

Poland implements new VAT reporting requirements

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Executive summary

On 1 October 2020, Poland's new value-added tax (VAT) reporting requirements will take effect. The traditional VAT return will be replaced by the JPK_V7M file, the new SAF-T file that combines information from the VAT return and the SAF-T file now in use, requiring new information to be included in the revised template.

The planned entry into force of the new law was postponed twice as a stimulus measure to alleviate the effect of COVID-19. Currently, there is no discussion on any further postponement and **all Polish taxpayers will be required to file their VAT reports for October 2020 by 25 November 2020, using the new file.**

This affects **all VAT taxable persons in Poland**, i.e., not only entities established in Poland but also nonresidents with Polish VAT registration numbers.

Detailed discussion

Challenges

The implementation of the new SAF-T file presents a number of challenges for taxpayers. First, IT readiness must be ensured, which means that either the tools currently used for SAF-T/ERP systems must be updated/upgraded or a new tool implemented. Second, data completeness and accuracy should be

considered, as all the required data must be identified and captured, which can pose difficulties both in terms of the content and the technical requirements.

The technical accuracy of a file is critical, otherwise the file will be rejected at the e-filing gate. Similarly, as the information supplied in the files is tested by tax authorities, the accuracy of the content cannot be overlooked.

New information

While the new JPK_V7M file includes summary data, it also features a section on individual transactions. The scope of the required information is broader in comparison to what is currently reported. The new information required at the transaction level includes in particular:

- ▶ References to invoices documenting particular types of supplies (e.g., alcohol drinks, tobacco products, waste, electronic equipment, motor vehicles, buildings, intangible services, transportation and warehousing)
- ▶ Distinct labels concerning types of deliveries (e.g., distance selling, telecommunication services, transactions between related parties, transactions covered by obligatory split payment)
- ▶ The type of document confirming a given transaction (e.g., an internal document)

Some information set out above will be required with respect to purchase transactions.

Penalties

Improper implementation of the JPK_V7M file may carry substantial penalties.

Tax authorities can charge a penalty of PLN500 (€110) for each mistake in the file. Furthermore, failure to submit the new SAF-T file at all or an SAF-T that is found to be an unreliable declaration or records may result in the penal tax consequences for the individuals in charge.

Preparing for implementation

Taxpayers should assess the following questions to determine whether the business is ready for the new requirements. They include:

- ▶ Is the solution/tool necessary to generate the JPK_V7M file already implemented? What is the status of the implementation?
- ▶ Have all the requirements concerning the content and format of the required data been taken into account? Have any simplifications been introduced which can lead to penalties being imposed?
- ▶ Have all the new items (such as groups of goods and services or procedures) been correctly captured and mapped?
- ▶ Is the source information correct? Are all the transactions correctly reported? Which transactions can attract the tax authorities' attention?

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