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COMMISSION STAFF WORKING DOCUMENT

Mind the Gap Report
Challenges and opportunities for tax compliance and tax expenditure in the EU
Poland

Country fiche: Poland

Summary box: Areas of Strength and Areas for Improvement

Areas of Strength

- **Poland performs relatively well in tax collection and recovery.** Tax arrears remain below the EU average, having decreased in recent years. This suggests strengthened recovery mechanisms and more effective enforcement actions, including due to increasing reliance on digital tools.
- **The tax administration is making progress in the digital transformation.** Over the past years, increasing efforts have been made to further digitalise the tax administration, including specific measures within the Recovery and Resilience Plan (RRP) to foster the roll-out of e-services. The use of big data analytics and cross-checking tools contributes to strengthening risk-based audits and reduces opportunities for fraud, ultimately improving tax collection efficiency.

Areas for Improvement

- **There is scope to improve the monitoring of compliance gaps.** While the Polish tax administration publishes VAT gap estimates on an annual basis, currently national estimates of other tax gaps are not available. However, Poland takes part in a number of initiatives at EU level, such as the EU FISCALIS programme on tax gap estimation, and is making use of the Technical Support Instrument to advance its tax gap estimation capabilities. The size of the shadow economy is estimated to be above the EU average, and the latest available estimates from the Polish Economic Institute (2022) point to a corporate income tax (CIT) gap of 30%.
- **The VAT compliance gap is high and increasing.** At 16% of the VAT Total Tax Liability (VTTL), Poland has the EU's third largest VAT compliance gap. Several factors are likely to have contributed to the most recent increase in VAT non-compliance, including a rise in bankruptcy declarations, an increase in the share of services in the economy, and growing consumption of recreational services, restaurants, and accommodation.
- **Poland could enhance fiscal transparency and accountability by systematically reporting on –and evaluating– tax expenditures.** The last detailed report identified tax expenditures worth 5.6% of GDP in 2018, and indicators point to high tax complexity. There would be benefit in establishing a transparent and systematic framework for tax expenditure reporting and evaluation, including regular publication of expenditure data and independent audits. The OECD Economy Survey for Poland 2025 suggests that Poland should carry out comprehensive spending reviews and introduce tax expenditure reviews.

1. Snapshot of Tax System: Tax Revenues and their Sources

In Poland, tax revenues expressed as a percentage of GDP are considerably below the EU aggregate. In 2023, total tax revenues amounted to 35.1% of GDP, compared to the EU-27 average of 39.0% ⁽¹⁾. Poland presents a relatively low reliance on labour taxation (third lowest among EU Member States - amounting to 38.5% of tax revenues compared to an EU average of 51.2% in 2023). This is particularly relevant in the context of persistent labour shortages, largely driven by a shrinking working-age population. Consumption taxes account for 33.4% of total tax revenue (EU average: 26.9%) and capital taxes for 28.2% (EU average: 21.9%). While the lower tax burden can support employment, it also constrains revenue collection in a tax base that is already under demographic pressure, in the context of a high budget deficit. On 26 July 2024, following the Commission's proposal, the Council of the EU launched an Excessive Deficit Proposal (EDP) against Poland, given its 5.1% government deficit in 2023 ⁽²⁾. On 21 January 2025, the Council recommended that Poland should put an end to the excessive deficit situation by 2028.

Poland has low levels of inequality and poverty, despite the limited redistributive effects of its tax and benefit system. Poland has one of the lowest at-risk-of-poverty or social exclusion rate in the EU-27 (16.0% in 2024, 5.0 percentage points below the EU average) ⁽³⁾. At 26.0%, its Gini coefficient of equivalised disposable income was also well below the EU average (29.3%) ⁽⁴⁾. In this context, the inequality-reducing effect of the tax and benefit system is below the EU average, as in 2023, the difference between in Gini coefficients before and after taxes and benefits was 5.3 percentage points in Poland, compared with an EU average of 7.7 percentage points ⁽⁵⁾. Labour taxation is also less progressive than the EU average, as the difference in the tax wedge ⁽⁶⁾ of high-income (167% of average wage) and low-income earners (67% of average wage) was 4.9 percentage points in 2024 (compared to EU average of 7.8 percentage points).

2. Monitoring of Compliance Gaps

2.1. Overview

Poland is not among the Member States that officially estimate or publish national tax gaps. However, Poland actively participates in the EU TADEUS/FISCALIS programme on tax gap estimation

¹ Data on tax revenues are based on European Commission: [Data on Taxation Trends](#), edition 2025 (reference year 2023). The 2026 edition (reference year 2024) will be published in the first quarter of 2026. Preliminary data point to a downward revision of tax revenue data for 2023 (to 35.0% of GDP), followed by an increase of total tax revenues to 36.6% of GDP in 2024: https://doi.org/10.2908/GOV_10A_TAXAG.

² Later revised to 5.2% of GDP (see [October 2025 EDP Notification](#)). Government deficit in 2024 increased to 6.5% of GDP.

³ European Commission, Eurostat [\[ilc_peps01n\]](#).

⁴ European Commission, Eurostat [\[ilc_di12\]](#).

⁵ European Commission, DG EMPL calculations based on EU-SILC survey data.

⁶ The tax wedge is defined as the sum of personal income taxes and employee and employer social-security contributions net of family allowances, expressed as a percentage of total labour costs (the sum of the gross wage and social-security contributions paid by the employer). Data are based on European Commission, DG ECFIN: [Tax and Benefits Database](#).

(⁷), specifically for personal income taxation (PIT), corporate income taxation (CIT), and VAT gaps related to MTIC fraud, and is benefitting from the EU Technical Support Instrument (TSI) to advance its tax gap estimation capabilities.

2.2. Monitoring VAT Compliance Gap

The VAT compliance gap is high and increasing (⁸), estimated at PLN 47 billion (EUR 10 billion) in 2023, or 16% of the VAT Total Tax Liability (VTTL) (⁹) (¹⁰). The overall VAT compliance gap in the EU amounted to 9.5% of the VTTL in 2023, and Poland had the 3rd largest VAT compliance gap among EU Member States. The VAT compliance gap in Poland followed a decreasing trend between 2012 and 2021 (-14 percentage points), which was reverted in 2022 with a rise of over 6 percentage points, followed by a further increase of nearly 5 percentage points in 2023. Over the period between 2019 and 2023, the VAT compliance gap increased by 1 percentage point. The sharp decline and subsequent rise of the VAT compliance gap around 2021 is likely due to underlying issues in the statistics that serve as basis for the estimates during the years of the COVID-19 pandemic. Although this trend was particularly pronounced in Poland, it was observed in most Member States around that time.

