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*Tax Relief for Working Seniors as an Incentive to Remain
Professionally Active – the Case of Poland*

Keywords: tax relief; tax benefits; working seniors; professional activity; “Polish Order”

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Abstract

Theoretical background: The article draws attention to the issue of tax relief offered to working seniors as one of the elements of the competitiveness of the Polish tax system. The usefulness of the tax relief in terms of motivating professional activity was assessed. The article fills a gap in the adopted research area as currently there is a lack of comprehensive research on the consequences of the introduced tax relief. It contributes to understanding the premises and the importance of applying for the tax relief, which can be useful for seniors and other people interested in the subject.

Purpose of the article: The aim of the article is to assess whether the tax relief offered to working seniors provides tax and contribution benefits as an incentive for them to remain professionally active.

Research methods: The main research method is a case study. The analysis was carried out on the example of a senior whose income is earned based on employment contract or business activity. The article also uses the method of source analysis (literature, legal acts) and inductive inference.

Main findings: The case study gives a negative answer to the research question. It cannot be unequivocally considered that the tax relief is a significant incentive to remain professionally active. In terms of the employment contract, the relief can motivate to remain professionally active only those who at the same time, for a long period of time, resign from their pensions, and especially those receiving low benefits. Similar conclusions apply to seniors running their businesses.

1. Introduction

For years, demographic changes have been perceived as a grave challenge for many countries. One of the main problems is the decline in fertility rate with simultaneous life expectancy extension, which results in the generations replacement gap. Maintaining negative natural growth may, in the long term, result in a decline in the rate of economic development. These demographic changes can be expected to have a profound impact on the governmental budget (Calahorrano et al., 2019). Therefore, the suppression of the described problem is the subject of numerous scientific studies and debates (often in the context of the stability of pension systems and the labour market). Governments will have to ensure that pensions financing will not involve unbearable tax burdens (Boulton-Lewis & Tam, 2012).

Two basic approaches to the issue of eliminating the negative consequences of the generations replacement gap can be distinguished. The first approach focuses on the increasing decline in fertility rates. Many European countries incur considerable costs for various pro-natalist policies and solutions. However, according to Murkowski (2018), this does not guarantee a simple replacement of generations in the long term and will not stop the decline in natural growth in future. The second approach concerns motivating seniors to prolong their professional activity. This approach is not widely used yet. Niewiadomska (2016) is of a similar opinion; she states that in light of the indicators showing the level of professional engagement of older people in Central Europe, it seems reasonable to conclude that, to some extent, the awareness of this need is still being formed in the region.

The aim of the article is, therefore, to assess (debatably) whether the tax relief for a working senior (the case of Poland) can function as an incentive to remain professionally active. The assessment will be conducted from the point of view of potential tax and contribution benefits gained by senior citizens. The question of assessing the usefulness of the relief in terms of incentives to remain economically active is not unambiguous. As Wyrzykowski and Kasprzak (2016) point out, tax relief does not always result only in an objective and expected behaviour of taxpayers; very often it is an end in itself, and the practice of its implementation is carried out in a manner inconsistent with the legislator's expectations.

The remainder of the study is organised as follows: the next section reviews the literature, and premises for a senior citizen to be eligible for a tax relief. Section 3 describes the research objective and methodology. Section 4 conducts an empirical analysis and presents the results. Section 5 concludes the paper and provides recommendations for future research.

2. Literature review

2.1. Theoretical background

In most European countries, a mild increase in the labour force participation rate of people aged 55–64 can be observed. This means that the share of economically active people at this age is increasing as compared to the general population. Data for selected countries are summarised in Figure 1.

