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Municipal Tax Policy in State Emergencies

Abstract: A significant part of the revenue supplying municipal budgets in Poland comes from taxes that are subject to municipalities' constitutionally enshrined powers. This income is mainly generated by contributions connected with the right of property ownership, among others. Apart from a fiscal function, taxes may also stimulate specific processes. Positive stimulation within the scope of tax policy is mainly based on various types of tax preferences. They may be applied as a tool of tax policy which fulfils specific economic and social objectives. These issues have become particularly important during emergencies taking place in the state, such as the COVID-19 pandemic, the migration crisis or the war in Ukraine. In the wake of the recent occurrence of such types of quasi-extraordinary measures, it is reasonable to ask a question about the need to adjust the legal limits of municipal tax powers in this regard. Concurrently, the necessity to maintain balance between support provided to specific categories of entities and the financial needs of municipalities may not escape notice. The Polish experience shows that as a consequence of emergencies, ad hoc solutions of a merely occasional nature have been introduced to the tax law system. Hence a thesis may be formulated according to which it is reasonable to approach this kind of phenomenon in a systemic way, which should be reflected in the introduction of standard and stable tools that could enable municipalities to undertake specific action. The purpose of this study is to verify this assumption, relying, most of all, on the experiences and needs that have emerged in Poland in recent years.

Keywords: extraordinary measures, local government, tax policy, taxes

Introduction

Revenue from local taxes and charges is one of the basic categories of income for municipalities, which are the lowest tier of local self-government in Poland. Generally, these revenues are contributions implemented by municipal tax authorities, while municipal legislative bodies (councils) may, to some extent, affect their shape. A possibility of exerting an impact on the amount of taxes and charges by municipalities is provided by the standard designated in the European Charter of Local Self-Government drafted in Strasbourg on 15 October 1985. Municipalities' powers therein, both at the level of enacting and applying tax law, are of fundamental importance within the context of pursuing tax policy by local government units. It is one of the instruments of fiscal policy understood as a selection of sources and methods for collecting public income, as well as trends and types of public expenditure to achieve specific goals set by public authorities (Fedorowicz, 1998, p. 7). Since tax policy deals with taxation, tax revenues should be shaped in such a way as to achieve previously set goals, not only fiscal but also socioeconomic (Sekuła, 2011, p. 211).

The dynamics of socioeconomic changes necessitate a pursuit of an appropriate tax policy. This issue becomes particularly important in emergencies related to the phenomena that have been taking place recently and that are still happening now. These are, most of all, the economic crisis connected with the COVID-19 pandemic, the migration crisis or the ongoing war in Ukraine, which entail certain social and economic consequences. These phenomena substantiate the question about the necessity to adjust the state's fiscalism (Maksimczuk, 2021), including the legal limits of municipal tax powers within this scope (Radvan, 2023). Concurrently, the necessity to maintain a balance between the support provided to specific categories of entities and the financial needs of municipalities may not escape notice. The experience of recent years allows the formulation of a thesis, according to which it is reasonable to approach this kind of phenomenon in a systemic way, which should be reflected in the introduction of standard and stable tools that could enable municipalities to undertake specific action. However, the legislature's response in the Polish legal order has been only ad hoc in nature. Although this does not mean that in the system of local tax law there are no mechanisms that provide taxpayers with support in emergencies, these seem insufficient. The purpose of this study is to verify this assumption, relying, most of all, on the experiences and needs that have emerged in Poland in recent years.

1. The scope of municipal tax powers in Poland

Pursuant to Article 168 of the Polish Constitution (Constitution of the Republic of Poland 1997), local government units have the right to set the amount of local taxes and charges to the extent established by statute. However, in the Polish legal order, only municipalities have their own income of a tax nature. The power result-

ing from the above-mentioned regulation is exercised within statutory limits, which means that the statute determines municipalities' actions, both at the level of enacting and applying the law.

Referring to the first case, the level of tax burden may be shaped by acts of local law, i.e. resolutions of municipal councils (Etel, 2004). Under special statutory provisions regulating the structure of local taxes and charges constituting municipalities' income, their law-making bodies are vested with the powers to influence the amount of these taxes and charges. This may take place in relation to the individual structural elements of these contributions. In particular, attention should be paid to the obligation to determine a proper tax rate for a given accounting period, which, however, takes place within statutory limits. Such a structure occurs in the most common municipal tax, i.e. a property tax. The maximum rates of this tax are stipulated by statute, whereas municipal councils determine their specific amount for a given tax year, including the statutory thresholds of these rates. Sometimes, however, as is the case with motor vehicle tax, the rates are determined by a resolution of a municipal council within the statutory limits of minimum and maximum rates.