Several factors are likely to have contributed to increased VAT non-compliance in Poland. Poland saw an increase in the share of services in its economy (around 0.5 percentage points), as well as growth in nominal household final consumption of recreational services, restaurants, and accommodation (around 17%). This is likely to have contributed to a higher VAT compliance gap, as a higher share of services can lead to a higher risk of non-compliance as services are typically harder to tax effectively compared to traditional goods. In addition, the demand for tourism, measured by nights spent in tourist accommodations, also increased at a slower pace (by 3.2%). Finally, the significant increase in bankruptcy declarations (by around 16%), is likely to have complicated VAT collection procedures, further pushing the VAT compliance gap upward.

VAT losses due to Missing Trader Intra-Community (MTIC) fraud (¹¹) in Poland were estimated at over EUR 1.5 billion in 2023. Between 2010 and 2023, the VAT losses due to MTIC fraud increased by nearly EUR 1 billion (¹²).

⁷ European Commission (2025), Directorate-General for Taxation and Customs Union, *Towards a common approach to tax gap estimation in the EU – Fiscalis Project Group 008 – Final report*, Publications Office of the European Union, <https://data.europa.eu/doi/10.2778/3068071>.

⁸ The VAT compliance gap is an estimate of revenues lost due to VAT fraud, evasion and avoidance, bankruptcies and financial insolvencies, or miscalculations.

⁹ The VAT Total Tax Liability (VTTL) is the theoretical tax revenue that would be collected in a situation of perfect taxpayer compliance, assuming an unchanged net VAT base.

¹⁰ European Commission: Directorate-General for Taxation and Customs Union, Syntesia, and Center for Social and Economic Research (CASE), *VAT gap in Europe – 2025 report*, Publications Office of the European Union, 2025, <https://data.europa.eu/doi/10.2778/7868422>

¹¹ Missing Trader Intra-Community (MTIC) fraud is a form of VAT fraud that exploits VAT-free cross-border trade within the EU. Fraudsters purchase goods VAT-free from another Member State, sell them domestically, charge VAT to their customers, and disappear before paying this VAT to the tax authorities.

¹² European Commission, CASE, Poniatowski, G., Śmietanka, A., and Skowronek, A., *VAT compliance gap due to Missing Trader IntraCommunity (MTIC) Fraud – Final Report Phase II*, Publications Office of the European Union, Luxembourg, 2024, <https://data.europa.eu/doi/10.2778/6433841>.

2.3. Corporate and Personal Income Tax Compliance Gaps, and Measures of the Shadow Economy

Poland is making use of the Technical Support Instrument to build tax gap estimation capacities ⁽¹³⁾. An ongoing project will provide a dedicated model to help estimate, analyse, and tackle the shadow economy. Within this framework, the Polish tax administration is receiving assistance to (i) estimate the size of the informal economy, (ii) measure tax gaps in its economy, and (iii) refine measures to address the informal economy and close the tax gaps. Poland is constantly working to improve tax compliance, including cooperation with other Member States and international organisations in the exchange and application of good practices. The expected benefits are more efficient tax administrations, and increased voluntary compliance, notably for CIT and VAT purposes.

According to available national estimates, the CIT gap in Poland is around 30% of potential revenues. The Polish Economic Institute estimated that the gap in budget revenues from CIT in 2019-2020 accounted for about 30% of potential revenues from this tax, which meant a loss of public revenues in the range of PLN 20-30 billion (ca. EUR 4.72-7.80 billion) per year ⁽¹⁴⁾. According to a 2024 report published by the Supreme Audit Office (NIK) ⁽¹⁵⁾, the supervision of the National Tax Administration over the correctness of CIT payers' settlements handled by non-specialized tax offices requires strengthening. Significant barriers were identified in terms of organisation and available human resources, leading to an insufficient number of tax audits conducted and the limited scope of audit data to effectively estimate the CIT gap.

European Commission estimates also suggest a sizeable CIT compliance gap in Poland. Based on a methodology developed by the Joint Research Centre which relies on a top-down approach using national accounts data, the CIT compliance gap of Poland ranges between 14% (using GDP-based method) to about 20% (GVA-based method) of collected CIT revenues in 2017. The latter represents the third highest figure among available Member States' estimates ⁽¹⁶⁾. Based on the same methodology, the (unweighted) average for the CIT compliance gap is 10.9% of collected CIT revenues based on available estimates for 23 Member States.

¹³ European Commission: Technical Support Instrument - [Country Factsheet, Poland](#); European Commission: Directorate-General for Taxation and Customs Union, Annual report on taxation 2025 – Review of taxation policies in the EU Member States, Publications Office of the European Union, 2025, <https://data.europa.eu/doi/10.2778/6367826>.

¹⁴ Sawulski, J., Klucznik, M., Reczek, M., Rybacki, J. (2022), Luka CIT w Polsce, Working Paper, nr 2, Polski Instytut Ekonomiczny, Warszawa., available at <https://pie.net.pl/wp-content/uploads/2022/12/WorkingP-2-2022-Luka-CIT-w-PL.pdf>

¹⁵ [CIT przecieka urzędem skarbowym przez palce](#)

¹⁶ European Commission: Directorate-General for Taxation and Customs Union (2025), *The Corporate Income Tax Gap, A European approach to measuring losses in corporate tax revenues*, Publications Office of the European Union, <https://data.europa.eu/doi/10.2778/0541549>. The JRC has recently developed a novel approach to estimate the CIT gap based on National Accounts and existing data on the undeclared economy, providing approximations of the CIT gap for a majority of EU Member States. JRC's estimations are based on the exhaustiveness adjustments made to Gross Operating Surplus (GOS), Gross Value Added (GVA) and Gross Domestic Product (GDP), that national statistical offices perform to account for non-observed economy. The JRC approach does not capture CIT gaps associated with tax avoidance and (international) profit shifting, which would require other estimation methods.

