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Newsletter

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REAL ESTATE TAX 2025 – KEY CHANGES

A significant amendment to the Act on Local Taxes and Fees came into force from 1 January 2025. This amendment aims to clarify the definitions of the key terms – 'building' (budynek) and "non-building structure" (budowla) – without having to refer to regulations outside the tax law. In addition, the legislator has clarified the catalogue of objects classified as non-building structures, taking them into account directly in the tax regulations.

New definition of a building

Under the current regulations, a building is a structure that meets the following conditions:

- it has been erected as a result of construction works;
- it has installations that enable it to be used for its intended purpose;
- it is permanently attached to the ground;
- it is separated from the space by building partitions; and
- it has foundations and a roof.

At the same time, the new regulations exclude from this definition any structures intended for the storage of loose, chunky, liquid or gaseous materials, in which the capacity is the basic technical parameter determining its purpose.
These changes are aimed at increasing the precision of the tax provisions, which should contribute to their uniform interpretation and facilitate their application for both taxpayers and the administrative authorities.

New definition of a non-building structure – key changes in real estate tax 2025

The amended Act on Local Taxes and Fees precisely defines what structures qualify as non-building structures. Pursuant to the new regulations, non-building structures are:

- Structures, other than buildings, listed in Schedule 4 to the Act on Local Taxes and Fees, including installations to enable them to be used for their intended purpose.
- Power plants – wind, nuclear, photovoltaic and biogas plants, as well as energy storages, boilers, industrial furnaces, cableways, ski lifts and ski jumps – with only the construction parts being considered non-building structures.
- Building fixtures, such as connections and technical installations, including those for the treatment or collection of waste water, if they are directly related to the building or non-building structure and are necessary for its use.
- Technical installations that do not fall into the above categories – but only insofar as their building parts are concerned.
- Foundations for machinery and technical equipment, if they are technically separate elements of the utility structures.

Importantly, these objects are deemed to be constructions provided that they have been created as a result of construction works, even if they form part of a structure not included in the Act on Local Taxes and Fees.
Ambiguities in the definition of a non-building structure and the issue of permanent attachment to the ground
Despite the introduction of the new regulations, the provisions still do not clearly specify which elements of the indicated structures are to be considered as construction parts. This gives rise to interpretation doubts that may lead to further tax disputes.

An even greater problem remains the definition of permanent attachment to the ground, which has been controversial for years. The amendment introduces a new interpretation of this concept, according to which permanent attachment means a building object being attached to the ground in a way that ensures its stability and resistance to external factors independent of human actions. This criterion is intended to prevent the destruction, displacement or movement of the object to another place.

According to the new regulations, in the case of container facilities, antenna masts, billboards, advertising devices, outdoor lighting, industrial installations and technical equipment, only those that meet the condition of being permanently attached to the ground will be taxed as non-building structures.

New approach versus existing case law

The new definition of permanent attachment to the ground differs significantly from the previous interpretation, which is well-established in the case law of the administrative courts. Previously, permanent attachment was considered to mean the possession of foundations set below ground level and a close, stable, rigid attachment between the structure and these foundations. Nowadays, the criterion of resistance to external factors has become crucial, which may lead to divergent interpretations in tax practice.
The changes were introduced to tidy up the regulations and standardise the application of tax law. However, the lack of unambiguous guidelines with regard to the construction parts of non-building structures and the new, not entirely precise criterion of permanent attachment to the ground, may still be the subject of disputes between taxpayers and tax authorities.

New classification of non-building structures in real estate tax 2025

The amended Act on Local Taxes and Fees clarifies the catalogue of non-building structures. It includes, among other things, sports facilities such as amphitheatres, stadiums and outdoor sports facilities. Non-building structures also include elements of water and sewage infrastructure, including storage reservoirs, process halls and equipment wastewater treatment plants, such as settling tanks, biological reactors and pumping stations.

Storage facilities designed for the storage of bulk, liquid and gaseous materials are also considered as non-building structures if their key parameter is capacity. The amendment also covers road and rail infrastructure, including roads, entrances, parking bays and railway tracks with technical elements.

Non-building structures also include dams, locks and dikes, as well as telecommunications and electricity infrastructure, including antenna masts, cable lines and water pipes.

