

## LEGAL REGULATIONS REGARDING EDENRED HOLIDAY CARDS

Type of benefit	Financing source	ZUS (Polish Social Insurance Institution)		PIT		TAX DEDUCTIBLE COSTS		VAT	
		Exemption from social insurance contributions	Legal basis	Exemption from PIT	Legal basis	Legal basis		VAT	Legal basis
Co-financing of employee's holidays and his/her adult family members	Company Social Benefit Fund	YES	§2 clause 1 point 19 of the Regulation of the Minister of Labour and Social Policy of December 18, 1998.	YES up to 2000 PLN per year	Art. 21 clause 1 and Art. 52l of the Act on Personal Income Tax of July 26, 1991 (uniform text: Journal of Laws of 2018, item 200)	YES, a write-off for Company Social Benefit Fund is considered as cost	Art. 16 clause 1 point 9 letter b of the Act on Corporate Income Tax of February 15, 1992 (uniform text: Journal of Laws of 2017, item 2343)	NO	Act of March 11, 2004 on tax on goods and services (uniform text: Journal of Laws of 2017, item 1221)
	Current assets	NO		NO		YES	Art. 15 clause 1 of the Act on Corporate Income Tax of February 15, 1992 (uniform text: Journal of Laws of 2017, item 2343)	NO	Act of March 11, 2004 on tax on goods and services (uniform text: Journal of Laws of 2017, item 1221)

### Edenred solutions

#### Holiday Cards - summary

- The value of Holiday Cards financed from the Company Social Benefits Fund does not increase the social security contribution assessment basis (Polish ZUS).
- The value of Holiday Cards in the case of co-financing of the holiday of an employee and his/her adult family members, financed from the Company Social Benefits Fund, is not subject to personal income tax up to the amount of **2000 PLN** in the tax year.
- The value of Holiday Cards given to employees is a tax deductible expense for the company, provided that they are financed from the employer's current assets and do not constitute social welfare activities as referred to in the provisions on the company social benefit fund; if the co-financing comes from the Company Social Benefit Fund, the cost is the value of the write-off made in accordance with the provisions on the company social benefit fund under condition that cash equivalent to these write-offs has been paid to the Fund's bank account.

#### PIT - legal basis

**Art. 21 clause 1 and Art. 52l of the Act on personal income tax of July 26, 1991 (uniform text: Journal of Laws of 2018, item 200):**

The following values are tax free:

point 67) Value received by the employee in connection with financing social activities referred to in the provisions of the Company Social Benefit Fund, benefits in kind and cash benefits received by the employee in this respect, financed entirely from the resources of the Company Social Benefit Fund or trade union funds, together not exceeding the amount **PLN 2,000 (Art. 52l)** in a tax year; vouchers, coupons and other means possible to be exchanged for goods or services are not benefits in kind.

Confirmed among others by the Director of the Tax Chamber in Warsaw in the interpretation of April 15, 2011, No. IPPB2/415-100/11-2/MS - <http://sip.mf.gov.pl/sip/sip/index.php>.

In the "signature" field (at the bottom) please enter - IPPB2/415-100/11-2/MS.

### **ZUS (Polish Social Insurance Institution) - legal basis**

§2 clause 1 of the Regulation of the Minister of Labour and Social Policy of December 18, 1998 (Journal of Laws of 1998, No. 161, item 1106, as amended):

The following revenues do not constitute contribution assessment basis:

point 19) benefits financed from funds intended for social purposes as part of the Company Social Benefit Fund.

### **TAX DEDUCTIBLE COSTS - legal basis**

#### **Company Social Benefits Fund**

Art. 16 clause 1 of the Act on Corporate Income Tax of February 15, 1992 (uniform text: Journal of Laws of 2017, item 2343):

The following costs are not considered as tax deductible costs:

point 9) write-offs and payments to various types of funds created by the taxpayer; however, the following costs are considered as tax deductible costs:

point b) write-offs and increases which, within the meaning of the provisions of the Company Social Benefit Fund, charge the employer's operating costs, provided that cash equivalent to these write-offs and increases have been paid to the Fund's bank account.

#### **Current assets**

Art. 15 clause 1 of the Act on Corporate Income Tax of February 15, 1992 (uniform text: Journal of Laws of 2017, item 2343):

Tax deductible costs are the costs incurred to achieve revenue or to maintain or secure a source of revenue (...).

Art. 16 clause 1 of the Act on Corporate Income Tax of February 15, 1992 (uniform text: Journal of Laws of 2017, item 2343):

The following costs are not considered as tax deductible costs:

point 45) the employer's expenses on social activities referred to in the provisions on the company social benefit fund.

