certifying and Issuing Declarations on Winding up of European Union Assistance.

As of the accession day, the specific tasks of fiscal audit in scope of fulfilment of obligations stemming from the *acquis* will cover:

- Checking the effectiveness of applied management and control systems,
- Selective verification, on the basis of risk analysis, of declarations of expenses at various levels (in addition audits at the request of the European Commission),
- Issuing certifications for winding up assistance.

The tasks connected with the audit of expediency and compliance with law of the management of public means and means from the European Union, as well as the correctness of transfer of own means to the budget of the European Union, will be performed by the General Inspector of Fiscal Audit through the Bureau for International Treasury Relations. The audits of correctness of operations on the basis of sample examination (spot audits, in-depth audits) refer to the conducted operations and they will be performed by the Fiscal Audit Offices according to audit plans (planned audits) prepared in this respect by the Bureau for International Treasury Relations and approved by the General Inspector of Fiscal Audit. In addition, the tasks concerning audits performed at the request of the European Commission will be carried out by the General Inspector of Fiscal Audit through the Bureau for International Treasury Relations.

The issue of certifications for winding up assistance will be performed by the General Inspector of Fiscal Audit through the Body for Certifying and Issuing Declarations on Winding up of European Union Assistance, which will gather and analyse information on the results of conducted controls and audits. Following the end of assistance, the Body for Certifying and Issuing Declarations on Winding up of European Union Assistance will carry out a final audit of management and control systems, which will results in a written report. The examination of the units subject to audit will be conducted in the course of the Act on fiscal audit.



Functioning of the tax administration




3.1 CIVIL SERVICE IN THE FISCAL ADMINISTRATION



The personnel of the fiscal administration constitute almost half of the civil service corps. In order to ensure professional, reliable, impartial and politically neutral execution of tasks of the State, by virtue of the Act of 18 December 1998 the Civil Service was established, along with the rules of access thereto, the principles of its organisation, functioning and development were also clearly defined. The mission of the civil service is to ensure the efficient functioning and management of the State, regardless of the political situation and the change of governments. This ability may be ensured by adequate personnel – competent officials, professionals performing their obligations in the reliable and impartial way. The establishment and development of the civil service is a guarantee of the effective operation of the State both internally and externally, a guarantee of coherence of work performed by state offices and a guarantee of improvement in the quality of services provided. Modern administration, addressing the needs and expectations of society, requires the ability to launch various activities for the purpose of quick reaction to the changes taking place in the surrounding environment.

The civil service corps consists both of employees and servants. A civil service employee is a person employed on the basis of a work contract in accordance with the terms determined by statute. A Civil Servant is a person employed by virtue of nomination in accordance with the terms determined by statute. A person may be employed in the civil service if he or she is a Polish citizen, enjoys the full scope of civic rights, has not been penalised for a felony committed by wilful action, holds the qualifications required for the Civil Service and enjoys an impeccable reputation. The recruitment of candidates for the Civil Service corps is organised by the Director General of Office. The Director General of Office is obligated to disseminate information about vacancies in the Civil Service in his/her Office in the way of placing an advertisement in a place of general access in the Office headquarters, as well as through placing an announcement in the Civil Service Bulletin.



A Civil Service employee is employed on the basis of a work contract of unlimited duration or by virtue of appointment for a limited period of time, but no longer than 3 years. In the case of persons starting work with the Civil Service for the first time, a work contract is concluded for a limited period of time. During this time, such persons are obliged to complete some form of preparatory service. The preparatory service aims at theoretical and practical preparation of a Civil Service employee for the proper execution of job-related obligations.

A person with the desire to be nominated as a civil servant should meet the following conditions: to be a Civil Service employee, complete preparatory service, prove duration of employment for at least 2 years with the Civil Service, hold a Master's or an equivalent degree, master at least one foreign language, be a reservist soldier or not be subject to conscription. In the course of the qualification procedure, the knowledge, qualifications and predisposition necessary for executing Civil Service tasks are tested.

In accordance with the Act on Civil service, the members of the Civil Service corps should enjoy an impeccable reputation. A more precise determination of this concept and concern for the ethical aspect of performance of tasks of the State laid ground for the decision of the Head of the Civil service to initiate activities aimed at the elaboration of the Code of Ethics of the Civil Service. On 11 October 2002 the Prime Minister signed an order establishing the Code of Ethics of the Civil Service. This Code is the result of an objective understanding of the ethical aspects, as well as covering these aspects in practice at office. The code envisages that the state power is an authority in the service of the rights of citizens and the law in general whereas a Civil Service corps member treats work as a public service. While fulfilling his or her obligations they always bear in mind the good of the Republic of Poland and her democratic system and protect the justified interests of each individual. A member of the Civil Service corps is obliged, inter alia, to act so that their activities may provide a paragon of the rule of law and contribute to increase the citizens' confidence in the State and its authorities, give priority to the public good over their own and their environments' interests, be aware of the service he/she owes to the public in their work so that they must always perform whilst respecting the dignity of others and with a sense of their own dignity, work diligently, strive to achieve the best results in their work and consider it their duty to perform their assignments in a discerning and judicious way. In addition, a member of the Civil Service corps should develop their competence through the advancement of their professional knowledge and by striving to be fully familiar with legal texts, as well as all the factual and legal circumstances of a case. In addition, the members of the civil service corps must be impartial while performing tasks and obligations and be politically neutral.

3.2 EMPLOYMENT IN FISCAL ADMINISTRATION

THE EMPLOYMENT STRUCTURE OF THE DEPARTMENTS OF THE MINISTRY OF FINANCE RESPONSIBLE FOR TAX POLICY AND MANAGEMENT OF THE FISCAL ADMINISTRATION*

(as of 21 November 2003)

| | | | | | | | |
|--------------------------|----------------------------------|-------------|-------------|------------|------------|-----------|-------------|
| Number of employees: | | 466 | | | | | |
| Age thresholds: | | do 29 | 30-39 | 40-49 | 50-59 | 60-64 | 65 and more |
| Number of employees (%): | | 114 (24.5%) | 144 (30.9%) | 88 (18.9%) | 95 (20.4%) | 19 (4.1%) | 6 (1.3%) |
| Including: | | | | | | | |
| Number | Women: | 262 (56.2%) | | | | | |
| of employees (%) | Men: | 204 (43.8%) | | | | | |
| | Employees with higher education: | 416 (89.3%) | | | | | |
| | Civil service servants: | 25 (5.4%) | | | | | |

* The following departments were included: KS, OS, SP, PP, PB, DK, BC, MS, LK.

THE EMPLOYMENT STRUCTURE OF THE TAX CHAMBERS

(as of 1 January 2003)

| | | | | | | | |
|--------------------------|----------------------------------|---------------|--------------|--------------|-------------|------------|-------------|
| Number of employees: | | 4133 | | | | | |
| Age thresholds: | | do 29 | 30-39 | 40-49 | 50-59 | 60-64 | 65 and more |
| Number of employees (%): | | 630 (15.2%) | 1251 (30.3%) | 1136 (27.5%) | 933 (22.6%) | 146 (3.5%) | 37 (0.9%) |
| Including: | | | | | | | |
| Number | Women: | 2 958 (71.6%) | | | | | |
| of employees (%) | Men: | 1 175 (28.4%) | | | | | |
| | Employees with higher education: | 3180 (76.9%) | | | | | |
| | Civil service servants: | 33* (0.8%) | | | | | |

* As of 31 December 2003.

THE EMPLOYMENT STRUCTURE OF THE TAX OFFICES

(as of 1 January 2003)

| | | | | | | | |
|--------------------------|----------------------------------|---------------|---------------|---------------|--------------|------------|-------------|
| Number of employees: | | 42378 | | | | | |
| Age thresholds: | | do 29 | 30-39 | 40-49 | 50-59 | 60-64 | 65 and more |
| Number of employees (%): | | 6356 (15.0%) | 12770 (30.1%) | 14029 (33.1%) | 8600 (20.3%) | 535 (1.3%) | 88 (0.2%) |
| Including: | | | | | | | |
| Number | Women: | 33354 (78.7%) | | | | | |
| of employees (%) | Men: | 9024 (21.3%) | | | | | |
| | Employees with higher education: | 18896 (44.6%) | | | | | |
| | Civil service servants: | 53* (0.13%) | | | | | |

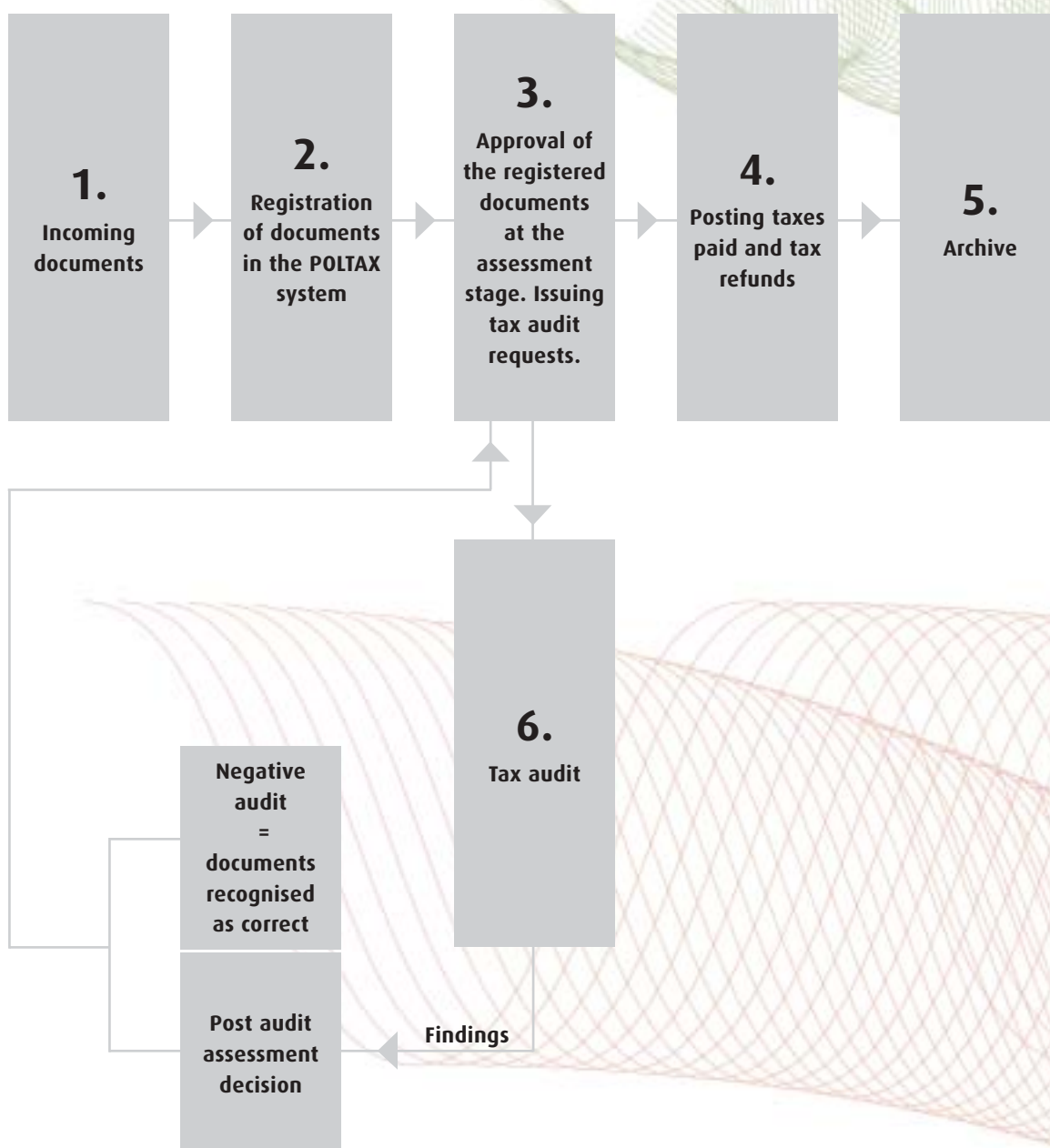
* As of 31 December 2003.

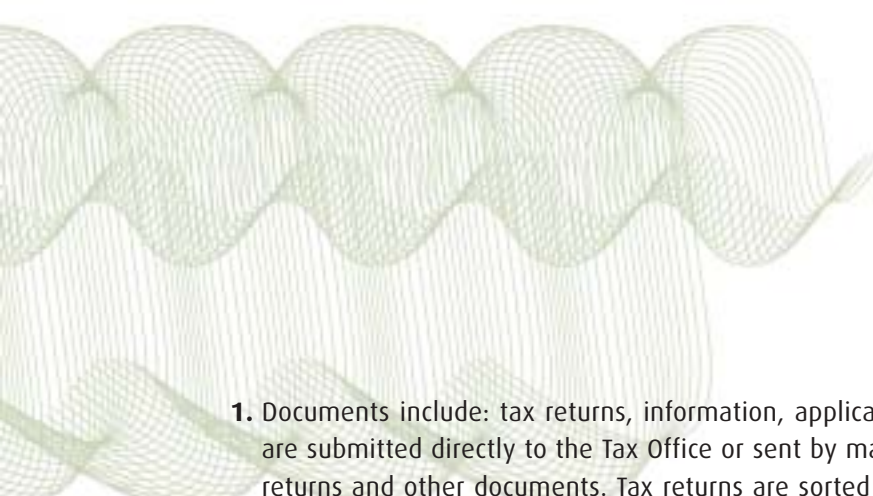
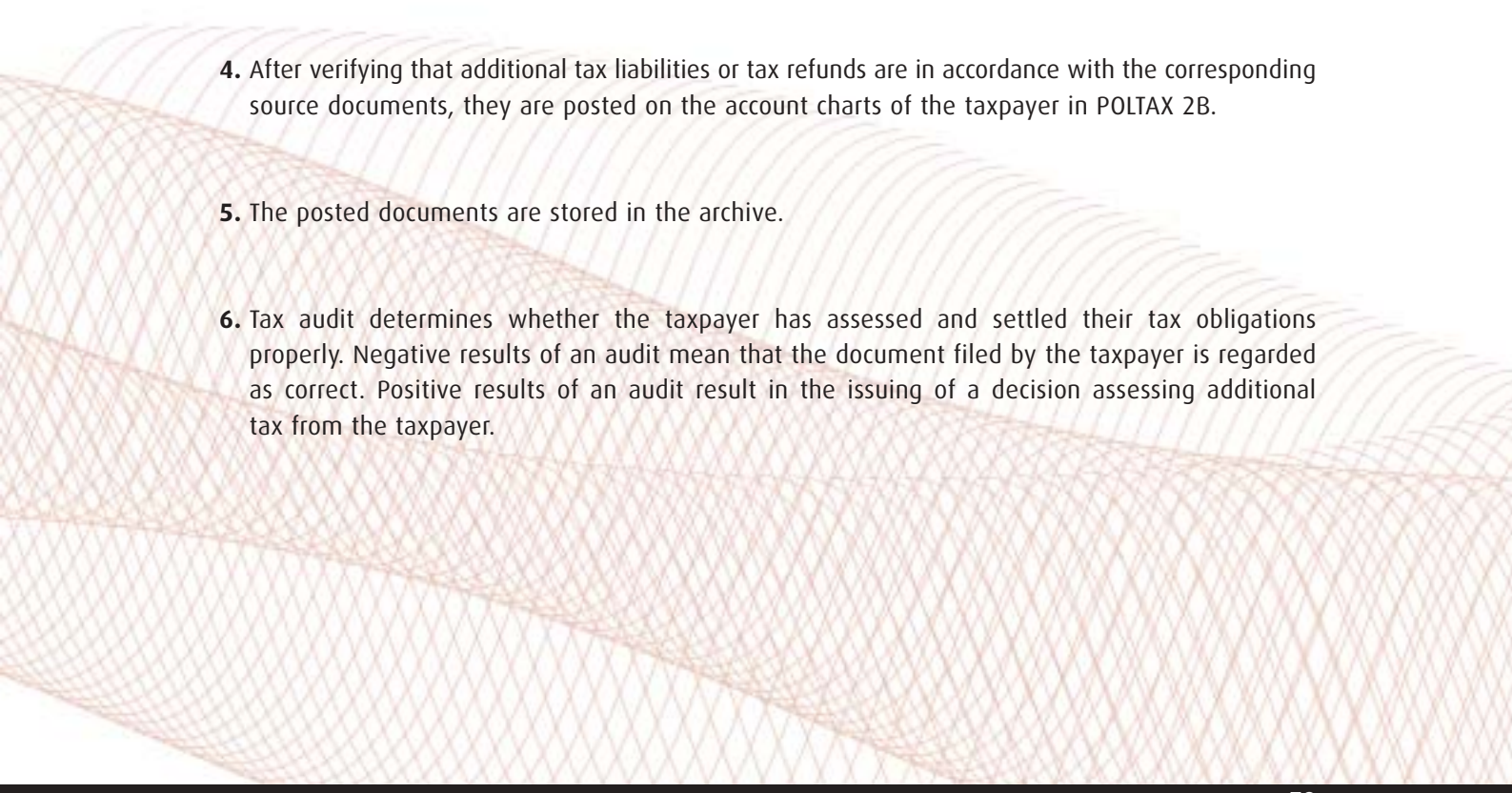
NUMBER OF PERSONNEL IN THE FISCAL AUDIT OFFICES AS OF 31 DECEMBER 2003

| | | | | including: | | |
|---|-------------------|--|----------------------------------|-------------------------|--|-----------------|
| Number of staff | All the personnel | The personnel not belonging to the civil service | Employees of civil service corps | Fiscal audit inspectors | Other employees receiving a fiscal bonus | Other employees |
| Total number of Offices | 6.653 | 331 | 6.322 | 2.568 | 2.573 | 1.181 |
| Audit units | 4.742 | 15 | 4.727 | 2.237 | 2.376 | 114 |
| Audit planning | 350 | 2 | 348 | 47 | 18 | 283 |
| Fiscal documentation branches (fiscal intelligence) | 193 | 0 | 193 | 29 | 162 | 2 |
| Penal fiscal investigation units | 280 | 1 | 279 | 141 | 14 | 124 |
| General cases units | 1.058 | 313 | 745 | 88 | 0 | 657 |
| Operational units | 30 | 0 | 30 | 26 | 3 | 1 |