The obligation to determine the rates should be distinguished from the powers to differentiate their amounts. This takes place when a municipal council, within the statutory categories of rates, distinguishes additional rates, which are usually lower (Etel et al., 2020, pp. 501 – 503). With regard to a property tax, this may be based on exemplary criteria set forth in the act regulating this contribution (e.g. a location, use, building type, technical condition or age).

To a large extent, municipal councils also exercise the right to introduce exemptions in local taxes and charges. Again, the limits of the powers of these bodies are set by law. Resolutions of municipal councils may not duplicate statutory exemptions, and in addition, they may not be subjective in nature. Thus tax exemptions can be granted to certain objects of taxation (e.g. buildings, land and means of transport) but not subjects. This is consistent with the wording of Article 127 of the Polish Constitution, according to which, among other things, the categories of subjects exempt from tax are determined solely by statute.

On the other hand, at the level of the law's application, attention should be paid to the possibility by tax authorities, including municipal ones, of granting relief from paying tax obligations, as regulated in the Act of 29 August 1997 – Tax Ordinance. As a rule, at the request of a taxpayer, these bodies may remit tax arrears as well as defer due dates or spread dues into instalments. Formulating the prerequisites of their application, the legislature availed itself of general clauses in the form of the important interest of a taxpayer or of public interest. Due to their general nature, these notions have been clarified primarily in the case law of administrative courts, which indicate that the premise of the public interest is understood as a rule of conduct, wherein it is necessary to consider values that are common to the whole of society, such as justice, safety, trust in authorities and rectification of their wrong decisions. The important

interest of a taxpayer, in turn, is the situation when, due to extraordinary or chance events, a taxpayer is unable to pay his/her tax arrears. This will include the loss of earning capacity, accidental loss of a property and the taxpayer's economic situation.

Finally, it should be pointed out that regulations on state aid are a significant constraint on municipal tax policy, which exerts an impact on the economic situation of entities pursuing a business activity. The EU's legal rule on the protection of competition precludes supporting this category of entity from public funds, subject to certain exceptions (Marquardt, 2007). Such assistance may involve not only direct funding of these entities in the form of subsidies or grants but also the application of tax preferences which reduce their burdens (Kalinowski & Zalasinski, 2003). Hence, all kinds of tax relief and exemptions, including those applied by municipal bodies, are subject to this regulation. For this reason, they must generally be individually approved by the European Commission, unless they belong to the category of aid that has already been accepted by this organ in relevant legal acts. From a practical perspective, *de minimis* aid is of the greatest importance within this scope and recently was also the support provided in connection with the COVID-19 pandemic.¹

2. Emergencies and extraordinary measures

A traditional solution for modern constitutions of democratic states is the specification and regulation of states of special threat. These mostly involve so-called extraordinary measures, which may be defined as a legal regime introduced in the event of the occurrence of a particular threat that may only be eliminated with the use of exceptional measures. This regime is mostly characterized by the restriction (suspension) of the specific rights and freedoms of the individual. There may also be a shift of competence among public authority bodies, or they may be vested with special powers to eliminate the threat. They have been regulated in the Polish Constitution in Chapter XI, 'Extraordinary measures', which distinguishes martial law, which may be declared as a result of an external threat; a state of emergency, which may be introduced as a result of an internal threat; and a state of natural disaster, which may be introduced in order to prevent the effects of natural catastrophes or technical failures bearing the characteristic features of a natural disaster (Prokop, 2020, pp. 437 ff.). All extraordinary measures are based on uniform general principles, regardless of their territorial scope and duration, i.e. exceptionality, legality, proportionality, expediency, protection of the foundations of the legal system and protection of representative bodies. The Polish model of extraordinary measures assumes, most of all, the restriction (suspension) of specific individual rights and freedoms. Apart from

1 See European Commission (2020). The rules on granting this aid are regulated, inter alia, in the Regulation on the Application of Articles 107 and 108 2013.

the Constitution, detailed regulations are included in three ordinary laws dedicated to extraordinary measures.