As for the personal income tax (PIT) gap, recent research provided potential estimates. A study conducted in the framework of the TADEUS/FISCALIS project tested an experimental approach to estimate the PIT/SSC gap in Poland ⁽¹⁷⁾. Based on the data from the 2018 European Union Statistics on Income and Living Conditions (EU-SILC), the estimates fall between 15.5% and 27.3% of potential liability, depending on the model and approach used.

The size of the shadow economy in Poland is well above the EU average. In 2022, the shadow economy in Poland represented 21.9% of its GDP (Schneider and Asllani 2023, for the European Parliament) ⁽¹⁸⁾. This ratio is 4.3 percentage points above the EU-27 unweighted average, despite a slightly declining trend in the previous decade (24.4% of GDP in 2012). Among the main drivers of the shadow economy for Poland, the report attributes a high impact to indirect taxes, unemployment and self-employment. The same analysis also considers PIT, tax morale, GDP growth and business freedom as potential contribution factors to the shadow economy, although they do not play a major role in the case of Poland. Additionally, a study from the the IPAG Institute Foundation projected a grey economy size of 18.1% for 2025, slightly lower than the 18.9% estimated for 2023 ⁽¹⁹⁾. It should be noted that since 2023, Poland benefits from a TSI project aimed to improve its capacity to better assess and counteract the "grey economy" and aggressive tax planning. Among the components of the project, Poland is receiving support from the Commission, with the help of the IMF as implementing partner, in developing a model to estimate the size of the informal economy and also the VAT and CIT gaps, as well as recommendations for decreasing their size.

2.4. Other Compliance Gaps

There is currently no public information or evidence that Poland estimates other tax compliance gaps. There are no official programmes or published figures for compliance gaps related to excise duties, environmental or energy taxes, or capital taxes.

3. Monitoring of Policy Gaps

3.1. Tax Expenditures

Poland does not regularly report on tax expenditures. The Ministry of Finance's annual reporting on the budget does not include a breakdown of tax expenditures ⁽²⁰⁾. The last detailed report on tax expenditures was published in 2021, covering years from 2016 to 2018 ⁽²¹⁾. Based on its results, the total amount of tax expenditures in 2018 related to PIT, CIT, VAT, excise tax, and local taxes (i.e., real

¹⁷ European Commission: Directorate-General for Taxation and Customs Union, *Estimation methods for the personal income tax gap (including social security contributions) in the EU. Part 2, An approach based on survey data*, Publications Office of the European Union, 2024, <https://data.europa.eu/doi/10.2778/243161>

¹⁸ European Parliament (2022), *Taxation of the informal economy in the EU*. [https://www.europarl.europa.eu/RegData/etudes/STUD/2022/734007/IPOL_STU\(2022\)734007_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2022/734007/IPOL_STU(2022)734007_EN.pdf)

¹⁹ Fundowicz, J., Łapiński, K., & Wyżnikiewicz, B. (2025). *Szara Strefa 2025*. Instytut Prognoz i Analiz Gospodarczych. https://www.ipag.org.pl/Content/Uploaded/files/IPAG_Szara_Strefa_2025.pdf.

²⁰ <https://www.gov.pl/web/finanse/szacunkowe-wykonanie-budzetu-panstwa-w-2024-r>.

²¹ Report on Tax Preferences in Poland (Raport – Preferencje podatkowe w Polsce), <https://www.podatki.gov.pl/abc-podatkow/podatki-w-polsce/preferencje-podatkowe-w-polsce/>.

estate tax, agricultural tax, forestry tax) was estimated at PLN 118.3 billion (approximately EUR 27.75 billion), which represented 5.6% of GDP and 27.7% of total tax revenues.

More than half of foregone revenues in Poland were due to tax expenditures related to VAT.

According to the 2018 report, foregone revenues for VAT amounted to PLN 66 billion (EUR 15.56 billion, ca. 60% of total tax expenditures) ⁽²²⁾, PLN 26 billion for PIT (EUR 6.13 billion, ca. 22%), PLN 16.5 billion for CIT (EUR 3.89 billion, ca. 14%), PLN 1.5 billion for excise taxes (EUR 0.35 billion, ca. 1.3%) and PLN 7.8 billion for local taxes (EUR 1.84 billion, ca. 6.5%). The 'OECD Economic Survey: Poland 2023 – Report' calls for broadening the revenue base by reforming or phasing out ineffective and regressive tax expenditures ⁽²³⁾.

The use of tax expenditures in PIT is limited. Based on the micro-simulations using the EUROMOD model, tax expenditures related to PIT in Poland reduce PIT revenues by 7% ⁽²⁴⁾. These foregone revenues amount to about 0.4% of GDP, compared to the EU average of 1.2%. The tax expenditures are related to employment and family, each making up for about half of the total PIT revenue reduction. The impact on disposable income of households is modest, giving an increase of about 0.5%, and even smaller for income inequality which remains almost unchanged. However, this microsimulation analysis disregards the option for preferential tax treatment for the self-employed which can be considered a tax expenditure and which the IMF's Article IV report from 2024 suggests to reform ⁽²⁵⁾. Notably, the IMF recommends to base contributions of the self-employed on actual income. This would help improve future pensions of the self-employed and close the gap between the self-employed and employees.

No formal process for reviewing and evaluating tax expenditures could be identified. The OECD Economy Survey for Poland 2025 found that Poland has amended its spending review process but uses it only to a limited extent. The report suggests that Poland should carry out comprehensive spending reviews and introduce tax expenditure reviews. Both should be integrated in the budgetary process ⁽²⁶⁾.

3.2. VAT Policy Gap

The VAT policy gap ⁽²⁷⁾ in Poland was among the highest in the EU, largely due to the widespread application of reduced VAT rates ⁽²⁸⁾. In 2023, it was estimated at nearly 51% of the

²² The VAT rate gap, further discussed in the following section, almost doubled in nominal terms between 2019 and 2023, due to the high economic growth and related growth in consumer spending (see Section 3.2 and references therein).

²³ [OECD Economic Surveys: Poland 2023](#).

²⁴ Turrini, A., Guigue, J., Kiss, Á., Leodolter, A., Van Herck, K., Neher, F., Leventi, C., Papini, A., Picos, F., Ricci, M., Lanterna F.; (2024). [Tax Expenditures in the EU: Recent Trends and New Policy Challenges](#). European Economy-Discussion Papers, (212).

