

Characteristic of Entities Subject to Corporate Tax and Structural Analysis of State Tax Revenues

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Abstract— Today taxes play a very important role, provide financial resources to the state budget and ensure its proper functioning. Taxes are the most important source of state income. In order for the state to develop and fulfill basic obligations towards citizens, it must have financial means at its disposal. The tax system, as a collection of taxes in a given country, must be created in a clear and transparent way so as to facilitate taxpayers' actions. The tax must be set at an appropriate level so that it does not adversely affect taxpayers, and must also provide adequate resources to the state budget. Corporate income tax, on the one hand, is a burden and a barrier to the development of legal persons who run a business, but is also a source of state budget revenue.

Corporate income tax was introduced in Poland along with the establishment of a free market economy. This is an income tax that does not take into account the minimum tax-free amount and does not differentiate tax entities. Corporate income tax in Poland has undergone a number of important transformations, especially after the accession of Poland to the European Union. Tax rates have been systematically reduced since the early 1990s. Corporate income tax should be particularly convenient for entrepreneurs, and should not act destructively because the number of entrepreneurs in the state determines the level of economic and industrial development. This is even more important since, after Poland's accession to the European Union, the transfer of a business to another EU member state no longer constitutes a problem. Attractive income tax also attracts foreign investors for whom the aspect related to easy accounting is vital. The aim of the publication is to discuss the issues related to the Polish corporate income tax i.e. tax management in an enterprise, the application of discounts and exemptions and also issues related to state income from corporate income tax and the income lost due to relief and dismissals. The paper also touches upon issues related to the construction of Polish corporate income tax, subject, object and the basis of this tax. It also covers the scale and rates of taxation, exemptions and reductions from corporate tax and a summary of the efficiency and favorability of entrepreneurs for the provisions of this tax. The work is based on a critical analysis of literature on the subject.

Index Terms— business activity, corporate tax, state taxes, international business.

I. INTRODUCTION

The paper aims to present the income tax system for legal entities in Poland. It will attempt to highlight statutory, doctrinal and practical aspects of this tax. Moreover, statistical data from the years 2015-2017 will be analyzed comparing the inflows and shares of individual taxes in the state budget revenues. The first chapter presents the doctrinal and theoretical concept of the tax as well as the essence and significance of the described product. The second chapter describes the subject and subjective scope of the corporate income tax. The third chapter presents information on the tax base for corporate tax and applicable tax rate. In the fourth chapter applicable exemptions and reliefs from income tax from legal persons will be presented. Chapter five characterizes the statutory obligations of taxpayers and payers of income tax from legal persons. The final chapter will attempt to make a statistical analysis of income tax from legal persons. The paper is aimed at demonstrating the relationship between income tax revenues and the number of entities subject to taxation.

II. CORPORATE INCOME TAX, ESSENCE AND SIGNIFICANCE

Tax is undoubtedly an economic category, other sciences only help to understand the issues related to it. Juridical sciences help to organize the tax system by means of applicable law. A doctrinal definition shaped the tax as "a monetary benefit to a public law entity (Wójtowicz 2009), i.e. a state or self-government, unilaterally by a general, fundamental, non-returnable, unpaid and compulsory entity." Article 6 of the Tax Ordinance defines tax "as public lawless, compulsory and non-returnable cash benefit to the State Treasury, voivodeship, powiat or commune which results from the tax act (Act of 29 August 1997 on Tax ordinance)". The doctrinal and statutory definitions are similar in content and have overlapping features.

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Corporate income tax in Poland is regulated in the Act of 15 February 1992 on Corporate Income Tax (Journal of Laws of 2000, 544,645, as amended) and the Regulation of the Minister of Finance of 16 May 2005 on the determination of countries and territories applying harmful tax competition, for the purposes of corporate income tax (Journal of Laws 94.791).