However, the issue of the situation of special threats to the state is not limited solely to extraordinary measures. The legal system envisages intermediate institutions that are bridges between extraordinary measures and the ordinary functioning of the state, which, however, has been duly examined by the Constitutional Tribunal. Such special situations may include a crisis situation or a state of epidemic. However, according to the above-mentioned objection raised by the Constitutional Tribunal, they should rather be understood as a counterbalance to extraordinary measures and therefore should be included in the subcategory of 'the ordinary functioning of the State'.² Neither extraordinary measures nor other situations of threat bear the attribute of self-sufficiency, whereas their introduction and manner of implementation depend on the free assessment of the prerequisites and the will of specific state bodies.³

With regard to the threats mentioned above, state authorities have not approached them in a uniform way. As far as the COVID-19 pandemic is concerned, despite the occurrence of the premises envisaged in the Act on the State of Natural Disaster (2002), the authorities decided not to introduce this state but only the state of an epidemic threat instead, which was then followed by the state of epidemic.⁴ As a result of the border crisis, a state of emergency was introduced in part of the state's territory (Bodnar & Grzelak, 2023, pp. 57 ff.; Kuzelewska & Piekutowska, 2023, pp. 39 ff.; Zdanowicz, 2023, pp. 103 ff.), while for the conflict in Ukraine, so far the legal level has been limited to the introduction of new special regulations at the statutory level. Thus we are dealing with three different approaches to the state's extraordinary measures, which, in turn, give rise to a different scope of action for state bodies.⁵

3. Legal instruments allowing adjustment of municipal tax policy for extraordinary measures and emergencies

As indicated above, despite the fact that extraordinary measures were not introduced in Poland (with the exception of the state of emergency in the area bordering Belarus), we were certainly dealing with situations that required special legislative

2 The Tribunal emphasized that the existence of the constitutional closed catalogue of extraordinary measures provides for the ban on such new measures enacted by statute; Judgment of the Constitutional Tribunal 2009.

3 Compare the Ruling of the Supreme Court of 2020.

4 As examples of the impact of the implemented legal solutions on the functioning of the state, see, for example, Domańska (2022, pp. 147 ff.); Grabowski & Grabowska (2022, pp. 193 ff.); Hoffman & Kostrubiec (2022, pp. 31 ff.); Jabłoński & Kuźnicka-Błaszowska (2022, pp. 207 ff.); Ożóg (2022, pp. 237 ff.); and Syryt et al. (2022, pp. 55 ff.).

5 It should be noticed that various threats may impact just the same areas of the state's activity; compare, for example, Szwed (2022, pp. 17 ff.)

intervention, including in the area of tax law. Interestingly, such solutions were introduced in connection with the COVID-19 pandemic, and yet they were not provided for the above-mentioned state of emergency that was in force in part of the territory of the Republic of Poland.

Legal regulations that can provide the grounds for the adjustment of municipal tax policy in Poland to emergencies should be divided into two categories: permanent and ad hoc. The former should include instruments that were already incorporated into the legal system many years ago and that may be applied in the event of such phenomena. On the other hand, ad hoc instruments were only episodic in nature and responded to socioeconomic phenomena connected with the occurrence of the COVID-19 pandemic (Maksimczuk, 2021).

Polish tax law provides for special solutions connected with the occurrence of a natural disaster. Referring to the Act on the State of Natural Disaster (Article 3(1)), this term should be understood as a natural catastrophe or technical failure, the effects of which threaten the life or health of a large number of people, assets of substantial value or the environment over a large area, while assistance and protection may be effectively undertaken only by the application of extraordinary measures in cooperation between various bodies, institutions and specialized services and formations operating under one leadership.

Within the scope of agricultural tax constituting municipal income, Article 13(c) of the Act of 15 November 1984 on Agricultural Tax allows tax authorities to grant a relief involving a waiver of tax assessment or collection in whole or in part in the event of a state of natural disaster. Therefore, this relief may be solely applied when such a state is introduced by a relevant regulation of the Council of Ministers. Its amount depends on the scale of losses suffered by a farm as a result of the disaster. On the other hand, with regard to the extension fee, i.e. an additional contribution, which is connected with the issuance of a decision by a tax authority deferring due dates or spreading dues into instalments, Article 57(5) of the Tax Ordinance stipulates that it is not charged when such a decision has been issued because of a natural disaster. In this case, the legislation does not refer to a state of natural disaster, which allows the assertion that this institution is applied in the occurrence of factual states that fulfil the prerequisites for the introduction of such a state, no matter whether it has been formally introduced (Etel et al., 2022, p. 702).

