

## **Ministry of Finance explains the provisions on the limit of intangible services costs**

On the Polish Ministry of Finance ('MF') website appeared explanations regarding restrictions on recognizing the expenses incurred for the purchase of certain intangible services and rights as the tax deductible costs.

The publication contains brochures in which MF describes, among others time and subject-object scope of application of article 15e of Polish Act on Corporate Income Tax ('CIT Act'), the method of determining the total amount of services and rights subject to limitation, as well as the methodology of calculating the limit of "qualified" services and rights. MF also describes how to deduct the tax costs and lists the categories of services and rights covered and exempted by the article 15e paragraph 1 of the CIT Act.

What is important MF presented a different way of understanding the costs 'directly related to the creation or acquisition of goods or services by the taxpayer' (not being a subject to a limit) than presented in the interpretation of the Director of the National Tax Information, about which we informed in Tax Alert No. 31. The Ministry of Finance stated that the provision of the article 15e paragraph 11 point 1 of the CIT Act – as opposed to article 15 paragraph 4 and following articles – "does not refer to the manner in which the cost is associated with revenues but to the manner in which the cost is associated with the creation or acquisition/creation of a good or provision of a service. (...).Therefore, it should be recognized that the cost referred to in this provision is the cost of a service or right to any extent "incorporated" in a product, good or service".

However, it should be borne in mind that the publication does not constitute the general tax ruling nor tax explanation and therefore does not provide taxpayers with the formal protection.

The publication can be found at this [link](#).

**The information contained in the alert are general and do not represent the opinion of tax and are not everything changes resulting from the proposed regulation. Before making any decision or action, as well as in case of any questions or concerns, please contact our tax advisers, tel. +48 22 250 31 00.**