The corporate income tax differs significantly from the personal income tax. The corporate income tax does not take into account the personal situation of the taxpayer. The tax-free minimum as a subsistence minimum is not taken into account. Taxes are not differentiated depending on the amount of revenues generated by the company. The scale of income tax from legal persons is proportional. This tax is material in nature, the basis for taxation is the balance sheet profit determined on the basis of bookkeeping conducted by the enterprise. Taxation of corporate tax on a balance sheet profit results in the taxed profit being taxed once, then it is taxed with personal income tax as personal income of individual shareholders who receive dividends.

An important issue is also the phenomenon of double taxation which occurs when businesses operate in several countries at the same time. Corporate income tax is of obligatory, direct, material and income nature. It is a state tax but its revenues also power budgets of local governments. It is usually calculated by the taxpayer (Wójtowicz at al., 2009). The principle of equality with respect to corporate income tax means that all taxpayers are treated in the same way, regardless of the source of income obtained and the type of activity that their enterprises conduct. The principle of universality in the corporate income tax applies to the subject and object of the tax. The principle of subject universality means that this tax applies to all entities covered by it, i.e. to legal persons and organizational units that are subject to this tax, without any reliefs and exemptions from this tax. The principle of subject universality is currently not fully respected in the territory of the Republic of Poland. The principle of universality means that taxes should be paid regardless of the nature of activities carried out by the enterprise. The principle of universality of the subject is also not fully respected in Poland. The catalogue of discounts and redundancies is changing frequently due to political climates and concepts adopted by the Polish legislator (Wójtowicz at al., 2009).

III. PERSONAL AND MATERIAL SCOPE OF THE TAX

Income tax entities are all legal persons, regardless of their organizational form as well as capital companies in the organization and cooperatives. Income tax entities are also organizational units without legal personality, however, this does not apply to companies without legal personality in which taxpayers are natural persons forming a company. Unincorporated businesses include: a civil partnership, general partnership, limited partnership, partner company and limited joint-stock (Bryńska & Dmoch, 2001).

A legal person is a state treasury and organizational unit to whom special provisions grant legal personality. Possession of a legal personality may result directly from the Act or the fact

that a given entity is entered in the relevant register (Act of 23 April 1964 on the Civil Code Act). A legal person, who is not established under the Act, acquires legal personality at the moment of entry into the relevant register (Bryńska & Dmoch, 2001).

As of 1996 the so-called tax capital groups are also corporate income taxpayers. A tax holding company is a group of at least two commercial law companies that have legal personality and are lined by capital relationship with each other. In order to be subject to corporate income tax companies must meet the following conditions (Act of 15 February 1992 on the Corporate Income Tax Act):

- have an office registered in the territory of Poland, have appropriate share capital, at least PLN 1,000,000 for each of the company,
- one of the companies i.e. the parent company, must have a direct equity share higher than or equal to 95% in subsidiaries, this also applies to capital that was not intended for preferential distribution as part of the privatization process,
- the capital group must have no overdue liabilities to the state budget, and if such arrears exist, it has to settle them within fourteen days,
- none of the subsidiaries holds shares in the capital of other subsidiaries that are part of a given tax group,
- the capital group is required to sign an agreement on the establishment of a capital group in the form of a notarial deed, the contract must be concluded for a period of at least three years, such an agreement must also be registered by the head of the tax office,
- after the creation of the group, the company must fulfill all the conditions that are required for its existence,
- the level of profitability in each subsequent financial year must be higher or equal to 3%,
- it is not allowed to benefit from concessions or exemptions on the basis of separate acts,
- it cannot have any relationship with other entities which are not part of a tax capital group that would lead to disclosure of a lower taxable income.