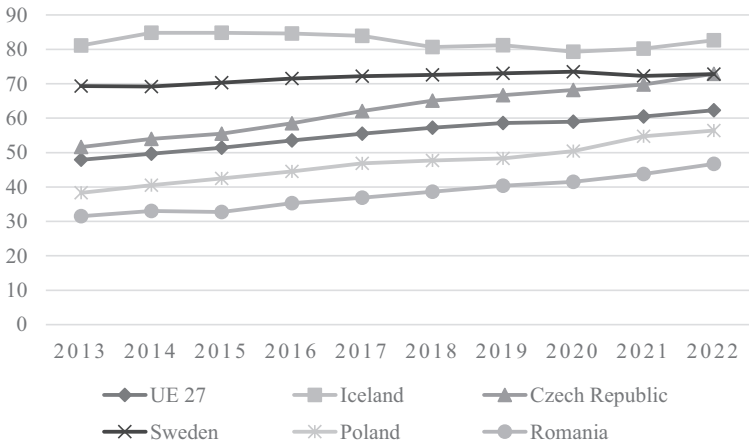


Figure 1. The employment rate of people aged 55–64 in selected European countries, 2013–2022

Source: Author’s own study based on (Eurostat, 2023).

In recent years, countries where this rate is low (e.g. Poland, Romania) have seen a relatively fast increase in the share of professional activity of seniors in the general population (however, this trend does not occur in some countries with a high-rate index e.g. Iceland, Sweden). Despite this, Poland still belongs to European countries with the lowest index. Similar conclusions can be drawn from the Golden Age Index. In addition, an even lower share of economically active people is observed among those aged 65–69 or 70–74. According to the Statistics Poland data for 2021, this is 25.6% and 20.4%, respectively (GUS, 2021). On the other hand, according to data obtained from the Social Insurance Institution for 2020, as many as 62% of Poles retire immediately after meeting the age criteria, 25% – within 11 months after becoming eligible, and 13% – a year or more after becoming eligible for benefits (PFR, 2022).

PwC experts estimate that increasing the professional activity of the 55–64 age group to the level of countries occupying the podium of the ranking would bring Poland a GDP increase of up to USD 66 billion in the long run (PWC, 2018). Similar opinions can be found in the literature. According to Bałdynowicz-Panfil (2009, p. 14), the possibilities of a better use of the potential of older people are so

significant that contemporary state policies should take into account the key areas of its formation.

World Health Organization (WHO) has promoted the need for active seniors for about 20 years. The concept of active aging, according to which active aging is the process of optimising opportunities for health, participation, and security to enhance the quality of life as people age, can serve as an example (WHO, 2002). As early as in 2002, WHO distinguished not only physical, welfare, social, and individual factors, but also economic factors among the determinants of active aging. It should be noted that WHO does not equate activity only with the area of employment (professional), but also with voluntary activity. However, Foster and Walker (2015) believe that nowadays in Europe, the most common approach is still focused exclusively on prolonging the active professional lives of seniors, which is quite a narrow active aging approach. Pension coverage can be expanded with varying degrees of government intervention through incentives, nudges, shoves, and mandates (Bielawska & Turner, 2023). Some European countries use tax and contribution privileges among the incentives aimed at motivating older people to voluntarily prolong the time of their professional activities. For example, in Denmark, people who continue working after turning 62 are eligible, since 1999, for special tax reliefs (Grotkowska, 2013). In the Czech Republic, in 2013, pension taxation was introduced if the taxpayer was actively employed and at the same time drew a pension. In such a case, it will be more profitable to postpone retirement until the end of gainful employment (Grotkowska, 2013). Some countries offer contribution and tax incentives not only for employees but also for employers (e.g. Sweden since 2006). It should be noted, however, that the above-described tax issues were not the only measures aimed at prolonging the working time of seniors and later retirement. Also changes in the pension system were implemented, which focused (similarly to contribution and tax incentives) on financial incentives. How to retain mature age workers in the labor market is a question of policy interest around the world (Breunig & Carter, 2018, p. 43). An interesting example is Australia's retirement income system that combines private and public provision for old age (sometimes described as a three-pillar system). The tax concessions for superannuation are generous relative to either a comprehensive income tax or a pre-paid expenditure tax benchmark, and go primarily to higher income earners (Ingles & Stewart, 2017). Bütler (2009) similarly finds that the low social security implicit tax rates epitomize positive work incentives for mid- and high-income individuals, while at the same time generous means-tested social assistance make working longer than the earliest retirement age unattractive for low-income earners. Whereas Burman et al. (2014) suggest that the taxation of Social Security benefits creates high effective marginal tax rates, which gives older workers an incentive to reduce their labor and non-labor incomes below the taxable threshold. Similarly, Colonna and Marcassa (2015) show that high tax rate together with tax credits and transfers raise the burden of two-earner households, generating disincentives to work. Many of the most important government programs, transfer

