

# **THE POLISH 1% TAX CREDIT - DOES IT WORK ?**

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# What kind of organisations are PBOs?

- PBOs constitute only 10% of NGOs legally eligible to get the status.
- Although not numerous PBOs concentrate incommensurately big part of the nonprofit sector assets: 31% of paid work-contract employment, 29% of revenues and 26% of memberships as well as 25% of volunteer work

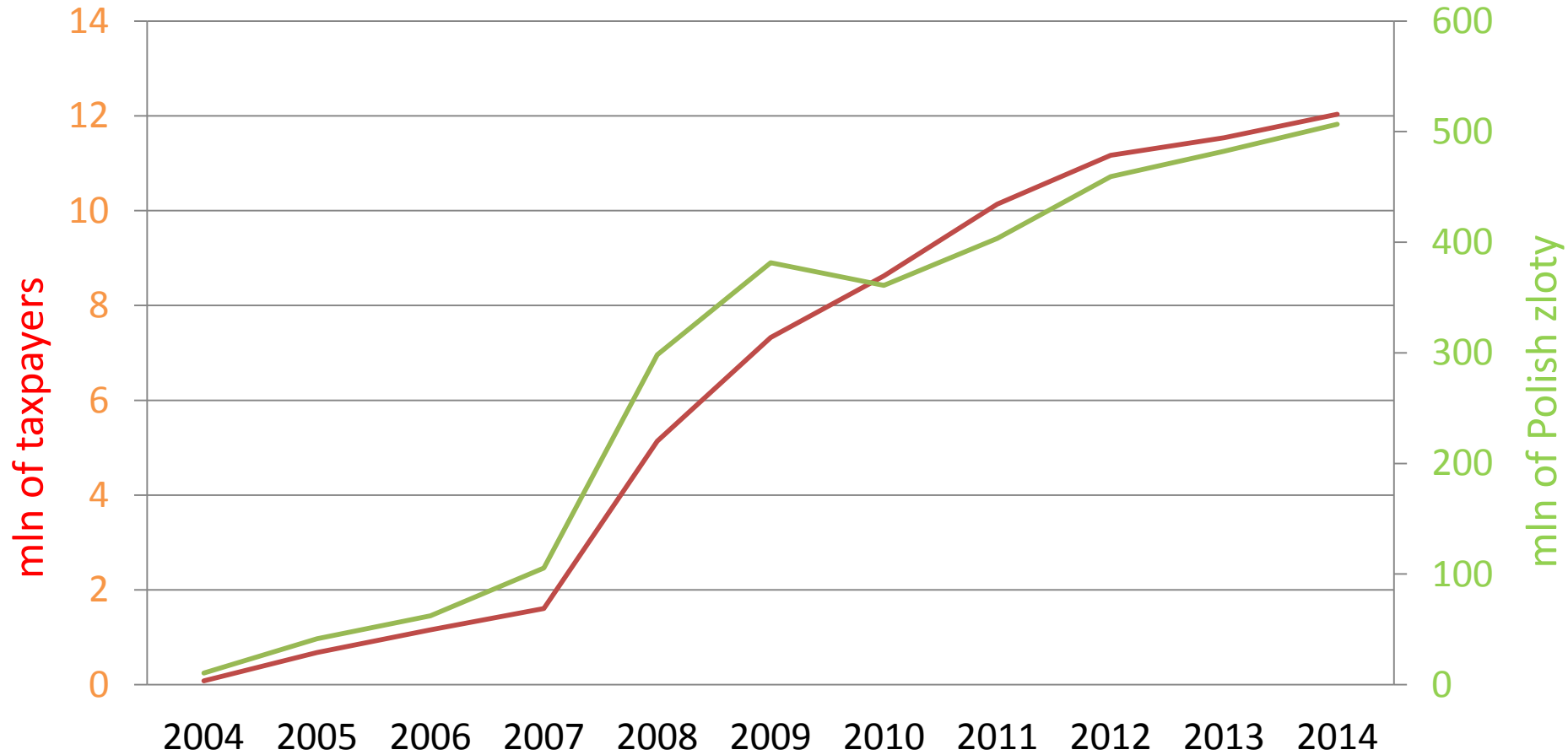
# Other specialities of PBOs

- PBOs are highly overrepresented in core welfare service fields:
  - social assistance (25% while among all NGOs 6%)
  - and health care(14% compared to 3%).
- PBOs relatively more often are involved in providing material support to their beneficiaries (40% of PBOs and only 17% of the rest nonprofits)
- this support provided for free (32% of PBOs and only 12% of other nonprofits)

