

Real estate company – reporting the ownership structure

By the end of September 2022, real estate companies must report their ownership structure to tax authorities. The reporting obligation applies to real estate companies, as well as their shareholders. For this purpose, the Ministry of Finance has published the relevant forms.

DEFINITION OF A REAL ESTATE COMPANY

A real estate company is an entity other than a natural person, obliged to prepare a balance sheet on the basis of accounting regulations, in which:

- **entity commencing business** – as at the first day of the tax year, and if the real estate company is not a taxpayer of income tax – as at the first day of the financial year, **at least 50% of the market value of assets**, directly or indirectly, was the market value of real estate located in the territory of the Republic of Poland, or rights to such properties and the market value of these properties **exceeded PLN 10 million** or its equivalent
- **an existing entity** – as at the last day of the year preceding the tax year, and if the real estate company is not a taxpayer of income tax – as at the last day of the year preceding the financial year, at least 50% of the balance sheet value of assets, directly or indirectly, was the balance sheet value of real estate located in the territory of Poland or rights to such properties and the balance sheet value of these properties exceeded PLN 10 million or the equivalent of this amount and in the year preceding the tax year or the financial year, respectively, tax revenues, and if the real estate company is not a taxpayer of income tax – revenues included in the net financial result, from rental, sublet, lease, sub-lease, leasing and other contracts of a similar nature or from the transfer of ownership, the subject of which are real estate or rights to real estate, and from shares in other real estate companies, accounted for at least 60% of total tax revenues or revenue recognized in profit or loss.

Criterion	Entity setting up a business	Existing entity
Moment of verification	Balance sheet as at the first day of the fiscal (financial) year	Balance sheet as at the last day of the year preceding the tax (financial) year
Share of real estate in assets	At least 50% of the market value of the assets was, directly or indirectly, the market value of real estate located in the territory of the Republic of Poland or rights to such real estate, and	At least 50% of the carrying amount of the assets was, directly or indirectly, attributable to real estate located in the territory of the Republic of Poland or rights to such real estate, and

Criterion	Entity setting up a business	Existing entity
Value of real estate	The market value of these properties exceeded PLN 10 million or an equivalent amount, and	The carrying amount of those properties exceeded PLN 10 million or an equivalent amount, and
Share of property income in total income	n/a	In the year preceding the tax (financial) year, tax revenues from lease, sublease, leasing and other contracts of similar nature or from transfer of ownership, the subject of which is real estate or rights to real estate and from shares in other real estate companies, constituted at least 60% of total revenues

ATTENTION! An entity that is not a Polish tax resident may also meet the definition of a real estate company.

REPORTING OBLIGATIONS ON THE OWNERSHIP STRUCTURE OF A REAL ESTATE COMPANY

An obligation has been imposed on real estate companies and their direct and indirect shareholders to provide the Head of the KAS (the National Fiscal Administration) with information on entities holding, directly or indirectly, shares, participation titles, all rights and obligations and similar rights in such a real estate company.

Entity	Real estate companies	Taxpayers holding, directly or indirectly, in a real estate company at least 5% of shares or rights of a similar nature
Scope of data	Information about the entities which directly or indirectly hold, in that real estate company, shares or other rights of a similar nature in that company, together with an indication of the number of such rights held by each of them - in the case of information provided by real estate companies	Information about the number of shares, total rights and obligations, units or rights of a similar nature held, directly or indirectly, in that real estate company - in the case of information provided by taxpayers who are partners in real estate companies
As of	As at the last day of the property company's tax year, or, if the property company is not an income taxpayer, as at the last day of its financial year.	
Deadline	By the end of the third month following the end of the tax year of the real estate company, or, if the real estate company is not an income tax payer, by the end of the third month following the end of the financial year of the real estate company, by means of electronic communication.	

The deadline for filing the first information for real estate companies with a tax year equal to the calendar year is September 30, 2022. Under the Ministry of Finance regulation of March 29, 2022, this deadline was extended to September 30, 2022.



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FORMS

In order to fulfill the statutory reporting obligation, the Ministry of Finance has prepared new information/declaration templates:

- CIT-N1 – information filed by a real estate company about its shareholders,
- CIT-N2 – information filed by a shareholder on the rights held in a real estate company.

The completed return should be submitted electronically to the relevant tax authority.

CONTACT US

This document has been prepared for information purposes only and covers general nature. Before taking any action based on the above information, we recommend that you obtain a valid opinion of TPA experts.



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