resources to older people and tax their labor relative to that of younger people; standard economic theory predicts that such programs reduce late-life labor supply and that the implicit taxation reduces the *ex post* value of the programs to recipients (Fetter & Lockwood, 2018). Although according to Festa (2014), the impact on regional employment of a reduction of the tax wedge, through policies such as tax relief or *Fiscalizzazione*, can be different. Nadirov et al. (2017) suggest that the effect of average labor income tax rates on the motivation to work can be assessed differently for societies who are working for normal living standards and societies who are working for social status or other luxury items. On the other hand, Büsch et al. (2012) find that men and women are influenced by different factors with regard to their desire for continued employment.

In Poland, the first tax relief motivating seniors to perform their professional activity was introduced in 2022 through a package of changes named the “Polish Order” (*Polski Ład*). The Ministry of Finance’s website states that the tax Polish order is an incentive to continue working; experienced seniors who, despite becoming eligible for pension, temporarily give up their pension and remain professionally active, will be able to make use of PIT-0 for seniors (Ministerstwo Finansów, 2022b).

2.2. Premises for a senior citizen to be eligible for a tax relief

The tax relief for working seniors (also referred to as PIT-0 for seniors) was introduced on 1 January 2022. It is a tool enabling tax exemption of income up to PLN 85,528 per year. However, this privilege does not apply to every senior. The rules that must be met to become eligible for the relief are included in Article 21(1) (154) of the Personal Income Tax Act. According to the Act, PIT-0 is available to persons (natural persons who do not run any business or are entrepreneurs) who have reached the general pensionable age, i.e. women over 60 and men over 65. The relief is not intended for persons who are eligible for a pension but do not meet the age criteria. These are primarily employees of uniformed services, people who work in arduous conditions, such as miners or metallurgists, and even some drivers (Moczyłowska, 2023a).

Natural persons who do not run any business may benefit from PIT exemption both from income earned based on employment contract or similar employment relationship (labour-based relationship, home-based work, cooperative-work relationship) and income earned based on the contract of mandate under Article 13(8) of Personal Income Tax Act. Income gained from maternity allowance, referred to in the Act of 25 June 1999 on cash benefits from social insurance in case of illness and maternity, are also exempt from tax. The relief also applies to non-agricultural business operation. However, for entrepreneurs, the Act provides exemption only from specific forms of taxation, i.e. general principles (Article 27 of Personal Income Tax Act), flat tax (Article 30c of Personal Income Tax Act), the so-called IP BOX (Article 30ca of Personal Income Tax Act), and a lump sum on registered revenues.

Thus, the tax relief does not cover all types of income. Excluded are, *inter alia*, revenues from sick benefits, attendance allowances, rehabilitation benefits, compensatory allowances, specific task contracts, per-diems for business trips subject to tax exemption, private rental, and contracts of mandate with 50% of tax-deductible costs related to copyrights. In line with individual interpretations and the position of the National Revenue Administration, the tax relief does not cover either the revenues of persons belonging to management boards, supervisory boards, committees, or other bodies constituting legal persons, including revenues earned based on enterprise management agreements, e.g. management contracts. A good example is the individual interpretation of September 2022 (reference number 0112-KDIL2-1.4011.496.2022.2.TR).