# 1% and PBOs got popular

- 1% tax credit mechanism became quite popular among citizens.
- total amount transferred to nonprofits having the status of PBOs represented 72% of the sum of taxes eligible for the 1% mechanism (2012)
- 56% of those having tax obligations suitable for use of the mechanism, i.e. 12 million people (2014)
- the money were transferred to 7 423 out of 7 667 eligible PBOs (Ministry of Finance 2014).

# Number of taxpayers engaged and the amount transferred with 1% scheme, 2004-2014

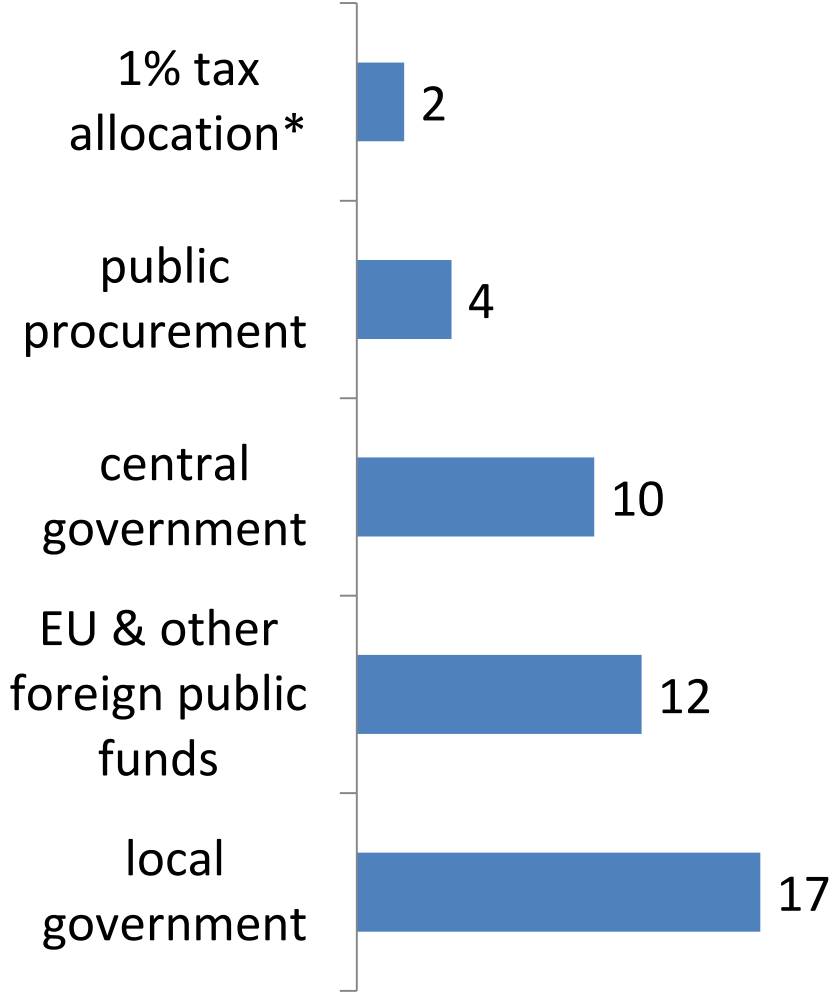
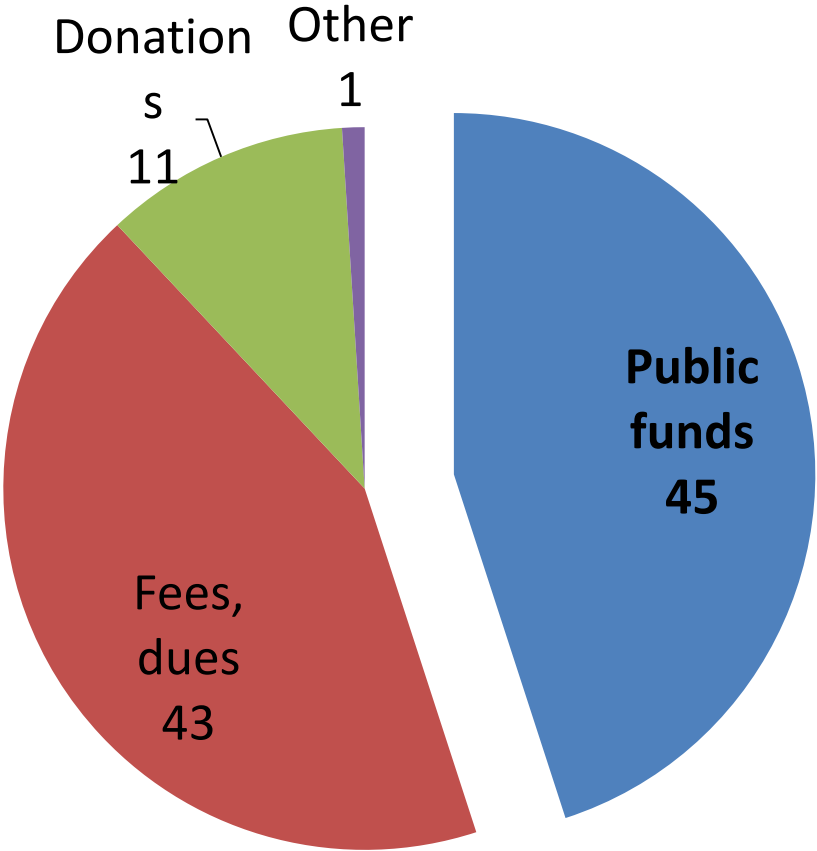


