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Performance in Poland**

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Tax Arrears and Their Recovery Performance in Poland

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Abstract

Financial crisis is usually accompanied by growing of tax compliance risks. Worsening economic conditions make tax administrations face new challenges related to decrease in tax revenue and increase in tax arrears. For this reason efficient and transparent procedures of the recovery of tax arrears play even more important role during and after the financial crisis than before this crisis. This paper evaluates the efficiency of tax debt recovery in Poland. On the basis of the data published by the Ministry of Finance it first analyses the stock and the structure of tax arrears in the years 2009-2013. The second part of this paper concentrates on the measures aiming to safeguard tax revenue collection defined in the Polish Tax Ordinance Act. The last part is devoted to the procedures of the enforcement of tax arrears.

Keywords: Poland, Tax Arrears, Tax Debt Enforcement

Introduction

The efficiency of tax authorities is reflected, *inter alia*, in the stock of tax arrears. It is determined by many factors, including first of all the economic situation of a country and its tax residents, the business cycle, the performance of tax arrears recovery or methods applied to secure the enforcement of tax liabilities. The stock and structure of tax arrears depends on a large extent on variables directly related to the state authorities and the public administration, as well as the factors on which the state and the public administration have only limited influence.

As far as the first group of factors is concerned, the important determinants include the quality of the tax law, the applied administrative proceedings, the adequacy of the level of employment to the tasks performed by the public administration, the vocational expertise and competence of the administrative staff, in particular the employees responsible for tax arrears recovery (Szymanek 2011: 304).

The OECD countries differ largely when it comes to the stock and structure of tax arrears. The undisputed tax debt as a share of the net revenue collection was in 2010 between 1.4% (Germany) and as much as 89.5% (Greece), (OECD 2013a: 222). In the last decade in most OECD member states, this indicator reached its maximum values in 2009, when its average value for all the OECD countries was 14.3%. In 2010-2011 this value showed a tendency to decrease.

In Poland, undisputed tax debt as a share of the net revenue collection is close to the average for all the OECD states. However, Poland is one of those countries in which for years the efficiency of tax arrears recovery has been decreasing. The aim of this article is to analyse the stock and structure of tax arrears in Poland in the years 2009-2013. The article presents also the measures applied to secure tax liabilities, describes enforcement proceedings of tax arrears and evaluates their efficiency.

Definition, Consequences, Stock and Structure of Tax Arrears in Poland

Under the Polish tax law, tax arrears are taxes not paid by the taxpayer, tax withholder or collector within a suitable timeframe¹. Tax arrears are also defined as (Szczodrowski 2007: 75):

- unpaid on time advance taxes or tax instalments,
- incorrectly declared overpayment of tax,
- erroneous tax refund,
- remuneration for tax withholders or collectors collected unduly or in an amount higher than the due one,

¹Article 51 of the Act of 29 August 1997, The Tax Ordinance Act (JoL of 2012, item 749, as amended).

- undue interest on undue tax overpayment or refund refunded or credited against the outstanding, current or future tax liabilities.

Tax arrears involve the obligation to pay interest on the delay. In Poland the interest is calculated independently by the taxpayer, tax withholder or collector, from the date following the payment deadline or the date on which the obligation to pay the tax arose and must be paid without a demand for payment from the tax authority to the bank account of the respective tax authority. Under the Tax Ordinance Act, the standard rate of interest on arrears equals 200% of the basic Lombard rate, calculated in compliance with the instructions issued by the Polish National Bank, plus additional 2%. Since October 9, 2014, the annual rate has equalled 8%. If a corrected tax return is submitted, stating the reasons for the amendment and if the whole payment is made within 7 days from its submission, a reduced rate of interest on arrears is applied, equalling 75% of the standard rate. The amount of interest on tax arrears is calculated by the following formula (Adamiak et al. 2014: 321):

$$O_n = \frac{K_z \times L \times O}{365},$$

where:

