Ministry of Finance
Republic of Poland

Recent developments in budgeting and public finance management in Poland

Spending reviews

- Pilot spending reviews were conducted in Poland since 2015.
- In 2023 spending reviews were **institutionalised** by including them into the *Public Finance Act*. Since then they have been conducted on the basis of a spending review plan. The current **spending reviews plan** has been adopted for the period of July 2024 – December 2026. It includes 4 topics:
  - *Expenditures on cultural institutions;*
  - *Expenditures (in the form of benefits, services, and programs) for long-term care;*
  - *Support for people with disabilities and their families financed from the state budget and state earmarked funds;*
  - *The "Clean Air" Priority Program in scope of support for individuals and thermal modernization tax relief.*
- Spending reviews can be a vital support for the **government** - they can also be conducted on an ad hoc basis (outside of the plan), e.g. while working on projects of new legal acts, discussion within government about financial consequences of given actions. The results of the spending reviews can be used in budget preparation.

The Fiscal Council

- On 13 January 2025 the *Fiscal Council Act* was implemented into law.
- The Fiscal Council will be an **expert institution**, tasked with assessing the most important budget documents in terms of macroeconomic forecasts and monitoring compliance with national and European fiscal rules. The Council will operate as an independent fiscal institution within the meaning of the provisions of the amended *directive 2011/85/EU* on requirements for budgetary frameworks of the Member States. Its mandate will go beyond the minimum requirements set out in the directive, by determining selected parameters of the Polish stabilizing expenditure rule.
- Council Members will be selected in **open calls**, based on their knowledge and extensive experience, by diverse range of institutions, including budgetary stakeholders. Candidates for Council membership must also meet strict **independence requirements**.
- Currently, the nominating institutions are selecting their candidates, who will then participate in a **public hearing** before a parliamentary commission. The Sejm and the Senat will then vote on the candidates. Simultaneously, the Bureau of the Fiscal Council, the Council's analytical and administrative **support base**, is being established by its first Director. The Fiscal Council will begin operations on **1 January 2026.**

Reform of local governments' revenues

- On 1 January 2025, a **new *Act*** *on the revenues of local government* came into force. The new law aims at:
  - **Strengthening and stabilizing finances** of local governments by increasing their own revenues. The finances of local governments are based on their own revenues. This results from the local base of the personal income tax (PIT) and the corporate income tax (CIT). The revenues are therefore separated from the impact of changes to the tax system. Financial resources of local governments are based on algorythmic calculation.
  - Ensuring **better allocation of public funds** by making the system more flexible and limiting the excessive flows of funds between the state budget and local governments.
  - Increasing the motivation of local governments **to support economic development** in their area - the higher the income of taxpayers in a given local government the higher the income from PIT/CIT. Also, local governments have bigger influence on the distribution of funds.
- The new revenue system is subject to ongoing evaluation and by 30 June 2026 the MoF shall submit information on the effects of the Act, along with possible proposals for changes, to the representation of local governments.

Thank you for your attention

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