### **VAT - legal basis**

Giving card with funds to the employees does not give rise to a tax obligation within the meaning of the Act on tax on goods and services of March 11, 2004 (uniform text: Journal of Laws of 2017, item 1221).

## LEGAL REGULATIONS

		ZUS (Polish Social Insurance Institution)		PIT		TAX DEDUCTIBLE COSTS		VAT	
Type of benefit	Financing source	Exemption from social insurance contributions	Legal basis	Exemption from PIT	Legal basis	Legal basis		VAT	Legal basis
Co-financing of recreation for children and adolescents under 18 years of age	Company Social Benefit Fund	YES	§2 clause 1 point 19 of the Regulation of the Minister of Labour and Social Policy of December 18, 1998.	YES, without limits	Art. 21 clause 1 point 78 letter a) of the Act on Personal Income Tax of July 26, 1991 (uniform text: Journal of Laws of 2018, item 200)	YES, a write-off for Company Social Benefit Fund is considered as cost	Art. 16 clause 1 point 9 letter b of the Act on Corporate Income Tax of February 15, 1992 (uniform text: Journal of Laws of 2017, item 2343)	NO	Act of March 11, 2004 on tax on goods and services (uniform text: Journal of Laws of 2017, item 1221)
	Current assets	NO		YES, up to 3000 PLN per year	Art. 21 clause 1 point 78 letter b) and Art. 52l of the Act on Personal Income Tax of July 26, 1991 (uniform text: Journal of Laws of 2018, item 200)	YES	Art. 15 clause 1 of the Act on Corporate Income Tax of February 15, 1992 (uniform text: Journal of Laws of 2017, item 2343)	NO	Act of March 11, 2004 on tax on goods and services (uniform text: Journal of Laws of 2017, item 1221)

## EDENRED SOLUTIONS

- The value of Holiday cards financed from the Company Social Benefit Fund does not increase the Social security contribution assessment basis - without limits.
- In the case of co-financing holidays for children and young adults under 18 years of age from the Company Social Benefit Fund, the amount of financing disbursed via Holiday cards is exempt from personal income tax - without limits.
- In the case of co-financing holidays for children and young adults under 18 years of age from current assets, the amount of financing disbursed via Holiday cards is exempt from personal income tax up to **PLN 3,000 per year**.
- The value of Holiday Cards given to employees is a tax deductible expense for the company, provided that they are financed from the employer's current assets and do not constitute social welfare activities as referred to in the provisions on the company social benefit fund; if the co-financing comes from the Company Social Benefit Fund, the cost is the value of the write-off made in accordance with the provisions on the company social benefit fund under condition that cash equivalent to these write-offs has been paid to the Fund's bank account.

### PIT - legal basis

#### Company Social Benefits Fund

Art. 21 clause 1 of the Act on Personal Income Tax of July 26, 1991 (uniform text: Journal of Laws of 2018, item 200):

The following values are tax free:

point 78) subsidies for recreation organized by entities conducting activity in this field in the form of holidays, colonies, camps and winter quarters, including ones combined with education, stay in sanatorium treatment, in medical-sanatorium, rehabilitation-training and medical-care facilities, and trips related to this rest and treatment stay for children and adolescents under 18 years of age:

a) from the social fund, the Company Social Benefit Fund and in accordance with separate regulations issued by the competent minister regardless of their amount.

#### Current assets

Art. 21 clause 1 and Art. 52l of the Act on personal income tax of July 26, 1991 (uniform text: Journal of Laws of 2018, item 200):

The following values are tax free:

point 78) subsidies for recreation organized by entities conducting activity in this field, in the form of holidays, colonies, camps and winter quarters, including ones combined with education, stay in sanatorium treatment, in medical and sanatorium facilities, rehabilitation and training centres and medical and care centres, and trips related to such rest and treatment stay for children and adolescents under 18 years of age:

b) from other sources - up to an amount not exceeding **PLN 3,000 (Art. 52L) in one tax year.**

### **ZUS (Polish Social Insurance Institution) - legal basis**

§2 clause 1 of the Regulation of the Minister of Labour and Social Policy of December 18, 1998 (Journal of Laws of 1998, No. 161, item 1106, as amended):

The following revenues do not constitute contribution assessment basis:

point 19) benefits financed from funds intended for social purposes as part of the Company Social Benefit Fund.

