Sin(n) of sloth

Work on the REIT (Real Estate Investment Trust) legislation has been ongoing for several years. Last year, the Ministry of Development and Technology took up the topic of SINNs (as REITs are to be known in Polish), even presenting initial proposals for their implementation. However, a year has passed, and these regulations have still not been adopted. As promised, we're checking in on the current status.

Despite last year's loud announcements and the Ministry of Development and Technology's presentation of assumptions for introducing SINNs into the Polish legal system, these remain just that - assumptions. There is still no bill being debated in Parliament. However, according to the Ministry of Finance's recently published document Directions of Action and Development of the Minister of Finance for 2025-2028, the introduction of new financial instruments (ETFs, REITs) is listed as a top priority.

Publicly available information suggests that the Ministry of Finance is nearing the completion of work on the bill, and the final draft should be presented soon. The bill is currently in the inter-ministerial consultation phase, with details still being refined - such as minimum capital requirements, the scope of investments, and the tax system.

SINNs are to operate as joint-stock companies listed on the Stock Exchange, with a minimum share capital of PLN 100 million. They would be allowed to invest exclusively in real estate located in Poland. The scope is expected to include both commercial properties - such as offices and shopping centers - as well as residential-type facilities like senior homes, student dormitories, or institutional rental housing. This aligns with the assumptions presented a year ago. However, it still remains unclear whether the list of eligible investments will be closed or open-ended.

Media reports also suggest that the Ministry is working on a new category of REITs: infrastructure REITs. These would cover critical infrastructure such as power grids, pipelines, telecommunications towers, public utility facilities, transport terminals, renewable energy installations, and fuel or energy storage facilities.

A key component of the SINN framework remains its taxation model. It is assumed that at least 90% of rental income would be paid out to investors in the form of dividends, which - at the level of individual investors - would be exempt from income tax. The company itself would pay corporate income tax (CIT) at a reduced rate of 10%, but only at the time of the dividend payout. Importantly, the draft bill stipulates that property depreciation would not be tax-deductible. SINNs would be supervised by the Polish Financial Supervision Authority and required to publish quarterly financial reports.

According to the current timeline, government consultations and public consultations are expected to be completed in the first half of 2025. Once adopted by the Council of Ministers, the draft will be submitted to the Sejm (lower house of Parliament), where it is scheduled for review in the second half of the year. If everything proceeds as planned, the new regulations could come into effect at the beginning of 2026. These plans are undoubtedly ambitious, but we will patiently continue to monitor their progress.

Do you want to know more? Contact us!

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