Persons eligible for the tax relief may take advantage of PIT exemption already at the stage of collecting monthly tax advances (in case of employment contracts and contracts of mandate, the condition is to submit tax returns according to Article 32(1g) and (1h) of Personal Income Tax Act) or only at the stage of annual tax settlement. However, determination of the eligibility for the relief should not be based solely on the taxation object criterion. The described sources of income may be exempt from tax up to the limit of PLN 85,528 if the taxpayer is subject to insurance within the meaning of the Act of 13 October 1998 on the social insurance system. This requirement is, of course, met in case of employment contract and certain contracts of mandate. However, in case of operating a business, it should be remembered that the relief is available only to entrepreneurs who declare their willingness to subject their income to social insurance. Persons who do not meet the requirement to be subject to social insurance within the meaning of the above-mentioned Act are currently not eligible for the tax relief. For example, the right to relief is refused in case of judges who, despite having reached the relevant age, do not draw their pensions and continue to adjudicate (Moczyłowska, 2023b). An exception to the obligation to make contributions based on income are certain contracts of mandate made by seniors, who are subject to social security contributions under a title other than the contract of mandate, e.g. business operation. This position is confirmed by an individual interpretation of December 2022 (reference number 0113-KDIPT2-2.4011.798.2022.2.ACZ).

Finally, the last condition that must be met to benefit from the tax relief is not drawing certain benefits. PIT-0 applies to a senior citizen who, despite acquiring the right, does not receive the following (Article 21(1)(154) of Personal Income Tax Act):

a) retirement or survivor's pension referred to in the Act of 20 December 1990 on social insurance of farmers,

b) retirement or survivor's pension referred to in the Act of 10 December 1993 on pension provision for professional soldiers and their families (Journal of Laws of 2020, items 586 and 2320),

c) retirement or survivor's pension referred to in the Act of 18 February 1994 on retirement provision for officers of the Police, Internal Security Agency, Foreign

Intelligence Agency, Military Counterintelligence Service, Military Intelligence Service, Central Anti-Corruption Bureau, Border Guard, Marshal's Guard, State Protection Service, State Fire Service, Customs and Tax Service, and Prison Service and their families (Journal of Laws of 2020, items 723 and 2320),

d) retirement or survivor's pension referred to in the Act of 17 December 1998 on pensions from the Social Insurance Fund (Journal of Laws of 2021, items 291, 353, 794, 1621, and 1981),

e) the benefit referred to in Article 30(1)(4a),

f) retirement or survivor's pension, referred to in the Act of 27 July 2001 – Law on the System of Common Courts (Journal of Laws of 2020, item 2072 and of 2021, items 1080 and 1236).

Receiving benefits other than those listed should not result in the loss of the right to apply for the tax relief. However, due to many doubts arising in this respect, some taxpayers request individual interpretations. Examples are individual interpretations regarding military pensions (of July 2022, reference number 0115-KDIT2.4011.184.2022.1.HD) or pensions due to accidents at work and occupational diseases (of August 2022, reference number 0114-KDIP2-2.4011.494.2022.2.IN).

Additionally, it is worth mentioning that if the taxpayer does not draw these benefits throughout the whole year, they can take advantage of the relief for the similar period. It is also permissible to use the PIT exemption for part of the year – this refers to persons who have temporarily resigned from drawing benefits listed in Article 21(1)(154) of Personal Income Tax Act. This possibility is presented, for example, with regard to the taxation of retirement gratuity. In a letter of 22 April 2022, No. 0112-KDIL2-1.4011.111.2022.2.KF, Director of the National Tax Information noted that “the condition of not drawing a pension as a condition for applying the tax exemption should be met at the time of the income receipt, i.e. at the moment of remuneration payment from employment relationship” (Brzozowska & Kubiesa, 2022). A similar position is in the individual interpretation of December 2022, i.e. income from employment relationship received before drawing the first pension (in particular in the form of remuneration, award, holiday equivalent, and retirement gratuity) is exempt from income tax under Article 21(1)(154) of the Personal Income Tax Act (reference number 0112-KDIL2-1.4011.774.2022.1.TR).