It should also be noted that the companies included in the tax capital group are jointly and separately accountable for the company's liabilities. The document stating the formation of a tax capital group must contain at least (Act of 15 February 1992 on the Corporate Income Tax Act, Art 1a):

- list of companies forming the tax capital group and the amount of their capital shares,
- information about shareholders and their shares in the capital of the parent company and in subsidiaries forming the tax capital group, holding at least 5% of shares in these companies,
- information about the duration of the contract,
- identification of the company representing the tax capital group in the scope of obligations resulting from the Act and from the provisions of the Tax Code,
- information about the adopted tax year.

The tax obligation arises only when the business earns income. The following kinds of activities are not subject to

corporate income tax (Wójtowicz at al., 2009, p.301):

- activities that cannot be subject to a legally effective contract,
- agricultural or forestry activities, since an agricultural or forest tax is charged on such activity,
- treated tonnage tax.

The creation of a tax capital group is aimed at establishing a tax privilege allowing to combine losses and incomes of companies constituting the group. A company which suffers a loss is not accounted for the period of five years. If during the next five years the company will not receive enough income to deduct the loss incurred, then it has the option to settle the losses during the year. In consequence, the group to which the company generating losses belongs, pays lower tax.

However, benefiting from the privileges granted to the tax group is subject to numerous and very restrictive conditions. The structure of the tax capital group is intended to serve the accumulation of revenues and tax losses of the companies included in the group which in turn leads to reduction in the amount of income tax. The companies belonging to the capital group, which generate income from shares from companies within the group, are exempt from tax on these profits. After registering the contract with the tax office and receiving the taxpayer status, the tax capital group cannot be extended to other companies. However, the Act does not prohibit the withdrawal of a company from the group. Any changes in the share capital and to the contract should be reported to the appropriate tax office. If there are changes in the actual or legal state that violate the essential conditions for the establishment and operation of a tax capital group, the entity shall lose such status. It means that a tax capital group can freely change the contract as long as this amendment does not violate the conditions of the group's existence. Information on the creation or liquidation of a tax capital group is announced in the Court and Commercial Gazette. The group loses its status if the introduced changes violate the terms of recognizing the income tax as a taxpayer. The payer in the tax capital group is the unit representing the group. It is the responsibility of this unit to calculate, collect and pay tax and income tax advances to the tax office (Bryńska & Dmoch, 2001).

Income tax on legal persons, on the other hand, includes income from special departments of agricultural production, mainly cultivation and animal husbandry, defined in the Act. In case of corporate income tax, an unlimited and limited tax obligation is distinguished. Unlimited tax liability covers entities whose registered office or management is located in the territory of the Republic of Poland. This means that the tax obligation covers all of their income, irrespective of where they are generated. Taxpayers whose registered office or management are outside the borders of the Republic of Poland are subject to limited tax liability. In this case, only the income obtained in Poland is subject to corporate tax.

It is worth noting that the territory of the Republic of Poland is also considered to be an economic zone, located outside the territorial sea, in which the Republic of Poland exercises rights to exploit and examine the seabed and natural resources. The subjective scope of the tax is the entities that are subject to the

tax obligation regarding the income tax from legal persons. The subjective scope is limited by subjective exemptions. The National Bank of Poland, special purpose funds as well as international enterprises and other business entities that were established on the basis of international agreements and contracts, have been released from the tax. Exempt from tax are also the State Treasury, local government units and budgetary units, investment funds, pension funds and the Social Insurance Institution. Certain subjective exemptions are justified taking into account the functions of exempt entities (Act of 15 February 1992 on the Corporate Income Tax Act, Art. 6). The basis for taxation of income tax on legal persons is income, regardless of its source. However, in some cases stipulated by the Act, the basis for calculating the tax is the taxpayer's income from a specific activity. Such a situation occurs when the subject of taxation constitutes income from (Wójtowicz at al., 2009, p.305):

- copyrights or related rights, inventions, trademark rights and decorative patterns that belong to entities subject to limited tax liability,
- provision of accounting, advisory and legal services,
- income derived from dividends and shares in profits of legal persons having their registered office in the territory of the Republic of Poland.