²⁵ [IMF Staff Report for the 2024 Article IV Consultation – Republic of Poland](#).

²⁶ [OECD Economic Surveys: Poland 2025](#).

²⁷ The VAT policy gap refers to the revenue lost due to the application of VAT exemptions and reduced, super-reduced, and zero VAT rates on selected products.

²⁸ See European Commission, Syntesia, Poniatowski, G., Bonch-Osmolovsky, M., Śmietanka, A. et al., *VAT gap in Europe – Report 2025*, Publications Office of the European Union, Luxembourg, 2025, <https://data.europa.eu/doi/10.2778/7868422>.

notional ideal revenue ⁽²⁹⁾ (PLN 304 billion, EUR 67 billion), in line with the EU average of 51%. This represents a decrease of almost 3 percentage points compared to 2022, and an increase of 4 percentage points compared to 2019. The recent Article IV report of the IMF suggested that Poland should reduce VAT expenditure and narrow compliance gaps by taxing more non-essential items at the standard VAT rates, including goods and services that have regressive distributional effects like hotels and restaurants ⁽³⁰⁾.

The VAT rate gap ⁽³¹⁾ was estimated at PLN 112 billion (EUR 25 billion) in 2023, or 19% of the notional ideal revenue, while for the EU-27 overall it was 12%. It was lower than in 2022 (ca. -2 percentage points) but remained above the level of 2019 (by 3 percentage points). The restoration of the standard 23% rate on gas, fuel, electricity and district heating in 2023 likely contributed to the observed decrease in the VAT rate gap. This is reflected in the sharp drop in the portion of the VAT rate gap due to utilities.

The VAT exemption gap ⁽³²⁾ was lower in Poland compared to the EU average in 2023. It amounted to 32% of the notional ideal revenue (nearly PLN 200 billion, or EUR 42 billion), while for the EU-27 overall it was 38%. This constitutes a decrease compared to 2022 (ca. -1 percentage point). The VAT exemption gap has fluctuated slightly over time, having increased by 1 percentage point since 2019.

The national policy-driven VAT exemption gap ⁽³³⁾ was estimated at PLN 96 billion (EUR 21 billion) in 2023, or 16% of the notional ideal revenue, while the overall EU estimate was 11%. It has observed an overall increasing trend over time, rising slightly since 2022 (by ca. 1 percentage point), as well as when looking at a longer time horizon since 2019 (by ca. 1.5 percentage points).

²⁹ The notional ideal revenue is the benchmark VAT revenue that assumes perfect taxpayer compliance in a situation where the current standard VAT rate is applied to all final consumption and household, government, and NPISH investment.

³⁰ [IMF Staff Report for the 2024 Article IV Consultation – Republic of Poland.](#)

³¹ The VAT rate gap refers to the portion of the VAT policy gap resulting from revenues lost due to the application of reduced, super-reduced, and zero VAT rates on selected products.

³² The VAT exemption gap refers to the portion of the VAT policy gap resulting from revenues lost due to the application of VAT exemptions on selected products.

³³ The national policy-driven VAT exemption gap represents the part of the VAT policy gap that can in principle be influenced by national policies on VAT exemptions. In practice, it consists of revenue forgone from services falling under Article 137 (such as real estate and certain financial services), from the SME scheme, and from national exemptions applied under standstill clauses or derogations.

4. Effectiveness of Tax Collection and Recovery Systems

4.1. VAT Collection

Overall, the Polish tax administration functions effectively, while ongoing efforts to enhance specific processes remain important ⁽³⁴⁾.

The Polish tax administration provides information to taxpayers about their VAT registration obligations and the registration procedure through online resources. The availability of online registration in Poland is non-mandatory. There is an automatic exchange of information between the tax administration and other national bodies in charge of registration.

The database of VAT-registered taxpayers is well maintained, containing most relevant taxpayer details, and provides sufficient information for effective communication and management. The tax administration carries out preliminary checks before VAT registration based on risk indicators. Poland keeps a record of applicants to whom registration has not been granted and cross-checks the information held in the VAT registration database against third-party sources, such as other government registries. It is recommended that the cross-checking based on the risk assessment is conducted systematically, not only on an ad hoc basis, to enhance the security and accuracy of the database ⁽³⁵⁾.

Although Poland conducts a follow-up check on VAT Information Exchange System (VIES) registration numbers, it does not remove the - registration number of taxpayers involved in cases of VAT fraud from the VIES database. Furthermore, it does not maintain the records of e-commerce taxpayers, which is important to effectively fight the cross-border VAT fraud.

Poland introduced a dedicated information channel for taxpayers and systematically performs preliminary registration checks for (Mini) One Stop Shop ((M)OSS) purposes, stepping up efforts to keep the database accurate. It also enables *ex officio* deregistration of inactive taxpayers, improving the (M)OSS database accuracy compared to the situation in 2020.

In recent years, Poland has improved the accessibility of information on VAT obligations for taxpayers. It started to use individual tax account ('a micro-account') for settlement of VAT liabilities, which also served for other taxes (i.e. PIT or CIT). Since 2020, Poland accepts only electronic VAT returns. While Poland uses risk criteria or profiling techniques to achieve high VAT-filing rates, unlike almost all other Member States, it monitors the timely filing of VAT returns only manually. Transitioning to automatic control would facilitate better assessment of this aspect. In case of late or non-filing, Poland ensures direct contact with taxpayers, and may pro-actively issue reminders for late submissions of VAT returns utilizing supporting tools (such as filing history, automatic penalties calculator).

³⁴ Commission's Ninth Report on VAT registration, collection and control procedures following Article 12 of Council Regulation (EEC, EURATOM) No 1553/89, [EUR-Lex - 52022DC0137 - EN - EUR-Lex](#). / Answers to the survey sent to the Member States in June 2025 in view of the Tenth Report on the same subject matter.

³⁵ Ibidem.