3. Research methods

The aim of the article is to assess whether the tax relief (the case of Poland) offered to working seniors can be an incentive for them to remain professionally active. The assessment will be conducted from the point of view of potential tax and contribution benefits gained by senior citizens. Tax reliefs, non-taxable exemptions and other deductions are crucial for taxpayers to optimize their tax liability

(Krajnak, 2019). The proposed research method is a case study, analysis of sources (literature, legal acts), and inductive reasoning. The article will use a case study. A similar approach was used by Anton (2007). In order to explore the distributional effects of these proposals, we have used accounting micro-simulations (Anton, 2007). The assessment of the scope of tax benefits regarding the tax relief offered to a working senior will be carried out on the example of income from employment contract and business operation. Seniors who remain professionally active based on employment contract may gain benefits in the form of a lower personal income tax (PIT tax savings).

The calculations were carried out for five variants: PLN 42,540 (minimum remuneration in 2023), PLN 85,528 (limit of exempt revenues), PLN 120,000 (maximum amount of revenues in the first tax threshold), PLN 150,000 and PLN 200,000 (revenues subject to taxation in both the first and second tax thresholds). The calculations assumed a fixed monthly salary (paid on the last day of the month), PLN 250 of tax-deductible costs, PLN 300 of the tax-exempt amount each month, and the senior's fulfilment of the conditions making them eligible for the discount benefit throughout the year. In addition, it was assumed that the only tax relief is offered to seniors performing work (i.e. there are no other reliefs and deductions in the annual tax return). In turn, the assessment of the scope of tax benefits regarding the entrepreneur's relief will be carried out on the example of 4 variants.

The burden on an entrepreneur who does not benefit from the tax relief includes tax and health contributions, while the burden on the beneficiary of the relief – social and health contributions (and tax after exceeding the PLN 85,528 revenue limit). A pensioner entrepreneur is only required to pay health contributions based on their business activity. The condition for making use of the relief is not only to give up the pension, but also to register for social insurance purposes (pension, disability and accident insurance).

For simplicity reasons, it was assumed in the calculation that the only costs of the entrepreneur are social and health contributions and that the contributions are paid until the last day of the month. It was assumed that the accident contribution is PLN 69.49.

4. Results

This section will assess the scope of tax benefits of the PIT exemption. Seniors who remain professionally active based on employment contract may gain benefits in the form of a lower personal income tax (PIT tax savings). The estimated scope of these benefits on the example of selected amounts of revenues is summarised in Table 1.

Table 1. Tax benefits of applying for the tax relief by the employee (PLN)

Revenue (gross) for 2023	PIT without tax relief for 2023	PIT with tax relief for 2023	Savings PIT tax
42,540	445	0	445
85,528	4,896	0	4,896
120,000	8,466	0	8,466
150,000	12,859	2,896	9,963
200,000	26,666	7,893	18,773

Source: Author’s own study.

A senior receiving minimum remuneration under employment contract (i.e. PLN 3,490 gross from 1 January 2023 to 30 June 2023, and PLN 3,600 gross from 1 July 2023 to 31 December 2023), resigning from drawing a pension and continuing employment on previous terms, thanks to the tax relief can gain only PLN 445 of tax benefits throughout 2023. This amount does not seem to be much of an incentive to give up retirement and continue employment, especially as the minimum pension in 2023 will amount to PLN 1,588.44 per month (Gov.pl, 2022). Significantly greater tax benefits may be gained by people whose annual revenues amount to PLN 85,528, which approximates the value of the projected average remuneration in the national economy included in the draft budget law for 2023 ($\text{PLN } 6,935 \times 12 \text{ months} = \text{PLN } 83,220$). A pensioner resigning from drawing the benefit, whose annual income amounts to PLN 85,528 may, thanks to the use of the relief, pay tax lower by PLN 4,896 (per year). Such saving, however, does not appear to be attractive when compared to the average pension. From 1 March 2023, the monthly amount of average pension paid by the Social Insurance Institution from the Social Insurance Fund is PLN 2,918.16 (ZUS, 2023).

