

LEGAL REGULATIONS REGARDING EDENRED GIFT CARDS

		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
Gifts for the employees	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.	Prepaid cards		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)
				YES, up to 2000 PLN per year	Art. 21 clause 1 point 67 and Art. 52l of the Act on Personal Income Tax of July 26, 1991 (uniform text: Journal of Laws of 2018, item 200)				
				Vouchers					
	Current assets	NO	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

Edenred gift cards - summary

- The value of supplying Edenred gift cards financed by Company Social Benefit Fund does not increase the social security contribution assessment basis.
- Edenred Gift Cards financed from the Company Social Benefits Fund are exempt from personal income tax **up to PLN 2,000 per year**.
- The value of Edenred 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.
- Due to the nature of Edenred Polska services, only the amount of commission is charged with VAT within the meaning of the Act on Value Added Tax (VAT), because the nominal value of cards is not a good or a service in accordance with the provisions of this Act.

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.

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. 52I)** 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 "Ref. No." field (at the bottom) please enter - IPPB2/415-100/11-2/MS.

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: letter 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

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).