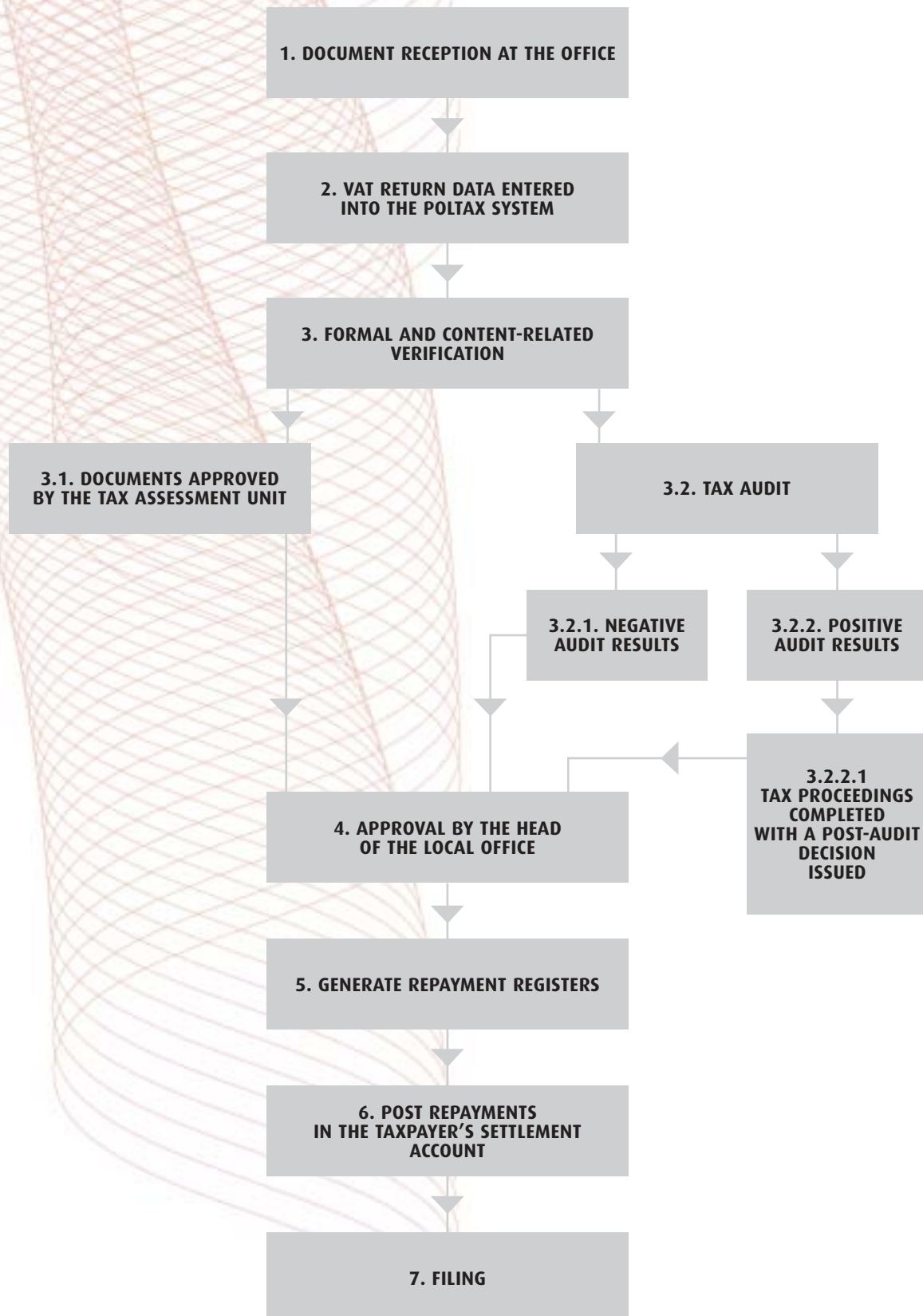
3.3 CIRCULATION OF DOCUMENTS IN THE TAX OFFICE

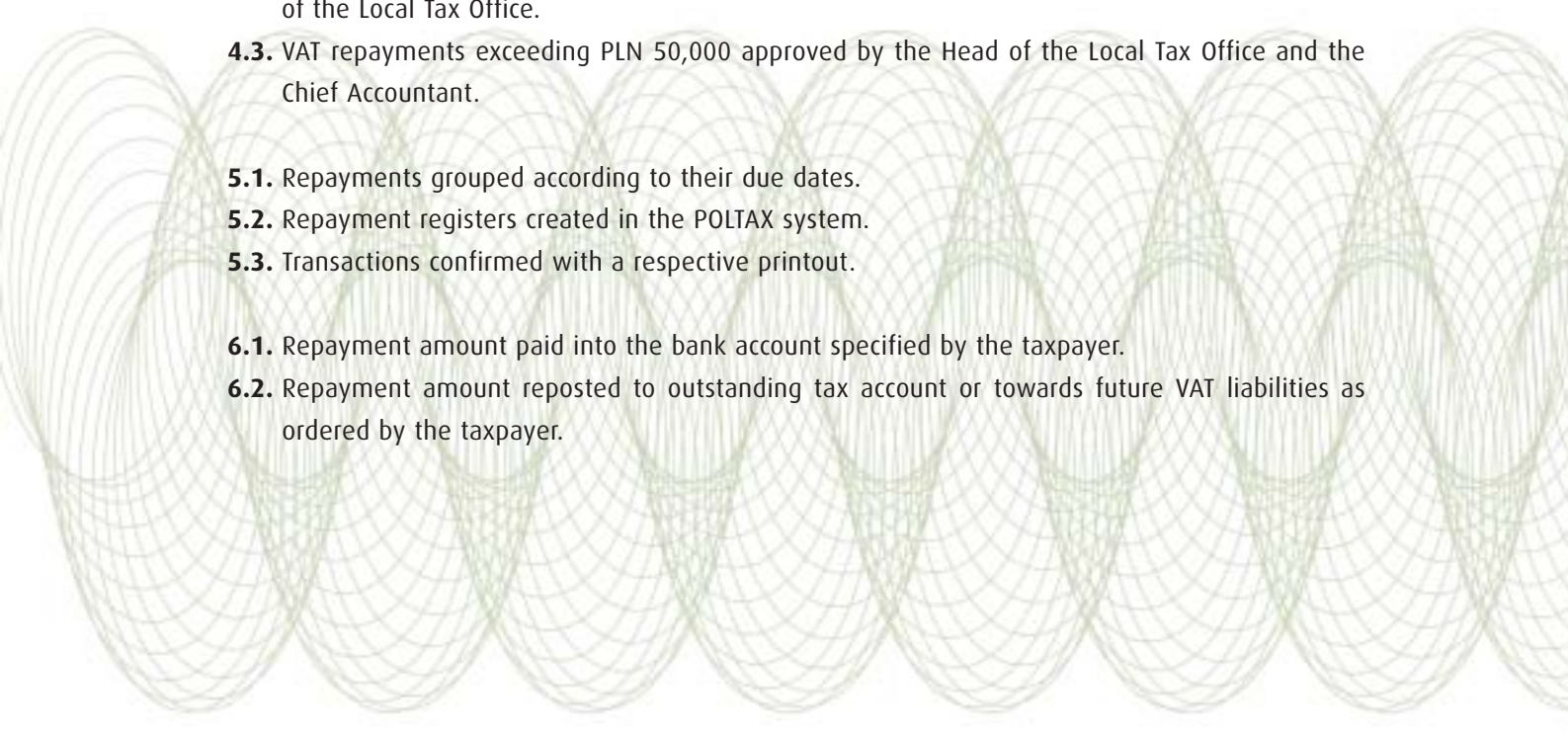
Circulation of documents (tax returns) in the Tax Office Warszawa - Bielany



- 
- 
1. Documents include: tax returns, information, application, notification or inquiry. The documents are submitted directly to the Tax Office or sent by mail. The documents are then divided into tax returns and other documents. Tax returns are sorted according to their nature. Other documents are sorted according to the organisational units competent for dealing with the case.
 2. Formal verification of documents. Grouping them in batches of approx. 50 documents of one type. The batches are then registered. Documents entered into POLTAX system and marked with the registration number assigned by POLTAX system at the stage of inputting.
 3. Approval at the assessment stage means that the document is classified by the employee responsible for the specific tax (after verifying the content and calculations) as correct or faulty. Information on faulty returns is submitted to tax audit units. Based on the tax returns approved at the stage of assessment the registers of tax payable or tax refunds are created in the POLTAX system.
 4. After verifying that additional tax liabilities or tax refunds are in accordance with the corresponding source documents, they are posted on the account charts of the taxpayer in POLTAX 2B.
 5. The posted documents are stored in the archive.
 6. Tax audit determines whether the taxpayer has assessed and settled their tax obligations properly. Negative results of an audit mean that the document filed by the taxpayer is regarded as correct. Positive results of an audit result in the issuing of a decision assessing additional tax from the taxpayer.

DOCUMENT FLOW IN VAT REPAYMENTS



- 
- 1.1.** VAT returns arriving by post received at the secretary's office of the Local Tax Office.
 - 1.2.** VAT returns lodged by taxpayers personally in room 108.

 - 2.1.** System numbers ascribed to incoming documents.
 - 2.2.** Detailed data entered into the system.
 - 2.3.** System verifies the correctness of the document.

 - 3.1.** Requests sent out to other Local Tax Offices for confirmation of transactions carried out by taxpayers of this Local Office.
 - 3.2.** Summons sent to taxpayers regarding the VAT returns filed.
 - 3.3.** Cases referred to audit.

 - 4.1.** VAT repayments of up to PLN 10,000 approved by the unit manager.
 - 4.2.** VAT repayments in the amount between PLN 10,000 and 50,000 approved by the Deputy Head of the Local Tax Office.
 - 4.3.** VAT repayments exceeding PLN 50,000 approved by the Head of the Local Tax Office and the Chief Accountant.

 - 5.1.** Repayments grouped according to their due dates.
 - 5.2.** Repayment registers created in the POLTAX system.
 - 5.3.** Transactions confirmed with a respective printout.

 - 6.1.** Repayment amount paid into the bank account specified by the taxpayer.
 - 6.2.** Repayment amount reposted to outstanding tax account or towards future VAT liabilities as ordered by the taxpayer.

3.4 COMPLAINTS AND MOTIONS

In 2002 the Ministry of Finance and its subordinate units received 4,670 complaints. 2001 witnessed fewer complaints by as much as 71.6% (2,722) in the year. The Ministry of Finance received 2,082 complaints, which consisted an increase by 272.5% in comparison to 2001 (764 complaints). The Tax Chambers and Tax Offices received 1,909 complaints (1,745 in 2001), the Fiscal Audit Offices 301 (213 in 2001) whereas the Customs Chambers 378 complaints. Out of the received complaints, the units settled 3,745 complaints themselves whereas the remaining ones were transferred to the competent bodies. Only 14.1% complaints and motions turned out to be justifiable and were acknowledged (in 2001 19.9%). Unjustified and rejected complaints amounted to 54.7% (in 2001 66.3%). Complaints settled in other ways, i.e. through providing the interested parties with explanations, amounted to 31.2%. In 125 cases the time limit for consideration of complaints and motions was exceeded, which constituted 2.7% of all the cases considered (in 2001 – 5.1%).

The complaints referred, inter alia, to: lack of action by the Tax Chambers stemming from their untimely and excessive length of consideration of appeals against tax decisions issued by the Tax Offices, the activities of tax bodies, and in particular the inappropriate manner of tax collectors, whilst on duty, in relation to the taxpayers. In addition, they questioned the legitimacy of enforcement proceedings carried out against them and claimed violations of the procedures governing audit proceedings, specified in the Act on fiscal audit and Tax Ordinance Act, by the fiscal audit inspectors and other employees of the Fiscal Audit Offices. The complaints also covered: questioning the course of customs clearances, the difficult economic situation of the country, activities connected with the conduct of tax proceedings, including the failure to observe procedural regulations or their improper application, violations of statutory time limits, lack of action, lengthiness of actions of a body, legal violations, improper performance of tasks by a body or its personnel, audit activities of a body, incompetence and behaviour of a body's personnel while providing service to the interested parties, violations of professional and fiscal secrecy by a body's personnel, as well as rejection of access to tax files.

Throughout the year 2002, 1,082 persons lodged in person their complaints and motions, including 24 persons in the Ministry of Finance, 1,057 persons in the Tax Chambers and Tax Offices, 9 persons in the Fiscal Audit Offices, and 16 persons in the Customs Chambers. The discussed cases referred, inter alia, to: tax proceedings, enforcement activities, tax audit, penal fiscal cases, lack of action by a body, incompetent behaviour of a body's personnel (e.g. in the scope of interpretation of the tax law), annulment or splitting into instalments tax liabilities, human resources subjects (e.g. a request for employment at tax Office), speeding up the consideration of a case in the appeal proceedings and activities of the fiscal administration.

WAYS OF TREATMENT OF COMPLAINTS AND MOTIONS IN 2002

| | Settled in the reporting period | | | Way of treatment (Column 5) | | | |
|------------------------------|---------------------------------|-------------------------------|---------|-----------------------------|-----------|-------|-----------------------------------|
| | | Including | | | | | |
| Specification | Total (4+5) | Transferred to competent body | Settled | Acceptance | Rejection | Other | Expiry (Columns 4 and 5 in total) |
| Ministry of Finance | 2082 | 510 | 1572 | 72 | 485 | 1015 | 87 |
| Tax Chambers and Tax Offices | 1909 | 275 | 1634 | 401 | 1105 | 128 | 36 |
| Fiscal Audit Offices | 301 | 73 | 228 | 22 | 206 | - | 2 |
| Customs Chambers | 378 | 67 | 311 | 34 | 251 | 26 | - |
| Total | 4670 | 925 | 3745 | 529 | 2047 | 1169 | 125 |

3.5 INTERNAL CONTROL

The issue of internal control within the fiscal administration was regulated by the Act on fiscal audit of 28 September 1991. In accordance with the provisions of this Act, the scope of the fiscal audit covers ministerial control of organisational units of the customs, tax and fiscal audit administrations being subordinate to the Minister competent for public finance, including the office providing service to this minister.

The organisation, terms and course of procedure for ministerial control is provided for by Order no. 25 of the Minister of Finance of 29 August 2003, issued on the basis of the Act on fiscal audit.

The objectives of ministerial control cover in particular:

- Prevention and detection of violations of job-related duties, and in particular offences committed by personnel or officials,
- Inspection of the observance of the principles of professional ethics by the employees or officials: impartiality, objectivity in activities taken, protection of the State Treasury's interests,
- Inspection of the correct determination or assessment of tax liabilities and collection of tax and non-tax budgetary dues.

Tasks in respect of ministerial control are performed by the General Inspector of Fiscal Audit through the Fiscal Audit Department and other organisational units divided by the structure of the Ministry of Finance for the purpose of execution of the provisions of the Act on fiscal audit.

Regardless of ministerial control operations, each fiscal body has within its organisational structure a separate unit for internal audit.

3.6 INTERNAL AUDIT

Internal audit is a new institution in the sector of public finance. It is performed by functionally independent auditors employed within the units of public finance sector. The main objective of internal audit is an independent examination of the management and audit systems, including observance of procedures for financial internal control in the units, resulting in granting the head of a unit an objective and independent assessment of the functioning of the unit in the scope of financial management as regards legality, economy, expedience, reliability, transparency and openness. Such a concept of internal audit serves the purpose of improvement of the unit's functioning and thus aims at achieving the best results with the available resources.

Select units of public finance sector were obliged to conduct internal audit as of 1 January 2002 by virtue of the Act of 27 July 2001 on amendment to the Act of public finance. In accordance with the provisions in force from 1 May 2002, in Tax Office an internal audit is performed by an internal auditor employed within the Tax Chamber. Therefore all the Tax Chambers have established internal audit units. They are also obliged to perform an internal audit in Tax Chambers if the amount of revenue or expenses of public finance generated by these units during a calendar year exceeds 35 million PLN.

Such a placement of an internal auditor in the structure of the Tax Administration results in a situation in which an internal auditor, pursuant to the requirements of the Act reports directly to the head of the unit – in this case the Director of Tax Chamber, and co-operates as regards performed audits with the Heads of Tax Offices (being the heads of the units under audit).

The governmental draft of the Act on public finance includes a provision envisaging that the Minister of Finance, when necessary, may give consent for the performance of internal audit in the supervised or subordinated units by an auditor employed by the supervising or superior unit. As a result, the said provision and introduction of an obligation of the performance of an internal audit in both Tax Chambers and Tax Offices will change the above-described organisation of an internal audit in the Tax Administration.

3.7 IT IN THE TAX ADMINISTRATION

Activities in the years 2002-2003

1. Development and approval of the update of Strategy for IT Development in the Ministry of Finance and its Subordinate Units

The strategy for IT Development in the Ministry of Finance and its Subordinate Units includes tasks stemming from the initiatives adopted by the government and the necessity of adjustment to the requirements connected with Poland's accession to the European Union. It also reflects the changes taking place in the world of information society. The strategic IT objectives envisage IT support for:

- Effective management of public finance (including efficient and effective enforcement of tax and customs dues),
- Prevention and detection of economic fraud and effective fulfilment of tasks by internal audit and control bodies,
- Rational management of means of the State budget,
- Ensuring the adjustment of the IT systems of the Tax and Customs Administration to the EU requirements,
- Provision of interactive services via the Internet and information on public finance via the Internet portal (implementation of the e-Government concept).

2. Implementation of tasks stemming from the Strategy for IT Development in the Ministry of Finance and its Subordinate Units.

3. Integration of the IT services of the Tax and Customs Administrations.

4. On-going exploitation, maintenance and development of the subsystems of the POLTAX system supporting the work of the Tax Offices as follows:

- REJESTRACJA (Registration) – registration of entities on the basis of NIP forms, collection and the keeping of data on all bodies and their activities.
- WYMIAR (Assessment) – registration and service of tax returns, decisions and other documents in respect of particular taxes.
- RACHUNKOWOŚĆ (Accounting) – registration of tax and non-tax budgetary dues (assessed amounts, deductions, payments, refunds); settlement and transfer of receivables to the Budget and other bodies.
- EGAPOLTAX (Enforcement) – support of recovery of liabilities performed by the Tax Office.
- KONTROLA (Audit) – planning of audits, selection (manual and automatic) of taxpayers for audit, provision of service and recording of audit proceedings and reporting.
- MANDATY (Fiscal orders) – registration of penal fiscal orders and lists of penal fiscal cases.
- Specific data warehouses – PIT, CIT, VAT, ZALEGŁOŚCI (Arrears), EGASPRAWY (Enforcement cases).

All the subsystems maintained in Tax Offices are based on the joint database. They are linked together and ensure computer support for work in all the units of the Tax Office.

In the POLTAX databases, in all the Tax Offices there are in total over 600 million documents.

5. Preparations for development of the e-Podatki (e-Taxes) system

The e-Podatki system refers to a set of organisational, legal and IT activities that aim at equipping the fiscal administration in the modern tools of information management and supporting the fulfilment of statutory tasks of the fiscal administration.

The strategic objectives of the e-Podatki system are to ensure:

- A higher quality of taxpayer service rendered by the fiscal administration,
- A higher effectiveness of operations conducted by the fiscal administration,
- The efficient exchange of information between the fiscal administration and its external environment.

