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Value-added tax in Poland



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VAT rates

Basic and reduced VAT rates

23% is the basic VAT rate in Poland

Reduced VAT rates of 0%, 5% and 8% apply to a wide range of goods which may change over time (special decree is issued in this respect). In general, lower rates apply to specific hygiene products, books, newspapers and food products. Each product or service should be considered individually.

Export within and outside the European Union

↔ Intra-community supplies of goods and exports outside the EU are under several conditions subject to exemption with deductibility right (**0%** tax rate is applied).

Taxable amount

The taxable amount is understood as any kind of remuneration received or due in exchange for the supply of goods or provision of service. The tax base also includes other additional payments of similar nature, which have a direct impact on the price of goods or services supplied by the taxpayer.

VAT registration of domestic taxable persons

Voluntary and obligatory registration

< PLN 200 000

In Poland, voluntary VAT registration is possible for entrepreneurs whose income in the last tax year did not exceed PLN 200 000. This VAT exemption is related to sales limit with some limitations for specific sectors. The possibility of voluntary registration is also available in selected cases whereas a VAT exemption rule is applicable.

≥ PLN 200 000

The threshold for compulsory VAT registration is PLN 200 000 turnover. Entities exceeding this amount are obliged to register. Performing taxable transaction or exceeding the threshold triggers the registration duty which should be performed by filing specific form.

Group registration for taxable entities

From 1 January 2023, it is possible for related entities to settle VAT jointly through a VAT group.



A VAT Group is a group of financially, economically and **organizationally** related entities. In simplified terms, entities belonging to a VAT Group are treated as a single VAT taxpayer.

Other specifications of the VAT registration

In Poland there are formal and material conditions stated in the VAT regulation, therefore even entities who do not have the status of VAT taxpayers formally can still be considered as entities performing activities subject to VAT.

If an entity intends to do business with foreign contractors from EU countries, they must register as a taxpayer of EU VAT. Although they are not obliged to register as an active VAT taxpayer, however, if they make an intra-community acquisition of goods (WNT) and the total value of these transactions exceeds PLN 50 000 during the tax year, they are obliged to account for VAT on these transactions (despite the fact that there is no obligation to settle VAT in respect of other business activities).

The obligation to register for EU VAT (irrespective of the VAT exemption) also applies to:

- The purchase of services from contracting parties in the EU for which the place of performance is in the purchaser's country
- Intra-community supply of services for which the place of taxation of the transaction is in the country of the person acquiring the goods.

If the entity is exempt from VAT and registers as a taxable person of EU VAT, they do not lose the right to be exempt from VAT.



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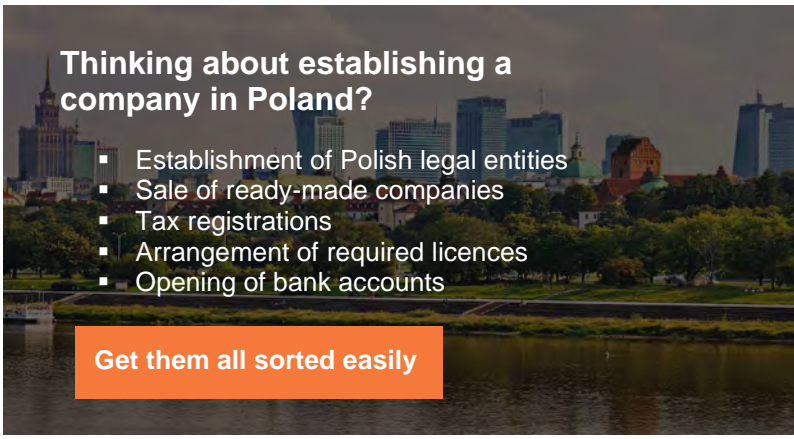
VAT registration of foreign taxable persons

Definition of foreign taxable persons

In Poland, foreign entities are understood as legal persons, organisational entities without legal personality and natural persons with registered office or a fixed place of business outside the territory of Poland, carrying out activities which are subject to Polish VAT regulations.