O_n: amount of interest,

K_z: amount of arrears,

L: number of delay days,

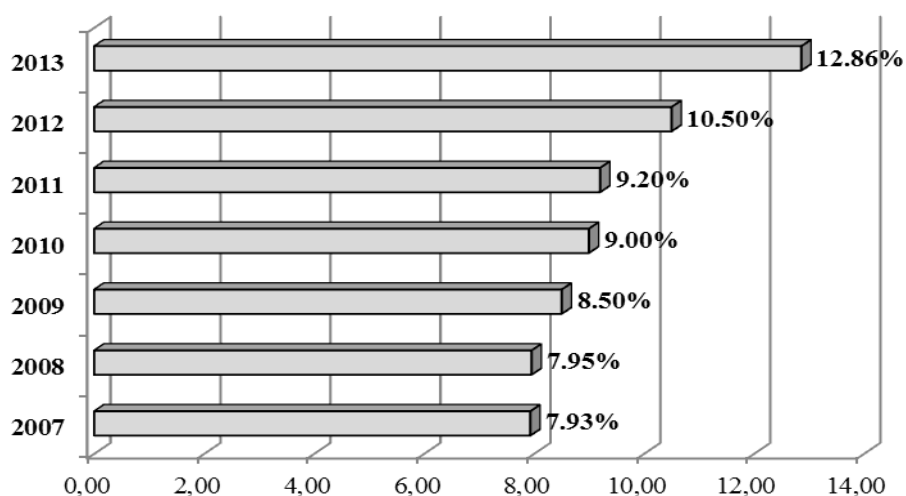
O: rate of interest on delay per annum.

In the case of persistent non-payment of taxes, a fine is imposed on the taxpayer, tax withholder or collector for tax misdemeanour². The amount of this fine in 2015 may vary between PLN 175 and PLN 35,000. Persistent not-payment of taxes takes place, for example, in a situation of long-term, not necessarily repetitive, so also one-time, but lasting for a longer period, delay in payment.

One of the indicators used to evaluate the efficiency of the tax administration in Poland is the relation of gross tax and customs duty arrears to gross budgetary revenues (prior to tax refunds) from taxes and duties. This indicator includes both disputed receivables, if they are overdue (e.g., if the enforcement of a decision was suspended due to an appeal or complaint brought before the administrative court), as well as undisputed receivables. Apart from that, the total amount of the arrears includes both arrears under enforcement proceedings and arrears with respect to which no actions have been taken. However, the calculation of this indicator does not take into account the interest due on tax and customs duty arrears.

² Article 57 of the Act of 10 September 1999, The Penal and Fiscal Code (JoL of 2013, item 186, as amended).

Figure 1. Tax and Customs Duty Arrears as a Share of Budgetary Revenues from Customs and Taxes in Poland in The Years 2007-2013



Source: Information on budgetary arrears in 2009-2013. Ministry of Finance. Warsaw 2010-2014. p. 2-6; Budgetary revenue on the basis of joint data from customs and tax chambers. Ministry of Finance. Warsaw 2010-2014. p. 1-4. Prepared by Author.

Figure 1 shows the indicator of tax and customs duty arrears in 2007-2013. In the period analysed, its value increased by 4.9% points. This fact was mostly related to the dynamics of tax and customs duty arrears which have been growing year after year and increased in the years 2007-2013 by 69.7% (Table 1). The data in Table 2 show that in 2013 there were 6,921 debtors with tax arrears equalling over 1 million PLN. The tax arrears of this group of debtors increased in 2009-2013 by nearly 96.1%.

Table 1. Stock of State Budget's Tax and Customs Duty Arrears in Poland in the Years 2009-2013 (in Thousand PLN)

Tax category	Years				
	2009	2010	2011	2012	2013
Corporate income tax	1,125,179	1,112,247	1,256,991	1,278,398	1,883,756
Personal income tax	3,721,653	4,072,333	4,530,213	5,308,904	6,002,855
Value added tax	10,716,522	11,609,308	13,309,085	16,404,886	20,971,976
Excise tax	4,980,663	5,695,194	6,156,641	6,485,790	6,642,209
Gambling and lottery tax	47,985	41,455	54,105	60,718	80,664
Other taxes	33,820	23,902	19,257	15,703	14,375
Customs duties	603,498	560,955	535,119	481,761	418,529
Fines and penalties imposed in fiscal - penal proceedings	31,735	22,449	33,620	40,466	64,268
Structuring fee	397	316	9	9	9
Arrears in total	21,261,452	23,138,159	25,895,040	30,076,635	36,078,641

Note: as of 31 December of a given year.