Poland's outstanding VAT arrears are still above the EU average, although a slightly positive trend can be observed. The electronic payment of VAT obligations is compulsory, and the IT system used by the Polish tax administration to manage VAT arrears can prioritise cases based on their size and age, enabling collection of arrears via instalment plans. Furthermore, in 2022 Poland introduced a voluntary (mandatory as of 1 February 2026 for biggest companies and as of 1 April 2026 for other taxpayers) system of structured e-invoices registered in the National e-Invoicing System. This system aims to facilitate and tighten the collection of VAT and its control, enabling real-time. Poland could assess the effectiveness of its penalty system for late filing and/or late-payment to identify areas for improvement and develop integrated IT subsystems to identify the origin of VAT arrears and to prioritise cases based on the taxpayer's payment history.

The VAT audit performed by Poland's tax administration uses technology to cross-check, on a large scale, amounts reported in tax declarations with information obtained from third parties and may be carried out in cooperation with other governmental agencies. Poland performs strong when it comes to complementing its VAT audit programme with other measures such as the use of rulings, cooperative compliance activities and advanced analytics of large data sets. Although it has a diverse array of VAT audits, adding registration checks or advisory audits to the list could be beneficial.

Poland's approach to digitalisation and the expanded use of systems controlling VAT calculation and payment have improved tax collection efficiency. Continued investment in digital solutions and performance measurement frameworks will be pivotal to maximising tax recovery outcomes.

4.2. Tax Recovery

For an efficient tax recovery, Polish tax authorities implemented a structured, IT-integrated enforcement framework. Initially the framework sends non-disruptive reminders which are gradually escalated to formal recovery and seizure ⁽³⁶⁾. Soft enforcement encourages voluntary compliance, while automated and performance-monitored workflows ensure timely and efficient revenue recovery.

Tax arrears in Poland are below the EU average and show a noticeable decrease in recent years. In 2023, tax arrears amounted to 19.3% of total tax revenue (compared to 40% in 2018) ⁽³⁷⁾. The percentage suggests that the tax administration is becoming more capable at collecting taxes owed and can be a sign that the efforts to develop digital platforms are bringing results. Poland sets its own methodology for calculating the national recovery rate. An 'Execution Effectiveness Index' determines the effectiveness of enforcement proceedings. This indicator is calculated as a ratio of the 'amount of enforced debts' to the 'amount covered by enforceable titles to be settled'.

Poland's tax law allows for flexibility in dealing with tax arrears, interest, and penalties – provided that the taxpayer can demonstrate hardship or public utility and complies with broader legal framework. However, final approvals of payments in instalments or write-offs of tax arrears remain entirely at the tax authority's discretion and may require detailed evidence ⁽³⁸⁾. The tax

³⁶ <https://www.podatki.gov.pl/abc-podatkow/pobor-i-egzekucja/>

³⁷ Source: ADB, CIAT, IOTA, IMF, OECD, International Survey on Revenue Administration, Indicators: "Closing stock of arrears at year end as percentage of total revenue collected." and "Closing stock of collectable arrears as percentage of closing stock of arrears", <http://isoraadata.org>.

³⁸ Sources: [Business in Poland](#); and <https://www.biznes.gov.pl/pl/portal/ou291>.

authority may also grant tax relief, including remission, ex officio. This is particularly applicable if there is a reasonable suspicion that an amount exceeding enforcement expenses will not be recovered through enforcement proceedings, or if the amount of tax arrears is less than five times the value of the costs of admonition in such proceedings. Additionally, tax relief may be granted if the tax debt remains unpaid after the completion or discontinuation of liquidation or bankruptcy proceedings. Interest rates for late payments have been recently reduced ⁽³⁹⁾. As of 2026 the penalties are to be rationalised in terms of the actual harmfulness of the act as part of the broader simplification of the tax system ⁽⁴⁰⁾. In 2023, payments received on-time as percentage of payments due for PIT and VAT were 20.1% and 22.5%. For CIT, the rate of 124.15% may suggest a decrease in the closing stock of arrears from a previous year ⁽⁴¹⁾.

Poland does not have an internal control to ensure timely and effective execution of assistance requests for recovery received from other Member States. Nevertheless, deadlines for acknowledgments of receipts and (first) replies are respected. Polish legislation allows for adoption of precautionary measures before an assessment, without the need of a court order. Recovery actions are managed for all taxes by the same authorities and follow the same procedures and rules. Exchange of information with the administrator of the insolvency proceedings includes information obtained by the tax authorities from other Member States

4.1. Use of Directive on Administrative Cooperation (DAC) ⁽⁴²⁾ Instruments and Data ⁽⁴³⁾

Poland makes a coherent and efficient use of DAC1 ⁽⁴⁴⁾ and DAC2 ⁽⁴⁵⁾ data for assessing taxation on individuals. DAC1 (categories of income) ⁽⁴⁶⁾ and DAC2 (financial accounts) data is currently used in the field of personal income taxation for domestic risk assessment analysis ⁽⁴⁷⁾, tax assessments and audits. Poland also uses the information received in the field of corporate income taxation. Moreover, Poland uses the information from DAC1 and DAC2 for tax recovery purposes,

³⁹ <https://monitorpolski.gov.pl/M2025000045701.pdf>.

⁴⁰ [Ministry of Finances](#)

⁴¹ Source: ADB, CIAT, IOTA, IMF, OECD, International Survey on Revenue Administration, Indicators: VAT/PIT/CIT "payments received on-time as a percent of payments due", <http://isoradata.org>.

⁴² Council Directive 2011/16/EU of 15 February 2011 on administrative cooperation in the field of taxation and repealing Directive 77/799/EEC, as subsequently amended.

⁴³ Source: Yearly Assessment 2025, EU-AIAC statistics 2024 – Subject to confidentiality clause on DAC art. 23a

⁴⁴ Council Directive 2011/16/EU of 15 February 2011 on administrative cooperation in the field of taxation and repealing Directive 77/799/EEC.

⁴⁵ Council Directive 2014/107/EU of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation.

⁴⁶ Income from employment, Director's fees, Pensions, Immovable properties.

⁴⁷ Risk assessment: tax risk assessment is a key element of modern tax administration. It allows tax authorities to identify indicators that suggest specific taxpayers or arrangements may pose an increased risk to their jurisdiction and require further actions in terms of compliance. In general, EU tax authorities use automated methods based on domestic data and information received from other jurisdictions. Yet, a manual element may remain, as (i) tax authorities vary in terms of whether tax risk assessment is conducted centrally by a specialist risk assessment team incorporating input from the compliance function, or locally by the compliance team (or tax inspector); (ii) some data types remain challenging to be automatically processed, e.g. literal summaries.

which is particularly relevant to reduce tax gap. The use of data generates every year an important increase in tax base adjusted.