Obligatory registration for foreign taxable persons

Foreign entities are obliged to file a registration application with the Head of the Tax Office before the date of the performance of their first taxable activity. For distance sellers from the EU, who are selling the goods to customers in Poland, the VAT registration threshold (for Intra-Community Distance Sales of goods) is PLN 42,000.



Thinking about establishing a company in Poland?

- Establishment of Polish legal entities
- Sale of ready-made companies
- Tax registrations
- Arrangement of required licences
- Opening of bank accounts

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Communication with authorities

Local statutory representation for VAT



Representation of the taxable person in front of the Polish tax authority by a tax advisor is not obligatory. The obligation of representation occurs when the taxable person does not have a registered office or a fixed establishment in the territory of a EU Member State.

Statutory language



In communication with the tax authorities, only Polish language may be used.

Communication with authorities



A taxpayer may communicate with the tax authorities both electronically and by post. However, the VAT returns must be submitted electronically.

Starting from July 1, 2020, companies in Poland have been obliged to submit the JPK_VAT files containing both the VAT returns and the Standard Audit File (SAF), while the VAT records must be kept in an electronic system.



VAT compliance and return filing

Tax period and deadline for JPK_VAT (SAF-T) filing



The tax period equals the respective month, or the calendar quarter (only for small taxpayers registered for more than 12 months as active VAT taxpayers, with some exceptions).

In Poland, there is no "traditional" VAT return, but there is a requirement to file a JPK_VAT (SAF-T) covering both the declaration part and the recording part of VAT settlements. The deadline for filing JPK_VAT (SAF-T) is the 25th day after the end of a settlement period. Taxpayers settling VAT quarterly submit monthly (to 25th day after the end of month) the recording part of JPK_VAT (SAF-T) and on the 25th day of each month following the quarter submit the recording and declarative part of JPK_VAT (SAF-T).

Upon the demand of the authorities, the following electronic documents should be submitted:

- Accounting books (JPK_KR)
- Bank statement (JPK_WB)
- Magazine (JPK_MAG)
- VAT invoice (JPK_FA)
- Tax revenue and expense ledger (JPK_PKPIR)
- Income records (JPK_EWP).

EC sales list and other documents

EC sales list (or the so-called *VAT_UE return*) should be submitted electronically by the 25th day of the month for the previous month – the same time as in case of the JPK_VAT (SAF-T).



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VAT refund to EU member states

Minimum amount and applicable period

In order to file for refund, the value of VAT may not be less than the PLN equivalent of the following amounts:

EUR 400	in case the period (for which a refund request is filed) is shorter than the tax year, but exceeds 3 months
EUR 50	in case the period (for which a refund request is filed) concerns the whole tax year or a period shorter than the last 3 months of the year

The conversion of the amounts mentioned above expressed in EUR shall be carried out according to the average exchange rate of the euro announced by the National Bank of Poland or by the European Central Bank, in force on the last business day preceding the date of issue of the invoice or customs document.

The amounts used to determine the tax base determined in a foreign currency may be converted by a taxpayer into PLN in accordance with the rules for conversion of income determined in a foreign currency resulting from the income tax regulations applicable to that taxpayer for the purpose of settling a given transaction.

Given entity may apply for a tax refund for a period exceeding 3 months and not longer than 1 tax year, or for a period shorter than the last 3 months of the year. The requested amounts of tax in the given period is established based on the invoices documenting the acquisition of goods and services or based on the customs clearance documents in case of import.

Deadline and place of filing for VAT refund

The deadline for filing a VAT refund request falls on September 30th of year following the year covered by the request. It should be submitted in Polish to the tax administration in electronic form.

The deadline for tax refund falls on the 4th month after the request for refund is filed, including all supportive documents. The tax office will refund the indicated amount of tax no later than within 10 working days from the day of taking a decision on the amount to be refunded.

Refund for foreign taxable persons

Upon the fulfilment of specific conditions VAT refund for a foreign taxable person is possible.



VAT refund to third countries

VAT refund conditions

VAT refund to third countries is possible, upon the fulfilment of specific conditions.