Based on the results of the calculations summarised in Table 1, it is clear that the higher the value of income earned by a person at the pensionable age, the higher the tax benefits resulting from the application of the relief. This may be an incentive to give up the pension in favour of income only from employment contract for people drawing low benefits (e.g. pensions). For people receiving an average pension, the relief does not seem to be a sufficient incentive to remain economically active and at the same time give up the benefit. For example, in 2022, the largest percentage of pensions, i.e. 16.6%, ranged from PLN 2,000.01 to PLN 2,400.00 (ZUS, 2022) (respectively from PLN 24,000.00 to PLN 28,800.00 per year). Comparing this to the data in Table 1, thanks to the relief, a person with an annual income of PLN 200,000.00 can “save” only PLN 18,773 on tax burdens (under the described assumptions). If such saving is lower than the possible income gained from the pension, the relief does not seem to be a sufficient incentive to resign from the benefit (especially since, in addition to receiving the pension, they can generate income from employment contract). It is also worth noting the issues of changes in the value of money over time as well as the discrepancies between the value of tax at the level of tax advance payments and the annual tax returns. For example, when it comes

to revenues in the amount of PLN 120,000, the tax saving at the level of monthly advances is only PLN 6,212.00 (while the remaining benefit, i.e. PLN 2,254.00, can be achieved only through annual tax settlement). On the other hand, under the described assumptions, a person with an annual income of PLN 150,000 may, after using the relief, save on tax through 12 monthly advances a total of PLN 11,891.00 (PLN 1,928 should be returned in the annual tax settlement).

Similar calculations to those listed in Table 1 were carried out for employment contract with 50% rate of tax-deductible costs (the so-called author's tax-deductible costs). In this respect, a similar trend was noticed, i.e. the higher the value of income earned by a person at the pensionable age from employment contract, the higher the tax benefits from the application of the relief. In contrast, the value of the benefit that can be gained by a person of pensionable age using the relief is lower for the 50% deductible costs in each of the analysed options than for the PLN 250 deductible costs. Therefore, resignation from the benefit and choosing income from employment contract does not seem to be an attractive solution for people who are eligible for 50% of tax-deductible costs under employment contract.

In turn, the assessment of the scope of tax benefits regarding the entrepreneur's relief will be carried out on the example of 4 variants. Table 2 summarises the results of the calculations for each option (distinguishing between forms of taxation). As regards the lump sum on registered revenues, it is limited to two rates: 5.5% and 8.5%, to which the largest number of taxpayers is subject (Ministerstwo Finansów, 2022a).

Table 2. Tax benefits of applying for the tax relief by the entrepreneur (PLN)

Revenue for 2023	Form of taxation	The burden on the entrepreneur not using the relief	The burden on the entrepreneur using the relief	Tax and contribution savings
85,528	Flat rate 5.5%	11,470.16	22,098.36	-10,628.20
	Flat rate 8.5%	14,473.16		-7,625.20
	Tax scale	14,360.52	20,960.95	-6,600.43
	Flat tax	19,492.63	17,895.73	1,596.90
120,000	Flat rate 5.5%	13,916.25	22,098.36	-8,182.11
	Flat rate 8.5%	17,403.39		-4,694.97
	Tax scale	21,600.00	24,063.43	-2,463.43
	Flat tax	27,348.89	19,511.43	7,837.46
150,000	Flat rate 5.5%	15,566.16	22,098.36	-6,532.20
	Flat rate 8.5%	19,953.16		-2,145.20
	Tax scale	33,900.00	26,763.43	7,136.57
	Flat tax	34,186.09	20,915.41	13,270.68
200,000	Flat rate 5.5%	18,316.16	22,098.36	-3,782.20
	Flat rate 8.5%	24,203.16		2,104.80
	Tax scale	54,400.00	31,263.43	23,136.57
	Flat tax	45,581.82	23,255.36	22,326.46

Source: Author's own study.