The income is the surplus of all revenue over the costs of obtaining it. However, when a company generates a loss in a given tax year, it may take it into account during the next five financial years. In determination of the amount of income, no account is taken of income tax separately and income not subject to income tax. Corporate income tax is calculated for the full tax year of a given company. The tax year is a calendar year or twelve consecutive months. When the company sets a tax year, other than a calendar year, it is obliged to report this fact to the competent Tax Office. The amount of income tax is determined on the basis of the bookkeeping conducted by the company. It allows to determine the real costs of obtaining income. The estimated method of determining costs applies exceptionally when it is not possible to determine the actual costs. Income taxable includes shares in profits in the form of dividends and income intended for increasing share capital (capital stock), income from the redemption of shares, shares and the value of assets related to the liquidation of the company (Wójtowicz at al., 2009, pp.305-306). The Corporate Income Tax Act sets out in detail the ways and rules for determination of revenues from various individual sources (Act of 15 February 1992 on the Corporate Income Tax, Art 11&12). Revenue, in the meaning of the Act, includes among others (Act of 15 February 1992 on the Corporate Income Tax, Art 11&12):

- received money,
- cash values received,
- foreign exchange differences,
- value of free benefits received,
- income in kind,
- amounts due related to special departments of agricultural production.

In case of revenues received from abroad, the difference between the date of receipt of receivables and the day of its real

impact on the company's account is calculated. In addition the role of the bank which provides services is significant, since it calculates currency in accordance with the established rate. Charges for performing future obligations in the income as well as received credit and loans are not included. The value of free benefits to the company is determined at its fair value and it constitutes revenue. The value of benefits to a company in kind is determined on the basis of average market prices for the same type of service. However, the value of free-of-charge properties is determined according to the average prices for the lease of such type of property. Free access to real estate for use by a company that is not a source of income may occur when the property is used for educational purposes, health care, charitable or cultural activities. When the company sells the property, the revenue for tax purposes is the amount for which the property was sold as specified in the sales contract. However, when the price differs significantly from the market value, an expert may be appointed by the Tax Office. When the sales price of the property deviates from the market price (as determined by the expert) by 33% or more, then the costs of the valuation are charged to the company which disposed of the property (Wójtowicz at al., 2009, p.305).

In order to be able to determine the income to be taxed, the tax deductibles must be deducted from the revenues. Costs of earning revenue include those costs incurred to obtain revenue and costs that were used to secure and maintain revenue sources. The most important method of cost determination is the real cost method, resulting from the process of bookkeeping. In exceptional situations, it is necessary to estimate the costs. The costs borne by the company are divided into deductible and non-deductible. The deductible costs can be considered as tax deductible expenses for tax purposes while the non-deductible cannot (Krawczyk, 2002, p.269).

The deductible expenses are, in turn, divided into necessary expenses and beneficial expenses. Expenses that are necessary are expenses that must be incurred to earn income, they include (Wójtowicz at al., 2009, p. 305):

- material costs which include the costs of materials, products, raw materials, production costs, transport etc.,
- personnel costs related to human work, contributions to employees and other compulsory employee benefits,
- financial costs which include costs not related to personnel or material costs and which are also necessary e.g. depreciation costs, revaluation write-offs, costs transferred to create obligatory funds.

Beneficial costs are costs that can contribute to an increase in the company's revenues and improve its functioning. They include expenses incurred for promotion and research conducted by the company as well as expenses for the implementation of new technologies. The necessary and beneficial costs are the costs deducted from income, they affect the size of income and consequently the amount of the tax paid by the business.

IV. TAX BASE AND TAX RATES

In order to calculate the amount of tax, it is necessary to

determine the tax base which is the difference between the revenues obtained by the company and the costs which are subject to deduction. The basis for corporate tax is the total income obtained by the taxpayer from the sources of income covered by this tax during the tax year. The tax base constitutes income if (Wójtowicz at al., 2009, p.308):

- a) revenues are obtained by non-residents in the territory of the Republic of Poland on inventive rights, copyright and related rights,
- b) revenues are obtained from dividends and from participation in profits of a legal entity with its registered office in the Republic of Poland.