Source: Information on budgetary arrears in 2009-2013. Ministry of Finance. Warsaw 2010-2014. p. 2-6. Prepared by Author.

Table 2. *Tax Debtors Defaulting in Payment of any State Budget's Receivables over PLN 1 Million and their Debt (Excluding Default Interest) in Poland in the Years 2009-2013*

Years	Number of debtors	Arrears in total (in PLN thousand)
2009	4,419	12,219,865
2010	4,605	13,715,546
2011	5,113	15,263,114
2012	6,024	18,634,237
2013	6,921	23,966,532

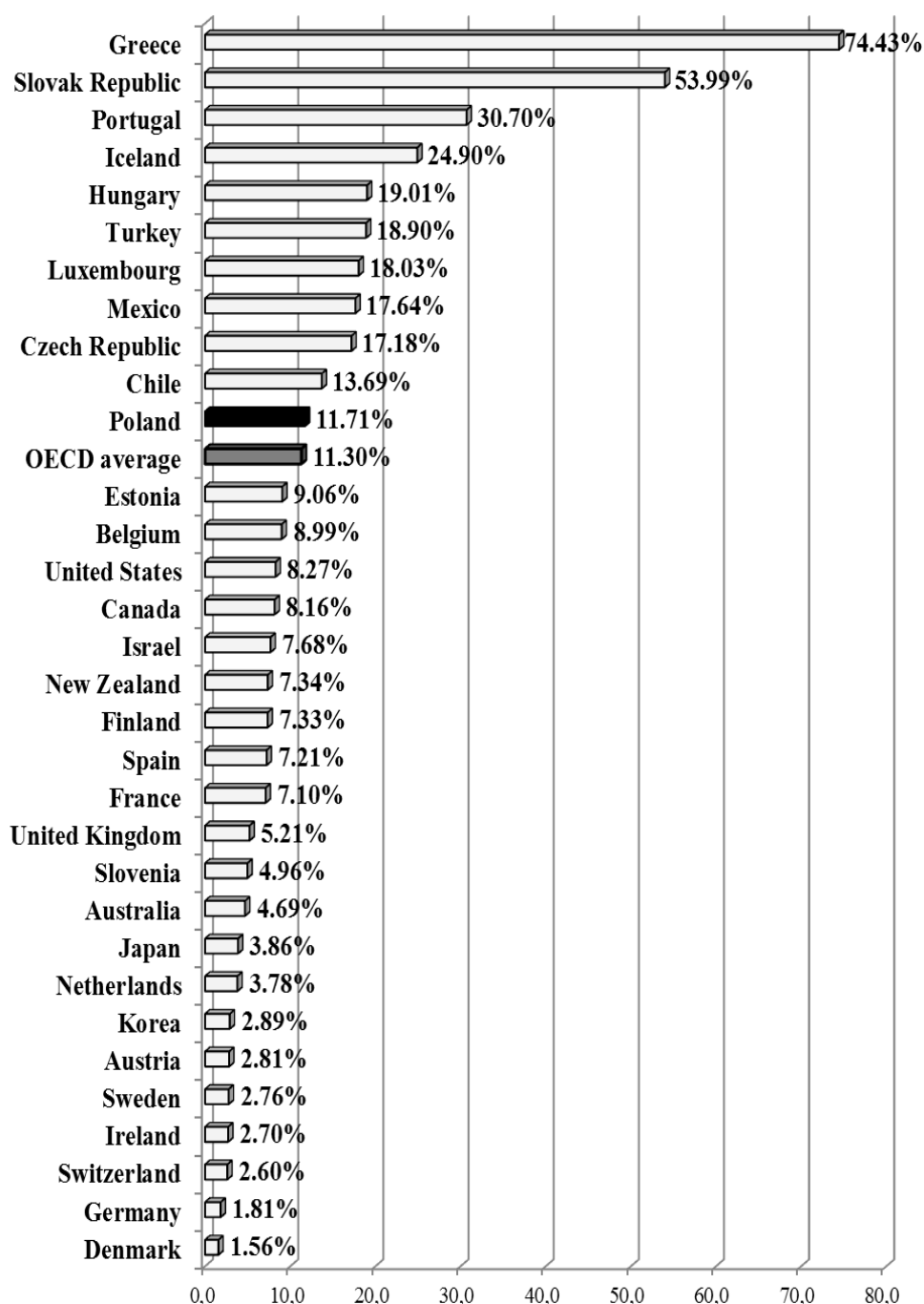
Source: *Tax debtors defaulting in payment to the state budget*. Ministry of Finance. Warsaw 2010-2014. p. 3-7. Prepared by Author.

