

FOR Communication 30/2021

The "Polish Deal" Takes a Tax Hit on Apartment Rentals

Synthesis:

- **PiS within the framework of the "Polish Deal" is raising the tax burden on income from rental housing drastically and without a transition period. In this way the government wants to slow down the growth of property prices and at the same time increase budget revenues. This is the wrong direction. It is already more expensive and less tax beneficial to live in a rented apartment than to own one, and the reasons for the rise in property prices lie in the NBP's loose monetary policy and supply barriers. Meanwhile, the development of the rental market, especially of institutional lease, is a positive structural change in the Polish economy.**
- **The housing model in Poland and other post-socialist countries is strongly focused on ownership, rather than renting as in Western Europe. This limits labor mobility, as people are less likely to look for a better job outside their place of residence when they already own an apartment, especially if they bought it with a long-term loan. The lack of a developed rental market also makes it more difficult for young people to move out from their parents and become independent, and limits the access of lower earners to the most attractive jobs concentrated in the centers of the largest metropolises, and thus their social advancement. Owning an apartment with a large loan can be a crutch in many life situations, especially in the context of professional mobility.**
- **Institutional lease, which has been developing in Poland recently, run by specialized corporations, may be an answer to many factors which today make apartment renting less attractive than ownership. Institutional tenancy agreements that better protect the interests of owners and tenants, the di-**

versification of risk in hundreds of apartments and a long-term horizon of operations may significantly reduce the inconveniences reported by Poles related to price, unpredictability of rent changes, limitations on changes in the arrangement of apartments, frequent inspections by owners, or uncertainty about the termination of the agreement and the possibility of its continuation over many years.

Civil Development Forum (FOR)

FOR was established in 2007 by Professor Leszek Balcerowicz to effectively protect freedom and promote truth and common sense in the public discourse. Our goal is to change the consciousness of Poles and the current and planned law in the liberty-oriented direction.

FOR implements its goals by organizing debates and publishing reports and analyses that address important social and economic issues, in particular: the state of public finances, the situation on the job market, economic freedom, the justice system and the creation of laws. On the initiative of FOR, a public debt counter was launched in the center of Warsaw and on the Internet, which draws attention to the problem of rising national debt. The activities of FOR also include economic education projects and participation in campaigns aimed at increasing voter turnout.

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Patrycja Satora, FOR Development Director
phone: 500,494,173
e-mail: patrycja.satora@for.org.pl

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CONTACT TO THE AUTHOR



Rafał Trzeciakowski

FOR Economist

e-mail: rafal.trzeciakowski@for.org.pl

Twitter: [@ratrzeci](https://twitter.com/ratrzeci)

Fundacja Forum Obywatelskiego Rozwoju – FOR

ul. Ignacego Krasickiego 9A • 02-628 Warszawa • phone 22 628 85 11

e-mail: info@for.org.pl • www.for.org.pl

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