What is more, it is worth noting that the application of tax preferences in the event of a natural disaster has also been envisaged in Article 67(b) § 1(3)(a) of the Tax Ordinance, although not directly. This provision allows business entities to be provided with relief from paying tax obligations by deferring due dates, spreading dues into instalments or remission. The prerequisites for granting this relief take the nature of general clauses (the important interest of a taxpayer or the public interest), but in addition they must, with respect to the designated entities, comply with the regulations on state aid. For this reason, the Act stipulates the specific nature of such

aid; among many different purposes, the Act lists state aid granted to redress damage caused by natural disasters or other extraordinary events.

The above-mentioned regulations are, in fact, the only ones that have been permanently introduced to Polish tax law. In addition, there has been a catalogue of legal instruments introduced in connection with the COVID-19 pandemic that municipal tax authorities could and, to some extent, still can use. These solutions have been placed in the statutes regulating the structure of local taxes or in the Tax Ordinance, while their source was the repeatedly amended Act of 2 March 2020 on Special Solutions Related to Preventing, Counteracting and Combating COVID-19, Other Infectious Diseases and Emergencies Caused by Them (the COVID Law). Among a number of legal solutions (so-called shields) included in this Act, there were also those of the nature of tax preferences that could be introduced within the scope of local taxes by municipalities. Their addressees were primarily entrepreneurs who were affected as a result of the restrictions related to business activity. The most far-reaching solution introduced by the COVID Law (Article 31(zzm)) was the discontinuation of the collection of a market fee in 2021 (Dowgier, 2021). The cause of this suspension, contained in the reasons for the draft Act, indicated that 'this fee is collected almost exclusively from small entrepreneurs who do not have a commercial infrastructure, [and] sell their products in person, with the help of family members, or one or two employees. For such entities, the obligation to pay even a small fee is a real burden. Therefore, no obligation to pay this fee would be a real support' (Sejm, 2020a). As a consequence of the enacted regulation, no municipality collected a market fee in 2021. However, the legislature provided a mechanism to compensate municipalities for the revenue lost due to this (Dowgier, 2021). Property-tax preferences were also addressed as business entities. According to the reasons for the Act that introduced these solutions, '[i]t became necessary to develop a shielding package for businesses preventing, in particular, the loss of liquidity in their activity' (Sejm, 2020b).

Pursuant to Article 15(p) of the COVID Law, municipal councils could introduce by resolution, for a part of 2020 and for selected months of 2021, exemptions from property tax on land, buildings and structures related to the conduct of a business activity for designated groups of entrepreneurs whose liquidity deteriorated as a result of negative economic consequences they suffered due to COVID-19. In this resolution, municipal councils could also introduce, on the same terms, exemptions from property tax on land, buildings and structures occupied for the activity of non-governmental organizations or other public-benefit organizations. The second solution resulting from Article 15(q) of the COVID Law vested municipal councils with the power to extend, by resolution, time limits for paying property-tax instalments due from April 2020 to the end of 2021 for designated groups of entrepreneurs whose liquidity deteriorated as a result of negative economic consequences they suf-

ferred due to COVID-19. As in the previous case, the extension of time limits to pay tax instalments could also be addressed to NGOs and public-benefit organizations.

While the solution allowing municipal councils to introduce exemptions from property tax was not new within the context of the existing legal order, the institution of the extension of time limits to pay property-tax instalments has so far had no equivalent. Under the Act regulating property taxes (Article 7(3)), municipal councils are vested with a general power to introduce tax exemptions by resolution. Pursuant to Article 217 of the Polish Constitution, however, their nature cannot be subject-based because tax exemptions may only be stipulated by statute. In consequence, vesting municipal councils with the power to introduce property-tax exemptions addressed to specific groups of entities required a statutory base, which was introduced in the above-mentioned Article 15(p) of the COVID Law.

