

Fundamentals Level – Skills Module

Taxation (Poland)

Specimen questions for June 2015

This is not a full specimen paper, it is a selection of specimen questions to give an indication of the style of the questions. It includes three multiple choice questions and one long question.

The full exam will consist of the following:

Section A – 15 multiple choice questions for 2 marks each

Section B – Four 10 mark questions and two 15 mark questions

All questions are compulsory.

To see an example of the full specimen exam, please refer to the F6 (UK) Specimen Paper.

The Association of Chartered Certified Accountants

Paper F6 (POL)

The ACCA logo consists of the letters 'ACCA' in a bold, white, sans-serif font, centered within a solid black rectangular background.

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SUPPLEMENTARY INSTRUCTIONS

1. Calculations and workings need only be made to the nearest PLN.
2. All apportionments should be made to the nearest month.
3. All workings should be shown in Section B.

TAX RATES AND ALLOWANCES – JUNE AND DECEMBER 2015

The following tax rates and allowances and ZUS rates for 2014 are to be used in answering the questions.

Personal income tax (PIT)

	Tax amounts to
Up to PLN 85,528	18% of the base minus PLN 556·02
PLN 85,528 and above	PLN 14,839·02 plus 32% on the excess over PLN 85,528

Flat rate cost

Monthly deduction	Annual deduction	Employer no > 1	Commuting
111·25	1,335	x	x
(150%)	2,002	v	x
139·06	1,668	x	v
(150%)	2,502	v	v

Various PIT limits

	PLN
Rehabilitation relief – maximum earnings	9,120
Rehabilitation relief medicines – monthly limit	100
Rehabilitation relief – motor car travel	2,280
Rehabilitation relief – guide dog for the blind	2,280
Competition prizes	760
Child deduction	1,112
Daily meal allowance (<i>dieta</i>)	30
Motor car allowance (per km)	1
Donation rate	6%

Flat rate tax (*ryczalt*)

Revenue limit	€150,000
Free professions	20·0%
Services and rent	8·5%
Production	5·5%
Trade	3·0%

Health service contribution (HSC)

The rate of health service contribution is 9% of the base, and 7·75% of this is deductible for personal income tax purposes.

Corporation tax (CIT)

Corporate income tax rate 2014	19%
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Dividend withholding tax

Basic dividend withholding tax rate	19%
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Tax depreciation rates

Buildings – Residential	1.5%
– Other	2.5%
General machinery	14.0%
Transport means	20.0%
Computer equipment	30.0%
Office and other equipment, furniture	20.0%
Licence/software	50.0%
Own R&D products	100.0%
Other intangibles	20.0%
Residential property deemed value	PLN 988

Social security contributions (ZUS)

	Employer	Employee
Insurance (<i>Ubezpieczenie</i>)		
Retirement pension	9.76%	9.76%
Disability pension	6.50%	1.50%
Sickness benefit	–	2.45%
Accident benefit	1.93%	–
Work fund (<i>Fundusz pracy</i>)	2.45%	–
Polish guaranteed workers' benefit (<i>Fundusz gwarantowanych świadczeń pracowniczych</i>)	0.10%	–
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	20.74%	13.71%

Upper earnings limit PLN 112,380

Average and minimum monthly salary

	PLN
Minimum salary	1,600
Average salary	3,500

Value added tax (VAT)

Normal rate	23%
Registration limit	PLN 150,000

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Section A begins on page 5.**

Section A – ALL 15 questions are compulsory and MUST be attempted

Note: Only three specimen questions provided. For full specimen exam, see F6 (UK) Specimen paper

Please use the grid provided on page two of the Candidate Answer Booklet to record your answers to each multiple choice question.

Each question is worth 2 marks.

- 1 Drutex Sp. z o.o. has reported the following corporate income tax (CIT) income/(losses):

Period	CIT result PLN
Year ended 31 December 2011	(80,000)
Year ended 31 December 2012	25,000
Year ended 31 December 2013	10,000
Year ended 31 December 2014	90,000

What is the corporate income tax (CIT) due on Drutex Sp. z o.o.'s 2014 results?

- A PLN 9,500
 - B PLN 8,550
 - C PLN 17,100
 - D PLN 12,825
- 2 During the year 2014, Stefan received a gross salary of PLN 112,000. In addition, he was provided with a free medical package for which his employer paid PLN 8,000.

What is the total amount of social security contributions that will be deducted from Stefan's gross salary for 2014?

- A PLN 15,407
 - B PLN 15,594
 - C PLN 16,452
 - D PLN 15,355
- 3 Jan runs his own business activity and is looking for the most convenient way to file his monthly returns for value added tax (VAT).

Which of the following options are available to Jan as a method of submitting his monthly VAT returns?