The strategic objectives of the e-Podatki system are to be implemented through:

- Opening a new, effective communication channel between the fiscal administration and external entities, and in particular through the facilitation of electronic filing of tax returns,
- More effective service (through centralisation and automatization of work) of the receipt, processing and issuing of paper documents,
- Facilitation of obtaining data from external (in relation to the IT resources of the fiscal administration) databases,
- Ensuring a more effective processing of collected data and their presentation in the form of useful information for:
 - authorised external entities (e.g. access of the authorised entities to individual tax accounts),
 - authorised internal entities – for the implementation of the process of tax compliance (inter alia, facilitation of risk analysis for the purpose of audit proceedings and recovery of liabilities).

6. Ensuring IT support for the Fiscal Audit Offices

- As the result of the implementation of the project entitled “Development of the system and infrastructure for fiscal audit – needs analysis, strategy, Specification of Essential Requirements of Order”, Terms of Reference were elaborated for the tender concerning the development and implementation of IT system supporting fiscal audit named “ISKOS”. The system will be developed within the framework of the Phare 2002 project.

7. Activities also cover the period of adjustment of the systems to their co-operation with the EU systems

- The works were continued in respect of the Polish VIES application.
- The works were launched in the scope of development of the interface between the POLTAX application at the Tax Offices and the National Register of Taxpayers (KEP) and the VIES application.

8. Development of IT systems of the Ministry of Finance and its subordinate units

- The portal of the Ministry of Finance has been created, publishing information both for members of the public via the Internet, as well as for the Ministry of Finance and its subordinate units.
- The System for Monitoring of Tax Law (SMPP) has been further developed, which functions as an electronic library of documents in respect to tax matters as well as a support tool for the adjudication work of the tax authorities.

Activities planned for the years 2004 – 2007

Below there are key activities in respect of IT undertakings planned by the Ministry of Finance and its subordinate units. They cover:

1. Continuation of works in the scope of the e-Podatki system.
2. Completion of works in respect of adjustment of the systems of the Tax and Customs Administrations to facilitate the co-operation with the EU systems.
3. Supporting the departments of the Ministry of Finance in the implementation of IT system projects performed by the IT companies appointed by tender (i.e. the development and implementation of the IT system for monitoring and financial audit of the Structural Funds and Cohesion Fund (SIMIK), development of the IT system for the State Budget Department, development and implementation of the analytical IT system named the Customs and Tax Data Warehouse (SINDBAD), and the ISKOS system for the Fiscal Audit Department).
4. Development of IT systems designated both for public use, as well as internal needs of the Ministry of Finance and its subordinate units.

3.8 TAX INFORMATION SYSTEM (SIP)

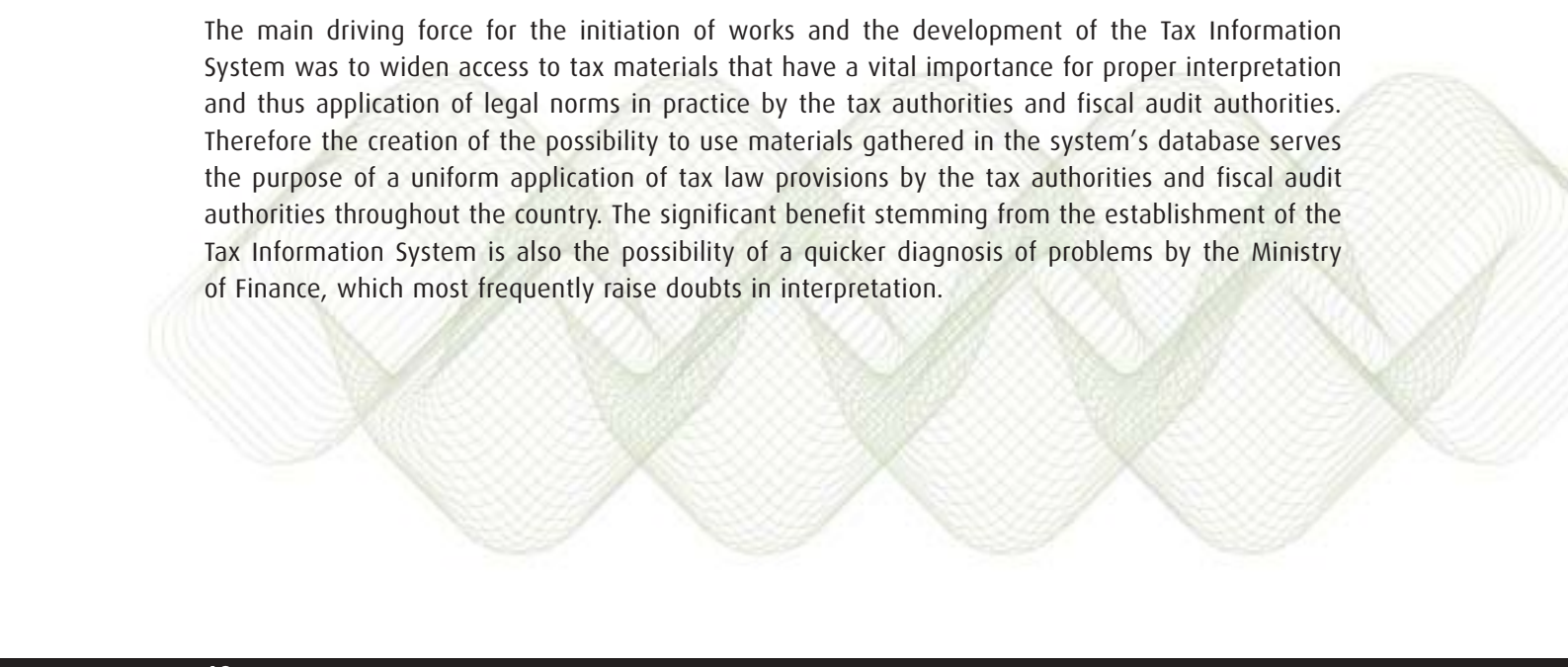
The Ministry of Finance, in co-operation with the Tax Chamber in Katowice, has developed and implemented in recent years an Intranet tool under the name of the Tax Information System (SIP). The idea of the establishment of such a system arose out of the need to ensure a uniform application of tax law provisions by the fiscal services. The aim of the system is to support decision-making processes in tax cases, dissemination of tax information within the vertical and horizontal organisational structure of the tax administration as well as beyond its structure and the facilitation of identification of elements, whose elimination, change or introduction to the tax system will contribute to its simplification and increase of the level of its coherence and cohesion.

The Tax Information System constitutes a set of documents relating to tax cases, using advanced IT techniques. At the moment, the database of the Tax Information System consists of about 22,500 documents (as of 1 February 2004), including:

- Interpretations of tax law provisions issued by the tax authorities,
- Decisions and rulings of the Constitutional Tribunal, Supreme Court and Supreme Administrative Court,
- Other materials in respect to tax cases.

In addition, the Tax Information System includes some additional elements, giving it the character of an information website for the tax administration, such as press reviews, a dictionary of relevant terms, a forum for the exchange of experiences and information, as well as legal acts concerning tax law and information on legal amendments.

The main driving force for the initiation of works and the development of the Tax Information System was to widen access to tax materials that have a vital importance for proper interpretation and thus application of legal norms in practice by the tax authorities and fiscal audit authorities. Therefore the creation of the possibility to use materials gathered in the system's database serves the purpose of a uniform application of tax law provisions by the tax authorities and fiscal audit authorities throughout the country. The significant benefit stemming from the establishment of the Tax Information System is also the possibility of a quicker diagnosis of problems by the Ministry of Finance, which most frequently raise doubts in interpretation.



The software used by the SIP database allows for the extension, browsing, updating and searching (by full text or categories related to each element of the database) of the documents stored there. At the Ministry of Finance there is a central server of the SIP database and software application for its maintenance whereas access to the system is based on the wide area network (WAN) of the Ministry and its subordinate units.

It is expected that common access and use of the Tax Information System by the personnel of the tax administration will result in:

- Increase in the level of professional training for the personnel of the tax authorities and fiscal audit authorities and thus an improvement of the quality of adjudication by these authorities and correctness of rulings issued in tax cases,
- More efficient work of the tax authorities and fiscal audit authorities,
- Reduction of the number of appeals against decisions,
- A decrease in the workload of the legal service units of the Tax Chambers, Tax Offices and Fiscal Audit Offices,
- Reduction in the workload connected with providing information to taxpayers.
- Reduction of costs connected with obtaining, storage and dissemination of tax information in the fiscal administration,
- Improvement of the image of the tax administration among taxpayers.

In addition, the Internet module of the system was developed, allowing for publication of the database resources and taxpayers' access to a set of court rulings in tax cases and interpretations of tax law provisions by the tax authorities. This undertaking, on the one hand, implements assumptions underpinning the modern information policy developed and more often introduced by the fiscal services, and on the other hand it will be sure to contribute to a reduction in the number of inquiries for interpretation of legal norms submitted to the tax authorities by interested parties.

3.9 OPERATIONS OF THE TAX ADMINISTRATION IN 2002

In 2002 the revenue raised by the fiscal units for the State budget increased by 4.5% as compared with 2001 whereas the expenses earmarked for the maintenance of these units decreased by 7.3%. The average revenue ratio in 2002 improved by 11.3% as against 2001. Average employment increased by about 1% as compared with employment in 2001. In comparison with 2001, the average revenue raised per employee of the fiscal services increased by 4.3% whereas the expenses decreased by 7.6%.

Revenue

In 2002 the Tax Chambers and Tax Offices raised for the State budget revenue amounting to 131,912.5 million PLN (net i.e. without the local government's share in income taxes), as compared with 125,358.7 million PLN 2001, which constituted about 91.9% of the total amount of the State budget revenue (see below).

| No. | Budgetary revenue | Amount in thousand PLN | Share in % |
|--------------|--|------------------------|----------------|
| 1 | VAT on imported goods and services | 39 113 195 | 29.651 |
| 2 | Excise duty on domestic products | 27 950 175 | 21.188 |
| 3 | PIT | 21 295 628 | 16.144 |
| 4 | VAT | 18 319 288 | 13.888 |
| 5 | CIT | 15 008 405 | 11.378 |
| 6 | Excise duty on imported products | 3 539 590 | 2.683 |
| 7 | Payments from the profit of the National Bank of Poland | 2 582 183 | 1.957 |
| 8 | Other | 2 482 923 | 1.882 |
| 9 | Interest | 731 391 | 0.554 |
| 10 | Game tax | 672 485 | 0.510 |
| 11 | Payments from the profit of sole shareholder companies of the State Treasury | 179 747 | 0.136 |
| 12 | Payments from the profit of state-owned enterprises | 37 900 | 0.029 |
| 13 | Arrears from repealed taxes | -417 | 0.000 |
| Total | | 131 912 493 | 100.000 |

EMPLOYMENT IN THE TAX AUTHORITIES IN RELATION TO THE REVENUE RAISED AND EXPENSES INCURRED

The average real employment in 2002 in the tax authorities (without the personnel employed ad hoc on provisional basis) amounted to 41,837 (in 2001 – 41,752), of which in the Tax Chambers – 4,174 posts (in 2001 – 4,166 posts) whereas in the Tax Offices – 37,663 posts (in 2001 – 37,586 posts).

The share of employment in these voivodeships mentioned in relation to the total employment is as follows:

- the lowest share in the Opolskie voivodeship - 2.43% (1,015 posts), Podlaskie - 2.59% (1,082 posts) and Świętokrzyskie - 2.70% (1,129 posts),
- the highest share in the Mazowieckie voivodeship – 14.63% (6,119 posts) and Śląskie 12.12% (5,069 posts) (see below).

| Tax Chamber in | Average employment in 2002 | | | Share in % |
|----------------|----------------------------|---------------|---------------|------------|
| | Tax Chamber | Tax Offices | Total | |
| Warszawa | 613 | 5 506 | 6 119 | 14.626 |
| Katowice | 445 | 4 624 | 5 069 | 12.116 |
| Poznań | 400 | 3 681 | 4 081 | 9.755 |
| Wrocław | 365 | 3 161 | 3 526 | 8.428 |
| Kraków | 349 | 3 165 | 3 514 | 8.399 |
| Łódź | 331 | 2 910 | 3 241 | 7.747 |
| Gdańsk | 262 | 2 175 | 2 437 | 5.825 |
| Bydgoszcz | 214 | 1 964 | 2 178 | 5.206 |
| Szczecin | 217 | 1 890 | 2 107 | 5.036 |
| Lublin | 194 | 1 746 | 1 940 | 4.637 |
| Rzeszów | 176 | 1 595 | 1 771 | 4.233 |
| Olsztyn | 154 | 1 257 | 1 411 | 3.373 |
| Zielona Góra | 123 | 1 094 | 1 217 | 2.909 |
| Kielce | 104 | 1 025 | 1 129 | 2.699 |
| Białystok | 123 | 959 | 1 082 | 2.586 |
| Opole | 104 | 911 | 1 015 | 2.426 |
| Total | 4 174 | 37 663 | 41 837 | 100 |

FUNCTIONING OF THE TAX ADMINISTRATION

The average revenue raised per employee by the Tax Chambers and Tax Offices in 2002 amounted to 3,461.3 thousand PLN, which constituted an increase by 4.3% in comparison with 2001 (3,318.6 thousand PLN).

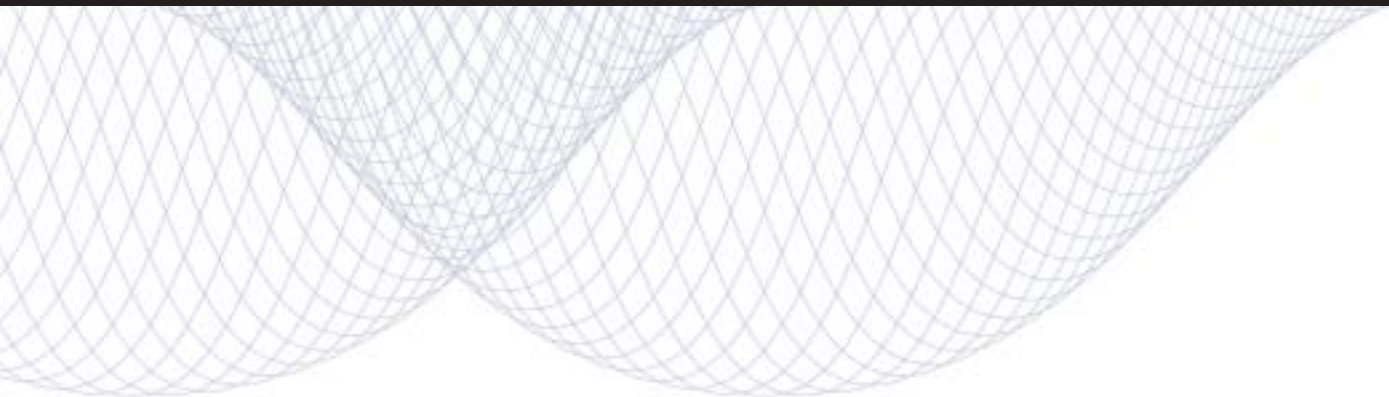
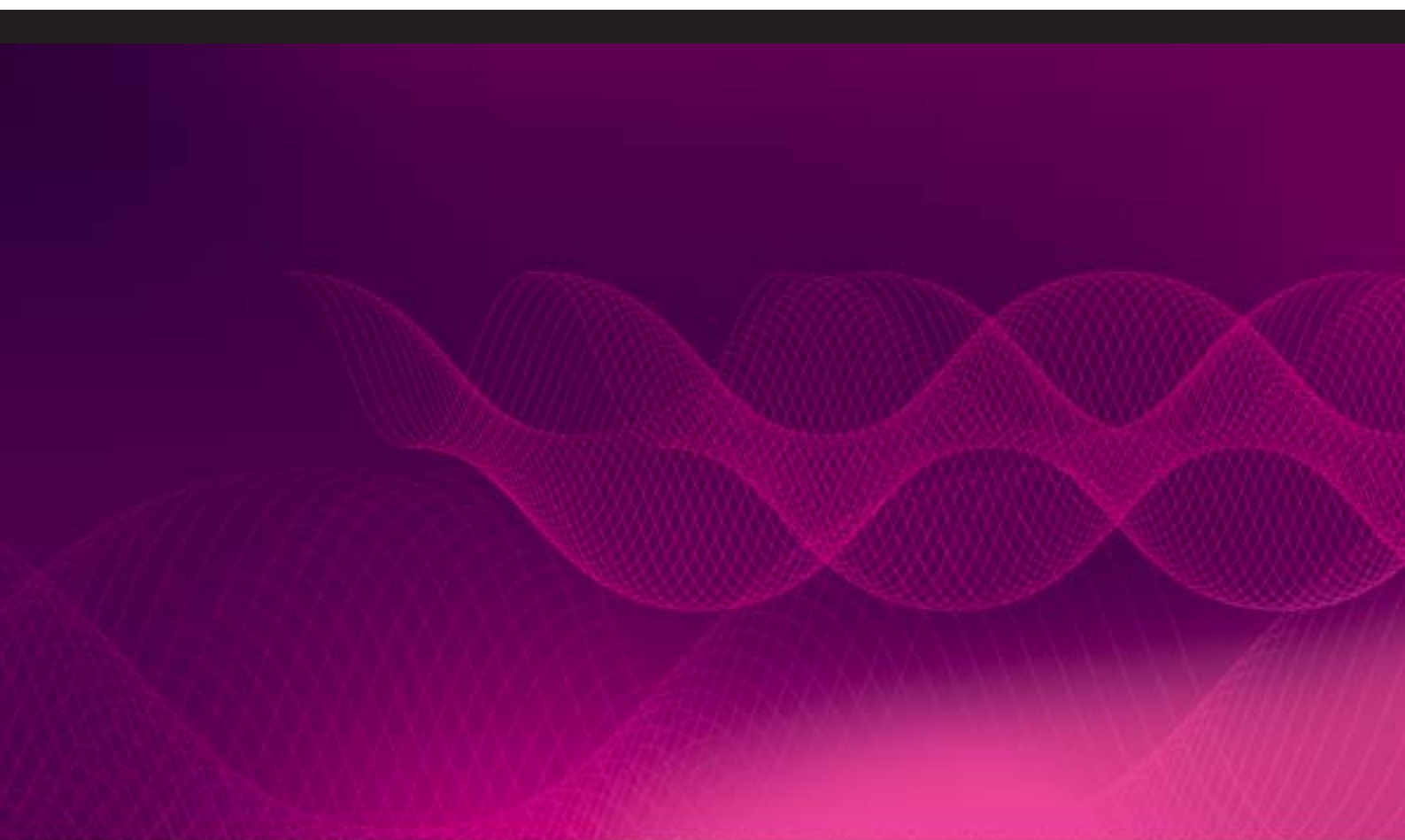
The lowest revenue per employee raised by the tax authorities in 2002 amounted to 1,170.5 thousand PLN in the Świętokrzyskie voivodeship, 1,270.7 thousand PLN in the Opolskie voivodeship and 1,316.8 thousand PLN in the Warmińsko-Mazurskie voivodeship whereas the highest revenue amounted to 9,180.3 thousand PLN in the Mazowieckie voivodeship, 3,858.0 thousand PLN in the Pomorskie voivodeship and 3,776.9 thousand PLN in the Podlaskie voivodeship (see below).

| Tax Chamber (and subordinate Tax Offices) | Revenue in total | Average employment | Revenue per 1 employee in thousand PLN |
|--|-------------------------|-------------------------------|---|
| Warszawa | 56 174 439 318 | 6 119 | 9 180.3 |
| Gdańsk | 9 401 967 242 | 2 437 | 3 858.0 |
| Białystok | 4 086 608 935 | 1 082 | 3 776.9 |
| Poznań | 13 637 212 982 | 4 081 | 3 341.6 |
| Kraków | 11 120 844 426 | 3 514 | 3 164.7 |
| Katowice | 15 113 126 516 | 5 069 | 2 981.5 |
| Zielona Góra | 3 468 195 617 | 1 217 | 2 849.8 |
| Łódź | 6 776 237 087 | 3 241 | 2 090.8 |
| Wrocław | 7 252 526 014 | 3 526 | 2 056.9 |
| Szczecin | 4 223 751 520 | 2 107 | 2 004.6 |
| Lublin | 3 223 884 162 | 1 940 | 1 661.8 |
| Rzeszów | 2 701 429 497 | 1 771 | 1 525.4 |
| Bydgoszcz | 3 162 365 958 | 2 178 | 1 452.0 |
| Olsztyn | 1 858 018 174 | 1 411 | 1 316.8 |
| Opole | 1 289 736 889 | 1 015 | 1 270.7 |
| Kielce | 1 321 451 158 | 1 129 | 1 170.5 |
| Total | 144 811 795 495 | 41 837 | 3 461.3 |

The average expenses per employee amounted to 56.3 thousand PLN (in 2001 – 60.9 thousand PLN). In comparison with 2001, the expenditure ratio per employee decreased by 7.6%.

