

Cooperative Compliance Programme - a new form of taxpayers' concurrence with the National Revenue Administration

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Taxpayers may apply to start cooperation with the National Revenue Administration [NRA] based on the so-called **Cooperative Compliance Programme**, a pilot formula assuming **mutual trust, understanding and transparency**. This is a new quality of the taxpayer's relationship with the tax authority, which is modelled on OECD solutions and the experience of the most developed countries.

From the beginning of its implementation (i.e. from 1 July 2020), the Programme is addressed to entities with annual revenues (as defined by the Corporate Income Tax regulations) of more than EUR 50 million. This condition is met by approximately 4,000 entities in Poland.

Currently, however, after nearly 4 years of piloting, the Ministry of Finance has announced the continuation and **extension of the Programme to capital groups and medium-sized enterprises**.

As part of the pilotage, the Head of NRA has concluded a cooperation agreement with 12 taxpayers. The **benefits** of this form of cooperation with the tax authorities are only just beginning to be recognised and exploited by taxpayers.

Current participants of the Programme emphasize a number of benefits for companies.

The main goal of the Cooperative Compliance Programme is to replace ad hoc tax audits with concurrence and supervision of the internal tax settlement mechanisms implemented at the taxpayer. It becomes the taxpayer's responsibility to introduce effective and adequate mechanisms to control its own accounts, and **NRA's responsibility to supervise these mechanisms** in such a way that any irregularities or doubts can be addressed on an ongoing basis or before they arise at all.

Joining the Cooperative Compliance Programme can bring a number of tangible benefits to the taxpayer, which relate to areas of importance to business:

- a) **tax security and minimisation of tax risks** (participation in the Programme and agreement with the tax authority means, above all, greater certainty regarding the correctness of the company's tax settlements and the correctness of its tax obligations);
- b) **financial benefits**, including the reduction of costs associated with possible audits, tax proceedings and saving time that would have to be spent on conducting them, as well as the possibility of avoiding tax penalties and sanctions and the possibility of applying reduced interest on arrears or applying a reduced fee for advance pricing arrangements and a protective opinion;
- c) **preferential and individual treatment by NRA** (priority treatment of taxpayers, providing dedicated NRA staff member to service them, support in the most doubtful situations, as well as the possibility to negotiate or access the latest tax information, etc.);
- d) **credibility and corporate image**, which translates, among others, to perform corporate social responsibility and increase confidence among investors who appreciate the importance of ESG activities.

Entering the Cooperative Compliance Programme requires time and the cooperation of the taxpayer. However, the effort put in at the beginning translates into long-term and multidimensional benefits from cooperation with the tax administration under the rules of the Programme.

If you are interested in finding out more about the Cooperative Compliance Programme, please do not hesitate to contact us:

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