In the total amount of arrears presented in Table 1, customs duty arrears constitute only an insignificant percentage - from 1.2% (in 2013) to 2.8% (in 2009). Arrears from indirect taxes, in particular VAT arrears, have the largest share in this amount. In 2013, the share of VAT arrears in the total tax arrears exceeded 58.1%. Relatively significant is also the share of corporate income tax and the excise tax arrears in the total budgetary arrears. The arrears on fines and penalties³ imposed in the proceedings under the Tax Penal and Fiscal Code and arrears due to structuring fee⁴ constitute the smallest share of total tax arrears. The largest growth rate occurred in the years analysed in the case of VAT tax arrears and arrears on fines and penalties imposed in the proceedings under the Tax Penal and Fiscal Code, which doubled in 2009-2013.

³ Tax fine (*mandat*) is a penalty envisaged in the Tax Penal and Fiscal Code for a tax offence when as a result of this offence the amount lost to the tax authorities does not exceed 8,750 PLN, in 2015 the tax fine may amount to between PLN 175 and PLN 3,500. The fiscal penalty (*grzywna*) applies both in the case of a tax offence and a tax crime. In 2015 the minimum fiscal penalty equals PLN 175, whereas the maximum may be as high as PLN 16,799,040.

⁴ A structuring fee is calculated on the basis of the amount of the restructured tax debt. It reaches from 1.5% to 15%. The restructuring involves the remission of tax arrears together with default interest as long as the legal requirements are met. The restructuring concerns entrepreneurs who lose their market competitiveness, e.g. suffer significant decrease of turnover or loss of profitability, generate significant losses, experience the increase of debt and are not able to obtain bank credits or guarantees.

Figure 2. Undisputed Tax Arrears (Debt) as a Share of Net Revenue Collection in OECD Countries



Note: Average of 2005-2011.

Source: OECD (2015). Prepared by Author.

A comprehensive assessment of the state of tax arrears should include comparative analyses on the international scale. Such analyses are possible on the basis of the OECD statistics. For comparative purposes, the OECD uses a

benchmark which is the ratio of aggregate end-year tax arrears (i.e. all unpaid taxes, excluding those where a dispute is involved, for all years recorded on taxpayers' accounts) to the denominator of annual net revenue collections (i.e., after tax refunds are paid) of all taxes for the years indicated, reported by surveyed countries (OECD 2013b: 7). This indicator has been used by the OECD since the 2009. A value of less than 5% is considered a good performance and above 20% a relatively poor performance. Net tax debt (arrears) equals (equal) gross debt minus disputed claims. Disputed tax debts are those claims which are subject to objection, dispute or litigation. Undisputed tax debt is defined as the total amount of tax (including any interest and penalties) that is overdue for payment at year-end and which is not disputed by the taxpayer (even where enforcement action may not have commenced) for all taxes collected by the tax administration (Ebraico and Ruà 2015: 4). Figure 2 shows that among countries in which the undisputable tax arrears as a share of net revenue collection in 2005-2011 were the highest in Greece and Slovakia. The analysed indicator was relatively low for Austria, Ireland, Denmark, Germany, Korea, Sweden and Switzerland. In Poland in 2011, its value was 7.3% points higher than the average for all the OECD member states. In 2005-2011 the value of this indicator increased by as much as 10.3% points. In the same period, its average value for the OECD countries increased by 1.6% points. With respect to the indicator's growth rate, Poland was third, after Greece and Slovakia. In Portugal in the period analysed the value of the indicator decreased by as many as 21.7% points. Also such countries as Austria, Germany and the Czech Republic recorded a decrease in the value of this indicator.