Elements of ports and airports, such as harbours, piers, breakwaters, runways and aprons, as well as bridges, viaducts, tunnels, fences and landfills, are also included as non-building structures.

The new regulations also cover freestanding billboards, industrial installations and specialised non-building structures such as cooling towers, railway scales and ski jumps.

Although the new classification is intended to make the rules easier to interpret, doubts may still arise, especially regarding the concept of permanent attachment to the ground, which could lead to further tax disputes.

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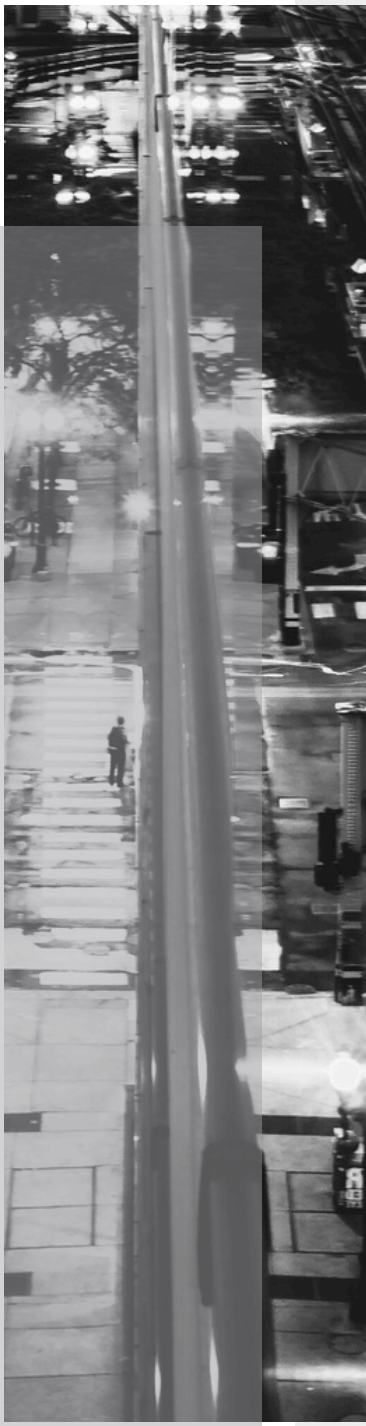

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THE STATUTE OF LIMITATIONS FOR CLAIMS UNDER A CONTRACT FOR A SPECIFIC WORK VS. A REQUEST FOR AN AMICABLE SETTLEMENT ATTEMPT

A contract for a specific work (Polish: umowa o dzieło) is one of the most common forms of cooperation, particularly in sectors such as construction, art or IT. Under such a contract, one party – the contractor – undertakes to complete a specific work, while the other party – the client – is required to accept it and pay the agreed compensation. It is worth bearing in mind, however, that the rights under a contract for a specific work are not unlimited in time. Claims for both the payment of compensation and possible damages are subject to the statute of limitations, which significantly affects the possibility of enforcing them by legal means.

Case Study: The statute of limitations for claims in a contract for a specific work

Company A entered into a contract with Company B for work that was to be completed and handed over by 31 October 2022. Despite the deadline, the work had not been completed in full and part of it contained significant defects that had not been remedied. As a result, the client, Company A, decided to pursue a claim against the contractor by filing a request for an amicable settlement attempt on 31 December 2024. The date for the settlement meeting was set for 31 March 2025. In view of this, the question arises: when exactly will Company A's claims against the contractor be time-barred?

General rules on the statute of limitations for claims under a contract for a specific work

Pursuant to Article 646 of the Polish Civil Code, claims arising from a contract for a specific work are time-barred two years from the date on which the work was handed over. If, however, the work has not been handed over, the statute of limitations starts to run from the date on which – according to the contractual provisions – it was to be handed over. In the case under review, this means that the statute of limitations began to run on 31 October 2022.

Furthermore, by virtue of the second sentence of Article 118 of the Civil Code, the statute of limitations always ends on the last day of the calendar year in which the two-year period passes. Therefore, in this case, the statute of limitations would have expired at the end of 2024.

Suspension of the statute of limitation

How does a request for an amicable settlement attempt affect the statute of limitations on claims?