DAC data matching rates concerning individuals ⁽⁴⁸⁾ are not available for DAC1, despite a robust process to identify taxpayers. This situation results from technical issues that could be corrected in the future by improving the monitoring system of the identification process. With regards to DAC2, the matching rate is 100%.

Poland uses DAC3 ⁽⁴⁹⁾ (rulings), DAC4 ⁽⁵⁰⁾ (country-by-country report) and DAC6 ⁽⁵¹⁾ (cross-border arrangements) data on a case-by-case basis for risk-analysis purposes in the field of corporate income taxation. The taxpayers concerned are thoroughly identified: the percentage of reports identified successfully in 2024 is very high and close to 100% for DAC3, 4 and 6, leading to an extensive use of information. The reports are used for identifying tax risks on transfer pricing, base erosion and profit shifting matters, harmful tax practices, risk of non-compliance by certain entities, and help to determine targets in tax audits.

Poland makes use of the advanced instruments provided for in DAC to facilitate cooperation on specific cross-border issues, such as simultaneous audits. The synergies between participating Member States derived from these coordinated activities usually lead to an increase of the tax assessed and, therefore, contribute to reducing the tax gap. In 2024 Poland was involved in 10 cases initiated by other Member States, but did not initiate any multilateral control.

In conclusion, Poland uses the data obtained from the automatic exchange of information in coherence with the objectives of the DAC, based on good practices in terms of risk analysis, which leads to additional tax revenues. Whereas there is room for improving the monitoring of DAC1 matching rates, Poland is particularly advanced in processing and using data related to financial accounts, with a view to identifying critical situations that could affect its tax base. Poland also makes use of data related to transfer pricing, base erosion and profit shifting and tax harmful arrangements in order to improve the impact of these exchanges of information on corporate income tax. Given Poland's economic importance with the EU, it would be beneficial if Poland could be more pro-active in initiating multilateral controls, to benefit more for the synergies stemming from these cooperation activities.

⁴⁸ The matching rate indicates to what extent a Member State has been able to identify their taxpayers in their national tax databases with information received from other Member States under the DAC. Such matching is necessary to ensure that the data can be used for tax compliance purposes. The matching rates mentioned in this report are based on the metrics approved by the tax authorities in the TADEUS meeting of December 2024.

⁴⁹ Council Directive (EU) 2015/2376 of 8 December 2015 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation.

⁵⁰ Council Directive (EU) 2016/881 of 25 May 2016 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation.

⁵¹ Council Directive (EU) 2018/822 of 25 May 2018 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation in relation to reportable cross-border arrangements.

5. Digitalisation and Compliance

5.1. Digital Transformation, Skills, and Culture

In recent years, Poland has invested in the digitalisation of public services, underpinned by a national digital strategy. Efforts to build the digital infrastructure started in 2016 with the implementation of SAF-T (the international standard for the electronic exchange of accounting data developed by the OECD) ⁽⁵²⁾. In 2018, Poland has put in place an account-monitoring platform (STIR), which enables real-time monitoring of company finances via bank integration. STIR is used to process data provided by banks and credit unions in order to identify transaction patterns characteristic of tax fraud. It also allows to compare financial flow data with other data held by the National Revenue Administration (KAS), such as the JPK-VAT file, enabling, in this way, effective prevention of undue VAT refunds ⁽⁵³⁾. Based on the algorithmic analysis, KAS may issue a decision to block the taxpayer's bank account for a period of up to 72 hours, preventing suspected fraudsters from withdrawing funds linked to fictitious invoices. The National e-Invoicing system (KSeF), launched for voluntary use in 2022, is currently being rolled out in phases, with electronic invoicing being introduced as of 2026. Real-time data use enabled through STIR and KSeF aims to strengthen the analytical processes of the tax administration in the fight against tax fraud ⁽⁵⁴⁾. Similarly, the implementation of e-receipts, publicly available since September 2023, contributes to the efforts of reducing the shadow economy.

In 2022, a digital transformation department was established within the Ministry of Finance and KAS. The department is responsible for matters related to the construction, development and maintenance of IT systems, as well as implementation and maintenance of modern solutions for the automation of processes. The "e-Tax Office" (in Polish, *e-Urzqd Skarbowy*) offers a platform for electronic handling of all tax-related matters in the field of VAT, PIT and CIT, allowing viewing of tax returns, settlement history and submission of documents to the tax office. Since January 2025, the services of the e-Tax Office are also available through a mobile application ⁽⁵⁵⁾.

KAS requires individuals to use the Approved Digital Identity to access secure digital services. The estimated percentage of use by taxpayers ranges between 61% and 80% depending on the type of service. Digital identities provided by governmental services are interoperable.

A comprehensive digital transformation is the focus of the Poland's Digitization Strategy 2035, which is currently under preparation ⁽⁵⁶⁾. One of the intended objectives is to make public administration fully paperless. Investments are planned to reach PLN 100 billion (approximately EUR 23 billion) by 2030.

⁵² 2024 European Semester: Country Report – Poland, Annex 2, [2024 European Semester: Country Reports - European Commission \(europa.eu\)](https://ec.europa.eu/economy_finance/2024_european_semester_country_reports_poland_en)

⁵³ <https://www.gov.pl/web/kas/struktury-stir>

⁵⁴ [Tax Administration 2023 – Comparative Information on OECD and other advance and emerging Economies.](https://www.podatki.gov.pl/aplikacja-mobilna-e-us/)

⁵⁵ <https://www.podatki.gov.pl/aplikacja-mobilna-e-us/>

⁵⁶ Poland, [Digitalization Strategy until 2035.](#)

5.2. Front-end Digitalisation

5.2.1 Pre-filing

Since 2019, the tax administration in Poland pre-fills PIT returns ⁽⁵⁷⁾, with coverage gradually being extended. Pre-filing can improve compliance and prevents taxpayers from making accidental mistakes. According to a recent Eurobarometer survey, 55% of citizens in Poland find it very easy or fairly easy to complete their tax return, placing them 10th among EU Member States ⁽⁵⁸⁾.