The lowest expenses were incurred in the Podlaskie voivodeship – 51.6 thousand PLN, in the Warmińsko-Mazurskie voivodeship – 52.4 thousand PLN, in the Lubelskie voivodeship and Oopolskie voivodeship – 52.6 thousand PLN whereas the highest expenses were incurred in the Śląskie voivodeship – 59.4 thousand PLN, Pomorskie voivodeship – 59.4 thousand PLN and Kujawsko-Pomorskie voivodeship – 58.1 thousand PLN (see below).

| Tax Chamber (and subordinate Tax Offices) | Expenses in total | Average employment | Expenses per 1 employee in thousand PLN |
|--|--------------------------|-------------------------------|--|
| Katowice | 301 195 585 | 5 069 | 59.4 |
| Gdańsk | 144 554 812 | 2 437 | 59.3 |
| Bydgoszcz | 126 619 260 | 2 178 | 58.1 |
| Poznań | 236 032 636 | 4 081 | 57.8 |
| Warszawa | 350 253 203 | 6 119 | 57.2 |
| Wrocław | 201 257 402 | 3 526 | 57.1 |
| Rzeszów | 99 784 989 | 1 771 | 56.3 |
| Łódź | 178 935 960 | 3 241 | 55.2 |
| Zielona Góra | 67 204 460 | 1 217 | 55.2 |
| Kraków | 192 063 073 | 3 514 | 54.7 |
| Szczecin | 113 271 946 | 2 107 | 53.8 |
| Kielce | 59 779 365 | 1 129 | 52.9 |
| Opole | 53 423 189 | 1 015 | 52.6 |
| Lublin | 102 106 574 | 1 940 | 52.6 |
| Olsztyn | 73 979 016 | 1 411 | 52.4 |
| Białystok | 55 806 890 | 1 082 | 51.6 |
| Total | 2 356 268 360 | 41 837 | 56.3 |



Taxes in Poland

The Constitution of the Republic of Poland:

Article 84. Everyone shall comply with his or her responsibilities and public duties, including the payment of taxes, as specified by statute.

Article 217. The imposition of taxes, as well as other imposts, the specification of those subject to the tax and the rates of taxation, as well as the principles for granting tax reliefs and remissions, along with categories of taxpayers exempt from taxation, shall be by means of statute.

The Polish tax system consists of 12 types of taxes. The revenue of gminas also makes up 4 types of charges, which, though, do not carry all the features of taxes, are subject to provisions on tax liabilities. The quasi-taxes, called contributions, and first of all, social security contributions should also be counted as elements of the Polish tax system

From the point of view of the taxpayer, the most essential division of taxes includes two groups:

1. Direct taxes, which are assessed on personal income, revenue or property. The main direct taxes include:

- 1) personal income tax,
- 2) corporate income tax,
- 3) inheritance and gifts tax,
- 4) tax on acts in civil law,
- 5) agricultural tax,
- 6) forestry tax,
- 7) real estate tax,
- 8) transportation tax,
- 9) dog tax.

The taxes from points 3-9 are local taxes and constitute the revenue of gminas.

2. Indirect taxes are included in the price of goods or service. The payers of these taxes are sellers but in fact they burden the consumer. Within this category the following are enumerated:

- 1) goods and services tax (VAT),
- 2) excise duty,
- 3) game tax.

4.1 DIRECT TAXES

4.1.1 PERSONAL INCOME TAX

Personal income tax encompasses all incomes of natural persons, excluding revenue from:

- agricultural activity, with the exception of revenue from special branches of agricultural production,
- forestry economy in the meaning of the Forestry Act and Act on the Designation of Agricultural Land for Afforestation,
- subject to the provisions on inheritance and gifts,
- activities that cannot be the object of a legally effective contract (e.g. fencing),
- a division of a joint property of spouses due to the cessation or limitation of their property co-ownership.

The main legal act that regulates personal income tax is the Act of 26 July 1991 on Personal Income Tax that has been in force since 1 January 1992. This act differentiates sources of revenue and determines the method of taxation on income from given sources (including work contracts, pension or disability pensions, non-agricultural economic activities, capital gains).

Within the personal income tax there are two forms of taxation:

1) By general terms – the taxpayer pays a tax on the actual income earned in accordance with those tax rates in force in a given year whereas as of 1 January 2004 taxpayers raising revenue from non-agricultural activity may pay an income tax under a uniform flat 19% tax rate.

2) By lump sum:

- It may be chosen by taxpayers performing economic activity to a limited extent (in the form of a lump sum tax on registered income or “tax card”);
- It is compulsory in the scope of taxation on some revenue from remaining sources (for example, from the participation in the profits of legal persons, interest or other revenue from cash means deposited in the taxpayer’s bank account or from other forms of saving, hoarding or investing, income earned from the participation in capital funds, gains derived from competitions and gaming, income from undeclared sources of revenue or otherwise unaccounted for in the declared sources);
- It may be paid by natural persons raising revenue under contracts of lease, sublease, tenancy or subtenancy or other contracts of similar nature;
- It is paid by clerics.

The income taxed in the form of a lump sum is not linked with income from other sources.

The basic rates for taxpayers whose income is subject to taxation under general terms were defined in accordance with the progressive tax scale, differentiating three income thresholds. In 2004 these tax rates amount to 19%, 30% and 40%.

Since 2003 the amount mentioned in the first threshold of the tax scale, which is deducted from a tax, has been subject to an increase in successive tax years corresponding to the rate of growth of prices of consumer goods and services in the period of the first three quarters of the year preceding the tax year as against the same period from the previous year. Whereas as of 1 January 2004 this amount is fixed, and the income thresholds of the tax scale will remain at the same level as in 2003.

| Base for calculation of tax in PLN in the year 2004 | | Amount of tax |
|--|--------|---|
| above | up to | |
| | 37,024 | 19% of the assessment base minus the amount of 530,08 PLN |
| 37,024 | 74,048 | 6.504,48 PLN + 30% of the excess above 37.024 PLN |
| 74,048 | | 17.611,68 PLN + 40% of the excess above 74.048 PLN |

In 2004 the rates of lump sum income tax on some other revenues, for example revenue from money capitals, amount to 19% (on interest on loans - with the exception when the granting of loans is the object of economic activity - on interest and discount on securities, on dividends and other revenues from shares in the profits of legal persons) or 10% (for gains derived from competitions and gaming).

The income from undeclared sources of revenue or unaccounted for in the declared sources is subject to lump sum taxation at the rate of 75%.

Lump sum tax rates on registered revenue amount to:

- 1) 20% for revenue raised by liberal professions,
 - revenue from contracts of lease, sublease, tenancy or subtenancy or other contracts of similar nature on the surplus over the equivalent amount of 4,000 €.
- 2) 17% for revenue raised, inter alia, from rendering the following services:
 - reproduction of computer information carriers,
 - agency in sale of mechanical vehicles, agency in sale of parts and accessories for mechanical vehicles, agency in the sale of motorcycles and their parts and accessories,
 - agency in wholesale trade,
 - hotels, services provided by the tourist accommodation buildings and other places of short-term accommodation,
 - car park, radio-taxi call services, tour guiding, tourist organisations and agencies,
 - management of real estate rendered at request,
 - car hire and the hire of other means of transport,
 - consulting in scope of computer hardware, software, data processing.

4) 8.5% for inter alia:

- revenue from services, including catering connected with the sale of beverages containing over 1.5 per cent of alcohol,
- revenue from activities connected with production of objects (products) from the material provided by the ordering party,
- commission received by a commission agent on the sale made under contract of commission sale,
- commission received by a press distributor under contract of press distribution,
- revenue from rendering services connected with the running of kindergartens and kindergarten branches in primary schools, including specialised ones – related only to preparation of children for school education,
- revenue from rendering services connected with botanical and zoological gardens and areas with protected environments,
- revenue from contracts of lease, sublease, tenancy or subtenancy or other contracts of similar nature on the equivalent amount of 4,000 €.

5) 5.5% for inter alia:

- revenue from manufacturing, construction works or transport of cargo by car stock of cargo capacity over 2 tonnes,
- commission received from trade connected with sale of single city transport tickets, monthly tickets, stamp duties marks, stamps, tokens and magnetic cards to be used by machines.

6) 3.0% for revenue, inter alia, from:

- catering services, with the exception of revenue from the sale of beverages containing over 1.5 per cent of alcohol,
- trade services.

In addition, the 10% lump sum tax is also levied – starting from 1 January 2003 – on revenue classified as revenue from economic activity raised by the paid transfer of property rights or real estate used for carrying on economic activity.

| Number of taxpayers according to the tax rates | | | |
|---|------------------|------------------|------------|
| Year | 2000 | 2001 | 2002 |
| 19% rate | 21,988,572 | 21,907,862 | 21,904,391 |
| 30% rate | 951,754 | 882,094 | 870,388 |
| 40% rate | 307,208 | 227,315 | 260,695 |
| Structure of taxpayers according to the tax rates (in %) | | | |
| Year | 2000 | 2001 | 2002 |
| 19% rate | 94.59 | 95.18 | 95.09 |
| 30% rate | 4.09 | 3.83 | 3.78 |
| 40% rate | 1.32 | 0.99 | 1.13 |
| PIT due and its structure according to the tax rates in 2002 | | | |
| | In million PLN | in % | |
| 19% rate | 15,797 | 49.58 | |
| 30% rate | 5,082 | 15.95 | |
| 40% rate | 10,983 | 34.47 | |
| PIT due (in billion PLN) | | | |
| The year 2000 | 29.92 | | |
| The year 2001 | 30.84 | | |
| The year 2002 | 31.86 | | |
| Use of tax reliefs according to the tax rates (% of taxpayers) | | | |
| | In the year 2001 | In the year 2002 | |
| 19% rate | 47.49% | 45.83% | |
| 30% rate | 86.66% | 81.93% | |
| 40% rate | 85.41% | 76.49% | |
| Refund of tax by Tax Offices (in billion PLN) | | | |
| The year 2000 | 7.67 | | |
| The year 2001 | 7.54 | | |
| The year 2002 | 7.23 | | |
| Average deduction from income (in PLN) | | | |
| The year 2001 | 501 | | |
| The year 2002 | 351 | | |
| Average deduction from tax (in PLN) | | | |
| The year 2001 | 465 | | |
| The year 2002 | 461 | | |
| Number of taxpayers settling taxes under joint taxation of spouses in 2002 (in million) | | | |
| Over 10,7 | | | |
| Number of taxpayers brining up children alone in 2002 (in thousand) | | | |
| 510 | | | |

TAX CARD

The rates of the "tax card" are specified in amount by statute and are subject to an annual increase corresponding to the rate of growth of the prices of consumer goods and services in the period of the first three quarters preceding a given tax year in relation to the identical period in the previous year. Their amount, among other things, depends on:

- the form and scope of the activity performed,
- the number of employees,
- the number of inhabitants of the place where the economic activity is performed.

LUMP SUM TAX

The lump sum tax on registered revenue in the year 2004 may be paid by taxpayers who in 2003 raised revenue from an independent activity at an amount not exceeding 250,000 € or when – in the case of a partnership - the revenue raised by the partners from such an activity did not exceed an amount of 250,000 € in 2003. Regardless of the revenue, the lump sum tax on registered revenue is levied on taxpayers who start performing a given activity in the tax year and are not taxed in the form of tax card.

In 2002 the state revenue from personal income tax amounted to 24,139.0 million PLN. In comparison with 2001, the revenue from personal income tax was higher by 3.0% in nominal terms and by 1.0% in real terms. As in 2001, the receipts from personal income tax in 2002 constituted 3.1% of the GDP.

4.1.2 CORPORATE INCOME TAX

Corporate income tax encompasses the total revenue of legal persons, organisational units having no legal personality, with the exception of civil, registered, limited and limited joint-stock partnerships. This tax is also levied on tax capital groups and companies in the process of being established.

The corporate income tax is not levied on income from revenue raised from:

- agricultural activity (except special branches of agricultural production),
- forestry economy,
- activities that cannot be the subject of legally effective contracts (contracts breaching the terms of social intercourse).

In 2002, the overall number of payers of corporate income tax amounted to 220,356. The main legal act regulating CIT is the Act on Corporate Income Tax that has been in force since 1 January 1992.

The payers of corporate income tax are taxed with a flat rate tax. In recent years, the rate of this tax was gradually reduced from 40% in 1996 to 27% in 2003. In 2004, the rate of this tax is set at 19%.

Corporate income tax constitutes a source of revenue of the State budget. A certain share in this tax also belongs to the budgets of territorial self-government units.

In 2003, the share of gmina in the taxes constituting the revenue of the State budget amounted to 27.6% of the revenue from the tax on income of natural persons (PIT) resident in the gmina territory and 5% of the revenue from the tax on income of legal persons and organisational units having no legal personality (CIT), with the seat on the territory of gmina. The revenue of powiat was a 1% share in the tax revenue, belonging to the State budget, from the tax on income of natural persons (PIT) resident in the territory of powiat.

The share of voivodeship local government in the taxes constituting the revenue of the State budget amounted to 1.5% of the revenue from the tax on income of natural persons (PIT) domiciled on the territory of voivodeship and 0.5% of the revenue from the tax on income of legal persons and organisational units having no legal personality (CIT), with the seat on the territory of voivodeship.

In 2002, the revenue raised from CIT amounted to 15,008.4 million PLN and exceeded the estimated revenue by 8.5%. In comparison with 2001, the revenue from this source increased by 13.5% at nominal value whereas in terms of real value it increased by 11.4%.

The increase in the revenue from CIT in 2002 was caused, inter alia, by:

- better financial results of companies as compared with the previous year (The gross profit in 2002 amounted to 36.2 billion PLN against 31.9 billion PLN in 2001.). This was attributed to the reduction of costs resulting from restructuring, which was greater (by 0.3%) than the decrease in revenue (by 0.2%),
- improvement of financial results of insurance companies, which was connected with, inter alia, restructuring costs of insurance activity, including the reduction of canvassing costs by 14.9%,
- improvement of financial results of investment companies and funds, connected with a significant increase of interest in this form of saving among households and reallocation of bank deposits of individual persons, which progressively generated less interest.

4.1.3 LOCAL TAXES AND CHARGES

The current system of local taxes and charges administered by gminas encompasses the following taxes and charges: real estate tax, agricultural tax, forestry tax, tax on means of transport, dog tax, market place fee, local charge, administrative charge and stamp duty. The revenue from the above-mentioned taxes and charges constitute a gmina's individual revenue. The revenue of gminas also includes revenue from inheritance and donation tax, as well as tax on acts in civil law administered by the Tax Offices.

Real estate tax, agricultural tax and forestry tax

Real estate tax was regulated by the Act of 12 January 1991 on Local Taxes and Charges. The object of the real estate tax covers: land, buildings, building structures and construction devices in the meaning of the provisions of construction law linked with the building, which ensure the possibility of usufruct of the building in accordance with its designation. The entities liable for payment of real estate tax include: natural persons, legal persons, organisational units, including companies having no legal personality that are owners, owner-like possessors or owners of perpetual usufruct, and in some cases owners of real estates and their parts constituting the property of the State Treasury or units of territorial self-government. The tax obligations in respect of real estate tax arises on the first day of the month following the month of acquisition of a legal title to the object of taxation or its possession. If the circumstance conditioning the tax obligation relates to the existence of a building structure, building or its parts, the tax obligations arises on the day of 1 January following the year in which the construction structure was completed or in which the usufruct of the building or its parts was started before the final completion of works. The tax obligation expires after the lapse of the month in which the circumstances justifying this obligation ceased to exist.

Agricultural tax is regulated by the Act of 15 November 1984 on Agricultural Tax. The bodies liable for payment of agricultural tax include: natural persons and legal persons, organisational units, including companies having no legal personality that are owners, owner-like possessors or owners of perpetual usufruct, and in some cases the owners of land (when the land constitutes the property of the State Treasury or unit of territorial self-government and when the land of an agricultural farm has been leased under a contract concluded pursuant to the legal provisions on farmers' social insurance).

Agricultural tax is levied on land classified in the register of lands and buildings as agricultural arable lands or wooded lands and (including shrubbery) on agricultural arable lands, except for lands used for the pursuance of economic activity other than agricultural activity.

For the purpose of agricultural tax, an agricultural farm means an area of the said lands of total area exceeding 1 hectare or 1 conversion hectare, constituting the property or being in the possession of natural person, legal person, or organisational unit having no legal personality, including a company having no legal personality.

The tax liability as regards agricultural tax arises on the first day of the month following the month, in which the legal title to lands has arisen or lands have been acquired. This liability expires after of the month has lapsed, in which the circumstances justifying this liability has ceased to exist.