The tax base can be reduced by amounts corresponding to tax breaks i.e. "the dismissals stipulated in the provisions of the fiscal law, deductions or reductions whose application triggers reduction of the tax base or amounts of the tax." (Act of 29 August 1997 on Tax ordinance, Art 3). Article 18 of the Corporate Income Tax Act stipulates that the tax base is income after deduction of:

- donations up to a maximum of 10% of income,
- in banks 20% of the amount of credits (loans) cancelled in connection with the implementation of the restructuring program,
- donations for the purposes of religious worship, charity and care, national defense, public safety, environmental protection, objectives related to housing construction in local government for the construction of watchtowers of fire protection units,
- amounts equal to the fund of remuneration due to persons deprived of liberty, employed by a taxpayer other than a prison work establishment.

The deduction is not subject to donations to (Krawczyk, 2002, pp.739-740):

- natural persons,
- legal persons and organizational units without legal personality running a business activity connected with the production of electronic, fuel, tobacco, spirits, wine, brewing and other alcoholic products with an alcohol content of more than 1.5% as well as precious metal products either with the participation of these metals or trade in these products,
- if the subject of the donation is goods or services taxed with the tax on goods and services.

The concept of the amount of donation is understood as the value of the goods including the tax due on goods and services. However, in order to be able to deduct a donation for the benefit of a corporate income tax, it must be documented by a proof of payment to the recipient's bank account. If the subject of the donation is something other than money, it must be documented with a certificate that shows the value of the donation and the fact that the donation was accepted by the donee (Act of 15 February 1992 on the Corporate Income Tax, Art.18).

If taxpayers also earn income (revenue) outside the territory of the Republic of Poland and this income is taxable in foreign countries, the income (revenue) is combined with income (revenue) achieved on the territory of the Republic of Poland. In this case, a tax equal to the tax paid in a foreign country is

deducted from the tax calculated on the total amount of income. However, the amount of the deduction may not exceed that part of the tax calculated before deduction which is proportionately due to the income received in a foreign country. In case if (Act of 15 February 1992 on the Corporate Income Tax, Art.20):

- a company with legal personality, having its registered office or management in the territory of the Republic of Poland, obtains income from dividends and other income due to participation in profits of a legal person,
- income is earned from participation in the profits of a company subject to income tax on the entirety of its income regardless of their place of attainment, on the territory of a country with which the Republic of Poland has a binding double taxation agreement and is not a member state of the European Union or another country belonging to the European Economic Area or the Swiss Confederation,
- a company that owns no less than 75% of shares in the company's capital.

The tax scale in corporate income tax is proportional. The rates are expressed as a percentage depending on whether the income or revenue of the taxpayer is the basis for calculating the tax. Non-resident legal entities, that obtain income from copyrights and related patents, licenses and other rights specified in the Act, pay tax on revenues obtained in Poland. The same income tax rate applies to non-residents providing services in the field of consultancy, accounting, legal and advertising services in the Republic of Poland. Non-residents providing services in the field of air and sea navigation pay 10% tax on their revenues.

The basic rate of income tax from legal persons is 19%, with few exceptions indicated in the Act. If the tax authorities or fiscal control authorities determine the income of the taxpayer in a higher amount (loss in the lower amount) than declared by the taxpayer in connection with the transaction and the taxpayer does not submit to these bodies the tax documentation required by these provisions - the difference between the income declared by the taxpayer and specified by these bodies is taxed at 50%. (Act of 15 February 1992 on the Corporate Income Tax, Art. 19, par. 1, point 4)

V. EXEMPTIONS FROM CORPORATE INCOME TAX

Exemptions significantly limit the principle of tax universality. They are very important for determination of the object of taxation. Exemptions are constantly changing with respect to both their content and the scope of entities which significantly hinders the functioning of enterprises and tax collecting authorities. The instability of provisions can discourage foreign investors too.