Measures for Securing Tax Collection in Poland

The efficiency of tax arrears recovery depends on actions taken by the tax and enforcement authorities. At the same time, it must be emphasized that in Poland the functions of both the tax authority and the enforcement authority are performed by the heads of tax offices and - to a limited extent, by competent bodies of the local self-government units and by directors of customs chambers. Tax authorities are obliged to secure tax liabilities. Securing a tax liability before the date of its payment and also during tax proceedings and audit (before the tax authority issues a decision) may occur, if there is a well-founded reason to anticipate that the tax liability will not be paid (Kosikowski 2013: 254). This applies in particular to taxpayers who regularly default fulfilling public and legal obligations or sell assets when the act of selling them may in the future hinder or frustrate the recovery of tax liabilities. Moreover, the enforcement authority, at the request of the creditor, secures financial receivables, especially if the following facts have been found: the lack of financial liquidity on the part of the debtor, non-disclosure of tax obligations arising under the law or inaccurate book-keeping. Both the provisions of the

Tax Ordinance Act and the Act on Administrative Enforcement Proceedings⁵ envisage several methods of securing tax collection. They involve: security interests in the property, compulsory mortgages and registered pledges.

Securing the enforcement of a tax authority's decision may take one of the following forms:

- a bank or insurance guarantee,
- a bank surety,
- a bill of exchange with a bank aval,
- a cheque confirmed by the national bank of the cheque issuer,
- a registered pledge on the rights of securities emitted by the Treasury and the Polish National Bank,
- a recognition of the amount in the deposit account of the tax authority,
- a written, irrevocable empowerment for the tax authority, confirmed by a bank or a credit union (SKOK), to exclusive disposal of financial resources gathered on the account of a fixed-term deposit.

The Treasury and a local self-government unit are entitled to a mortgage on all the properties owned or co-owned by the taxpayer, tax withholder or tax collector and their legal successors. The mortgage is used to safeguard both the tax obligations arising on the day on which the tax authority's decision is served and obligations arising by virtue of law. In the latter case, however, creating a mortgage must be preceded by proceedings aimed at determining the amount of the tax arrears. Compulsory mortgage is created by virtue of law through an entry into the land registration (Mastalski and Fojcik-Mastalska 2013: 239). Apart from the property (part of a property), the subject of compulsory mortgage may also be a perpetual usufruct together with facilities and machines located on the land owned by the perpetual leaseholder, a cooperative member's right of ownership of premises, a claim secured by a mortgage, a ship or a ship under construction entered into the register of ships.

In the case of a registered pledge, the entitled authorities include also the Treasury and local self-government units. It concerns obligations arising when a tax authority's decision is served and by virtue of law. A registered pledge is effective with respect to every subsequent owner of the subject and takes precedence over his or her personal creditors. The subjects of a registered pledge may be chattels belonging to the taxpayer or jointly owned by the taxpayer and his or her spouse, as well as transferable property rights whose value on the date on which the pledge is instituted equals at least PLN 12,400. A registered pledge may not be incurred on non-enforcement items or property rights or such which can be subject of a mortgage. The list of movables and property rights which may be the subject of a registered pledge is made by the tax authority. The heads of tax offices are obliged by law to keep registers of fiscal pledges. At the same time, the Minister of Finance keeps the Central Register of Fiscal Pledges (Etel 2010: 548).

⁵The Act of 17 June 1966 on Administrative Enforcement Proceedings (JoL of 2014, item 1619, as amended).

A fiscal pledge expires by virtue of law on the day of the expiry of the tax obligation. Another situation which results in the expiry of a fiscal pledge is when it is deleted from the register of fiscal pledges or the subject of the pledge is sold under enforcement proceedings.