### **TAX DEDUCTIBLE COSTS - legal basis**

#### **Company Social Benefits Fund**

Art. 16 clause 1 of the Act on Corporate Income Tax of February 15, 1992 (uniform text: Journal of Laws of 2017, item 2343):

The following costs are not considered as tax deductible costs:

point 9) write-offs and payments to various types of funds created by the taxpayer; however, the following costs are considered as tax deductible costs:

point b) write-offs and increases which, within the meaning of the provisions of the Company Social Benefit Fund, charge the employer's operating costs, provided that cash equivalent to these write-offs and increases have been paid to the Fund's bank account.

#### **Current assets**

Art. 15 clause 1 of the Act on Corporate Income Tax of February 15, 1992 (uniform text: Journal of Laws of 2017, item 2343):

Tax deductible costs are the costs incurred to achieve revenue or to maintain or secure a source of revenue (...).

Art. 16 clause 1 of the Act on Corporate Income Tax of February 15, 1992 (uniform text: Journal of Laws of 2017, item 2343):

The following costs are not considered as tax deductible costs:

point 45) the employer's expenses on social activities referred to in the provisions on the company social benefit fund.

### **VAT - legal basis**

Giving card with funds to the employees does not give rise to a tax obligation within the meaning of the Act on tax on goods and services of March 11, 2004 (uniform text: Journal of Laws of 2017, item 1221).

## LEGAL REGULATIONS

		ZUS (Polish Social Insurance Institution)		PIT		TAX DEDUCTIBLE COSTS		VAT	
Type of benefit	Financing source	Exemption from social insurance contributions	Legal basis	Exemption from PIT	Legal basis	Legal basis		VAT	Legal basis
Holiday pay	Current assets	YES, up to the amount of the deduction from pay	§2 clause 1 point 21 of the Regulation of the Minister of Labour and Social Policy of December 18, 1998.	NO		YES	Art. 16 clause 1 point 9 letter b of the Act on Corporate Income Tax of February 15, 1992 (uniform text: Journal of Laws of 2017, item 2343)  Art. 15 clause 1 of the Act on Corporate Income Tax of February 15, 1992 (uniform text: Journal of Laws of 2017, item 2343)	NO	Act of March 11, 2004 on tax on goods and services (uniform text: Journal of Laws of 2017, item 1221)

- **HOLIDAY BENEFIT is not paid from the social fund**, and hence the right to benefit and the amount of holiday benefit do not depend on social criteria, i.e. life, family and material circumstances, but only on the length of the leave.
- The amount of the holiday benefit may not exceed the amount of the basic write-off for the Company Social Benefit Fund, and the payment should be made to each employee once a year, before starting at least 14-day holiday leave (Art. 3 clauses 4-6 of the Act of March 4, 1994 on Social Benefit Fund).
- They do not constitute the basis for calculating social security contributions, holiday benefits paid pursuant to the Act on Social Benefit Fund - up to an amount not exceeding the amount of the basic write-off per year. This means that in the event of payment of a holiday benefit in an amount higher than the basic write-off, the obligation to calculate contributions will only apply to the excess paid over the value equal to this write-off.
- The holiday benefit received by the employee constitutes income from the employment relationship subject to, pursuant to Art. 12 clause 1 of the Act on personal income tax.

### Edenred solutions

The value of Holiday cards in the case of co-financing holiday benefits, financed from current assets, does not increase the basis for calculating social security contributions to the amount of the basic write-off.

The value of Holiday cards given to employees is a tax-deductible cost for the company.

### ZUS (Polish Social Insurance Institution) - legal basis

#### Current assets

§2 clause 1 of the Regulation of the Minister of Labour and Social Policy of December 18, 1998 (Journal of Laws of 1998, No. 161, item 1106, as amended):

The following revenues do not constitute contribution assessment basis:

point 21) holiday benefit paid pursuant to Art. 3 clause 4 of the Act cited in point 20 - up to an amount not exceeding annually the amount of the basic write-down specified in this Act.

## **TAX DEDUCTIBLE COSTS - legal basis**

### **Current assets**

Art. 16 clause 1 of the Act on Corporate Income Tax of February 15, 1992 (uniform text: Journal of Laws of 2017, item 2343 ):

The following costs are not considered as tax deductible costs:

point 45) the employer's expenses on social activities referred to in the provisions on the company social benefit fund; however, holiday benefits paid in accordance with the provisions on the company social benefit fund constitute tax deductible costs.

### **VAT - legal basis**

Transferring funds to employees on the card does not give rise to a tax obligation within the meaning of the Act on tax on goods and services of March 11, 2004 (uniform text: Journal of Laws of 2017, item 1221).