Exemptions can be divided into two basic groups. Exemptions of a stimulus nature and economic exemptions. The first group of exemptions is to encourage specific entities to a certain type of behavior. These are actions aimed at creating a positive social or economic climate. Exemptions of an economic nature are exemptions aimed at economic development. Exemptions from corporate income tax, of a social nature, are exemptions covering the area of higher public

utilities.

The income from the above-mentioned activities is exempt from income tax if this income is spent on development and fixed assets purchased for a given unit. Subject legal exemptions also apply to legal persons and other organizational units that are exempt under agreements and international contracts. The income tax on legal persons, as a part of the subject exclusion, is also not subject to (Act of 15 February 1992 on the Corporate Income Tax, Art 2):

- “revenues from agricultural activity, excluding income from special departments of agricultural production,
- revenues from forest management as defined in the Forest Act,
- revenues resulting from activities that are not the subject of a legally effective contract,
- revenues of the ship-owner (income) taxed under the terms of the Act of 24 August 2006 on tonnage tax.”

Agricultural activity is an activity related to production of plant or animal products in the unprocessed state from own crops or breeding including the production of seed, breeding and reproduction material, vegetable production, greenhouse and under foil. Production of ornamental plants, cultivated and horticultural mushrooms, breeding and production of breeding material of animals, birds and insects, animal production of the industrial-farm type and fish breeding (Krawczyk, 2002).

VI. OBLIGATIONS OF TAXPAYERS AND PAYERS

Income tax on legal persons is usually calculated by taxpayers themselves. However, there are situations in which the obligation to calculate and collect tax reposes on the payer. Such situation takes place when income is taxed with respect to income obtained in Poland by legal persons with limited tax liability due to copyrights and related rights, inventions, trademark rights and decorative designs, making available the secret of the recipe and other titles indicated in the Act. Here, the payer is the entrepreneur who made withdrawals on the basis of the aforementioned matters. The tax is charged on the share of profits of another legal person whose registered office is in the territory of the Republic of Poland. The payer, in this situation, is a company that pays out profits to other entities (Kosikowski and Ruśkowski, 2008). The payer is obliged to transfer the tax which he collected from the taxpayer to the account of the competent Tax Office by the seventh day of the month following the month for which the tax was collected. Legal persons and organizational units who do not have legal personality and are entrepreneurs, natural persons who make withdrawals, are obliged as payers to collect, on the day of payment, a flat-rate income tax on these payments. However, the application of the tax rate resulting from a relevant double taxation agreement or a failure to collect a tax pursuant to such a contract, is also possible provided that the taxpayer's place of residence and certificate for tax purposes are obtained from him (Act of 15 February 1992 on the Corporate Income Tax, Art.26 par.1). In other cases, the duty to calculate and discharge the tax reposes on the taxpayer. This entails a number of responsibilities (Krawczyk, 2002, p.871) i.e. submitting

appropriate declarations in accordance with the terms specified in the Act in appropriate time related to advance payments. The so-called small taxpayers are exempt from submitting declarations. They can pay advance payments in a simplified way. Taxpayers are required to pay a monthly advance tax payment up to the 20th day of each month for the previous month. Such taxpayers are obliged to pay monthly advances to the account of the tax office in the amount of the difference between the tax due on the income earned from the beginning of the tax year and the sum of advances due for the previous months. The monthly advances for the period from the first to the penultimate month of the tax year shall be paid by the taxpayer by the 20th day of each month for the previous month. The advance payment for the last month is paid in the amount of the advance for the previous month to the 20th day of the last month of the tax year; the final tax settlement for the tax year takes place on the date set for the submission of the income statement reached or incurred loss for this year. Taxpayers who start their business and small taxpayers, in the first tax year, may pay quarterly advances in the amount of the difference between the tax due on income earned from the beginning of the tax year and the sum of advances due for previous quarters. The quarter means the quarter of the calendar year (Act of 15 February 1992 on the Corporate Income Tax, Art. 26).