It is worth remembering that there are mechanisms in place to 'extend' the statute of limitations for claims arising from a contract for a specific work. One such mechanism is to request an attempt to reach an amicable settlement. In light of Article 121(6) of the Civil Code, amended as of 30 June 2022, such a request suspends the course of the statute of limitations for the duration of the settlement proceedings.

This is a significant change compared to the previous state of the law, when a request for an amicable settlement attempt interrupted the course of the statute of limitations, causing the statute of limitations to start anew after the conclusion of the proceedings. The suspension now means that the time remaining before the expiry of the statute of limitations is 'stayed for the duration of the settlement procedure' and the period continues to run once the settlement procedure has ended.

Practical problems in calculating the statute of limitations after settlement

Doubts about calculating the time remaining under the statute of limitations

When applying the amended Article 121(6) of the Civil Code, interpretation problems arise regarding the calculation of the time remaining under the statute of limitations after the settlement proceedings are concluded. These difficulties are particularly evident in situations where the request to attempt an amicable settlement has been filed at the end of the calendar year in which the statute of limitations was originally due to expire, and the settlement hearing itself is set for the following year. Two divergent views have developed in this context:

First view: continuation of the original term

According to this approach, once the settlement has been completed, the statute of limitations continues to run for exactly as long as the time remaining at the time when the request for an amicable settlement attempt was filed. For example, if the request was filed on 31 December 2024 and the settlement meeting took place on 31 March 2025, the statute of limitations was suspended for a period of three months. At the end of the proceedings, the statute of limitations would 'extend' by only one day, which would expire immediately after the end of the suspension – in this example on 1 April 2025. This interpretation is favourable to the contractor, as it limits the time for the client (creditor) to take action.

Second view: general rule – end of the calendar year

The second view refers to the second sentence of Article 118 of the Civil Code, which indicates that the end of the statute of limitations is the last day of the calendar year. According to this interpretation, if the request was filed at the end of the year, the statute of limitations – once the suspension is over – should run until the end of the following calendar year. In the example used here, even if the request was filed on 31 December 2024 and the hearing took place on 31 March 2025, the creditor would have time to act until 31 December 2025. This interpretation is clearly more favourable to the client (creditor), as it extends the time to pursue the claim.

Summary

At the moment, there is still no court decision that would clear up these doubts. The lack of an unambiguous interpretation

means that both contractors and clients must act with caution when planning their legal action.

This is all the more so because the two-year statute of limitations for claims arising from a contract for a specific work is a relatively short period of time, and mechanisms allowing for its extension, such as a request to attempt an amicable settlement, raise additional interpretative doubts.
From a business perspective, the management of claims and limitation periods should be part of the risk strategy in contractual relationships. A failure to address these issues can lead to significant financial losses, as well as undermining relationships with contractors. Both clients and contractors should put internal procedures in place to ensure that contract performance is monitored on an ongoing basis and that appropriate legal action is taken quickly in the event of delays or problems. A client that decides to call for a settlement attempt in order to suspend the running of the statute of limitations should take further action, such as filing a lawsuit, immediately after settlement, to avoid the risk of losing claims.

It is also worth taking into account that delays in the recovery of claims may affect the liquidity of the company. A failure to act in a timely manner not only complicates the legal situation, but can also limit access to funds that could be used to grow the business. In light of this, companies should invest in legal training and contract management consultancy, which will allow them not only to avoid risks, but also to more effectively safeguard their interests with business partners.

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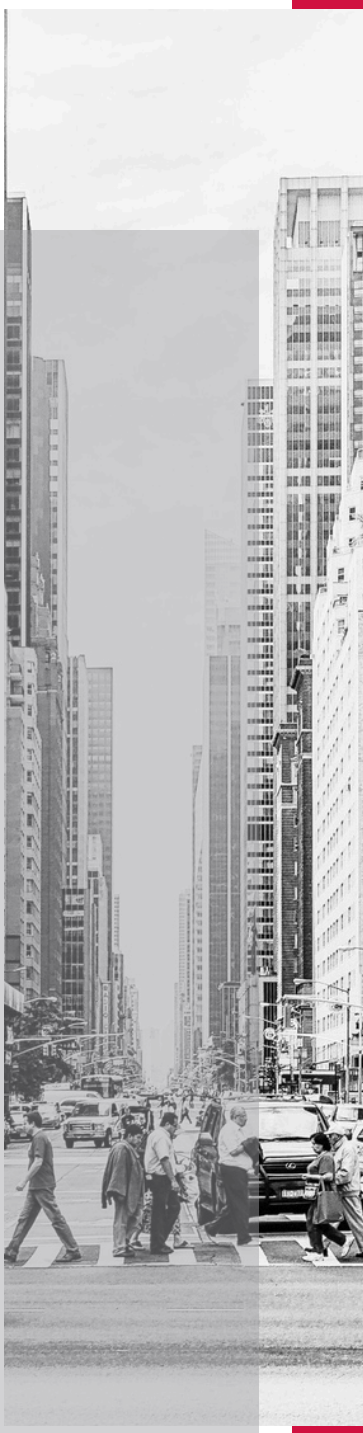