The first option, in which the annual income is PLN 85,528, it is not profitable to suspend the benefit throughout the year in favour of the right to the relief. The hypothetical tax burden and the application of the relief are offset by the obligation to pay social contributions. It seems reasonable to use retirement benefits and to pay lump sum tax on business activity or tax based on general principles. A similar situation is in the case of annual revenues in the amount of PLN 120,000. Alternatively, an entrepreneur whose income will amount to PLN 150,000, in case of making use of the relief, has the opportunity to achieve tax and contribution savings (PLN 1,105.89 gross per month) if they choose a linear form of taxation. In this variant, the senior's PIT-0 may constitute an incentive to remain professionally active while giving up the benefit for those with low pensions or other measures described in Article 21(1)(154) of the Personal Income Tax Act. Comparable conclusions apply to the option for a person achieving PLN 200,000 in revenues in a tax year.

Assessing the tax relief for working seniors as an incentive to remain professionally active while resigning from drawing benefits, certain analogy appears in terms of income from employment contract and business activity. Along with the increase in the value of seniors' income from the sources listed in Article 21(1)(154) of the Personal Income Tax Act, the tax and contribution benefits increase when the tax relief is applied throughout the tax year. However, as regards the examples presented in Tables 1 and 2, these benefits do not seem to be a sufficient incentive to stay active when pension renunciation is required at the same time. The exception to this is persons receiving low benefits, i.e. below average, in which case the tax and contribution savings achieved thanks to PIT-0 for seniors may provide an incentive to temporarily forego the benefit. In addition, the use of the relief seems attractive for seniors occasionally receiving relatively large income, e.g. in the form of retirement gratuity, equivalent for unused holiday leave, compensation, and awards. In these cases, seniors may be interested in using PIT exemption for part of the year with only a temporary suspension of the retirement benefit. It is worth mentioning that the temporary use of tax relief seems to be a very attractive tool for tax optimisation not only in the case of income of a natural person who does not run a business but also an entrepreneur (especially paying taxes in line with the scale or a flat rate tax). Furthermore, according to Article (23)(10) of the Personal Income Tax Act, the exclusion of costs not subject to taxation (Article 23(1)(31)) of the Personal Income Tax Act) does not apply to costs incurred to generate income exempted under Article 21(1)(154) (i.e. the tax relief for working seniors). Thanks to this provision, an entrepreneur can take into account all costs incurred to generate income, including those related to income exempted from PIT under the senior citizen tax relief (PIT-0).

5. Discussions and Conclusions

Both in the literature and economic practice, the topic of the consequences of demographic changes has been addressed for years. Among the main problems is the generation gap. One of the approaches aimed at eliminating the negative consequences of this problem is to motivate seniors to prolong their professional activity. Low professional activity in the labour market of older people may result in insufficient human resources for the needs of employers (demographic problems) and be a burden for the increasingly inefficient pension system in Poland (PARP, n.d.). Thus, it is important to consider how the presence of income tax influences individuals' motivation to work (Rick et al., 2018). Intuition suggests that income tax is unlikely to bolster motivation (Srna et al., 2015). However, among most samples, Rick et al. (2018) find that income tax reduced motivation and productivity (sometimes significantly, sometimes not). Biswas et al. (2017) find that taxation at different points of the income distribution has asymmetric impacts on households' incentives to invest, work and consume. Tax policy that alleviates poverty improves economic growth in most instances, on the other hand, the reduction of incentives that is caused by a lower after-tax income gap between median and rich households reduces economic growth (Biswas et al., 2017). Similarly, Brewer et al. (2022) find that taxes on lower and middle income households – elderly and nonelderly – are consistently associated with lower levels of economic growth. Díaz-Saavedra (2017) suggests that the labor supply of older workers is very responsive to changes in tax and transfer programs and show that the gains, in terms of old-age work hours, are non-trivial. Tax issues are also important for investments. Andrejovska and Glova (2022) state that the tax burden is among the most important indicators for investors.