The tax administration does not automatically pre-fill VAT and CIT returns ⁽⁵⁹⁾, although some partial pre-filing is available for income and expense information ⁽⁶⁰⁾. However, it should be noted that only a few Member States reported these (partial) pre-filing options in 2022.

5.2.2 E-filing

Poland's e-filing rates for all tax types have continued to increase over the years, particularly for CIT. In 2023, Poland performed above the EU average for all taxes except for CIT.

The rate of e-filing for CIT was 93.6% in 2023, below the EU average of 97.1% ⁽⁶¹⁾. This figure represents a notable increase of 23 percentage points in Poland since 2018. Additionally, in 2022, estimated average CIT compliance costs for small- and medium-sized enterprises (SMEs), at more than EUR 3 000, were close to the EU average ⁽⁶²⁾.

E-filing of PIT was high and above the EU average in 2023. At 97%, this figure was 9.9 percentage points above the EU average. In Poland, this represents an increase of 12.1 percentage points since 2018 ⁽⁶³⁾.

Almost all VAT returns are submitted digitally (99.7% in 2023) ⁽⁶⁴⁾. This is above the EU average of 99.2% and has increased by 1.4 percentage points since 2018.

The upward trajectory of the e-filing rates over the years reflects the efforts put towards advancing digitalisation. The implementation of e-filing also yields significant benefits for the tax administration, as it substantially reduces the need for manual processing and minimizes administrative expenses. By automating the filing process, resources are freed up to be allocated to

⁵⁷ portal gov.pl, Twój e-PIT. Nowa jakość w rozliczeniu podatku - Ministerstwo Finansów - Portal Gov.pl (www.gov.pl)

⁵⁸ European Commission: Directorate-General for Taxation and Customs Union and Directorate-General for Communication, *Citizens' attitudes towards taxation – Eurobarometer report*, European Commission, 2025, <https://data.europa.eu/doi/10.2778/6066713>.

⁵⁹ OECD Inventory of Tax Technology Initiatives 2024. <https://data-explorer.oecd.org/>, Note that data is self-reported by tax administrations and therefore not 100 % objective or comparable.

⁶⁰ Source for data: CIAT, IMF, IOTA, OECD: International Survey on Revenue Administration (<https://data.rafit.org/regular.aspx?key=63544700>).

⁶¹ International Survey on Revenue Administration data. https://data.imf.org/en/datasets/ISORA:ISORA_LATEST_DATA_PUB.

⁶² Source: Tax compliance costs for SMEs: An update and a complement Final Report, 2022 – Figure 24 , p. 32.

⁶³ Ibidem.

⁶⁴ Ibidem.

more critical functions, such as taxpayer support and compliance enforcement. Furthermore, e-filing enables the tax authorities to detect potential instances of fraud or tax evasion more swiftly and efficiently, often through automated systems that can flag suspicious activity in real-time. This, in turn, allows for more effective and targeted investigations, ultimately leading to improved tax compliance and revenue collection.

5.2.3 Provision of other online Services

The Polish National Revenue Administration (KAS) provides a variety of additional online tools and services to taxpayers to reduce compliance costs. These include tax calculators, payment arrangements and secure communication services (messages only). The e-Tax Office provides a customised user experience, allowing to submit documents, request declarations or make electronic payments. All these facilities can foster tax-compliant behaviour, as well as allow administration resources to be allocated more effectively. According to a recent Eurobarometer survey, 54% of citizens in Poland believe that support for filing tax returns provided by the tax administration is either fully adequate or mostly adequate, placing them 8th among EU Member States ⁽⁶⁵⁾.

The National Recovery and Resilience Plan (RRP) includes various reforms aimed at the digitalisation of public services. These measures include launching 27 new e-services and improving 6 existing ones within the e-Tax Office over the course of 2025 to help taxpayers fulfil their tax obligations electronically ⁽⁶⁶⁾.

5.3. Back-end Digitalisation

5.3.1 Use of Artificial Intelligence by the Tax Administration

Poland has been steadily integrating artificial intelligence (AI) into its tax administration. The first use of AI and machine learning algorithms by KAS dates back to 2017, with the integration of STIR, an account-monitoring platform allowing real-time risk analysis. By mid-2019, STIR flagged over 30 000 accounts, blocked 192, and recovered approximately EUR 5.5 million in VAT revenues ⁽⁶⁷⁾.

Other tools include ARANEUM (Social Network Analysis), which uses graph-based AI to model taxpayer connections, allowing for a detection of hidden relationships and fraud networks. Further integration of AI is among the key elements of vision for the strategy of KAS by 2028, with a goal to substantially increase the number of e-services made available that automate and optimise the administrative enforcement process ⁽⁶⁸⁾.

⁶⁵ European Commission: Directorate-General for Taxation and Customs Union and Directorate-General for Communication, *Citizens' attitudes towards taxation – Eurobarometer report*, European Commission, 2025, <https://data.europa.eu/doi/10.2778/6066713>.

⁶⁶ See reform C13dG https://www.kpo.gov.pl/media/153652/ST-9590-2025-ADD-1_pl.pdf.

⁶⁷ <https://taxadmin.ai/country/poland-ai-country-report/>

⁶⁸ <https://www.gov.pl/web/kas/strategia-kas>

5.4. Compliance Risk Management

5.4.1 Compliance Risk Management Strategy

In the 2018 action plan ⁽⁶⁹⁾, KAS explicitly referred to the European Commission's Compliance Risk Management Guide for Tax Administration (2010). The action plan emphasised a taxpayer-centric model and approach to assessing compliance behaviour. Polish Compliance Risk Management (CRM) strategy covers most of the relevant areas, including tax return filing, payment processing, collection enforcement, and verification/audit services ⁽⁷⁰⁾. This evidences that KAS has historically adopted a structured framework aligned with EU best practices, rooted in guidelines that focus on risk differentiation and taxpayer behaviour. Poland does not make the risk assessments public and does not publish the results in addressing the risks.

