

# Change of tax form for sole proprietorships at the turn of the year - when is it profitable?

Igor Kryczewski · 26.01.2026 · Księgowość – JDG

---

## Key Points

- Changing the taxation method for sole proprietorships (JDG) for the year 2026 is possible until **February 20, 2026** for most entrepreneurs generating income from January – after this date, the decision is binding for the entire year.
- Available forms include the tax scale (12% up to 120,000 PLN of income, 32% above), flat tax (19% of income), and recorded lump-sum tax (rates from 2% to 17% of income, depending on the type of business).
- Profitability depends on projected revenues, costs, health insurance contributions (9% on a scale, 4.9% on flat tax, fixed on lump-sum), and tax reliefs – lump-sum is often beneficial with low costs, scale with lower income and family reliefs.
- When forecasting, consider data from 2025, adjusting for expected changes in 2026, and use online calculators for simulating burdens.

## Change of Taxation Method – Basic Information

Changing the taxation method allows an entrepreneur running a sole proprietorship (JDG) to choose or switch to a different method of PIT settlement for a given tax year. The notification is done by updating the CEIDG and is binding for the entire year. Currently, in January 2026, entrepreneurs have until February 20 to make the change for 2026.

## Things to Pay Attention to When Forecasting

Key factors include a realistic forecast of income and costs for 2026, the amount of health insurance contributions (which varies significantly between forms), the

availability of tax reliefs (e.g., for children or joint settlement with a spouse, mainly available on the scale), the type of business (affecting the lump-sum rate), and the risk of exceeding tax thresholds.

## **How to Calculate Profitability Based on the Previous Year**

Based on income, costs, and profits from 2025, calculate tax and contribution burdens for each form, compare net amounts "in hand," and then adjust the calculation to the forecast for 2026. Free online calculators that take all components into account are helpful.

## **Change of Taxation Method in Sole Proprietorship for 2026 - A Guide for Entrepreneurs**

Running a sole proprietorship (JDG) in Poland offers entrepreneurs significant flexibility in choosing the form of personal income tax (PIT) taxation. At the turn of the year, many JDG owners analyze and potentially change their settlement form to optimize tax and contribution burdens. This decision is crucial, especially regarding health insurance contributions, tax rates, and the individual financial situation of the business. This article discusses the essence of changing the taxation method, current deadlines for 2026, available options, factors influencing forecasts, and practical ways to calculate profitability based on previous year results.

### **The Essence and Deadlines for Changing the Taxation Method**

Changing the taxation method entails selecting a different calculation and payment method for income tax, directly affecting the tax base, rates, deductions, and the amount of health insurance contributions. In 2026, JDG entrepreneurs can choose from three main forms: tax scale (general rules), flat tax, and recorded lump-sum tax.

The change can be made once a year and is valid for the entire tax year. The notification is made by updating the entry in the Central Register and Information on Economic Activity (CEIDG-1), available on the portal [biznes.gov.pl](http://biznes.gov.pl). The key deadline

for 2026 is February 20 – this applies to entrepreneurs who generated their first income in January (which is the situation for most). After this date, changes are not possible until the next year, except for specific cases (e.g., resigning from the tax card by January 20). Without an active notification, the form from the previous year continues, and for new businesses, the default is the tax scale.

## **Available Forms of Taxation in 2026**

Entrepreneurs have the following options:

- **Tax Scale** — taxing income (revenue minus costs) according to progressive rates: 12% for income up to 120,000 PLN per year and 32% on the surplus. Offers a tax-free amount of 30,000 PLN, full deduction of costs, and access to most tax reliefs, such as child relief or joint settlement with a spouse. The health insurance contribution is 9% of income and is not deductible from PIT.
- **Flat Tax** — a fixed rate of 19% of income, with no tax threshold and no tax-free amount. Allows for cost deductions but limits reliefs (no joint settlement or tax-free amount). The health insurance contribution is 4.9% of income, with the ability to deduct part from tax, but not less than a minimum amount (about 432 PLN per month in 2026).
- **Recorded Lump-sum Tax** — taxing revenue (without deducting costs) at flat rates depending on the type of business, ranging from 2% (e.g., trade) to 17% (some services). Example rates are 8.5% for general services, 12% for IT services, or 15% for medical professions. The health insurance contribution is fixed and depends on annual revenue (e.g., about 498 PLN per month for revenue up to 60,000 PLN, higher amounts at subsequent thresholds), with the option to deduct 50% of paid contributions.

The health insurance contribution often constitutes a decisive element of the burden, especially since it does not increase linearly with revenue on the lump-sum, making this form attractive for businesses with high margins and low costs.

## **When is a Change of Form Profitable?**

Profitability depends on individual circumstances. The tax scale is usually beneficial for incomes below 120,000 PLN, high costs of revenue generation, and family situations allowing for reliefs. The flat tax works well with higher incomes (above about 150,000 PLN), offering predictability and a lower effective health insurance contribution rate. The lump-sum is optimal in service sectors with minimal costs (e.g., programmers, freelancers, consultants), where the total burden may be the lowest.

## **Key Factors in Forecasting a Change**

Forecasting requires a thorough analysis of several elements:

- Realistic estimation of revenues and costs for the entire 2026 year, taking into account seasonality, new contracts, or inflation.
- The amount of health insurance contributions and social security contributions, which are a constant burden.
- The availability and value of tax reliefs, which may be limited or unavailable for flat tax and lump-sum.
- Industry specifics and qualification for a given lump-sum rate.
- Risk of exceeding thresholds (e.g., 120,000 PLN on the scale) or revenue limits for lump-sum.
- The entrepreneur's personal situation, including other income sources, losses from previous years, or family plans.

Legal changes in 2026 do not introduce revolutionary modifications to taxation forms, but it is worth monitoring updates, e.g., concerning the minimum health insurance contribution.

## **Practical Calculation of Profitability Based on Previous Year Data**

The most effective method is simulating burdens based on historical data from 2025, with adjustments for the forecast. The procedure is as follows:

**First, gather key data:** annual revenue, costs of acquiring revenue, and resulting income. Then calculate burdens for each form:

- **On the scale:** tax according to progressive rates after deducting the tax-free amount, plus 9% health insurance contribution from income.
- **On the flat tax:** 19% of income, plus 4.9% health insurance contribution (with partial deduction).
- **On the lump-sum:** lump-sum rate on revenue, plus a fixed health insurance contribution, dependent on revenue threshold.

Compare the total amount of income tax, health insurance contributions, and social security contributions to determine the net amount remaining "in hand." In the next step, adjust these values to the forecast for 2026, e.g., increasing the revenue by the expected percentage increase.

Changing the taxation method is an effective tool for tax optimization, which can lead to savings of several or even tens of thousands of PLN per year. However, it is always advisable to consult the individual situation with an accounting office to avoid mistakes and fully utilize available opportunities.