

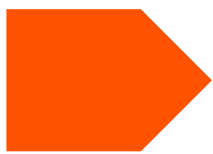


# Simplified APA

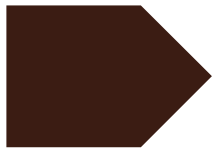
## legislation process

16 April 2019

The long-anticipated simplified APA (Advance Pricing Agreement) has finally been set into legislative process and is intended to enter into force as early as **1<sup>st</sup> July 2019**



Simplified APA **will allow for tax deductibility** of expenses incurred on trademark licenses and know-how, as well as a certain group of services normally **limited to 5% EBITDA** (Art. 15e of the CIT Act)



Obtaining a simplified APA is expected to be **much faster** than a standard APA (3 months compared to as many as 2 years) and **cheaper** (PLN 20,000 compared to as much as PLN 200,000)



An application for a simplified APA will also require **much less effort** on the part of the taxpayer as the scope of the necessary documents and information will be reduced

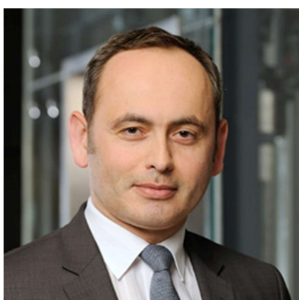


Obtaining a simplified APA will make it possible to **avoid the obligation to prepare a local file** (in Transfer Pricing) for the duration of the APA (3 years with an option for an extension)



If the mark-up on costs of services does not exceed 5%, the taxpayer will also not be obliged to procure a benchmarking study

What is important, if the simplified APA application is submitted by the end of 2019, this will allow the taxpayer to avoid the 5% EBITDA limit **also in relation to 2018**. We will follow the legislative process and keep you informed of all significant changes to the simplified APA.



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