Tax Arrears Recovery Procedures in Poland

In Poland, it is the heads of tax offices who have the right to apply all measures aimed at enforcing due receivables. At the same time, they act as creditors and are statutory obliged to provide support to other countries by claiming receivables⁶. Their responsibilities with this respect include: providing information, informing the interested entity about letters, decisions or other relevant documents, conducting enforcement proceedings and securing receivables for another state. The competences of the other authorities entitled to conduct the enforcement of receivables are more limited (Popławski 2009: 242).

Also the presidents of 48 largest Polish cities (including the capital city of Warsaw) are entitled to enforce receivables. Their right extends to receivables due to the following taxes and duties: real estate tax, farm tax, forest tax, motor vehicle tax, market duty and duty on dog owners (i.e. taxes and fees the revenues from which go in their entirety to the budgets of the cities and which are not collected by the heads of tax offices). They may apply all the enforcement measures except execution against a real property. In communes who do not have the status of large cities, the authorities competent to conduct enforcement proceedings with respect to these taxes and fees are heads of tax offices.

The authorities entitled to enforce tax and customs duty receivables are the heads of customs chambers. Just as the presidents of large cities, they may not conduct enforcement against real properties. The rights assigned to them apply to the following taxes collected by customs authorities: the excise duties, value added tax on imported goods and services, gambling and lottery tax and the mineral extraction tax. In the relevant literature, the following principles for conducting enforcement proceedings can be found (Gnela 2012: 101):

- the principle of necessity - this principle means that enforcement measures should be applied only when it is necessary and the execution should be terminated if the enforcement of receivables is ineffectual or if the receivables have been paid,
- the principle of purposefulness - which means the application of measures aimed directly at the enforcement of the tax liability (enforcement proceedings should not involve elements of sanctions),
- the principle of respecting the existential minimum of the taxpayer,
- the principle of applying measures the least burdensome for the debtor.

⁶ Article 5 of the Act of 11 October 2013 on Mutual Assistance for the Recovery of Claims Relating to Taxes, Duties and Other Measures (JoL of 2013, item 1289, as amended).

Enforcement proceedings are initiated at the request of the creditor and on the basis of a writ of execution issued by the creditor. It must be added that a creditor being at the same time a tax authority is obliged to systematic control of the timeliness of payment of tax receivables. If the receivable has not been paid within the period specified in the decision or resulting from the law, the creditor sends to the debtor a reminder, including a warning that on the lapse of a seven-day period (counting from the date on which the reminder was delivered) enforcement proceedings are to be initiated. A writ of execution is issued only after ineffective expiration of the period specified in this reminder. If the creditor is at the same time an enforcement authority, it initiates enforcement proceedings *ex officio* on the basis of a writ of execution it has issued. Enforcement proceedings are initiated by delivering to the debtor notice on the attachment of receivables or another property right⁷.

The law specifies that some assets are not subject to execution. These include, for example: home appliances necessary for the debtor and his or her dependents, money in the amount of PLN 760, amounts received in the form of scholarships, supplies of food and fuel necessary for the debtor and his or her dependents for the period of 30 days, objects necessary due to physical disability of the debtor or his or her dependents, tools and other objects necessary for the gainful employment performed personally by the debtor, excluding means of transport, as well as raw materials necessary to perform this work for the period of 7 days.

The enforcement authority may claim tax arrears applying the following measures: execution against money, execution against remuneration, execution against retirement pension benefits and social insurance, execution against bank accounts, execution against other cash receivables, execution against securities not included in the securities account, execution against bill of exchange, execution against copyright and related rights and against industrial property rights, execution against the share in a private limited company, execution against other property rights, execution against chattels and real property.

An enforcement authority conducting enforcement proceedings has a number of enforcement powers. It can demand information and explanation from the parties of the enforcement proceedings, as well as demand information from public authorities and organizational units reporting to them, as well as other entities, to an extent necessary to conduct the enforcement proceedings. The enforcement authority may also ask the court to order the debtor to disclose his or her assets or search the premises belonging to the debtor. During enforcement proceedings, at the request of the debtor, as well as when it is necessary, the enforcement authority may also call witnesses to be present in the course of enforcement actions. Should the enforcement authority encounter resistance obstructing or preventing the conduct of the enforcement, it may seek help from the police or border guards.