It should be added that legal entities operating in the field of international shipping services, provided with vessels with a capacity exceeding 100 GT, may pay a tonnage tax on their revenues. The tax subject to this tax is the income which ship owners make from (Wójtowicz at al., 2009, p.313):

- transport of passengers and cargo,
- sea towing,
- sea rescue,
- deepening the sea bottom and extracting materials from it.

When an entrepreneur chooses the tonnage form of taxation of revenues, the decision is binding for 5 subsequent years.

Taxation of entrepreneurs with corporate income tax in Poland is quite convenient and fair. The tax scale is proportional and it does not favour entrepreneurs with low income or those whose income is relatively high. A simple and convenient procedure to settle accounts with the Tax Office is also a big plus of the system of Polish income tax from legal persons. It means that tax accounting does not significantly impede business operations and the company can focus on its priorities.

The tax system related to corporate income tax has been changed many times over the past few years. Constant amendments to the Corporate Income Tax Act are a manifestation of legal instability and do not contribute to the perception of the state apparatus in a positive way. All these amendments, undoubtedly, hamper business operations. In 1997 the corporate income tax rate was 38%. Since then this rate was systematically decreasing which was a very desirable phenomenon as far as the stimulation of economic development was concerned. The current Polish tax system seems to be relatively convenient both for Polish and foreign entrepreneurs.

VII. REVENUE FROM CORPORATE INCOME TAX IN 2015-2016

Revenue from corporate income tax is one of the main sources of income for the state. Corporate income tax constitutes about 10% of all tax revenues. Most of the state budget is influenced by VAT, excise duty and personal income tax. Nevertheless, it should be emphasized that income taxes are a very important element of the state's income and they constitute a significant financial contribution. The table below presents revenues to the state budget in 2015. It is clearly visible that corporate income tax is a very important element of budget revenues. In 2015, it was 10.74% of all tax revenues. Additionally, it should be emphasized that income is shown in full size without deducting shares for local government units.

TABLE1.
BUDGETARY REVENUES IN 2015 AND 2016.

No	Specification	Budget takings *)	Inclusive of amounts of budget arrears downloaded by way of execution
2015			
1	Corporate tax	32 894 156	127 609
2	Personal income tax	83 140 145	693 281
3	Value added tax	123 120 798	2 079 786
4	Excise tax	62 808 633	47 514
5	Tax on games	1 337 125	374
6	Abolished taxes	60	0
7	Customs	2 929 145	2 476
8	Total	306 230 062	2 951 041
2016			
1	Corporate tax	33 825 201	134 988
2	Personal income tax	89 340 154	692 472
3	Value added tax	126 584 120	2 256 459
4	Tax from some financial institutions	3 506 810	0
5	Excise tax	65 749 274	44 509
6	Tax on games	1 406 925	758
7	Abolished tax	3	1
8	Customs	3 177 775	2 905
9	Total	323 590 263	3 132 092

Source: (Finanse.mf.gov.pl, 2018)

The number of corporate income tax payers in 2015 amounted to 456,190. In addition, 61 entities were accounted as tax capital groups. The income from their settlements amounted to 16,373,459 PLN and tax due 3,102,144 PLN. The number of taxpayers who reported income in 2015 was 315,268. The average income of these entities was around 800,000 PLN. On the other hand, 190,166 taxpayers showed free income or exempt from tax. Free/exempt income tax amounted to 73,908,046 PLN. The average of free/exempt income tax was at 389,000 PLN. In 2016 revenues from corporate income tax were at a similar level and accounted for 10.45% of all tax revenues. Nominal revenue from corporate income tax rose by 2.83%.