For agricultural farm land, the taxation base in respect of agricultural tax constitutes the number of conversion hectares determined on the basis of area, type and class of arable land as found in the register of land and buildings and specification of a tax area, whereas for the remaining land – the number of hectares is determined from information as found in the register of land and buildings. The calculation of the area of an agricultural farm in conversion hectares is carried out on the basis of conversion rates provided for in the Act. The amount of conversion rates depends on the type of arable land, the class and location of agricultural farm land in one of the four tax districts. The rate of the tax for a given tax year for agricultural farm land amounts to the pecuniary equivalent of 2.5 quintals of rye - on 1 conversion hectare. For the remaining agricultural land liable for agricultural tax it amounts to the pecuniary equivalent of 5 quintals of rye - on 1 hectare - calculated on the basis of the average purchase price of rye for the first three quarters of the year preceding the tax year. The council of a gmina may, by resolution, reduce the average purchase price of rye applied as the base for calculation of agricultural tax on its territory.

Forestry tax is regulated by the Act of 30 October 2002 on Forestry Tax. Forestry tax is levied on woodland classified in the register of land and buildings as forests, except from forests used for carrying on economic activity other than that connected with forestry. The bodies liable for payment of forestry tax include: natural persons, legal persons, organisational units, including companies having no legal personality that are owners, owner-like possessors or owners of perpetual usufruct, and in some cases the owners of forest (when the forest constitutes the property of the State Treasury or a unit of territorial self-government). The base of taxation in respect of forestry tax constitutes an area of forest, expressed in hectares, stemming from the register of land and buildings. The rate of forestry tax for a tax year amounts to - on 1 hectare – the pecuniary equivalent of 0.220 m² of wood calculated according to the average sale price of wood received by forest districts for the first three quarters of the year preceding the tax year, whereas for protected woods and forests (being parts of sanctuary forests and national parks) - 50% of the rate specified above. The council of a gmina may, by resolution, reduce the amount constituting the average purchase price of wood, applied as the base for calculation of forest tax on its territory. The tax liability with regard to this tax arises on the first day of the month following the month, in which the legal title to the woodland has arisen or the woodland has been acquired. This liability expires after the lapse of the month, in which the circumstances justifying this liability have ceased to exist.

Natural persons pay **real estate tax, agricultural tax and forestry tax** in instalments proportional to the duration time of their tax liability - by 15 March, 15 May, 15 September and 15 November of the tax year, whereas legal persons and organisational units having no legal personality, including companies having no legal personality – for the given months pay in instalments proportional to the duration time of their tax liability – by the 15th day of every month, except from agricultural tax, which is payable in the said four instalments or in cash, and it may be also collected by a tax collector. The tax is payable by transfer to the bank account of the tax authority or in cash at a cash desk, whereas in the case of natural persons it may be collected by a tax collector.

The Act on Local Tax and Charges, Act on Agricultural Tax, and Act on Forestry Tax envisages certain exemptions from real estate tax, agricultural tax and forestry tax. Exemptions from these taxes may also rise from the right of the council of gmina to adopt objective exemptions by resolution other than the ones provided for in these Acts (local law).

Payers of real estate tax, agricultural tax and forestry tax are obliged to file with the tax authority, being competent as regards the place of location of objects liable for taxation, pursuant to the specified specimen, information on real estates and building structures, land or forests (natural persons) or statements on objects of taxation (legal persons and organisational units having no legal personality, including companies having no legal personality).

The obligation of filing information and statements also refers to taxpayers enjoying exemptions by virtue of the provisions of the Act on Local Tax and Charges, Act on Agricultural Tax and Act on Forestry Tax (introduced by statute or resolution of the council of gmina).

In the case when real estates or building structures, lands or forests constitute a co-ownership (or are in possession of) of both natural person and legal person, or organisational unit (including company) having no legal personality, a natural person files a statement in respect of real estate tax, a statement in respect of agricultural tax or a statement in respect of forestry tax and pay the tax under the terms being in force for legal persons.

Tax on means of transport is regulated by the Act of 12 January 1991 on Local Taxes and Charges. Tax on means of transport is levied on lorries with a minimum total weight of 3.5 tonne or more, truck-tractors and ballast tractors adapted for use with a semi-trailer or trailer with a minimum total weight of the set of vehicles of 3.5 tonne or more, trailers and semi-trailers that along with a motor vehicle have minimum total weight of 7 tonne or more, and buses.

The entities liable for payment of tax on means of transport are: an owner of the means of transport (natural or legal person) or organisational unit having no legal personality, under whose name the means of transport has been registered.

The tax liability in scope of tax on the means of transport arises on the first day of the month following the month, in which the mean of transport has been registered or acquired. This liability expires after the lapse of the month, in which tax on the means of transport is no longer registered in the taxpayer's name.

The rates of the tax are adopted by the council of a gmina by resolution within the limits provided for in the provisions on the Act on Local Taxes and Charges. (The Act determines maximum and, for some types of vehicles, minimum limits of rates of the tax.) The council of a gmina may differentiate its rates of tax for vehicles with undetermined minimum rates, taking into account in particular: a vehicle's influence on the natural environment, year of production or number of seats.

The payers of tax on means of transport are obliged to file, by the 15th day of February of every tax year, returns in respect of tax on means of transport along with annexes on means of transport possessed.

The tax is payable in two instalments, by the 15th day of February and 15th day of September of every year, into the bank account of the budget of the gmina, in the territory of which there is the place of residence or seat of the taxpayer.

Dog tax is regulated by the Act of 12 January 1991 on Local Taxes and Charges. This tax is levied on possession of a dog. The object liable for payment of the tax is a natural person possessing a dog. The tax obligation arises on the day of acquisition of a dog. The time limits for payment of the tax are determined by the council of the gmina. The tax is payable by bank transfer or in cash, and it may be also collected by a tax collector. The council of gmina may also exempt the inhabitants of the gmina from dog tax or introduce exemptions other than those provided for in the Act.

Dog tax is not collected:

- under principle of reciprocity – from members of the personnel of diplomatic posts and consular offices and other persons being equal thereto on the basis of statutes, agreements or international customs provided that they are not Polish citizens and are not permanent residents on the territory of the Republic of Poland,
- if dogs provide assistance to the disabled (the blind, the deaf and the infirm),
- from persons over 65 running a household alone – on one dog,
- for possession of dogs kept for the purpose of guarding agricultural farms – for two dogs per every farm.

Market place fee, local charge and administrative charge

The terms of collection of **market place fee, local charge and administrative charge** are determined in the Act of 12 January 1991 on local taxes and charges. The object of **market place fee** is a sale performed at market places. Market places are any places in which trade is carried out. Market place fee is not levied on sale performed in buildings or parts of buildings, except for indoor markets and markets used for trade fairs, auctions and exhibitions.

Market place fee is collected from natural persons, legal persons and organisational units having no legal personality, who are performing sales at market places, except persons and organisational units being payers of real estate tax in connection with the objects of taxation located at market places.

Local charge is levied on natural persons staying longer than 24 hours for purposes of leisure, health, training or tourism in places having favourable climatic conditions, scenic attractions or other conditions allowing persons to fulfil these purposes – for every day of stay.

The Voivode, at request of the council of gmina, after consultation with the Minister competent for natural environment matters, determines places meeting the said criteria, in which a local charge is collected.

Local charge is not collected:

- under principle of reciprocity – from members of the personnel of diplomatic posts and consular offices and other persons being equal thereto on the basis of statutes, agreements or international customs provided that they are not Polish citizens and are not permanent residents on the territory of the Republic of Poland,
- from persons receiving treatment at hospital,
- from blind persons and their guides,
- from payers of real estate tax possessing summer houses located in the place, in which local charge is collected,
- from organised groups of children and young people of school age.

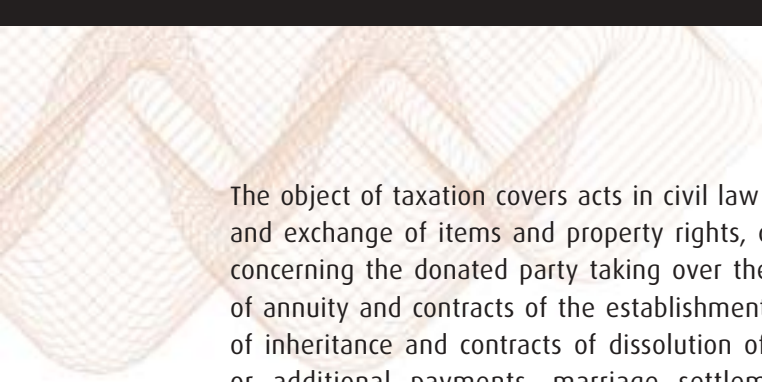
Administrative charge may be introduced by the council of the gmina for official acts performed by the authorities of the gmina: council or vojt (mayor, president of a city) if such acts are not provided for in the provisions on stamp duty.

The gmina council lays down, by resolution, the terms of determination, collection and time limits of payments and rates of local charges, it may endorse the collection of such charges or determine collectors and amount of remuneration for the collection. It may also introduce objective exemptions from local charges other than the ones provided for in the Act.

Inheritance and donation tax is regulated by the Act of 28 July 1983 on Inheritance and Donation Tax. The object of taxation is the acquisition of items by natural persons located on the territory of the Republic of Poland or property rights executed on the territory of the Republic of Poland through: inheritance, donation, acquisitive prescription, free dissolution of co-ownership and compulsory portion of inheritance (unless the authorised party has received it from the bequeather in the form of donation or gift to be included in the inheritance or testamentary legacy). Inheritance and donation tax is also levied on the acquisition of rights to a saving deposit on the basis of the depositor's disposal in the event of his or her death, as well as the acquisition of items located abroad or property rights executed abroad if on the opening of succession or conclusion of donation contract the acquirer was a Polish citizen or was a permanent resident on the territory of the Republic of Poland.

The taxation base is the value of acquired things and property rights after the deduction of debts and burdens (clear value), which is determined according to the state of affairs and property rights on the day of acquisition and market prices on the day of the arising of the tax obligation. The amount of tax is established depending on the tax group to which the acquiring person was attributed. The attribution to one of the three tax groups takes place in accordance with the personal relationship between the acquiring person and the person from whom the things and property rights were acquired. While establishing the amount of tax, the amounts free of tax and tax scale are applied, coming in force on the day of the arising of the tax obligation. The value of amounts of items and property rights being exempt of tax, as well as the thresholds of value surplus of items and property rights being subject to taxation, specified in the list included in the Act, are subject to revalorization.

Tax on acts in civil law was regulated by the Act of 9 September 2000 on Tax on Acts in Civil Law. The tax liability is borne by natural persons, legal persons and organisational units having no legal personality being the parties of acts in civil law and companies having legal personality – in the case of increase in initial capital.



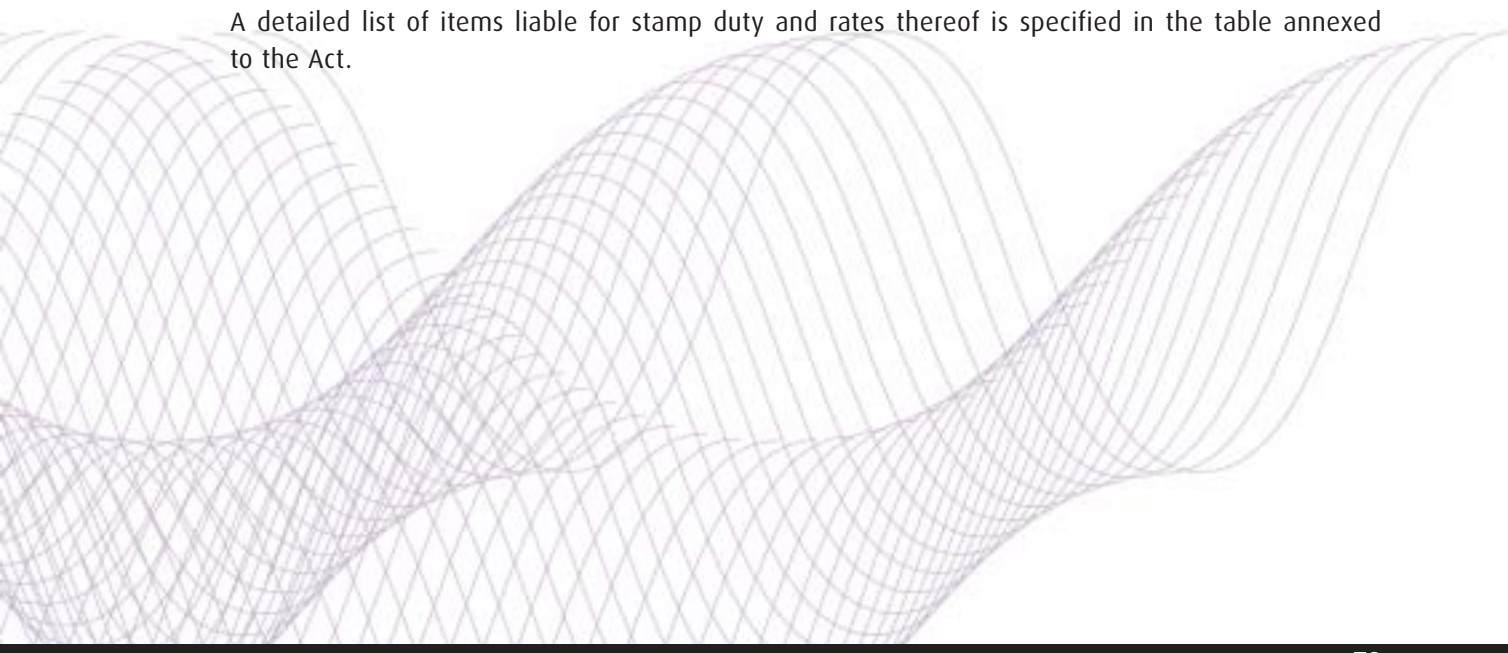
The object of taxation covers acts in civil law specified clearly in the Act such as: contracts of sale and exchange of items and property rights, contracts of loan, contracts of donation – in the part concerning the donated party taking over the debts, burdens or liabilities of the donor, contracts of annuity and contracts of the establishment of a pension for consideration, contracts of division of inheritance and contracts of dissolution of co-ownership – in the part concerning repayments or additional payments, marriage settlements, establishment of mortgage, establishment of usufruct for consideration, including irregular usufruct, and servitude for consideration, contracts of irregular deposit and company's articles of association (founding acts). The tax is also levied on amendments to the said contracts if they result in an increase of this tax's base, as well as court rulings and conciliatory acts if they have the same legal results as acts in civil law liable for taxation.

The Act sets the scope of taxation of acts in civil law which are clearly differentiated between this tax and goods and services tax (VAT). The principle adopted envisages that liability for acts in civil law is exempt in the case of acts in which at least one party is liable for VAT in respect of the performance of such an act or exempted from this tax under separate legal provisions.

The taxation base and tax rates were determined separately for given acts in civil law being liable for the tax. The maximum percentage rate of the tax, which is applied, inter alia, to contracts of sale (e.g. real estate, movables), loan and irregular deposit amounts to 2% whereas in the case of the rate specified as an amount – 38 PLN on a property marriage settlement.

Stamp duty is regulated by the Act of 9 September 2000 on Stamp Duty Act. It constitutes a lump sum charge for the activities performed by the authorities of the public administration (government and local government) covering acceptance of application or performance of a public act upon notification or request of the party concerned and the issue of a certificate or permission upon request of the party concerned

The liability to pay stamp duty is borne by natural persons, legal persons and organisational units having no legal personality if they issue (draw up) documents, file applications and enclosures thereto or, if upon their request, official acts are performed or certificates or permissions are issued. A detailed list of items liable for stamp duty and rates thereof is specified in the table annexed to the Act.



TAXES IN POLAND

4.2 INDIRECT TAXES

Indirect taxes constitute the main source of revenue of the State budget. In 2003, the revenue from indirect taxes amounted to 95,443.3 million PLN, including 60,359.5 million PLN from VAT, 34,387.7 million PLN from excise duty and 696.1 million PLN from gaming tax.

Revenue from indirect taxes and number of VAT payers

| SPECIFICATION | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 |
|---|-----------------|-----------------|------------------|------------------|------------------|------------------|------------------|
| Revenue from indirect taxes in million PLN | 55,252.4 | 64,432.3 | 74,567.2 | 79,670.5 | 82,422.9 | 89,603.9 | 95,443.3 |
| Including: | | | | | | | |
| 1) VAT (net, i.e. after decrease by refund) | 36,929.2 | 42,876.6 | 48,811.5 | 51,749.8 | 52,893.1 | 57,441.7 | 60,359.5 |
| 2) excise duty | 17,890.2 | 21,068.5 | 25,208.1 | 27,312.0 | 28,860.5 | 31,489.8 | 34,387.7 |
| 3) gaming tax | 433.0 | 487.2 | 547.5 | 608.7 | 669.4 | 672.5 | 696.1 |
| Number of VAT payers | 853,945 | 962,932 | 1,050,835 | 1,129,846 | 1,297,007 | 1,297,657 | 1,306,212 |

4.2.1 TAX ON GOODS AND SERVICES (VAT)

Tax on goods and services (VAT) has been in force in Poland since 5 July 1993. Due to Poland's accession to the European Union, the Act of 8 January 1993 on Tax on Goods and Services and Excise Duty has been replaced by the Act of 11 March 2004 on Tax on Goods and Services, which adjusts Polish VAT regulations to those of the European Union. The provisions of the new Act regulate such important issues as scope, place of the providing of services and supply of goods, moment of arising a tax liability, scope of exemptions, obligation of registration, taxation of intra-Community transactions, special procedures for intra-Community transactions, tax representation.

In relation to the Act of 8 January 1993, changes have been introduced into the definitions of goods, service, taxpayer, export and import. The definition of sale has been replaced with a supply of goods whose scope is wider than that of sale. New definitions have been also introduced as regards intra-Community supplies and acquisitions of goods, distance selling, new means of transport. In addition, special procedures have been introduced for the trade in works of art, second-hand goods, investment gold, triangle transactions, electronic commerce.