⁷ *Recovery of Claims Relating to Taxes, Duties by customs chambers – information about the results of the audits.* Ministry of Finance. Warsaw 2013. p 15.

In the course of the enforcement proceedings there may appear circumstances hindering its continuation. In such cases, the enforcement proceedings are suspended. The conditions which may lead to suspension include, for example: the creditor's request to suspend the proceedings, the debtor's loss of legal capacity, the debtor's death (if the liability is not strictly connected to him or her personally), the suspension or postponing of the deadline by which the liability must be settled, or dividing the liability into instalments. Once the obstacles are removed, the proceedings are immediately resumed.

The enforcement proceedings may also be redeemed. The redemption takes place, for example, if the amount of receivables possible to be received in the course of enforcement proceedings does not exceed the costs of enforcement proceedings. Moreover, the enforcement authority decides to discontinue the proceedings if, for example:

- the obligation had been fulfilled before the proceedings started,
- the obligation has been cancelled⁸,
- the debtor died (if the liability was strictly connected to the person of the debtor),
- the enforcement proceedings were suspended at the request of the creditor and were not resumed by the laps of a 12-month period from the date of submitting this request,
- the creditor claimed redemption,
- the debtor has not been served a reminder notice, despite the fact that the creditor was obliged to notify him or her.

Enforcement proceedings may be resumed at the request of the creditor if the financial and material situation of the debtor changed or property or sources of income were disclosed which value exceed the enforcement fees and costs. The possibility to resume the enforcement proceedings is excluded in the case of tax debt write-off.

Enforcement actions are charged. The fees depend on the applied execution measures. In the case of the execution of receivables they equal 4-10% of the value of the executed debt.

The amount obtained in the course of enforcement proceedings is earmarked, in the first place, for covering the costs of enforcement and reminders. The subsequently satisfied debts include:

- mortgage-backed receivables arising from mortgage bank debt entered into the register of collaterals for mortgage bonds, kept in accordance with the law on mortgage bonds and mortgage banks,

⁸ The law envisages a number of circumstances in which tax arrears can be written off. One of them is, for example, a material interest of the taxpayer, i.e. if due to some extraordinary circumstances, accidents or acts of God, the taxpayer is not able to timely settle his or her tax liabilities (Kaznowski 2013: 872).

- mortgage or registered pledge-backed receivables or receivables backed by entry in a different registry.

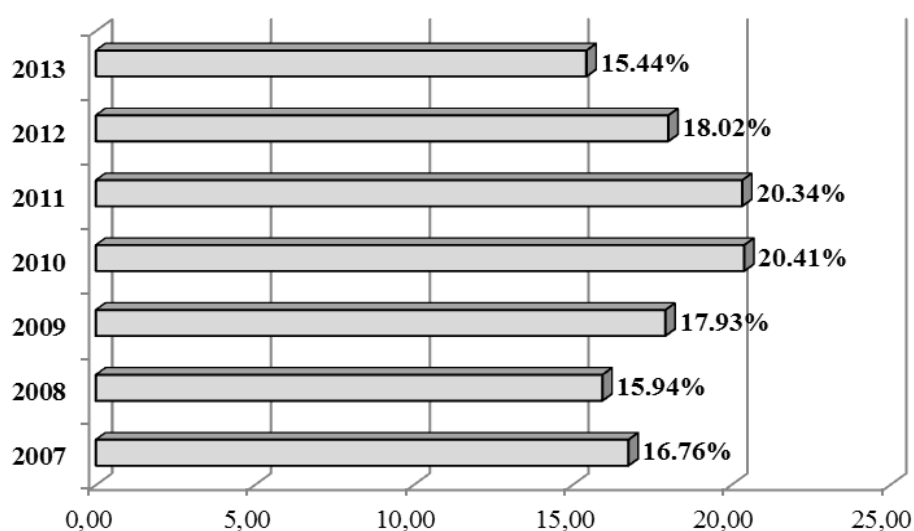
Tax liabilities and receivables from social insurance contributions are generally satisfied only in the fourth place.