The paper aimed to assess whether the tax relief offered to working seniors provides tax and contribution benefits as an incentive for them to remain professionally active. The assessment of the usefulness of the relief in the scope of motivating professional activity was carried out based on the scope of tax and contribution benefits of a senior earning income from employment contract and business activity. Some people employed under employment contract may benefit from the relief not because of its incentive dimension, but for the fear of not being able to re-employ under the current conditions. In terms of employment contract, tax relief may be an incentive to remain economically active while giving up pension, especially for people receiving low benefits. In addition, it seems attractive to occasionally resign from the pension, e.g. in the case of a one-off significant income. Similar conclusions have been presented regarding business activity. In this respect, it seems particularly beneficial to temporarily suspend drawing benefits allowing for Article 23(10) of the Personal Income Tax. Therefore, based on the case study, it cannot be concluded that the tax relief for a working senior constitutes an incentive to remain professionally active. PIT-0 for seniors is rather a form of a financial support than a tool motivating medium- or long-term suspension of benefits for professional activity. The main advantages of the relief

boil down mainly to the financial benefits (support) of the seniors. Thanks to this tool, seniors can periodically receive tax cash benefits, and the relief partially compensates, e.g. a decrease in the generation replacement rate. Therefore, PIT-0 seems to have a redistributive character. This also has some advantages because – as Kaščáková and Martinkovičová (2019) believe – the level of seniors' well-being is a reflection of care and attention of the whole society paid to this population group.

The presented considerations draw attention to the issue of tax relief for working seniors, primarily as one of the elements of the Polish tax system. Dissemination of information in this area (especially taking into account the conversion of exemplary tax and contribution savings) can be useful not only for seniors but also for other people interested in this subject matter. The level of knowledge directly impacts tax perception and morality (Pauch, 2023). Janoušková and Kirschnerová (2018) reveal low tax literacy in the area of tax reliefs, including their impact on the net income of the taxpayer. In addition, the results of the study can guide those developing the tax system on the issues to be addressed in the future. Research conducted by Wyszowski et al. (2018) confirms that the number of tax reliefs in personal tax cyclically fluctuates and, moreover, the total number of introduced tax reliefs is significantly higher in the election years and lower in the other accordingly. The discussions of tax systems are meaningful from both practical and theoretical perspectives. Marczak and Bogovac (2016) believe that they allow for a better understanding of how taxes shape taxpayers' behaviour and why they sometimes lead to tax resistance (the practical dimension), as well as expanding the knowledge of a particular tax system, in that they highlight its weak and strong points, extract factors that affect it the most strongly, and in turn enable the system in place to be changed and improved (the theoretical dimension).

The case study is not fully exhaustive and may serve as a basis for further research and discussion. For example, physical and health capabilities in terms of work, individual preferences of seniors, potential effects of pension evaluation were not taken into account, or the question of the impact of the decision on the amount of future benefit. In future, it is worth checking whether the relief corresponds to the reasons for the low propensity to remain professionally active. Then, it would be possible to classify profiles of different groups of causes, which are the basis for determining priority forms of supporting the activity of older people. A similar view is taken by Rojo-Perez et al. (2022). It should also be noted that, in addition to tax issues, it is worth considering other measures aimed at extending working time and later retirement. The problem should not be flattened only to just financial issues and, for example, to the pension benefit amount. For example, it is worth promoting flexible forms of employment for older people or stimulating demand for mature employees. It is also necessary to adapt working conditions to the state of health and needs of seniors. This will probably require countries to further revise their tax and social security systems to generate incentives for working longer and enable older workers to update their competencies through access to lifelong learning (Wiktorowicz, 2016).

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