Minimum amount and applicable period for VAT refund

In case of VAT refunds to third countries, the same rules apply as in case of VAT refund to EU member states (see [VAT refund to EU member states - Minimum amount and applicable period](#) for more information).

Deadline and place of filing for VAT refund

The deadline for filing a VAT refund request in case of refunds to third countries is the same as in the case of EU member states, i.e. it falls on September 30 of next year and must be submitted electronically in Polish language. The deadline for VAT return also falls on the 4th month after the request for refund is filed, while the tax office conducts the refund also within the 10 working days after taking a decision on the amount to be refunded.

Special VAT regulations

White List



For VAT settlements, the White List is of great importance. It is a generally available register of VAT taxpayers where registration and bank account must be verified before an invoice is settled.

Payment to an account outside the White List in certain cases involves joint and several liability and the exclusion of the expense from the tax-deductible costs for income tax purposes.

Split payment



Split payment is a payment mechanism under which payment for goods or service is made by the purchaser to the supplier's bank account and:

- The net sale amount is credited to the supplier's basic settlement account
- The VAT amount is paid to a dedicated VAT account that it automatically created by the bank as an additional account to every business/trading settlement account.

In principle, the use of split payments is voluntary and depends on the purchaser's decision to apply it. However, in the case of making payments for goods or services listed in Appendix 15 to the VAT Act, documented with an invoice in which the total amount due exceeds the amount of PLN 15,000, purchasers are obliged to apply the split payment.

National System of e-Invoices (KSeF)



From January 1, 2022, taxpayers can use the National e-Invoices System (KSeF). KSeF is a system that enables the issuing and sharing of structured invoices. The system is currently voluntary, but under a draft EU Council decision of June 10, 2022, the system may become mandatory as fast as possible on January 1, 2024 and will be effective until December 31, 2026 with the possibility of extension.

The obligatory KSeF will be available to domestic entities and to all taxpayers with a registered office or permanent place of business in the country.



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Penalties for VAT non-compliance

Depending on the situation, the VAT sanctions amount to:

- **100%**

The highest penalty rate in VAT is when a tax person knowingly participates in tax fraud by deducting VAT from the invoice:

- issued by a non-existent entity,
- stating activities that have not been performed, in the part concerning these activities,
- providing amounts inconsistent with reality, in the part concerning these items,
- confirming the activities to which the provisions of Art. 58 and Art. 83 of the Civil Code (Journal of Laws of 2020, item 1740, as amended) - in the part relating to these activities.

- **30%**

This applies when the submitted VAT return has indicated:

- the amount of the tax liability is lower than the amount due,
- the amount of the refund of the tax difference or the amount of the input tax refund higher than the amount due,
- the amount of the tax difference to reduce the amount of tax due for the next settlement periods higher than the amount due,
- the amount of the refund of the tax difference, the amount of the input tax refund or the amount of the tax difference to reduce the amount of tax due for the next settlement periods, instead of showing the amount of the tax liability to be paid to the tax office.

This sanction also occurs in the case of non-filing of the tax return and non-payment of the tax liability amount.

- **20%**

The penalty applies if, after the tax audit or customs and tax audit, the taxable person submitted:

- VAT return adjustment taking into account the identified irregularities and paid the amount of the tax liability or returned the undue amount of the refund no later than on the date of submission of this correction,
- VAT return and paid the amount of the tax liability on the date of submission of the declaration at the latest

- **15%**

If the taxable person submitted the VAT return adjustment and paid the amount of the tax liability returned the undue amount of the refund no later than on the date of submission of the VAT return adjustment.

Apart from sanctions under the VAT Act, there are also sanctions in the Fiscal Penal Code that should be taken into consideration.



Stay away from penalties – book our experts for a complex tax consultation.

Disclaimer

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Stay compliant with all requirements

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Accace is a proactive consultancy and outsourcing partner who bridges the gap between needs and solutions. Combining smart and streamlined technology with a holistic approach, we provide an all-round care to clients and consider their matters as our own. With over 800 experts and more than 2,000 customers, we have vast experience with facilitating the smooth operation and growth of small to large-scale, global businesses.

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