

No VAT declaration and new JPK VAT from April 2020

From 1 April large businesses and from 1 July 2020 all the remaining entities which pay VAT in Poland will no longer submit a VAT declaration and a standard audit file with their VAT register to the Tax Office. They will instead be obliged to submit only one settlement document (new JPK VAT). It will include all the data required to settle VAT. At the same time, new provisions of law impose on entrepreneurs new obligations to provide information about the transactions that they carried out. These provisions also introduce sanctions (penalties) for errors in VAT registers.

VAT DECLARATION AND JPK VAT - THE PRESENT STATE

Currently, every VAT payer in Poland submits monthly or quarterly VAT declarations and monthly JPK VAT files to the Tax Office.

A **VAT declaration** contains aggregate data divided into different types of business transactions, such as e.g. domestic sales, intra-Community supply of goods, intra-Community purchase of goods, domestic purchase, etc. A VAT declaration is prepared in accordance with the template published by the Minister of Finance and is submitted electronically (electronic signature is required).

A **JPK VAT file** contains a detailed VAT register, i.e. data on every transaction included in the VAT declaration. Apart from information on the type of transaction (domestic sales, intra-Community supply of goods, intra-Community purchase of goods, domestic purchase, etc.), this file contains detailed data on contracting parties (suppliers and recipients) and documents which are the basis for including them in the VAT declaration (document number, date of issue, sales date). In accordance with the structure announced by the Ministry of Finance, a JPK VAT file needs to be in XML file format and is submitted electronically (electronic signature is required).

NEW JPK VAT

In accordance with the new provisions of law, the obligation to prepare VAT declarations is lifted and replaced with the obligation to submit a new, extended JPK VAT file.

The new JPK VAT file will contain data which has so far been included in the VAT declaration and the current JPK VAT file. The scope of the new JPK VAT file is broader in comparison to the file which is currently in force. It requires taxpayers to provide additional designations for specific product groups, transactions and documents. The obligation to provide additional information on transactions concerns suppliers (sellers) and purchasers (buyers) to a varying extent. The provisions also introduce sanctions for errors in VAT registers.

**NEW JPK VAT.
ADDITIONAL
CODES
(DESIGNATIONS)
FOR SPECIFIC
GOODS AND
SERVICES**

The new JPK VAT file imposes on sellers the obligation to mark specific goods and services with special codes (number designations). This obligation applies only to suppliers (sellers). The purchasers of goods and services will not be obliged to document these codes (designations).

<u>Goods or services group</u>	<u>Code (designation)</u>
alcoholic beverages	"01"
petrol, diesel fuel and similar products	"02"
heating oil, lubricating oil	"03"
manufactured tobacco, e-liquid	"04"
waste and recyclable materials	"05"
electronic equipment, materials and parts thereof (e.g. computers, mobile phones, video game consoles or photographic cameras)	"06"
vehicles and car parts with codes CN 8701-8708 and CN 8708 10	"07"
noble metals and base metals	"08"
medicines and medical devices	"09"
buildings, structures and land	"10"
services related to transferring rights to greenhouse gas emissions	"11"
intangible services, i.e. advisory, accounting, legal, management, training, marketing and advertising services, head office services and services related to market surveys, opinion polling, research and development work	"12"
transport and warehouse services	"13"

**NEW JPK VAT.
ADDITIONAL
CODES
(DESIGNATIONS)
FOR SPECIFIC
TRANSACTIONS**

The provisions of law also introduce the obligation to add detailed designations to specific transactions. This obligation applies mostly to sellers and, to a lesser extent, also to purchasers.

