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Mandatory disclosure rules (MDRs) for tax schemes

Obligation to disclose information on your business and transactions

General information:

- The Tax Ordinance is imprecise when it comes to MDR obligations;
- The Ministry of Finance states a transaction does not need to be aimed at tax optimisation to be subject to mandatory reporting as a tax scheme;
- **MDR regulations may thus apply to numerous transactions, including "standard" transactions and those involving unrelated parties, not necessarily aimed at obtaining a tax benefit** (e.g. commercial transactions, leasing, B2B and management contracts, etc.).

Entities obliged to report tax schemes are required to submit a report to the Head of the National Administration. The time limit for reporting is relatively short, usually **30 days**.

Failure to comply with MDRs is subject to severe sanctions:

- Persons responsible for economic (in particular financial) matters, i.e. usually management board members or chief accountants, may be held liable for failure to comply with MDR obligations;
- Failure to comply with such obligations may be considered a tax offense subject to a fine of up to PLN 21.6 million and prohibition of a particular business activity;
- Companies failing to implement a special MDR procedure may be subject to an additional fine of up to PLN 10 million.

Recommended actions for meeting MDR obligations:

- **We offer protection from these sanctions for your company, management board and those responsible for financial matters through due diligence assessment of MDR regulations and the drawing up of an individual tax opinion**;
- The opinion will analyse and summarise your business activity and transactions with respect to MDR obligations;
- Please also be advised that we find the regulations not applicable to many typical transactions made by taxpayers.

Contact details

Szymon Balcerzak
Head of Transaction Advisory and Analysis
s.balcerzak@kochanski.pl | +48 602 672 947

www.kochanski.pl