— number of taxpayers allocating 1% of PIT for PBOs (in mln)

— total amount of taxes allocated for PBOs (in mln zloty)

Data source: Ministry of Finance

# Structure of Nonprofit sector revenues



**1% - substancial source of revenue  
very unevenly distributed**

- ***1% mechanism* accounted for 2% of the revenues of all nonprofit active organizations and 8% of the revenues of active PBOs.**
- **more than half of all receipts from the 1% scheme (54%) went to 50 organizations, each of which received in excess of 1 million zł,**

# 1% for the sector or for the individuals?

- 3 biggest recipients of the 1% funds, totaling 31% of the whole 1% fund, are foundations collecting the money covering expenses on medical treatment of particular persons.
- There is a permanent public debate: should the choices made by taxpayers be limited to pointing a PBOs but not to particular beneficiary of this PBO as an aim of the 1% transfer.



# Paying to get more of 1%

- 71% of the organizations receiving allocations from the 1% scheme engaged in some promotional activities,
- in half of the cases (35%), these activities were paid by the organization,
- promotional expenses aimed at receiving 1% scheme transfers accounted for 7% of the sums received by the PBOs through the 1% scheme.

# Very diversified costs of attracting 1% assets in different fields of NPO activity

- in *health care*:
  - high costs of information campaign,
  - 10 x higher takings from 1% than costs of the campaign => average cost share 9%.
- in *sports, recreation and culture*:
  - low campaign costs,
  - small takings from 1% mechanism,
  - average cost share 17% and 15%.

# Conclusions and further steps

- 1% scheme popularity come brought better knowledge of PBOs activities to more than half of Poles,
- At least 1/3 of 1% allocation comes to particular persons not strengthening the sector's economic potential
- Competition for 1% consumes 7% of the sum => 2015 amendments to the Act on Public Benefit and Volunteering.

**THANK YOU  
FOR YOUR ATTENTION !**

In case of questions ...  
you can send me an e-mail to ...

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