In accordance with the Act of 11 March on Tax on Goods and Services 2004, in Poland the binding rates of VAT are as follows:

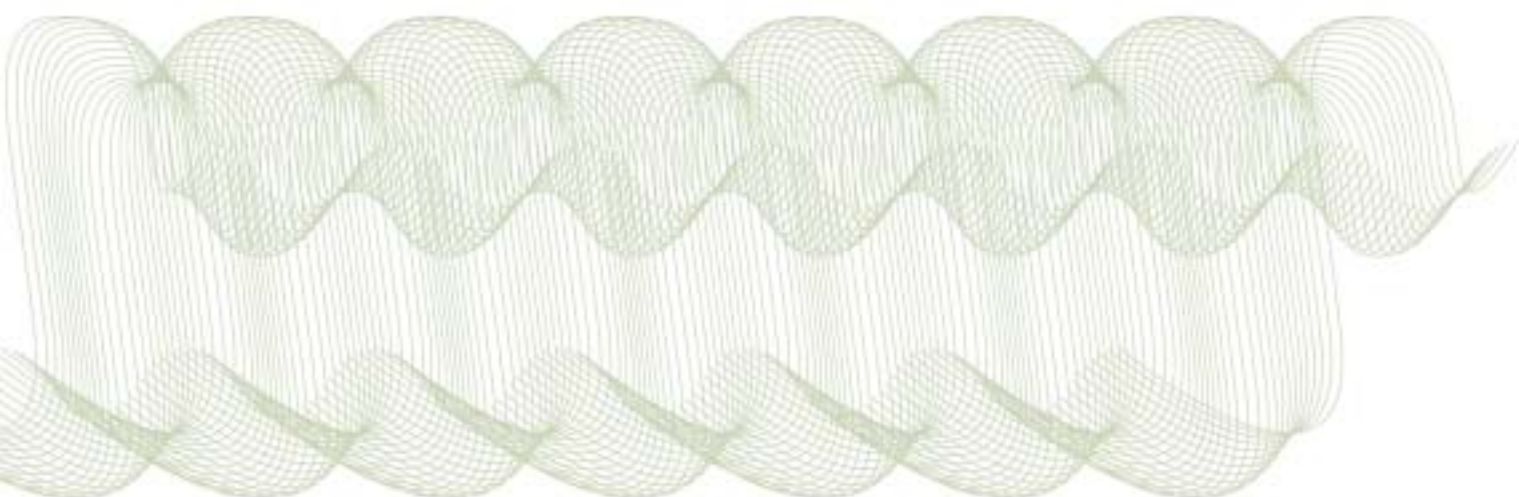
- standard rate - 22%, which is applicable to the majority of goods and services,
- reduced rates – 7% and 3%,
- preferential rate - 0%.

7% rate is applied in particular to some goods connected with health care, groceries, building materials and services connected with housing construction, hotel services and transport of persons.

3% rate primarily covers the sale of certain unprocessed or semi-processed produce of agriculture, forestry, hunting and fishery, as well as services related to such produce.

0% preferential rate refers mainly to intra-Community supply of goods, export of goods, supply of books and specialist periodicals.

By virtue of the Act, the exemption from VAT is applicable primarily to services performed by the State Post, financial agency services, services within scope of education, health care and services in the field of public administration.



REVENUE FROM VAT AND VAT REFUND IN THE YEARS 2001-2002

| | | 2001 | | | | | | 2002 | | | | | |
|-------|--------------|----------------------------------|--------------------------------|------------|-------------------------------|---|---------------------|----------------------------------|------------|------------|-------------------------------|---|---------------------|
| No. | Tax Chamber | Revenue from VAT in thousand PLN | | | Refund of VAT in thousand PLN | Gross payments of VAT (without deduction of refund) in thousand PLN | % ratio (5/6) * 100 | Revenue from VAT in thousand PLN | | | Refund of VAT in thousand PLN | Gross payments of VAT (without deduction of refund) in thousand PLN | % ratio (5/6) * 100 |
| | | Total | Including VAT on domestic sale | 4. | | | | 5. | 6. | 7. | | | |
| | | 1. | 2. | 3. | 4. | 5. | 6. | 7. | 8. | 9. | 10. | 11. | 12. |
| 1. | Wrocław | 2,733,961 | -617,623 | 3,272,205 | 6,006,166 | 54.5 | 2,934,525 | -666,372 | 3,267,394 | 6,201,919 | 52.7 | | |
| 2. | Bydgoszcz | 1,117,884 | 369,751 | 1,245,192 | 2,363,076 | 52.7 | 1,113,709 | 348,410 | 1,114,114 | 2,227,823 | 50.0 | | |
| 3. | Lublin | 957,984 | 285,763 | 963,099 | 1,921,083 | 50.1 | 960,427 | 345,204 | 819,314 | 1,779,741 | 46.0 | | |
| 4. | Zielona Góra | 2,062,962 | -52,845 | 799,066 | 2,862,028 | 27.9 | 2,213,266 | -48,118 | 780,590 | 2,993,856 | 26.1 | | |
| 5. | Łódź | 3,802,905 | 1,076,841 | 1,228,770 | 5,031,675 | 24.4 | 3,431,263 | 1,039,380 | 1,176,188 | 4,607,451 | 25.5 | | |
| 6. | Kraków | 3,082,048 | 1,492,045 | 2,030,069 | 5,112,117 | 39.7 | 3,355,438 | 1,646,243 | 1,915,810 | 5,271,248 | 36.3 | | |
| 7. | Warszawa | 20,718,947 | 9,790,500 | 7,537,339 | 28,256,286 | 26.7 | 22,795,214 | 11,010,478 | 7,593,726 | 30,388,940 | 25.0 | | |
| 8. | Opole | 282,876 | 282,256 | 577,348 | 860,224 | 67.1 | 284,729 | 284,436 | 553,999 | 838,728 | 66.1 | | |
| 9. | Rzeszów | 710,463 | -104,166 | 1,327,148 | 2,037,611 | 65.1 | 1,049,554 | 91,110 | 1,088,426 | 2,137,980 | 50.9 | | |
| 10. | Białystok | 900,400 | 579,453 | 499,101 | 1,399,501 | 35.7 | 1,002,996 | 627,329 | 489,086 | 1,492,082 | 32.8 | | |
| 11. | Gdańsk | 3,616,349 | 327,284 | 2,298,197 | 5,914,546 | 38.9 | 3,791,965 | 466,779 | 1,914,007 | 5,705,972 | 33.5 | | |
| 12. | Katowice | 5,614,374 | 1,110,449 | 5,211,984 | 10,826,358 | 48.1 | 6,502,448 | 1,527,161 | 4,642,711 | 11,145,159 | 41.7 | | |
| 13. | Kielce | 157,414 | 157,163 | 590,115 | 747,529 | 78.9 | 152,164 | 152,112 | 610,660 | 762,824 | 80.1 | | |
| 14. | Olsztyn | 511,234 | 158,276 | 661,329 | 1,172,563 | 56.4 | 507,981 | 148,128 | 632,214 | 1,140,195 | 55.4 | | |
| 15. | Poznań | 5,325,090 | 1,481,420 | 3,219,512 | 8,544,602 | 37.7 | 5,664,301 | 1,256,947 | 3,254,427 | 8,918,728 | 36.5 | | |
| 16. | Szczecin | 1,298,182 | -36,548 | 1,348,936 | 2,647,118 | 51.0 | 1,681,672 | 90,054 | 1,108,403 | 2,790,075 | 39.7 | | |
| TOTAL | | 52,893,074 | 16,300,020 | 32,809,410 | 85,702,484 | 38.3 | 57,441,652 | 18,319,281 | 30,961,069 | 88,402,721 | 35.0 | | |

4.2.2 EXCISE DUTY

The tax administration in Poland, apart from the Tax Offices and Tax Chambers, also includes Customs Offices and Customs Chambers as special bodies of the governmental administration subordinate to the Minister of Finance.

As of 1 September 2003 the customs authorities became tax authorities within the scope of VAT on imported goods, and excise duty in full.

They provide service in the scope of:

- VAT and excise duty in import – belongs to the competence of all the 66 Customs Offices,
- excise duty on goods in domestic trade - belongs to the competence of the appointed 44 Customs Offices.

The customs authorities also took over from the fiscal audit services the tasks and obligations connected with labelling goods with excise stamps, as well as the performance of special tax supervision. The cases connected with issuing and sale or issuing authorizations for receipt of tax label bands and legalizing label bands are performed by 13 Customs Offices, whereas the special tax supervision is dealt by 44 Customs Offices, which are also competent in cases of excise duty in domestic trade.

In 2002, the revenue from excise duty amounted to 31,489.8 million PLN and constituted 96.9% of the annual plan for the revenue from this source. In comparison with 2001, the revenue from excise duty increased by 9.1% at nominal value and 7.1% at real value.

REVENUE FROM EXCISE DUTY IN THE YEARS 2000-2003 IN MILLION PLN

| | 2000 | 2001 | 2002 | 2003* |
|-----------------------|----------|----------|----------|----------|
| EXCISE DUTY | 27,312.0 | 28,860.5 | 31,489.8 | 34,413.0 |
| 1. Fuels | 13,023.5 | 13,643.1 | 14,321.9 | 14,766.2 |
| 2. Spirit products | 4,420.1 | 4,199.8 | 3,876.0 | 3,646.7 |
| 3. Tobacco products | 6,356.0 | 7,305.2 | 7,927.2 | 8,811.6 |
| 4. Beer | 1,766.9 | 2,029.8 | 2,104.5 | 2,264.0 |
| 5. Wine | 534.8 | 602.6 | 635.6 | 668.2 |
| 6. Cars | 936.2 | 864.8 | 670.8 | 786.8 |
| 7. Electric energy | - | - | 1,557.4 | 2,615.7 |
| 8. Other excise goods | 274.5 | 905.9 | 396.4 | 853.8 |

* - the Budget Act.

4.2.3 GAMING TAX

The establishment and performance of activity in the scope of games and mutual bets is allowed only under the terms specified in the Act of 29 July 1992 on Games of Chance and Mutual Bets. Gaming tax is levied on bodies performing an activity in the said scope. The following activities are liable for the tax:

1. games of chance - games for pecuniary and non-financial winnings, whose result depends on chance whereas the conditions of the game are specified by the corresponding regulations, i.e. number game, money lotteries, video lotteries, telebingo games, gift lotteries, cylindrical games, card games (black-jack, poker, baccarat), dice games, money bingo games, gift bingo games;
2. Mutual bets - bets for pecuniary winnings that depend on speculation:
 - the results of sports competition (between humans or animals) in which the participants pay in bets, and the amount of winnings depends on the aggregate amount of bets received, e.g. sweepstakes,
 - the outcome of various events in which participants pay in bets, and the amount of winnings depends on the ratio of bets and winnings agreed between the receiver of the bet and the payer of the bet – turf accounting;
3. games on machines – games for pecuniary or non-financial winnings on mechanical, electromechanical and electronic devices;
4. games on machines of low wins - games on mechanical, electromechanical and electronic devices for pecuniary or gift winnings, in which the value of single win shall not be higher than the equivalent of €15, whereas the value of maximum bet for participation in one game shall not be higher than €0.07. The equivalent amounts of €15 and €0.07 are determined according to the purchase rate, announced by the National Bank of Poland on the last day of the previous calendar year.

Gaming tax is not levied on any activity performed in the field of promotion lotteries and audio text lotteries. Gaming tax receipts to the State budget for 2002 amounted to PLN 672.5 million, which constituted 86.2% of the amount forecast in the Budget Act.

The lower than estimated gaming tax yield stemmed from the general decrease of economic growth rate in the country, significant decrease in the rate growth of revenue on the market of games, compared to the previous years and lack of interest in the establishment of new gaming outlets.

Structure of gaming tax receipts in the years 1996-2002, divided into games and bets

| Types of games and mutual bets | 1996 in% | 1997 in% | 1998 in% | 1999 in% | 2000 in% | 2001 in% | 2002 in% |
|-----------------------------------|----------|----------|----------|----------|----------|----------|----------|
| Number games | 63.6 | 71.6 | 72.1 | 70.6 | 68.6 | 64.1 | 64.6 |
| Game casinos | 14.7 | 12.6 | 12.6 | 12.7 | 12.6 | 12.8 | 12.2 |
| Outlets with games on machines | 17.4 | 12.8 | 12.2 | 12.5 | 11.8 | 15.0 | 14.0 |
| Mutual bets | 0.6 | 0.6 | 0.4 | 1.5 | 3.4 | 4.6 | 6.2 |
| Money lotteries | 1.2 | 1.2 | 1.9 | 2.0 | 3.1 | 3.0 | 2.6 |
| Outlets with bingo money games | 2.4 | 1.2 | 0.9 | 0.7 | 0.6 | 0.5 | 0.4 |
| Video lotteries | X | X | X | X | X | X | X |
| Telebingo game [1] | X | X | X | X | X | X | X |
| Games on machines of low wins [1] | X | X | X | X | X | X | X |

[1] The Act of 10 April 2003 on Amendment to the Act on Games of Chance, Mutual Bets and Games on Machines and Amendment to Some Other Acts extended the catalogue of games by video lotteries, telebingo game and games on machines with low wins.

The base for gaming tax liability is as follows:

- in lotteries and telebingo game – the total of receipts raised from the sale of tickets or other evidence of participation in the game,
- in number games – the total of paid bets,
- in video-lotteries – the amount constituting the difference between the amount paid in or credited in the memory of the terminal and the total of wins achieved by the participants of the games,
- in money bingo game – the nominal value of cartons purchased by a company,
- in gift bingo game – the nominal value of cartons used for a game,
- in cylindrical games, dice games, and card games (except poker game, in which participants play against one another) – the amount constituting a difference between the total amount paid in by cash for exchange of tokens at cash desk and game table and the total amount paid out at the cash desk for returned tokens,
- in poker, in which participants play against one another, and a casino organises a game – a total of receipts for the said,
- in games on machines – the amount constituting a difference between an amount received from an exchange of game tokens or paid to the casino's cash desk, and credited in the memory of a machine or paid into the machine and a total number of wins achieved by the participants of games,
- in mutual bets – the total of bets paid in,
- in games on machines of low wins – lump sum tax.

The rates of game tax:

- gift lotteries, gift bingo games, money bingo games and mutual bets (except for mutual bets on sporting competition of animals) - 10%,
- money lotteries and telebingo games - 15%,
- number games - 20%,
- games organised in game casinos and outlets with games on machines and video-lotteries - 45%,
- mutual bets on sporting competition of animals on the basis of permits granted only for their organisation - 2%.

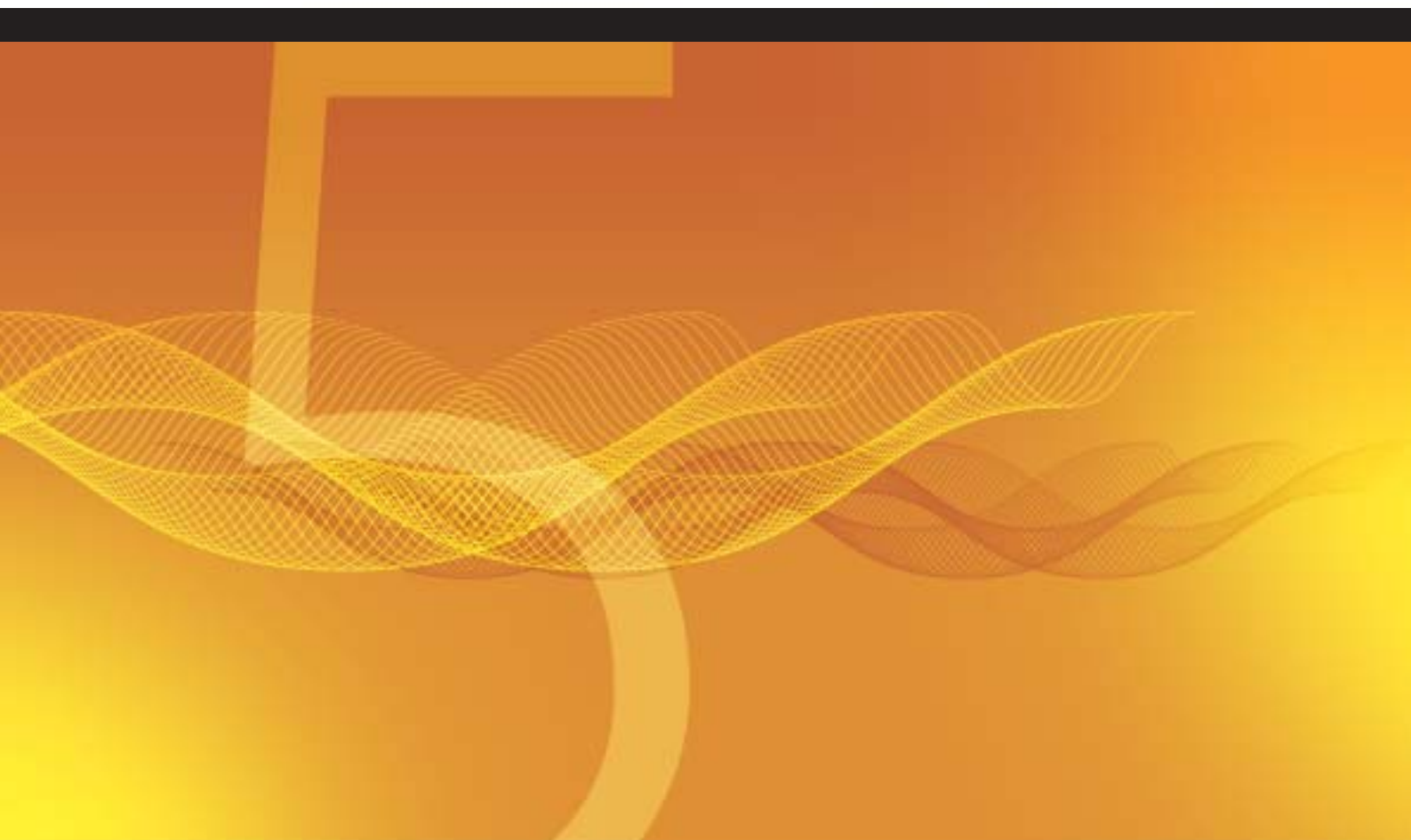
The taxpayers holding permits for organisation of games on machines of low wins pay game tax in the form of a lump sum tax; the amount being the equivalent:

- 1) for the period to 31 December 2003 - €50,
- 2) for the period from 1 January 2004 to 31 December 2004 - €75,
- 3) for the period from 1 January 2005 to 31 December 2005 - €100,
- 4) for the period from 1 January 2006 - €125, - per month on games organised on every machine.





International co-operation





5.1 INTEGRATION WITH THE EUROPEAN UNION

The process of integration with the European Union was initiated in Poland in 1989 following the fall of the communist system. Membership negotiations constituted an important stage that was decisive for the shape of Polish membership in the European Union. In June 1993 at the summit in Copenhagen, the European Council reached a decision that created a chance for European Union membership by countries of Central and Eastern Europe after their fulfilment of specific economic and political conditions.

On 8 April 1994, Poland submitted an official motion for accession to the European Union. At the summit in Luxembourg in December 1997, the European Council agreed upon the commencement on 31 March 1998 of accession negotiations with the first countries (Cyprus, the Czech Republic, Estonia, Poland, Slovenia and Hungary). As a result, the Council of Ministers of the Republic of Poland adopted the National Preparation Programme for Membership of the European Union.

In July 1998 the European Commission presented a document "New Orientation of Phare", in which it was agreed that EU financial assistance to the candidate countries was to be closely connected with the implementation of the priorities included in the National Preparation Programme for Membership of the European Union.

At the summit in Nice on 7-11 December 2000 during the meeting of the European Council, the final version of the Treaty of Nice was elaborated, introducing many institutional changes with a view to preparing the Union for accession of the 10 new members.

On 13 November 2001 the European Commission prepared the fourth series of the Periodical Reports. The report on Poland contained a generally positive assessment of the status of the Polish preparations for the membership. According to the European Commission, Poland fulfilled the political criteria for membership. Progress in the Polish legislative matters was also given a high assessment.