CRM is operationalised through the use of data analytics, risk scoring, and integrated IT systems, such as the TWIN system and e-Tax portals. Poland applies targeted audits and has developed early warning systems for high-risk taxpayers. This structured approach has helped reduce VAT non-compliance and increase audit efficiency, though there is room for expanding CRM into areas such as corporate taxation. The latest KAS CRM strategy (2025-2028) provides strategic-level guidance with goals linked to improved tax compliance and digitalisation ⁽⁷¹⁾. Notably, KAS plans to expand the use of AI and analytics, by embedding them into regular audits and compliance monitoring. Over the years, compliance efforts prioritised areas such as VAT-related fraud, undeclared work, cross-border tax evasion and sector-specific challenges such as e-commerce ⁽⁷²⁾.

A pilot phase of a cooperative compliance programme was launched in 2020, aimed at business entities with revenues above EUR 50 million. The aim of the Programme is to undertake joint actions aimed at ensuring compliance with tax law, with particular emphasis on the individual needs and expectations of key taxpayers. The cooperation aims to provide better conditions for conducting business activity in Poland. So far, 15 taxpayers have concluded a cooperation programme ⁽⁷³⁾. Benefiting from the Technical Support Instrument (TSI), Poland continues to further develop and expand its cooperative compliance programme, with an ongoing TSI project supporting implementation of IT solutions, improving the efficiency of officials involved in the programme and shortening the time it takes for new taxpayers to join it.

5.4.2 Audit Types

KAS performs a wide range of post-filing audit activities, including desk audits, single issue audits, limited scope audits, comprehensive audits and avoidance and evasion investigations

⁶⁹ <https://www.gov.pl/attachment/259f8f10-25ae-44e9-a58f-dd7e78bee1e8>

⁷⁰ International Survey on Revenue Administration data, available from <https://data.rafit.org/regular.aspx?key=74180916> – tab “CRM Strategy”.

⁷¹ <https://www.gov.pl/web/kas/strategia-kas>

⁷² Institute of Economic Forecasts and Analysis Science Foundation, Grey Economy 2025 report available [here](#); Ministry of Finance - National Tax Administration, source: <https://www.gov.pl/web/kas/ogolnopolska-akcja-kas-w-wolce-kosowskiej-szara-strefa-pod-kontrola>;

⁷³ <https://www.gov.pl/web/kas/program-wspoldzialania>

(⁷⁴). This suggests that Poland uses different intervention types, depending on the risks identified through profiling and data analytics.

5.4.3 Staff Dedicated to Audit, Investigation and Other Verification Functions

In 2023, the Polish tax administration assigned 43.6% of Full-Time Employees (FTEs) to audit, investigation and other verification functions, above the EU average of 32.2% (⁷⁵). This shows a substantial increase in dedicated FTEs compared to a share of only 9.1% in 2018 evidences a major strategic shift towards enforcement and building a culture of systematic audit interventions. Combined with the continued investments into digital analytics and AI systems, these numbers indicate a higher priority given to compliance oversight, possibly in response to historical VAT gap challenges and the need to improve revenue recovery.

5.4.4 Additional Revenue from Audits as a Share of Total Revenue

In Poland, additional revenues raised from audits amounted to 4.98% of total net revenue in 2018 and 2.64% of total net revenue in 2023, among the higher shares in EU Member States (⁷⁶). The EU average for both years was 2.77% and 1.6%, respectively. A decrease of 2.34 percentage points between 2018 to 2023 follows a similar trend to other Member States. This could be due to an improved level of voluntary compliance combined with continued efforts to develop e-filing systems, especially given the significant increase in staff allocated to audit related functions in the same period.

Since August 2025, the Ministry of Finance adopted a stricter approach to tax controls, notably through in-depth risk-analysis focused on transfer pricing and the intensification of the fight against aggressive tax planning. Customs and fiscal audits are to be directed to the areas of greatest threats, primarily related to the transfer of profits abroad, and the results of the work of KAS will be assessed in terms of financial effects (increased tax revenues), and not the number of proceedings (⁷⁷). A Competence Centre in Krakow was established on 14 August 2025 (⁷⁸) to support the implementation of tasks in the field of combating aggressive tax planning in CIT. In addition, by order of 7 August 2025 (⁷⁹), a dedicated team was established within the Ministry of Finance, who will be responsible for preparing a report containing proposals for solutions in this area.

⁷⁴ International Survey on Revenue Administration data, available from <https://data.rafit.org/regular.aspx?key=74180916> – tab “Post filing enforcement actions” and “interventions after filing, intervention effectiveness”.

⁷⁵ Own elaboration based on ISORA Database

⁷⁶ Ibidem.

⁷⁷ <https://www.gov.pl/web/kas/kas-walczy-z-agresywna-optymalizacja-podatkowa-i-transferem-zyskow-pozapolske>

⁷⁸ <https://www.gov.pl/web/kas/walka-z-agresywna-optymalizacja-podatkowa---nowe-inicjatywy-mf-i-kas-rozpoczynaja-dzialalnosc>

⁷⁹ <https://www.gov.pl/web/finanse/zarządzenie-ministra-finansow-i-gospodarki-z-dnia-7-sierpnia-2025-r-w-sprawie-zespołu-do-spraw-zwalczania-agresywnego-planowania-podatkowego-w-podatku-dochodowym-od-osob-prawnych>

5.5. Tax Complexity

Poland ranks last among the 27 Member States in the Tax Complexity Index ('TCI') (⁸⁰) where a higher rank corresponds to lower tax complexity. The TCI is based on the Global MNC Tax Complexity Project, a joint research project of Deborah Schanz (LMU Munich) and Caren Sureth-Sloane (Paderborn University). The TCI 2024 places Poland 23rd among the Member States with regards to Tax Framework Complexity, and 26th with regards to Tax Code Complexity. This suggests that multinationals face a rather complex CIT system in Poland, both in terms of the tax processes carried out by the tax authorities (notably in the area of enactment, according to the authors), and of the structure of the tax regulations (particularly in the area of dividends, according to the authors).

⁸⁰ See: <https://www.taxcomplexity.org/> The aim of the Global MNC Tax Complexity Project is to identify the determinants of tax complexity, to develop and maintain an index measuring the level of tax complexity across countries [Tax Complexity Index, TCI] and to examine the effects of tax complexity. The Tax Complexity Index measures the complexity of a country's corporate income tax system as faced by multinational corporations. The closer a country is to the first position of the ranking, the lower level of complexity it exhibits, and vice versa.