TABLE 2.
COMPARATIVE DATA ON CORPORATE INCOME TAX FOR THE YEARS 2012-2016

Specification	2012		2013		2014		2015		2016	
	amount	amount	2013 /2012	amount	2014 /2013	amount	2015 /2014	amount	2016 /2015	
Income*)	5 924 849 540	5 199 931 256	87,8%	4 978 373 558	95,7%	4 988 324 431	100,2%	5 068 962 329	101,6%	
Cost of Obtaining the income	5 756 247 296	5 019 271 285	87,2%	4 762 799 624	94,9%	4 796 390 945	100,7%	4 884 562 216	101,8%	
Income	217 642 903	227 131 814	104,4 %	241 258 650	106,2%	252 189 297	104,5%	262 841 986	104,2%	
Tax due	28 417 389	27 969 249	98,4%	30 359 015	108,5%	31 113 309	102,5%	33 845 088	108,8%	

Source: (Finanse.mf.gov.pl, 2018).

*) Income does not include the revenues of all companies forming a tax capital group

It should be noted that in 2012 the tax due was on average only 0.47% of revenues achieved by companies. By contrast, in 2016 this tax accounted for 0.66% of revenues.

TABLE 3.
NUMBER OF ENTITIES SUBJECT TO CORPORATE TAX
IN THE YEARS 2012-2016.

2012		2013		2014		2015		2016	
number	number	number	2013/2012	number	number	number	2015/2014	number	number
378 964	400 944	434 398	105,80%	456 190	105,02%	483 176	105,92%		

Source: <https://www.finanse.mf.gov.pl/cit/statystyki> [access:20 June 2018]

The above tables present statistical data showing revenues from corporate income tax as well as the number of entities chargeable to this tax. It should be noted that the number of entities chargeable to this tax is growing steadily from 378,964 in 2012 to 483,176 in 2016. Comparing these two tables, it should be indicated that the increase in the number of entities does not lead directly to a relative increase in revenues from the discussed tax. It depends on the income earned, the costs of obtaining them as well as exemptions and reliefs that these entities use.

VIII. CONCLUSION

The aim of the paper was to show the role of corporate income tax in the state budget revenues as well as its impact on companies and the way they deal with income tax settlement. Each entrepreneur strives to minimize the costs and boost the profitability of the business. Corporate income tax to be paid by an entrepreneur is a relatively heavy burden. The binding rate in a significant way diminishes a company's income that is why companies try to reduce this financial burden in every possible legal way. In order for the company to pay a smaller amount of tax it must meet certain criteria set out in the Act. There are many ways to reduce the tax burden. Enterprises can benefit from investment incentives, donations and other profits. The subjective and objective exemptions from corporate income tax also constitute a reduction of tax burdens. Exemptions apply to

entities whose activities are listed in the Act. Subjective exemptions include those entities that are listed in the Act. The entrepreneur also has the option of deducting tax from losses from previous years. It is fully justified in order for the entrepreneur to secure future existence of his/her business.

The creation of tax capital groups, in certain situations, allows to reduce the perceived burden of tax by individual companies. However, the creation of a tax capital group is restricted by very rigid conditions. As shown in the analysis, income tax is one of the most important items in the structure of tax revenues of the state budget. After indirect taxes it is the most profitable type of tax. Its profitability is justified by the fact that income tax is paid by every entity earning income. Problems in the functioning of enterprises caused by financial crisis or other difficulties immediately affect the size of revenue from income tax. The analysis also showed an increase in the number of entities subject to corporate income tax. Over the analyzed years there was an increase in the number of tax capital groups and in the nominal amount of income tax that entered the budget. It should also be noted that the increase in the number of tax entities is not equivalent to a directly proportional increase in tax revenues of the state because the income tax depends on many factors and sometimes the enterprise with a higher income pays a smaller tax than the one that receives less revenue but does not benefit from concessions, exemptions or tax deductions.

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