On 9 October 2002, the European Commission presented the next series of the Periodical Reports on the progress of the candidate countries on the road to the EU membership and the Strategic Document, in which it claimed that Poland and the 9 remaining candidate countries would be ready to accede to the European Union within the planned time limit, i.e. in 2004. On 18 November 2002, during the meeting of the ministers for foreign affairs from the Member States and candidate countries the date of 1 May 2004 was set as the date of accession.

On 9 April 2003, the European Parliament adopted 10 legislative resolutions on the accession of 10 new states to the European Union. In the vote on Poland's accession to the EU, 509 members of the Parliament were 'for', 25 were 'against', whereas 31 abstained.

On 16 April 2003 in Athens, the Treaty of Accession was signed, commencing the procedure of ratification of the Treaty in 15 Member States and 10 states acceding to the European Union.

On 7 and 8 June 2003 a referendum was held concerning Poland's accession to the European Union. The turnout in the referendum exceeded the legal minimum of 50% and amounted to a total of 59%. 77% of the participants voted for Poland's accession to the European Union whereas 23% voted against.

5.1.1 PHARE



Poland to a wide extent has taken advantage of the financial and expertise assistance of the European Union. Within the Phare programme, at various stages of implementation, there have been a few projects implemented in the scope of: fiscal audit, IT, training, legislative and organisational matters.

**PHARE projects in respect of the Tax Administration and tax system
(in the years 1997-2003)**

| Year | Title | Most important tasks | Implementat ion dates | Country of company | Amount granted (in million €) | Co-financing (in million €) |
|------|---|---|---|--|-------------------------------------|--------------------------------|
| 1997 | European Integration | - modernisation of the Polish Tax Administration, - adjustment of the Polish tax law to the acquis in scope of indirect taxation, - development of operational capacity of the Polish tax administration for the purpose of implementation of acquis. | I-IV quarter 2000 | Sofreco | 0.800 | - |
| 1999 | Enhanced Tax Administration | - adjustment of the Polish tax law to the EU requirements, - institutional enhancement of the Tax Administration for the purpose of ensuring an effective tax collection with special focus on VAT. | IV quarter 2000 – III quarter 2002 | Sweden, France | 4 | 7.230 |
| 2000 | Tax Administration | - establishment of the Central Liaison Office (CLO), - development of IT systems for the Polish Tax Administration with a view to ensuring their co-operation with the systems used in the European Union, - alignment of the Polish law with acquis in scope of excise duty. | IV quarter 2001 – III quarter 2003 | The United Kingdom, Sweden | 3.270 | 2.260 |
| 2001 | Modernisation of the Polish Tax Administration | - modernisation of the Tax Administration (inter alia, tax- payer service strategy, risk management), - enhancement of the fiscal audit system, - prevention of money laundering. | III quarter 2002 – II quarter 2004 | France – Sweden The United Kingdom – Germany | 3.500 | 1.100 |
| 2001 | Tax Information System and Consolidation of Public Finance | - development and consolidation of the Tax Information System - development of IT system connecting information from the Ministry of Finance, National bank of Poland and Main Statistical Office. | IV quarter 2002 – II quarter 2004 | | 2.000 | 0.500 |
| 2002 | Uniform System of Public Finance Management | - development and implementation of uniform IT system for public finance management, - improvement of performance of operations connected with planning and execution of the State budget and budgets of territorial self-government units, - purchase of technical hardware. | I quarter 2003 – IV quarter 2004 | France | 3.510 | 0.850 |
| 2002 | Modernisation of the Polish Tax Administration in scope of tax collection and taxpayer audit | - adjustment of the Polish Tax Administration to the EU requirements, - implementation of IT support of tax audits and methods of planning of tax audit, - improvement of the Tax Administration's operations, - creation of the system for audit of transfer pricing, - in scope of the modernisation of the Polish Tax Administration, inter alia, preparation of a list of indica- tors and indices for performance management, develop- ment and implementation of IT system facilitating the application of tax law provisions in the uniform way. | I quarter 2003 – IV quarter 2004 | The United Kingdom (and a company chosen by tender) | 4.000 | 1,075 |
| 2003 | Complex IT Development of Fiscal Audit | - enhancement of IT development of fiscal audit, - adjustment of fiscal and tasks to the tasks to be implemented after the accession to the European Union. | IV quarter 2003 – IV quarter 2005 | | 2.940 | 0.725 |
| 2003 | Support of the Polish Tax Administration | - ensuring services of uniform and high quality provided to taxpayers through i.e. access to uniform tax information, - counteracting the phenomenon of tax evasion in e-commerce. | II quarter 2004 – IV quarter 2005 | France | 2.050 | 0.340 |



5.1.2 VAT INFORMATION EXCHANGE SYSTEM (VIES)

In December 1990 the Council of Economics and Finance Ministers of the European Union (ECOFIN) reached a decision on the establishment of electronic exchange of information on intra-Community supplies, which was regarded as the main condition for the abolition of border controls between EU Member States. This decision led to the development of the VIES IT system (VAT Information Exchange System), which became operational as of 1 January 1993.

In transactions made in the European Community among VAT payers from various EU Member States the terms of export and import were replaced with the terms of intra-Community supply and intra-Community acquisition. Such terms will be used by Polish VAT payers in respect of sale (supply) of goods to traders from the European Union (to VAT payers) and purchase (acquisition) of goods from VAT payers registered for this tax in other Member States of the European Union. The aims of the VIES system is the exchange of information on intra-Community supplies, which is to assist the EU Member States in controlling whether taxpayers declare their intra-Community acquisitions. The system covers a supply of goods and services closely connected with the supply (the definition of the list of such services remains to be decided by the Member States). At present, the VIES system does not cover other services.

For VAT payers intending to make intra-Community supplies or acquisitions, the VIES system is a tool allowing for the indirect confirmation of the validity of a VAT number of the trader (on the website of the European Commission) or the validity of a VAT number along with the trader's name and address (via the tax administration from their country).

The VIES system assumes the existence of two categories of national databases, in which storage and exchange are performed in respect of the following kinds of information:

1. Current and historical registration information on VAT payers performing intra-Community supplies and acquisitions, containing at least:
 - Taxpayer's name or name and surname,
 - taxpayer's address,
 - date of registration,
 - date of deregistration if need be.
2. The information on sales in the intra-Community trade (a total of supplies from the national VAT payer to each foreign VAT payer). Thus data is collected mainly quarterly but the information may be also collected monthly or annually.

As of 1 January 1993, a zero tax rate may be applied to intra-Community supplies of goods provided that the supplier meets the following main conditions:

- The supply must be made to the person holding the status of VAT payers in other Member State,
- The taxpayer quotes on their VAT invoice the correct VAT identification numbers (own and possessed by contracting party) along with a two-digit code of state,
- The supplier must retain evidence proving that the goods have been dispatched from the EU Member State's territory.

However, in the situation when the VAT payer from the European Union supplies goods to other entities from the European Union not being VAT payers, he or she is obliged to charge VAT in accordance with the rate being in force in his or her state. The exceptions are the purchase of new means of transport and distance selling. In these cases the purchaser pays the tax in the state where such products have been consumed.

The facilitation of effective implementation of this new way of taxation of intra-Community transactions was facilitated through the introduction into EU law of the following obligations of taxpayers and tax administrations, and the regulation of the following matters:

1. Taxpayers participating in intra-Community transactions are identified by means of VAT numbers with a two-digit country prefix indicating the EU Member State issuing such number.
2. Taxpayers are obliged to issue invoices for intra-Community supplies of goods and services, quoting the supplier's and buyer's VAT identification numbers.
3. Taxpayers are obliged to file quarterly recapitulative statements including information on performed intra-Community supplies (the buyer's VAT number and the total of supplies of goods to a given buyer – VAT payer).
4. Taxpayers are obliged to include in monthly VAT returns information on the amount of performed intra-Community supplies and the acquisitions of goods along with amount of tax.
5. The tax administration registers VAT payers performing intra-Community transactions. The tax administration is obliged to provide taxpayers from its country the possibility (before the performance of transaction), of verification of VAT numbers of the traders (buyers) from other EU countries. (The verification means the confirmation of the taxpayer's VAT number and name; whether the taxpayer using their given name and given VAT number is really, on a given day, a VAT taxpayer in another EU country).
6. In all EU countries, Central Liaison Offices (CLOs) have been established, responsible, inter alia, for the exchange of information on intra-Community transactions, as well as management of the VIES system.
7. A special, standard form for exchange of information on VAT was introduced (SCAC 2004).

The main legal acts of the European union regulating the exchange of information on VAT in the intra-Community trade and administrative co-operation in this scope is the Regulation of the Council of the European Union no. 1798/2003 of 7 October 2003, which entered into force on 1 January 2004, repealing the Regulation of the Council no. 218/92 and excluding VAT from the scope of the Directive of the Council no. 77/799.

From the moment of Poland's accession to the European Union there will be a radical change of terms in respect of levying VAT on trade between VAT payers in Poland and taxpayers registered for this tax in various countries of the European Union, which is closely connected with the abolition of customs and tax borders between Poland and the Member States of the European Union. However those companies, which either do not carry on foreign trade or trade only with the countries outside the European Union, will not face any more significant changes in this respect. As of the day of Poland's accession to the European Union the currently binding division into the domestic market and export/import will be supplemented with an intermediate element: intra-Community market (common market or internal market – meaning all the EU countries).

The Polish system connected with levying VAT on intra-Community trade will be based on the following terms:

1. The quarterly recapitulative statements (VAT-UE) will contain data on both intra-Community supplies and acquisitions.
2. The international co-operation in the scope of VAT will be dealt by the Office for Exchange of VAT Information (CLO) at the Ministry of Finance, which became operational as of 1 January 2004. The whole exchange of information (with few exceptions) will be carried out by the Office by electronic mode.
3. A telephone call centre will be established at the Office, its responsibilities being confirmation of VAT numbers of foreign taxpayers and providing taxpayers with information on new rights and obligations.
4. The act of processing of quarterly recapitulative statements (starting from entering information into the system to service of corrections and performance of taxpayer audit and inspection functions) will be dealt by a competent Tax Office.
5. The Tax Office will be also responsible for updating the register of VAT payers that intend to perform intra-Community supplies and/or acquisitions, as well as comparing the data from VAT returns with quarterly recapitulative statements (domestic and foreign).
6. In order to participate in intra-Community trade, Polish taxpayers will have to notify a competent Tax Office of their intention. In intra-Community trade they will use their tax identification numbers (NIP) preceded by the state's code (PL).

5.1.3 FISCALIS – PROGRAMME OF THE EUROPEAN COMMISSION



The Fiscalis programme was created by Decision no. 2235/2002/EC of the European Parliament and Council, establishing the Community work action programme for the period 2003-2007 and aiming at improvement of indirect taxation system on the internal market. Fiscalis 2003-2007 is the continuation of the programme from the years 1998-2002.

The participation in the Fiscalis programme, apart from the EU Member States, is also open to the associate countries of Central and Eastern Europe. The participants come from the total of 28 countries (15 Member States and 13 candidate countries – divided into those 10 countries acceding in 2004 and Bulgaria, Rumania and Turkey.).

The essence of the Fiscalis programme is the exchange of experience and views, as well as solving common problems of the tax administrations from the participating countries. The main focus is placed on VAT and excise duty (goods liable for harmonised excise duty) whereas from the year 2003 the scope was increased by direct taxation in addition. The programme is operated by means of the following tools:

- seminars,
- internships of the personnel of the tax administrations,
- joint multilateral audits,
- working meetings and study visits.

On 29 April 2003, the Memorandum of Understanding was signed opening the Fiscalis programme in Poland. Since then the Polish tax administration has been able to participate in all the planned actions of the programme.

5.1.4 SYSTEM OF EXCHANGE OF EXCISE DATA (SEED)

One of the requirements of the Polish membership in the European Union was to ensure effective administrative co-operation in the scope of excise duty with other EU countries. To this end, by the decision of the Minister of Finance, the Steering Committee was established with the task of creating the Excise Liaison Office (ELO) and implementing the System of Exchange of Excise Data (SEED). The task of the ELO is exchange of information on excise duty with the counterparts from the EU countries and administration of the SEED database, Movement Verification System (MVS), Excise Early Warning System (EWSE) and in the long run a new IT system for excise duty – the Excise Movement Control System (EMCS). By virtue of the Order of the Minister of Finance of 24 October 2003 the Excise Liaison Office was established at the Customs Chamber in Warsaw.

The main tasks of the ELO include, inter alia:

- **Exchange of all information on excise duty among the countries of the European Union,**
- **Administration of the SEED database:**
 - Monthly provision of package of data on registered entities to the EU countries and receipt of such information from the remaining countries,
 - Maintenance of the central SEED database (ensuring integrity, cohesion and secrecy of data),
 - Dispatch of quarterly reports to the European Commission.
- **Co-operation in the framework of the Movement Verification System (MVS):**
 - Receipt of information from the local units concerning dispatches that need to be verified,
 - Dispatch of MVS communiqués to the ELOs located in other countries,
 - Receipt of MVS communiqués from the ELOs of other countries,
 - Directing cases to be carried out by the local units of the customs administration.
- **Co-operation in the framework of the Excise Early Warning System (EWSE):**
 - Receipt of information from the local units concerning dispatches of high risk,
 - Formulation of communiqués and their dispatch to the ELO located in the country of dispatch destination,
 - Receipt of early warning communiqués on dispatches of high risk directed to Poland from the ELOs of the Other EU countries,
 - Transfer of instructions to the local units with the request for performance of audit or other activities.

- **Mutual assistance:**

- at the request of local units or at own initiative, preparation and dispatch of letters to the ELOs of the other EU countries in cases that require to be settled in such a form (e.g. search for missing transports of excise goods),
- Receipt and consideration of requests for assistance from the ELOs of the other EU countries.

5.2 BILATERAL CO-OPERATION


Apart from activities connected with the integration with economic and political structures of Western Europe, Poland simultaneously carries on wide bilateral and multilateral co-operation.

1. Poland signed 80 treaties on the avoidance of double taxation.

International treaties and conventions:

- Convention on mutual administrative assistance in tax matters;
- Treaties on avoidance double taxation with:
Albania, Algeria, Armenia, Australia, Austria, Azerbaijan, Bangladesh, Belgium, Belarus, Bulgaria, Canada, Chile, China, Croatia, Cyprus, the Czech Republic, Denmark, Egypt, Estonia, Finland, France, Georgia, Germany, Greece, Hungary, India, Indonesia, Iran, Ireland, Iceland, Israel, Italy, Japan, Jordan, Kazakhstan, Kirghizia, Kuwait, Latvia, Lebanon, Lithuania, Luxembourg, Macedonia, Malaysia, Malta, Mexico, Moldova, Mongolia, Morocco, the Netherlands, Nigeria, Norway, Pakistan, the Philippines, Portugal, Romania, Russia, Singapore, Slovakia, Slovenia, South Africa, South Korea, Spain, Sri Lanka, Sweden Switzerland, Syria, Tadzhikistan, Thailand, Tunisia, Turkey, the Ukraine, the United Arab Emirates, the United Kingdom, Uruguay, the USA, Uzbekistan, Vietnam, Yugoslavia, Zambia and Zimbabwe.

2. Poland signed 11 agreements on administrative co-operation:

- Working Agreement between the Minister of Finance of the Republic of Poland and the National Tax Board of the Kingdom of Sweden on performance of simultaneous tax audits. Drawn up in Cracow, on 21 May 1999.
 - Working Agreement between the Ministry of Finance of the Republic of Poland and the Ministry of Finance of the Government of the Republic of Italy concluded by virtue of provisions on exchange of tax information of the Treaty between the Polish People's Republic and the Republic of Italy on avoidance of double taxation in scope of income taxes and prevention of tax evasion, signed in Rome on 21 June 1985.
 - Working Agreement between the Ministry of Finance of the Republic of Poland and the Ministry of Finance of the Government of the Republic of Italy on performance of simultaneous tax audits pursuant to the provisions of Article 26 on exchange of tax information of the Treaty between the Polish People's Republic and the Republic of Italy on avoidance of double taxation in scope of income taxes and prevention of tax evasion, signed in Rome on 21 June 1985.
 - Working Agreement between the Minister of Finance of the Republic of Poland and State Tax Administration of the Ukraine on mutual exchange of information. Drawn up in Lvov, on 16 May 2001.
 - Working Agreement between the Minister of Finance of the Republic of Poland and State Tax Administration of the Ukraine on performance of simultaneous tax audits. Drawn up in Lvov, on 16 May 2001.
 - Working Agreement between the Minister of Finance of the Republic of Poland and the Ministry of Finance of the Republic of Finland on performance of simultaneous tax audits. Drawn up in Helsinki, on 23 October 2003.
 - Working Agreement between the Minister of Finance of the Republic of Poland and the Ministry of Finance of the Republic of Finland on improvement of information exchange. Drawn up in Helsinki, on 23 October 2003.
 - Working Agreement between the Minister of Finance of the Republic of Poland and Tax Directorate of the Kingdom of Norway on performance of simultaneous tax audits. Drawn up in Helsinki, on 23 October 2003.
 - Working Agreement between the Minister of Finance of the Republic of Poland and the central Board of Customs and Taxes of the Kingdom of Denmark on mutual administrative assistance in tax matters. Drawn up in Helsinki, on 23 October 2003. (Annex: simultaneous tax audits).
- 

- Working Agreement between the Minister of Finance of the Republic of Poland and State Tax Inspectorate within the Ministry of Finance of the Republic of Lithuania on mutual assistance in tax matters in scope of simultaneous tax audits. Drawn up in Helsinki, on 23 October 2003.
- Working Agreement between the Minister of Finance of the Republic of Poland and State Tax Inspectorate within the Ministry of Finance of the Republic of Lithuania on mutual administrative assistance in scope exchange of information. Drawn up in Helsinki, on 23 October 2003.

5.3. CO-OPERATION WITH OECD



The representatives of the Ministry of Finance participate in the work of the OECD Committee on Tax Matters in the following working groups:

- Working Group No. 1** for Tax Conventions and Related Issues,
- Working Group No. 2** for Analysis of Tax Policy and Statistics,
- Working Group No. 6** for Taxation of Multinational Companies; within this group Poland takes part in the Subgroup for Transborder Financial Operations,
- Working Group No. 8** for Tax Evasion and Avoidance,
- Working Group No. 9** for Consumption Taxes.

5.4 HARMFUL TAX COMPETITION

Poland supports the actions of the Organisation for Economic Co-operation and Development (OECD) aimed at the prevention of the spread of harmful tax competition among both the OECD members, as well as among countries and jurisdictions, which are not the members of this organisation. In accordance with the recommendation of the OECD Council, the member states were obliged to remove all harmful features of their preferential systems and not to introduce new instruments that may possess such features. In addition, in 2002 the list of so-called tax havens was elaborated, which included 47 states. As the result of bilateral discussions, only 5 territories rejected their co-operation in respect of the elimination of the harmfulness of their own systems. The remaining ones declared co-operation and undertook to eliminate harmful tax practices before the end of 2005.

