

# ІНСТИТУЦІЙНЕ ЗАБЕЗПЕЧЕННЯ ЕКОНОМІЧНОГО ЗРОСТАННЯ

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## HOW TO ACCOUNT THE SALES TAX FOR THE DISTRIBUTION OF RENEWABLE ENERGY

The subjects producing energy are called prosumers i.e. people who are both producers and consumers of energy. According to the act concerning renewable energy a natural person, who does not conduct business activities and generates energy using micro installation for their own needs, is eligible for selling the extra energy. Above-mentioned activity is not regarded as a business activity. The energy generated in this way can be sold providing the installation is connected to the electric power grid. «The discussed regulation provides the household with an opportunity to lower the expenses by balancing the generated and consumed energy. At the same time, as it was mentioned above, this way of generating energy is not seen as a business activity which highly reduces the duties and costs connected with running the installation»[1].

The act concerning renewable energy in the energy law states that generating electric power in micro installations (i.e. installations with the power of 40kW or lower) does not require a specific concession which is defined by The Freedom of Business Act [2]. The income generated as a result of selling electric power, which was not used by the natural person, will not be taxed using the same rules as in the case of entrepreneurs.

If a natural person who is not an entrepreneur installs photovoltaic cells and transmits unused electric power to the electric power grid, the profit will be qualified as other sources income and should be included in the tax statement of profits and expenses in the tax year PIT-36 [3].

The taxpayer will not be able to deduct any tax expenses. All costs incurred in order to gain profit are included into tax deductible expenses. In the above case the main expense is building the micro installation. Depreciation is also not possible.

### References:

1. [http://www.paiz.gov.pl/prawo/odnawialne\\_zrodla\\_energii](http://www.paiz.gov.pl/prawo/odnawialne_zrodla_energii) (accessed 10.03.2016 r.).
2. The 2<sup>nd</sup> July 2004 The Freedom of Business Act (law gazette 2004 no.173 position 1807, with future changes).
3. The 26<sup>th</sup> July 1991 The Natural Person Income Tax Act (law gazette 1991 no.80 position 350).