

## Covid-19: Real Estate Tax and Fees

What you need to remember with regard to your real estate fees during the pandemic:

### 1. Real Estate Tax

Entrepreneurs singled out by municipal councils as having been particularly affected by Covid-19 may benefit from real estate tax exemptions or be afforded longer deadlines for payment of real estate tax. Whether or not such support is granted, to whom, and to what extent will be independently decided by municipalities, in the form of a resolution.

#### ▪ Tax Exemptions

Municipal councils are authorised to grant real estate tax exemptions for a part of 2020. Such exemptions may concern tax on land, buildings, and structures used for business purposes. For example, Wrocław City Council has granted this type of relief to entities that as of 1 March 2020 were engaged in trade, service, or production and have suffered negative consequences due to Covid-19.

#### ▪ Extended Deadlines for Real Estate Tax Payments

Municipal councils have also been authorised to extend deadlines for real estate tax payments due in April, May, and June 2020 until 30 September 2020, at the latest. For example, in Warsaw, such an extension is available to all entities that have suffered negative consequences due to Covid-19, provided that the type of business they are engaged in is listed in the Polish Classification of Business Activity (PKD). In Gdańsk, the City Council offered this type of support only to selected professional groups, including restaurants and certain type of shopping centres with sales areas exceeding 2,000 m<sup>2</sup>.

**REMEMBER:** Real estate tax exemptions or extended deadlines for payment of it are awarded under the sole discretion of each municipal council.

**REMEMBER:** Real estate tax exemptions may only apply for part of 2020.

**REMEMBER:** The long stop date for the extension of real estate tax payments is 30 September 2020.

## 2. Annual Perpetual Usufruct Fees and Conversion Fees for 2020

The new deadline for payments of annual perpetual usufruct fees for this year and conversion fees alike is **30 June 2020**. This deadline may be further extended by regulation

of the Development Minister, but payments will still have to be made by the end of this year. Entities who have already requested and been granted an individual, shorter deadline may still apply for an individual extension (or, in the case of conversion fees, request for the payment to be split into instalments). However, such payments will still have to be made by the end of the year. The deadline for payment of the conversion fee for 2019 has not changed and expired 29 February 2020.

**REMEMBER:** The new deadline for payment of 2020 perpetual usufruct fee is 30 June 2020.

## 3. Payments related to Tenancy, Lease, or Use of Real Estate

### A. Payments to Local Government Units

For the duration of the state of epidemic threat or actual epidemic, local governments may support entities that suffered negative consequences due to Covid-19 in terms of payments related to tenancy, leases, or use of real estate, by:

- refraining from enforcement of such payments;
- specifying the rules for waiving such payments, extending deadlines, or agreeing to payment by instalments (based on the Public Finance Act).

Until an appropriate resolution has been adopted, relief may be granted on a case-by-case basis by mayors or district and provincial authorities.

Please note that refraining from enforcement of payments should be understood as a temporary suspension of actions aimed at enforcing payments, which is not quite the same thing as waiving or deferring payments. The relevant legislation does not specify how long such action

**REMEMBER:** Relief in payments related to tenancy, leases, or use of real estate are granted independently by a resolution of a relevant local government unit.

may be suspended, which requires diligent review of the applicable resolution. For example, Gliwice City Council resolved that suspension of enforcement should apply only until 31 December 2020 and with respect to debts that have become due and payable after 14 March 2020. Neither the relevant legislation regulates the matter of calculating interest for the period during which local authorities refrained from enforcing such payments.

## B. Payments to State Treasury

The following decisions concerning payments relating to tenancy, leases, or the use of real estate due for the period of epidemic threat or actual epidemic will not require the regional governor's approval:

**REMEMBER:** Granting payment reliefs by the State Treasury has been simplified as it does not require the governor's approval.

- granting existing forms of relief (e.g. waiving or deferring payments or splitting them into instalments); and
- refraining from debt enforcement (at the request of an entity that suffered negative consequences due to Covid-19).

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