As a result of globalisation, the Polish tax administration has also been forced to counteract the practices of tax evasion based on registration in tax havens or application of transfer pricing. To this end, pursuant to the amendment to the Act on Corporate Income Tax and Act on Personal Income Tax, the Minister of Finance was obliged to determine by regulation a list of countries and territories considered to have a harmful tax system, whereas the taxpayers were obliged to make up detailed documentation on transactions with companies registered in the so-called tax havens.

In accordance with the Regulation of the Minister of Finance of 11 December 2000 on determination of states and territories applying harmful tax competition, such competition is applied in the tax systems of the following 40 states and territories:

Andorra, Anguilla, Antigua and Barbuda, Aruba, the Bahamas, Bahrain, Barbados, Belize, Bermuda, British Virgin Islands, Cook Islands, Dominica, Gibraltar, Grenada, Guernsey/Sark/Alderney, Hong-Kong, Jersey, Cayman Islands, Liberia, Liechtenstein, Macao, Maldives, Isle of Man, the Marshall Islands, Mauritius, Monaco, Montserrat, the Republic of Nauru, the Netherlands Antilles, Niue, Panama, Samoa, Seychelles, St. Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Tonga, Turks and Caicos Islands, the Virgin Islands of the United States, Vanuatu.

In the scope of counteracting harmful practices of the use of transfer pricing, since the mid-90s the Polish tax administration has taken necessary remedial measures. The tax Acts include the provisions allowing for an audit of transfer pricing.

The companies performing transactions with their subsidiaries are required to submit (as of January 2001) at the request of the Tax Office detailed documents on such transactions. However, this obligation is applicable only to large transactions that exceed, depending on the size of the entity and kind of transaction, €30,000, €50,000 or €100,000. If a payment is connected with transaction effected with a partner from a country regarded as one applying harmful tax competition, such an amount is reduced to €20,000. In addition, when the competent Tax Office establishes that the aim of the transaction was to reduce the amount of tax due and assesses the income at the higher amount whereas the taxpayer fails to provide required documents, then the assessed income will be liable for a 50% tax rate.



5.5 INTRA-EUROPEAN ORGANISATION OF TAX ADMINISTRATIONS (IOTA)

The Intra-European Organisation of Tax Administrations (IOTA) is the only European organisation consisting of tax administrations. The idea of the establishment of this kind of organisation was conceived in Warsaw in October 1996 during the Conference of Tax Administrations of Countries from Central and Eastern Europe and the Baltic Region. The Polish Tax administration belongs to the founding members of IOTA.

IOTA consists of 19 tax administrations with the status of full members (Germany, Great Britain, Hungary, the Czech Republic, Albania, Azerbaijan, Bulgaria, Croatia, Estonia, Latvia, Lithuania, Macedonia, Moldova, Montenegro, Poland, Romania, Serbia, Slovenia) and 15 tax administrations with the status of associate members (Austria, France, Belgium, Denmark, Finland, Iceland, Ireland, Italy, Norway, Spain, Sweden, Switzerland, the Netherlands, the Ukraine and the USA).

The seat of IOTA is located in Budapest, Hungary.

The main objective of IOTA is providing a platform for the exchange of experience among tax administrations and technical assistance in respect of modernisation of tax administrations and systems. To this end, IOTA organises workshops and training for the personnel of tax administrations from IOTA members in the scope of taxpayer services, management of human resources, IT systems, voluntary tax compliance, transfer pricing and the like.





Fiscal administration in numbers



FISCAL ADMINISTRATION IN NUMBERS

MAZOWIECKIE VOIVODESHIP

The address of the Tax Chamber:
ul. Felińskiego 2B
01-513 Warsaw,
tel.: (0-22) 561-80-00

The Director of the Chamber: Jan Borkowski
The Spokesperson of the Chamber: Andrzej Kulmatycki
tel.: (0-22) 561-80-26
The website: www.izba-skarbowa.waw.pl
The number of the local branches of the Tax Chamber: 4
The seats of the local branches of the Tax Chamber: Ciechanów, Płock, Radom, Siedlce
The number of the Tax Offices: 47
The number of the Large Taxpayer Offices: 3
The seats of the Large Taxpayer Offices: Warsaw, Radom
The number of the Tax Chamber's employees: 471
The number of the Tax Offices' employees: 5,553

The seat of the Fiscal Audit Office: Warsaw
The number of the local branches of the Fiscal Audit Office: 4

The seats of the local branches of the Fiscal Audit Office: Ciechanów, Płock, Radom, Siedlce
The number of the employees: 830

KUJAWSKO-POMORSKIE VOIVODESHIP

The address of the Tax Chamber:
ul. dr E. Warmińskiego 18
85-950 Bydgoszcz,
tel.: (0-52) 322-40-35 do 39

The Director of the Chamber: Tomasz Kolanowski
The Spokesperson of the Chamber: Maciej Cichański
tel.: (0-52) 322-40-35 wew. 185
The website: www.izba-skarbowa.bydgoszcz.pl
The number of the local branches of the Tax Chamber: 1
The seats of the local branches of the Tax Chamber: Toruń
The number of the Tax Offices: 22
The number of the Large Taxpayer Offices: 1
The seat of the Large Taxpayer Office: Bydgoszcz
The number of the Tax Chamber's employees: 222
The number of the Tax Offices' employees: 2,022

The seat of the Fiscal Audit Office: Bydgoszcz
The number of the local branches of the Fiscal Audit Office: 1

The seats of the local branches of the Fiscal Audit Office: Toruń
The number of the employees: 397

DOLNOŚLĄSKIE VOIVODESHIP

The address of the Tax Chamber:
ul. Pretficza 9/11
50-983 Wrocław,
tel.: (0-71) 360-63-00 do 03

The Director of the Chamber: Andrzej Jędrzejczak
The Spokesperson of the Chamber: Iwona Sługocka
tel.: (0-71) 360-63-29
The website: www.is.wroc.pl
The number of the local branches of the Tax Chamber: 3
The seats of the local branches of the Tax Chamber: Jelenia Góra, Legnica, Wałbrzych
The number of the Tax Offices: 33
The number of the Large Taxpayer Offices: 1
The seat of the Large Taxpayer Office: Wrocław
The number of the Tax Chamber's employees: 382
The number of the Tax Offices' employees: 3,265

The seat of the Fiscal Audit Office: Wrocław
The number of the local branches of the Fiscal Audit Office: 3

The seats of the local branches of the Fiscal Audit Office: Jelenia Góra, Legnica, Wałbrzych
The number of the employees: 628

LUBELSKIE VOIVODESHIP

The address of the Tax Chamber:
ul. I Armii Wojska Polskiego 3
20-950 Lublin,
tel.: (0-81) 532-62-83 do 89

The Director of the Chamber: Stanisław Pawlonka
The Spokesperson of the Chamber: Mariusz Olech
tel.: (0-81) 534-08-65
The website: www.islub.lublin.pl
The number of the local branches of the Tax Chamber: 1
The seats of the local branches of the Tax Chamber: Zamość
The number of the Tax Offices: 21
The number of the Large Taxpayer Offices: 1
The seat of the Large Taxpayer Office: Lublin
The number of the Tax Chamber's employees: 196
The number of the Tax Offices' employees: 1,788

The seat of the Fiscal Audit Office: Lublin
The number of the local branches of the Fiscal Audit Office: 1

The seats of the local branches of the Fiscal Audit Office: Zamość
The number of the employees: 392

LUBUSKIE VOIVODESHIP

The address of the Tax Chamber:
ul. Sikorskiego 2
65-958 Zielona Góra,
tel.: (0-68) 456-07-00

The Director of the Chamber: Piotr Dopierała
The Spokesperson of the Chamber: Andrzej Pieczko
tel.: (0-68) 456-07-00
The website: www.izba-skarb.zgora.pl
The number of the local branches of the Tax Chamber: 1
The seats of the local branches of the Tax Chamber: Gorzów Wielkopolski
The number of the Tax Offices: 13
The number of the Large Taxpayer Offices: 1
The seat of the Large Taxpayer Office: Zielona Góra
The number of the Tax Chamber's employees: 127
The number of the Tax Offices' employees: 1,133

The seat of the Fiscal Audit Office: Zielona Góra
The number of the local branches of the Fiscal Audit Office: 1

The seats of the local branches of the Fiscal Audit Office: Gorzów Wielkopolski
The number of the employees: 245

MAŁOPOLSKIE VOIVODESHIP

The address of the Tax Chamber:
ul. Wiślna 7
31-007 Cracow,
tel.: (0-12) 429-52-22

The Director of the Chamber: Piotr Jędrzejczak
The Spokesperson of the Chamber: Michał Wierchowski
tel.: (012) 429-52-22 wew. 569
The website: www.iskrakow.krak.pl
The number of the local branches of the Tax Chamber: 2
The seats of the local branches of the Tax Chamber: Nowy Sącz, Tarnów
The number of the Tax Offices: 27
The number of the Large Taxpayer Offices: 1
The seat of the Large Taxpayer Office: Cracow
The number of the Tax Chamber's employees: 360
The number of the Tax Offices' employees: 3,241

The seat of the Fiscal Audit Office: Cracow
The number of the local branches of the Fiscal Audit Office: 2

The seats of the local branches of the Fiscal Audit Office: Nowy Sącz, Tarnów
The number of the employees: 510

ŁÓDZKIE VOIVODESHIP

The address of the Tax Chamber:
al. Kościuszki 83
90-437 Łódź,
tel.: (0-42) 637-50-66

The Director of the Chamber: Andrzej Misztal
The Spokesperson of the Chamber: Renata Borkowska
tel.: (0-42) 637-23-29
The website: www.izbaskarbowa.lodz.pl
The number of the local branches of the Tax Chamber: 2
The seats of the local branches of the Tax Chamber: Piotrków Trybunalski, Sieradz
The number of the Tax Offices: 28
The number of the Large Taxpayer Offices: 1
The seat of the Large Taxpayer Office: Łódź
The number of the Tax Chamber's employees: 343
The number of the Tax Offices' employees: 3,000

The seat of the Fiscal Audit Office: Łódź
The number of the local branches of the Fiscal Audit Office: 2

The seats of the local branches of the Fiscal Audit Office: Piotrków Trybunalski, Sieradz
The number of the employees: 521

OPOLSKIE VOIVODESHIP

The address of the Tax Chamber:
ul. Ozimska 19
45-057 Opole,
tel.: (0-77) 454-00-67 do 70

The Director of the Chamber: Bożena Pilarska
The Spokesperson of the Chamber: Agnieszka Brylak
tel.: (0-77) 454-00-67 wew. 231
The website: www.izba-skarbowa.opole.pl
The number of the local branches of the Tax Chamber: --
The seats of the local branches of the Tax Chamber: --
The number of the Tax Offices: 12
The number of the Large Taxpayer Offices: 1
The seat of the Large Taxpayer Office: Opole
The number of the Tax Chamber's employees: 106
The number of the Tax Offices' employees: 947

The seat of the Fiscal Audit Office: Opole
The number of the local branches of the Fiscal Audit Office: --

The seats of the local branches of the Fiscal Audit Office: --
The number of the employees: 232

PODKARPACKIE VOIVODESHIP

The address of the Tax Chamber:
ul. Geodetów 1
35-959 Rzeszów,
tel.: (0-17) 850-36-00

The Director of the Chamber: Stanisław Sobkowicz
The Spokesperson of the Chamber: Ryszard Frużyński
tel.: (0-17) 850-36-00
The website: www.is.rzeszow.pl
The number of the local branches of the Tax Chamber: 1
The seats of the local branches of the Tax Chamber: Krosno
The number of the Tax Offices: 22
The number of the Large Taxpayer Offices: 1
The seat of the Large Taxpayer Office: Rzeszów
The number of the Tax Chamber's employees: 177
The number of the Tax Offices' employees: 1,649

The seat of the Fiscal Audit Office: Rzeszów
The number of the local branches of the Fiscal Audit Office: 1

The seats of the local branches of the Fiscal Audit Office: Jasło
The number of the employees: 414

POMORSKIE VOIVODESHIP

The address of the Tax Chamber:
ul. Długa 75/76
80-831 Gdańsk,
tel.: (0-58) 301-48-40 do 45

The Director of the Chamber: Janusz Zemła

tel.: (0-58) 300-23-78
The website: www.gdansk.pl/izba
The number of the local branches of the Tax Chamber: 1
The seats of the local branches of the Tax Chamber: Słupsk
The number of the Tax Offices: 20
The number of the Large Taxpayer Offices: 1
The seat of the Large Taxpayer Office: Gdańsk
The number of the Tax Chamber's employees: 271
The number of the Tax Offices' employees: 2,269

The seat of the Fiscal Audit Office: Gdańsk
The number of the local branches of the Fiscal Audit Office: 1

The seats of the local branches of the Fiscal Audit Office: Słupsk
The number of the employees: 414

PODLASKIE VOIVODESHIP

The address of the Tax Chamber:
ul. Słonimska 1
15-026 Białystok,
tel.: (0-85) 732-93-25

The Director of the Chamber: Wiesław Świstak
The Spokesperson of the Chamber: Radosław Hancewicz
tel.: (0-85) 741-18-59
The website: www.is.biaman.pl
The number of the local branches of the Tax Chamber: 1
The seats of the local branches of the Tax Chamber: Suwałki
The number of the Tax Offices: 14
The number of the Large Taxpayer Offices: 1
The seat of the Large Taxpayer Office: Białystok
The number of the Tax Chamber's employees: 125
The number of the Tax Offices' employees: 970

The seat of the Fiscal Audit Office: Białystok
The number of the local branches of the Fiscal Audit Office: 1

The seats of the local branches of the Fiscal Audit Office: Suwałki
The number of the employees: 304

ŚLĄSKIE VOIVODESHIP

The address of the Tax Chamber:
ul. Damrota 25
40-022 Katowice 27 skr. poczt. 169,
tel.: (0-32) 255-52-25

The Director of the Chamber: Henryk Świniarski
The Spokesperson of the Chamber: Grażyna Piechota
tel.: (0-32) 207-62-24
The website: www.isnet.katowice.pl
The number of the local branches of the Tax Chamber: 2
The seats of the local branches of the Tax Chamber: Bielsko Biała, Częstochowa
The number of the Tax Offices: 35
The number of the Large Taxpayer Offices: 2
The seats of the Large Taxpayer Offices: Bielsko Biała, Sosnowiec
The number of the Tax Chamber's employees: 457
The number of the Tax Offices' employees: 4,776

The seat of the Fiscal Audit Office: Katowice
The number of the local branches of the Fiscal Audit Office: 2

The seats of the local branches of the Fiscal Audit Office: Bielsko Biała, Częstochowa
The number of the employees: 636

ŚWIĘTOKRZYSKIE VOIVODESHIP

The address of the Tax Chamber:
ul. Wesola 56
25-953 Kielce,
tel.: (0-41) 340-51-02

The Director of the Chamber: Hanna Łączka
The Spokesperson of the Chamber: Maria Bojczuk
tel.: (0-41) 340-51-27
The website: www.izba-skarbowa.kielce.pl
The number of the local branches
of the Tax Chamber: --
The seats of the local branches
of the Tax Chamber: --
The number of the Tax Offices: 13
The number of the Large Taxpayer Offices: 1
The seat of the Large Taxpayer Office: Kielce
The number of the Tax Chamber's employees: 91
The number of the Tax Offices' employees: 1,081

The seat of the Fiscal Audit Office: Kielce
The number of the local branches
of the Fiscal Audit Office: --

The seats of the local branches
of the Fiscal Audit Office: --
The number of the employees: 173

WIELKOPOLSKIE VOIVODESHIP

The address of the Tax Chamber:
pl. Cyryla Ratajskiego 5
60-967 Poznań,
tel.: (0-61) 858-61-00

The Director of the Chamber: Edmund Bruch
The Spokesperson of the Chamber: Małgorzata Spychała
tel.: (0-61) 858-62-08
The website: www.is.poznan.pl
The number of the local branches
of the Tax Chamber: 3
The seats of the local branches
of the Tax Chamber: Kalisz, Konin, Piła
The number of the Tax Offices: 38
The number of the Large Taxpayer Offices: 2
The seats of the Large Taxpayer Offices:
Poznań, Kalisz
The number of the Tax Chamber's employees: 405
The number of the Tax Offices' employees: 3,775

The seat of the Fiscal Audit Office: Poznań
The number of the local branches
of the Fiscal Audit Office: 3

The seats of the local branches
of the Fiscal Audit Office: Kalisz, Konin, Piła
The number of the employees: 605

WARMIŃSKO-MAZURSKIE VOIVODESHIP

The address of the Tax Chamber:
al. J. Piłsudskiego 59A
10-950 Olsztyn,
tel.: (0-89) 534-49-44

The Director of the Chamber: Marek Bączyk
The Spokesperson of the Chamber: Krystyna Arciszewska
tel.: (0-89) 534-49-44 wew. 105
The website: www.olsztyn.is.gov.pl
The number of the local branches
of the Tax Chamber: 1
The seats of the local branches
of the Tax Chamber: Elbląg
The number of the Tax Offices: 15
The number of the Large Taxpayer Offices: 1
The seat of the Large Taxpayer Office: Olsztyn
The number of the Tax Chamber's employees: 158
The number of the Tax Offices' employees: 1,278

The seat of the Fiscal Audit Office: Olsztyn
The number of the local branches
of the Fiscal Audit Office: 1

The seats of the local branches
of the Fiscal Audit Office: Elbląg
The number of the employees: 277

ZACHODNIO-POMORSKIE VOIVODESHIP

The address of the Tax Chamber:
ul. Roosevelta 1,2
70-525 Szczecin,
tel.: (0-91) 480-36-00 ext.602

The Director of the Chamber: Antoni Gawron
The Spokesperson of the Chamber: Izabela Januchowska
tel.: (0-91) 434-37-26 wew. 752

The website: www.izba-skarbowa.szczecin.pl
The number of the local branches
of the Tax Chamber: 1
The seats of the local branches
of the Tax Chamber: Koszalin
The number of the Tax Offices: 19
The number of the Large Taxpayer Offices: 1
The seat of the Large Taxpayer Office: Szczecin
The number of the Tax Chamber's employees: 225
The number of the Tax Offices' employees: 5,631

The seat of the Fiscal Audit Office: Szczecin
The number of the local branches
of the Fiscal Audit Office: 1

The seats of the local branches
of the Fiscal Audit Office: Koszalin
The number of the employees: 392

FOR FURTHER INFORMATION CONTACT:

MINISTERSTWO FINANSÓW

Ul. Świętokrzyska 12

00-916 Warszawa

Tel.: 694-57-00

Fax: 694-43-24

www.mofnet.gov.pl



Publication prepared and published with
the financial support of the European Union.