Table 3. Tax Arrears Recovered in Enforcement Proceedings in Poland in 2009-2013 (in Thousand PLN)

Tax category	Years				
	2009	2010	2011	2012	2013
Corporate income tax	83,528	170,347	99,797	129,052	96,840
Personal income tax	503,239	613,462	691,070	752,297	780,672
Value added tax	1,656,156	1,933,237	2,117,996	2,050,491	2,115,104
Excise tax	19,562	22,280	30,647	30,961	105,404
Gambling and lottery tax	624	10,448	11,299	6,697	6,942
Other taxes	14	12	3	26	97
Customs duties	6,919	2,410	3,974	4,170	3,626
Arrears in total	2,270,042	2,752,196	2,954,786	2,973,694	3,108,685

Source: *Budgetary revenue on the basis of joint data from customs and tax chambers*. Ministry of Finance. Warsaw 2010-2014. p. 1-4. Prepared by the Author.

Figure 3. Tax and Customs Duty Arrears Recovered in Enforcement Proceedings as a Share of Tax and Customs Duty Arrears Under Enforcement Proceedings in Poland in 2007-2013



Source: *Information on budgetary arrears in 2009-2013*. Ministry of Finance. Warsaw 2010-2014. p. 2-6; *Budgetary revenue on the basis of joint data from customs and tax chambers*. Ministry of Finance. Warsaw 2010-2014. p. 1-4. Prepared by the Author.

One of the indicators aimed at measuring the efficiency of the execution of tax arrears is the share of the arrears recovered in the course of enforcement proceedings in the total amount of arrears. Juxtaposing the data from Tables 1 and 3 it can be noticed that the share of the tax and customs duty arrears recovered in the course of enforcement proceedings in the total amount of tax and customs duty arrears has decreased year by year and between 2009 and 2013 dropped from 10.7% to 8.6%. In 2013, this indicator was the highest in the case of the personal income tax (13.0%). In 2009-2013 its value slightly decreased (by 0.52% point). At the same time, in the case of the value added tax, it decreased significantly - by as many as 5.4% points and was 10.1% in 2013. On the contrary, in the case of the excise tax and the gambling and lottery tax, the indicator increased.

Another important indicator used to evaluate the efficiency of tax arrears recovery is the relation of the arrears recovered in the course of enforcement proceedings to arrears under enforcement proceedings. Figure 3 was created to demonstrate this indicator in Poland in the years 2007-2013. In 2008-2010 it increased, which was related to a relatively fast pace of increase in the amount of arrears recovered in the course of enforcement proceedings. In 2011-2013 the described indicator decreased, which was related to a significant increase in the amount of arrears under enforcement proceedings.

Conclusions

The stock and structure of tax arrears and the efficiency of their execution are one of the most important criteria taken into account when evaluating the performance of tax administration. In Poland, over the last years, a dynamic increase in budgetary arrears could have been observed, in particular with respect to the value added tax. As a result of the slower growth of customs and tax revenues, the relation of the arrears to the budgetary revenue deteriorated. This relation is in Poland higher than in most OECD countries. In accordance with the data for 2011, with respect to the share of undisputed tax arrears in net revenue collection, Poland is twelfth, after such countries as Greece, Slovakia, Cyprus, Bulgaria, Malta, Latvia, Island, Portugal, Hungary, Mexico and Turkey.

The tax authorities in Poland have a number of rights with respect to securing tax collection and executing receivables. What is criticized is the fact that these authorities combine the roles of the creditor and the executor. Another controversial aspect concerns the rights of tax authorities to enforce entitlements other than tax claims, for example, radio and television subscription fees or traffic fines. As a result, about 80% of cases in which these authorities conduct the execution of receivables concern non-tax obligations. This leads to excessive burden on the tax authorities in the form of administrative execution tasks, and consequently - to decreased efficiency in the field of tax arrears recovery.

Another negative phenomenon is a decrease in the share of arrears recovered in the amount of arrears in total. The deterioration of this indicator is most visible in the case of the value added tax. The deteriorating efficiency of tax arrears recovery in recent years is confirmed also in the decrease of arrears recovered in enforcement proceedings as a share of arrears under enforcement proceedings.

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