

Economic Bulletin

PM: tax abolition draft for Poles working abroad ready

Poles working abroad will be absolved from paying tax in Poland on the income obtained abroad, Prime Minister Donald Tusk declared on Thursday. Together with Finance Minister Jacek Vincent Rostowski the prime minister presented results of work on the so called tax amnesty.

The PM said his government had concluded work on a tax amnesty bill and expressed the hope that it would be quickly passed by parliament.

„The law will restore the basic sense of justice making equal rights of taxpayers working in different countries. I hope it will be adopted soon,” the PM said. „Those who between 2002 and 2007 worked abroad (i.e. in England) and paid local taxes will now be able to return to country without paying the tax in Poland for their work in England,” he added.

The PM told reporters that it took quite a long time for the Finance Ministry to prepare the draft as it had to be constitutional.

PM Tusk said he had set up an intergovernmental team for migration to make it easier for Poles working abroad to return to Poland.

Finance Minister Jacek Rostowski said tax amnesty would cover taxes paid from 2002.

Related budget costs are not very big as they stand at around 200 million zlotys, Rostowski said.

He recalled that in past Poland had reached two type of agreements on avoiding double taxation using the proportional deduction method and the exclusion with progression method. „The prepared draft law aimed to eliminate difference between the two methods,” he said.

By the end of 2006 tax agreements with Great Britain and Ireland were unfavourable for Poles working in said countries who had to pay taxes also in Poland. As of 2007 the agreement is

■ The estate budget reported a surplus of 2.3-3 bn zloty owing to higher income on CIT.

■ The finance ministry predicts that year-on-year inflation in March 2008 may be at 4.1 pct and month-on-month at 0.3 pct

■ The finance ministry hopes for inflation to go down at the end of the year, Finance Minister Jacek Rostowski has said. In his opinion inflation “stabilizes” though, as he stressed, is high level is alarming.

■ In mid-2007 Poles run 2,579,000 farms of which 1,808,000 of the area exceeding 1 hectare, indicate data of the Central Statistical Office (GUS). Statistical data show that the number of big farms is on the rise while the number of small ones declines.

■ The labour ministry estimates that unemployment in March will fall to 11.4 pct from 11.5 pct in February.

■ Firms foreign debt in 4th quarter of 2007 rose to 69 bn 571 mn euro from 66 bn 647 mn euro in 3rd quarter of 2007, the National Bank of Poland (NBP) said. Poland’s total debt rose at the end of the 4th quarter of 2007 to 156 bn 309 mn euro from 145 bn 293 mn euro at the end of the 3rd quarter.

more favourable as Poles working in said countries do not have to pay taxes in Poland.

The question of Poles who had earlier failed to pay taxes in Poland has also been solved. Under the government solution the above mentioned will not have to pay overdue taxes and those who paid it will receive their money back. The solution would cover the period of 2002 to 2007 as previous commitments fell under the statute of limitations.

Boni: jobs for 700-800 thousand 50+ by 2013

The government hopes that the programme entitled the „Solidarity with 50+ Generation” will create jobs for 700-800 thousand people who turned 50 by 2013, head of the PM’s aides Michał Boni has told a meeting on businessmen. Boni came to the meeting to present principles that outline the direction of the government work, namely the primacy of employment over social transfers, the solidarity of generation and competition encouraging. Boni spoke about the “horizon principle” as one of the main principles which is based on long-term planning of actions and their foreseeable results by 2015 or even 2030. „If 700-800 thousand people over 50 embarks on jobs the budget will earn 15-16 billion zloty on taxes. It will also result in lesser burden for the social insurance system which will not have to pay allowances for those people which will amount to a successive 16 billion zloty, „ the minister told the American Chamber of Commerce in Poland. The programme of steady rise in the number of people over 50, to open in 2009 will cost 12 billion zloty by 2013 of which a considerable sum will be financed by EU funds. Poland’s Labour Fund will assign 300 million zloty annually.

Grabarczyk: public-private partnership resumed

Infrastructure Minister Cezary Grabarczyk has told Radio Three that the meaning of the public-private partnership in infrastructure construction will be resumed. He recalled that 20 billion zloty has been assigned for investments in this year budget. In five years some 121

MOTORISATION

Ford – Werke, the German branch of a US concern is likely to launch the production of a new Ford Ka model in Poland at the end of the year, the economy ministry said Monday.

„It is likely that already in the 4th quarter of 2008 the successor of Ford Ka made in Spanish Valencia until to-date will roll of production line of Fiat plant in Tychy developed by the company which plans to invest in the new car nearly 94 mn euro,” it was written in a statement.

AGRICULTURE

According to experts some 25-26.5 million tons of grain will be harvested in 2008/2009 owing to mild weather last winter.

Between 2007 and 2008 some 25.3 million tons of basic grain were harvested, up 24 pct on the previous season.

TRADE

Direct selling companies earned more than 2 billion zloty in 2007 against 1.9 billion in 2006, director of the Polish Direct Selling Association (PSSB) Mirosław Luboń has said. In his opinion direct sale in Poland will go up.

billion zloty will be assigned for the same purpose. This is huge amount of money but it falls short of the needs for all projects envisaged by the budget. That is why part of projects has been implemented in the form of the public-private partnership,” he explained.

As an example the minister quoted the A2 motorway stretch from the border with Germany to Nowy Tomyśl. We have already clinched a commercial deal on its implementation with Autostrada Wielkopolska. According to the minister the construction of this stretch may start in September.

Fast pace on industry growth maintained

In the 1st quarter of 2008 industry growth was higher than in the past three months of last year, indicates a survey run by ABN AMRO bank. The growth is mirrored by ABN AMRO PMI Report on Manufacturing, the indicator presenting the general business situation in industry. „Results of the index are above 50.0 which mean an improvement form the previous month while results below 50.0 show deterioration,” it has been explained in the report about Polish PMI. Despite a slight drop in PMI general value in to 52.4 in March from 53.1 in February PMI still shows improving condition of the Polish industry.

I can be show by production that in last quarter rose at the fastest pace in the entire 6 months. March was 35th months of rising industrial production. The upward tendency continued unceasingly Since the slow-down bordering on stagnation in December, it was written.

Growing production value is boosted by high home demand. Foreign demand is the weak point of Poland's economy, according to ABN AMRO's Debbie Orgill. Analysts believe that downward tendency in Polish exporters portfolio recorded in the past 6 months is a result of the zloty getting stronger vis-a-vis other currencies.

Steady grow of number of new workers is an additional asset to industry growth.

1 USD = 2.21 PLN

1 EUR = 3.48 PLN