Municipal councils in quite large numbers have used their powers to introduce exemptions and extend the time limits of tax instalments; the addressees of these resolutions were generally the categories of entrepreneurs who were affected by the regulations establishing certain restrictions, orders and bans in connection with the state of pandemic (hotels, restaurants and hairdresser salons) (Czarnecki, 2020; Dowgier, 2020). It should further be emphasized that the application of the analysed preferences burdened municipalities economically, because the legislature did not provide mechanisms to compensate for the revenue lost by municipalities due to these exemptions. Nevertheless, it should be noticed that the lack of compensation was not a factor motivating municipal councils to not introduce exemptions, because the need to support entrepreneurs at a time that was economically difficult for them prevailed. Notwithstanding, even the lack of resolutions on exemptions or extensions of a time limit did not deprive entrepreneurs from the right to take advantage of the instruments of individual support in the form of relief from paying tax obligations.

As has already been mentioned above, one of the instruments used by municipalities to shape the amount of tax levies was relief from paying tax obligations, regulated in the Tax Ordinance Law (deferral, payment in instalments or remission). This institution is well established in the system of Polish tax law, but in connection with the COVID-19 pandemic, it required certain ad hoc modifications. These were related to the issue of the admissibility of granting state aid to business entities, even if the deterioration of their economic situation was a consequence of such an extraordinary and objective event as the pandemic.

Within the context of relief from paying tax obligations, attention should be paid, first and foremost, to the provision of Article 15(zzzh) of the COVID Law, in the light of which support granted to entrepreneurs, in the form of deferral of time limits and payment in instalments if the time limit to pay tax expired after 21 December 2019 or when tax arrears became due after this date, was the form of state aid to remedy a serious disturbance in the economy, applied in accordance with the terms and conditions included in the Communication from the Commission (Euro-

pean Commission, 2020, p. 1). This support could be granted to a taxpayer pursuing a business activity who suffered at least a 25% decrease in their economic turnover due to COVID-19 in any given month after 31 January 2020 compared to the previous month or a corresponding month of the previous year. The main advantage of such a solution was the exclusion of aid granted under this procedure from the obligation to notify the European Commission and the increase in the level of support up to an amount equivalent to EUR 800,000 per enterprise, as compared to the most common support in the form of *de minimis* aid.

Finally, we should also mention the waiver of the obligation to charge an extension fee resulting from Article 15(za)(1) of the COVID Law. Pursuant to this law, the provisions under which the extension fee is calculated do not apply to decisions on deferral of payment or payment in instalments in relation to taxes constituting income of the state budget on the basis of an application filed during the states of epidemic threat or of epidemic declared in connection with COVID-19 or during the 30-day period following their cancellation. This solution was addressed exclusively to state tax authorities. Within this context, however, a doubt arises as to the issue already mentioned before, i.e. whether the state of epidemic fulfilled the premise of the occurrence of a natural disaster invoked in Article 57(5) of the Tax Ordinance. The literature points out that this solution appears unnecessary while municipal tax authorities were obliged to refrain from calculating the extension fee based on the invoked provision of the Tax Ordinance (Etel et al., 2022, p. 704).

4. The adequacy of available legal solutions for the needs of tax policy conducted by municipalities during extraordinary measures and emergencies

The catalogue of legal instruments presented here, which may potentially be used by municipalities in their tax policy, should be considered adequate to the needs that emerged in the COVID-19 pandemic. The crucial point, however, is that in most cases the legal solutions introduced were only episodic in nature and applied only to the pandemic period. Meanwhile, there are also other factual situations that, in our opinion, justify the application of analogous solutions. The proof confirming this thesis was the introduction of the state of emergency in part of the territory of Poland (the Podlaskie and Lubelskie provinces, bordering Belarus). The restrictions that were introduced within this scope primarily affected the activities of entities that carried out economic activities, including tourism, in the Białowieża National Park, among others. Despite the fact that a certain system of compensation from the state budget was provided for these entrepreneurs, municipalities were not given adequate instruments to support them in the form of tax preferences. In particular, due to the constitutional stipulation related to the exclusivity of the statute with regard to the

introduction of subjective exemptions, municipal councils could not introduce property-tax exemptions related directly to entrepreneurs adversely affected by the introduction of the state of emergency in border areas. Of course, it was possible to exempt facilities such as hotels, boarding houses or agritourism accommodation from the tax, but even in this respect, municipal councils were limited by the regulations on state aid. Taking account of the fact that the basic form of granting state aid based on the resolutions of municipal councils was *de minimis* aid, some entrepreneurs benefiting from the government support also granted under this formula could not receive aid in practice.