TRANSPARENT WORKING CONDITIONS DIRECTIVE – MAJOR CHANGES TO THE LABOUR MARKET

The EU Pay Transparency Directive 2023/970 of 10 May 2023 (the "Pay Directive" or the "Equal Pay Directive") is a landmark solution for the labour market. Although Member States have to implement the provisions by 7 June 2026, many employers are already expressing concerns about the implementation of the new regulations into the Polish legal order. What changes does the directive bring and how will it affect the labour market?

The essence of the Equal Pay Directive

One of the key objectives of the European Union is to create a workforce system based on equal and decent employment conditions. The main objectives of EU Directive 2023/970 include:

- Equal pay – ensuring that all workers receive equal pay for equal work or work of equal value in order to eliminate discrimination in employment on the grounds of gender.
- Access to information on pay – increasing workers' awareness of how much they earn compared to others doing the same job.
- Pay transparency – controlling the level of pay of women and men doing the same job or work of equal value.
- Employer reporting obligations – making it compulsory for companies with more than 250 workers to publish pay structure reports annually.
- Pay gap reporting – eliminating gender pay gaps through mandatory transparent reporting.
- Compensation for victims – enabling workers to seek compensation in cases of perceived pay discrimination.

The gender pay gap - basic information

Under the Pay Directive, employers are required to provide detailed reports on pay conditions to a monitoring body appointed by the Member State. What should be included in such a report?

- The gender pay gap;
- The gender pay gap in complementary or variable components;
- The median gender pay gap;
- The median gender pay gap in complementary or variable components;
- The proportion of female and male workers receiving complementary or variable components;
- The proportion of female and male workers in in each quartile pay band* and
- The gender pay gap between workers by categories of workers broken down by ordinary basic wage or pay and complementary or variable components.

Reporting obligations

- By 7 June 2027 and every year thereafter, employers with 250 workers or more should provide the relevant monitoring reports.
- By 7 June 2027, employers with 150 to 249 workers should providethe first report, with subsequent reports every three years thereafter.
- By June 2031, employers with 100 to 149 workers must complete the first reporting obligation.
- Employers with fewer than 100 workers do not have reporting obligations, though they may do so voluntarily.

A gender pay gap exists if the difference in the average pay level between female and male workers is more than 5%.

Protection of Workers' Rights

Workers who consider themselves wronged by a failure to apply the principle of equal pay have the right to take legal action to enforce their rights. Court proceedings will be easily accessible to workers and those representing their interests. It is also important that the possibility to seek compensation also applies after the termination of the employment relationship within which the infringement occurred.

Penalties provided for by the Equal Pay Directive

Member States are required to introduce effective, proportionate and dissuasive penalties for infringements of the equal pay principle. These penalties should have a preventive effect, particularly against employers who commit repeated infringements. Penalties mainly include fines, the amount of which is determined at a national level.

Controversy surrounding the parliamentary legislative process

Pay disclosure is still a taboo in Polish society – both among workers and employers. The practice of openly disclosing pay has not yet been adopted in Poland, which means that the implementation of the Equal Pay Directive may face resistance. Work is currently underway in the Sejm to amend the Labour Code in order to implement the Equal Pay Directive. The bill raises many controversies. Some experts stress that pay is covered by secrecy, which protects the competitiveness of companies. However, other experts point out that the legislative process should be carried out in the governmental mode, which would allow for a more thorough analysis and regulating potential issues. The parliamentary procedure for the adoption of amendments is assessed as hasty, which may result in legal loopholes.