<u>Transaction type</u>	<u>Letter designation</u>
<u>Sales transactions</u>	
deliveries related to mail orders sent from the territory of the country	SW
provision of telecommunication, broadcasting and electronic services	EE
transactions made by taxpayers related to each other	TP
intra-Community purchase of goods made by the second VAT payer as part of triangular transactions under simplified procedure	TT_WNT
delivery of goods outside the territory of the country carried out by the second VAT payer as part of triangular transactions under simplified procedure	TT_D
provision of tourist services taxed in accordance with the margin scheme	MR_T

delivery of second-hand goods, works of art, collectors' items and antiques, taxed in accordance with the margin scheme	MR_UZ
intra-Community delivery of goods following the import of such goods under customs procedure 42 (import)	I_42
intra-Community delivery of goods following the import of such goods under customs procedure 63 (import)	I_63
single purpose voucher transfer made by a taxpayer acting in his own name	B_SPV
delivery of goods and provision of services related to a single purpose voucher on behalf of the taxpayer who issued the voucher	B_SPV DOSTAWA
provision of intermediation services and other services related to multipurpose voucher transfer	B_MPV PROWIZJA
transactions subject to the obligation to use the split payment mechanism	MPP
<u>Purchase transactions</u>	
import of goods, including the import of goods settled under the simplified method	IMP
transactions subject to the obligation to use the split payment mechanism	MPP

NEW JPK VAT. ADDITIONAL CODES (DESIGNATIONS) FOR SPECIFIC TYPES OF PROOF OF SALE AND PURCHASE

The structure of the new JPK VAT file will require taxpayers to provide additional designations for some types of proof of sale and purchase. This obligation will apply to both sellers and purchasers.

<u>Proof of sale - the seller's obligation</u>	<u>Designation</u>
internal collective document with sales from cash registers	"RO"
internal document	"WEW"
invoicing based on receipt (sales recorded by cash registers)	"FP"
<u>Proof of purchase - the seller's obligation</u>	<u>Designation</u>
VAT RR invoice (invoice issued by a farmer)	"VAT RR"
internal document	"WEW"
invoice issued by a taxpayer who has chosen cash accounting	"MK"




NEW JPK VAT. PENALTIES

The new provisions of law also introduce additional sanctions (penalties). In case the taxpayer finds any errors in the sent register, he or she is obliged to submit corrections within 14 days.

In case the Tax Office finds any errors which make it impossible to verify the correctness of transactions in the sent register, the Tax Office will point out these errors and request that the taxpayer correct them. Within 14 days after being served with such a request, the taxpayer has to send the corrected register or make a statement showing that the register does not contain errors.

If, despite receiving the request, the taxpayer:

- fails to send a corrected register free from errors pointed out in the request or fails to make a statement or fails to make it on time

	<ul style="list-style-type: none"> ■ fails to prove in his or her statement that the register does not contain errors referred to in the request, <p>- the head of the Tax Office will issue a decision imposing on such a taxpayer the penalty of PLN 500 for every mistake.</p>
EFFECTIVE DATE	<p>The obligation to submit the new JPK VAT file from 1 April 2020 applies to companies qualifying as large businesses. Other entities will be obliged to submit the new file from 1 July 2020.</p> <p>A large business is an entity which:</p> <ul style="list-style-type: none"> ■ employs over 250 employees or ■ employs fewer than 250 employees but its balance sheet total exceeds the equivalent of EUR 43 million in PLN and its total annual turnover exceeds the equivalent of EUR 50 million in PLN. <p>Every taxpayer can also make the decision to start submitting the new JPK VAT file from 1 April 2020.</p>
REQUIRED ACTIONS	<p>The scope of information included in the new JPK VAT file requires the recording of more data concerning sales and purchase transactions. The taxpayers' obligation to provide additional designations for specific product groups, transactions or types of documents means that it is necessary to update or extend the existing invoicing modules and accounting systems. It is also necessary to conduct training courses for those who deal with warehouse management and issuing sales invoices. Due to the sanctions (penalties), it is important for data transmitted to accounting departments to be correct and up to date, as well as include all the required additional designations.</p>
CONTACT	<p>This document has been prepared for information purposes only and is of a general nature. Before taking any action pursuant to the above information, we recommend that you obtain an opinion of TPA experts.</p> <div>  <p>Ewa Znamierowska <i>Partner</i> +48 602 523 526 Email</p> </div> <div>  <p>Łukasz Korbas <i>Partner</i> +48 603 558 869 Email</p> </div> <div>  <p>Iga Kwaśny <i>Partner</i> +48 601 088 206 Email</p> </div>

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