A similar problem became apparent in connection with the refugee crisis caused by the war in Ukraine. In the initial period after the outbreak of the war, there was a need to provide housing for Ukrainian citizens. Some local governments tried to encourage and support property owners to do so through tax exemptions. Due to the wording of Article 7(3) of the Act on Local Taxes and Charges, however, the wording of the exemption had to be constructed in such a way that it referred to objective, rather than subjective, features. To put it simply, it was not possible to exempt the owners of buildings or premises in which they quartered Ukrainian citizens from a property tax. On the other hand, it was permissible to exempt buildings and parts thereof related to the accommodation and boarding of such persons (Dowgier, 2022).

Regarding the requirement resulting from Article 217 of the Constitution of the Republic of Poland to regulate subjective exemptions statutorily, as well as to the constraints imposed by state aid regulations, it is difficult to imagine that an instrument of a general nature that would enable municipal legislative bodies to conduct rational tax policy in emergencies could be introduced to the legal order. It seems that, similar to the situation during the COVID-19 pandemic, the more rational model would be to introduce such solutions in ad hoc acts. On the other hand, it should be postulated that the powers of both municipal councils and municipal tax authorities should be expanded by new competencies. A relevant example would be to allow, on the basis of a systemic solution, the modification of statutory time limits to pay local taxes, for example by extending these limits (Etel, 2020, p. 8). This institution was used during the COVID-19 pandemic and could also find application in other emergencies.

Another solution which may be put forward is the extension of the catalogue of relief from paying tax obligations to include a waiver of tax assessment or remission of tax obligations. This is even more reasonable because municipalities would decide independently about the application of these preferences, which is actually an inherent part of their tax authority. Moreover, such solutions may be of a universal nature, i.e. their application should also be possible with regard to taxes supplying the state budget.

We believe that currently, the most adequate legal instrument to be used within the area of tax law during extraordinary measures is relief from paying tax obligations. Local government tax authorities may relatively easily use these preferences

in relation to their receivables, whereas flexibility of action within this scope results from only generally defined premises of granting them (the important interest of taxpayers or the public interest). Notably, the judicial practice of administrative courts during the pandemic attributed a peculiar meaning to these terms. We may indicate case law in the light of which the difficult economic situation of entrepreneurs resulting from the restrictions and bans in the pandemic period satisfied the above-mentioned premises and supported the application of relief (Olczyk, 2021).

Conclusions

According to the thesis formulated at the beginning of this study, the system of local tax law contains mechanisms allowing taxpayers to be provided with support in emergencies, but they seem insufficient. In the light of the considerations thereof, this thesis has been positively verified. We may indicate certain legal instruments that should be introduced to the system of tax law which would result in the extension of the constitutionally enshrined scope of the tax powers of municipalities. The proposals may be referred to both the level of law enactment and application. With regard to the former, following the example of the solutions adopted in connection with the COVID-19 pandemic, it is possible to authorize municipal councils to modify the time limits to pay local taxes by means of a resolution allowing their prolongation. Within the area of tax-law application, in turn, municipal tax authorities should also be able not only to remit tax arrears but also remit tax obligations, or even waive their assessment.

With regard to the extension of municipal powers within the scope of their impact on the amount of tax burdens, difficult barriers to overcome are, on the one hand, constitutional provisions and, on the other, limitations connected to state aid. A response to emergencies in relation to specific categories of entity would require the creation of precise statutory powers. Notwithstanding, in the present legal status, it is admissible to introduce exemptions of a subjective nature which, in economic terms, always have beneficiaries in the person of a specific taxpayer. However, if they are business entities, due to the fact that the support provided to them may constitute a form of state aid, the introduction of tax exemptions must comply with EU and national regulations in this regard. This does not preclude the use of exemptions, which, however, may be significantly limited due to the aid limits that are sometimes in place.

Generally, though, we should opt for potentially extensive powers for municipal councils and tax authorities, since it is reasonable for municipalities to decide themselves about their revenue, which, in fact, mostly comes from taxes. The recent time of economic and social emergencies is therefore only a contribution to a broader discussion on the extension of municipal powers in this regard.

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