- (1) Submitting his VAT returns in person with the Tax Office
- (2) Submitting his VAT returns by standard mail (post)
- (3) Submitting his VAT returns via the e-platform of the Ministry of Finance
- (4) Submitting his VAT returns via email

- A 1, 2, 3 and 4
- B 1, 2 and 3 only
- C 1 and 4 only
- D 3 only

Section B – ALL SIX questions are compulsory and MUST be attempted

Note: Only one specimen question provided. For full specimen exam, see F6 (UK) Specimen paper

- 1 Speedy Gonzales Sp. z o.o. ('SG') is a company providing courier services which has been operating for several years. SG uses a standard calendar year for the tax year and has not opted for any special taxation regime. Its statement of profit or loss for 2014 showed the following:

Revenues	Note	PLN
Sales	1	6,950 000
Dividend	2	300,000
Financial income	3	430,000
Other	4	75,000
Revenue total		<u>7,755,000</u>
Costs		
Cost of sales	5	4,070,000
Depreciation	6	2,100,000
Interest	7	450,000
Other	8	130,000
Costs total		<u>6,750,000</u>
Gross income		<u>1,005,000</u>

The following additional information is available:

1. Sales include an advance payment of PLN 40,000 for works which will start in February 2015. Though no work was done in 2014, the financial director decided to treat this as revenue in 2014 because he believes there is a high likelihood that the work will be done in 2015.
2. The dividend received is from a Polish company, Pikuś Sp. z o.o. SG holds 50% of the shares in Pikuś Sp. z o.o.
3. Financial income consists of interest receivable of PLN 220,000 and foreign exchange differences (forex) of PLN 210,000. The forex income was accrued on an overseas payable account which arose in 2014 and had not been paid at the year end. The 2014 opening balance on SG's interest receivable account was PLN 230,000 while the closing balance as at 31 December 2014 was PLN 150,000.
4. Other income relates to an insurance claim for the loss of packages. The insurance company has not yet paid this insurance amount to SG.
5. Costs of sales includes:
 - (i) PLN 30,000 of costs accrued in relation to work which will be performed in February 2015 for which revenue has been recognised in 2014 for accounting purposes (note 1, above).
 - (ii) Salaries for December 2014 of PLN 210,000. Due to temporary liquidity problems, only PLN 90,000 was paid before 31 December 2014. A further PLN 80,000 was paid on 5 January 2015 and PLN 40,000 was paid on 15 January 2015. The labour agreements of SG's employees provide that salaries will be paid by the 10th day of the following month.
6. Depreciation is calculated according to the tax regulations with one exception:

In March 2014, SG purchased 65 high quality computers for a total cost of PLN 300,000. According to the company's policy, non-current assets with a value below PLN 5,000 are expensed directly to the statement of profit or loss, thus the cost of acquisition was expensed directly as a cost of sale.

The relevant entries to the non-current assets register held for tax purposes were all made in the month of purchase, and SG always maximises its tax depreciation write-offs, if this is possible.
7. The interest expense relates to intercompany loans serviced. In 2014 PLN 430,000 of interest was actually paid.

8. Other expenses include PLN 30,000 of unrecoverable value added tax (VAT) on purchases related to VAT exempt activities (loans).

Required:

- (a) Calculate the amount of corporate income tax (CIT) payable by Speedy Gonzales Sp. z o.o. as of the end of the year 2014.**

Note: You should list all of the items referred to in notes 1 to 8, indicating by the use of '0' any item which does not affect the CIT calculation. (12 marks)

- (b) Explain the CIT treatment of salaries and employer's social security contributions related to a given year which are paid after the year end.** (3 marks)

(15 marks)

Answers

Section A

1 A

$80,000 - 25,000 - 10,000 = \text{PLN } 45,000$ of losses available

Restricted to $80,000 \times 50\% = \text{PLN } 40,000$

$(90,000 - 40,000) \times 19\% = \text{PLN } 9,500$

2 B

$(\text{PLN } 112,380 \times 9.76\%) + (\text{PLN } 112,380 \times 1.5\%) + (\text{PLN } 120,000 \times 2.45\%) = \text{PLN } 15,594$

3 B

Section B

Marks

1 Speedy Gonzales Sp. z o.o.

(a) Corporate income tax 2014

	PLN	PLN	
Income per accounts		1,005,000	
Advance payment	40,000		1
Dividend	300,000		1
Forex	210,000		1
Interest (230,000 – 150,000)		80,000	1
Insurance claim	75,000		1
Costs related to future works		30,000	1
Salaries paid after due date (210,000 – 90,000 – 80,000)		40,000	1.5
Depreciation computers W1		165,000	2
Interest not paid (450,000 – 430,000)		20,000	1
VAT unrecoverable		0	1
	<u>625,000</u>	<u>1,340,000</u>	
		(625,000)	
Taxable income		<u>715,000</u>	
Tax 19%		135,850	0.5
			<u>12</u>

Working:**W1 – Computers**

		PLN
Tax depreciation (from March)	$300,000 \times 30\% \times 2 \times 9/12$	135,000
Less deducted		<u>(300,000)</u>
		<u>(165,000)</u>

- (b) Salaries paid after the year end may still be attributed to the year ended to which they relate provided the salary was paid within the deadline specified in the employees' labour agreement or in the employer's labour regulations. If the salary is paid after this deadline, it must be attributed to the reporting period in which it is actually paid. 1.5
- Similar treatment applies to social security contributions; in this case contributions for a given year may still be attributed to that year if the remitter pays them within the statutory deadline for social security contributions. Contributions paid past this deadline must be allocated to the next reporting period. 1.5

3
15