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*Quartiles are a way of dividing earnings into four equal groups, each covering 25% of all values. This allows us to accurately determine the structure of salaries in a given occupational group. Quartile analysis allows a better understand the distribution of pay and assess how a particular job or industry shapes pay levels in different ranges.

FINANCIAL CREDIBILITY OF COUNTERPARTIES – WHERE TO LOOK FOR RELIABLE INFORMATION?

In the business world, the ability to assess the payment credibility of trading partners is crucial for the financial stability of companies and institutions. Businesses today have access to a number of tools to verify the financial condition of counterparties and their debt history.

One of the primary sources of information is the National Register of Debtors (Krajowy Rejestr Zadłużonych, KRZ) where discontinued enforcement proceedings can be checked. In turn, the Repository of Financial Documents (Repozytorium Dokumentów Finansowych, RDF) allows the assessment of the overall financial situation of entities entered in the National Court Register (KRS).

Economic information bureaus (BIGs), commonly referred to as debt registers, also play an important role in collecting and sharing debt data. BIGs operate on the basis of the Act on the Disclosure of Business Information and the Exchange of Business Data, which sets out the rules for the transfer, storage and eventual removal of debt data. They are specialised institutions operating in the form of joint-stock companies that provide key information on both businesses and individuals. Thanks to them, companies can more effectively minimise the risk of dealing with unreliable counterparties and to avoid insolvency problems.

These days the verification of financial credibility is not simply a matter of prudence but the foundation of responsible business management. However, it is worth knowing that the act introduces a number of requirements to protect consumers from unjustified entries in the register.

When does debt information go to a BIG?

Forwarding debt information to a BIG requires the fulfilment of certain statutory conditions. A key step is to send the debtor a call for payment in advance, including a warning of the intention to enter the debtor in the specific bureau's register of debtors.

For consumers, the minimum amount of arrears is PLN 200 and at least 30 days must have elapsed since the due date. In addition, the creditor is obliged to maintain a one-month waiting period from the date of the demand for payment – only after this time can the debt data be forwarded to a BIG.

For businesses, i.e. non-consumer debtors, the legislator has provided for a higher amount threshold – at least PLN 500 in arrears. In both cases, the creditor must also inform the debtor by delivering the demand for payment by letter, in person or to an electronic delivery address, if one has been reported in the official database.
It is necessary to meet these conditions in order for a debt entry to legally enter a BIG register, where it will be visible to potential counterparties and financial institutions.

How does the procedure work and what must the demand for payment contain?

A demand for payment is a key element of the procedure for reporting a liability to a BIG. This document must clearly specify the amount of the debt, the legal basis (e.g. contract or invoice) and contain a clear warning that if the debtor fails to pay the amount due within the prescribed period, the debtor's details will be forwarded to a BIG.

If the debtor does not settle the debt, or if the creditor considers that the debt does in fact exist – even despite the debtor's partial objections – the debtor can have the debt registered. Importantly, the legislation requires the creditor's application to register a debt to also include any objections of the debtor regarding the existence or amount of the debt. This arrangement is intended to ensure the accuracy of the data and to protect debtors from a one-sided presentation of the case, particularly where the debt is the subject of litigation.

Adherence to these rules is essential to ensure that the process of entering a debtor in the BIG register takes place in accordance with the applicable law and balances the interests of both parties.

Summary

Business information bureaus play a key role in business transactions, enabling creditors to assess the payment reliability of counterparties and providing consumers and businesses with access to information about their potential arrears.

The Act on the Disclosure of Business Information and the Exchange of Business Data precisely regulates the duties of creditors in terms of the proper transfer and updating of data. At the same time, it provides debtors with the possibility of control and defence against possible inaccuracies. Thanks to these regulations, the entire process , despite interference in the area of financial privacy, is subject to strict protective procedures, which promotes greater transparency and honesty in business relations.

The effect of BIGs is a safer economic environment in which market participants can make informed decisions, minimising the risk of cooperating with unreliable business partners.

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DO YOU HAVE ANY QUESTIONS?

WE LOOK FORWARD TO RECEIVING A CALL OR A MESSAGE FROM YOU

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