

UHY ECA

TAX NEWSLETTER
VALUE ADDED TAX

22.02.2018

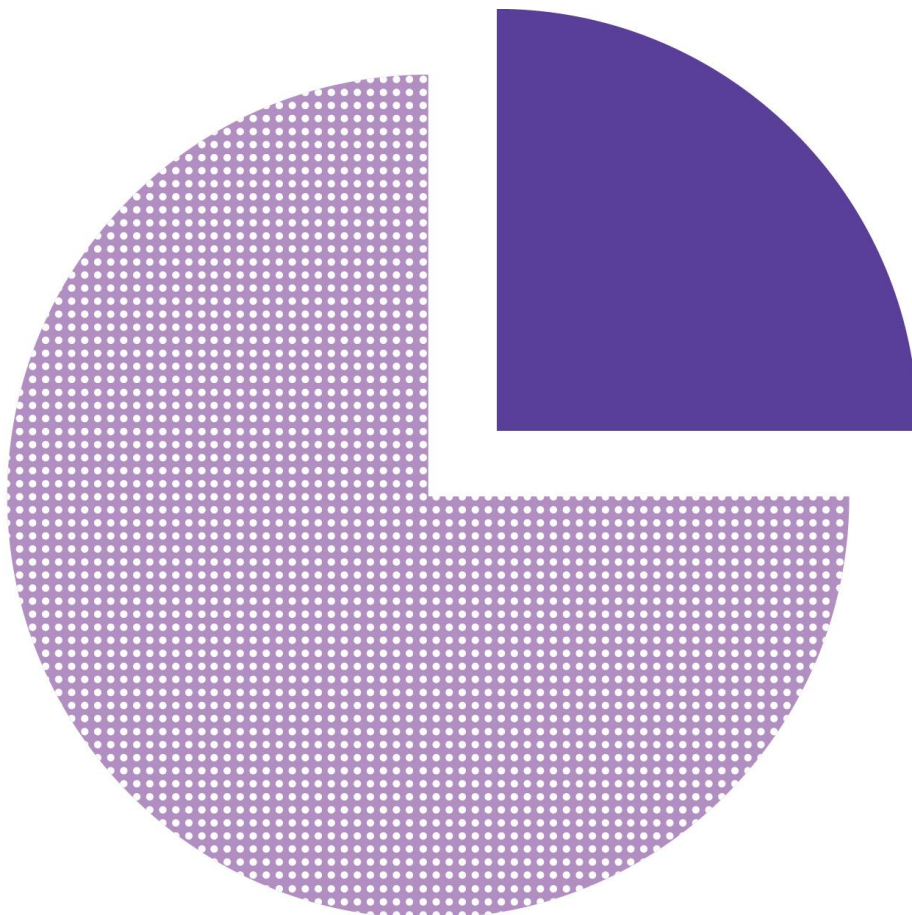


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Dear Sirs and Madams,

We would like to present the list of changes in the provisions of the Polish VAT Act as well as in Tax Ordinance. Some of these changes have come into force since January 1, 2018, the others will enter into effect during the 2018.

1. MECHANISM OF SPLIT PAYMENT

- ➔ On 1 July 2018 a mechanism of split payment VAT comes into force. The new regulations provides that the payment for the purchased service or goods will be split into two parts – the first paid to a bank account of the supplier of the goods or service and the second, which corresponds to the due tax, is paid to supplier's dedicated VAT account.

The freedom to dispose of the funds accumulated on the VAT accounts will be limited – the taxpayers are intended to use them to pay their VAT obligations only.

The use of „*split payment*“ will not be mandatory – however, taxpayers who decide to use this form of tax settlement will be entitled to take advantage of the number of incentives, such as: accelerated - up to 25 days - time to refund of excess input VAT, no increased interests to tax arrears in VAT, exemption from the principle of joint and several liability for possible tax arrears in the case of acquiring goods listed in Annex no. 13 to the VAT Act, as well as, pursuant to Art. 112b-112c VAT Act, exemption from imposing additional tax liability.

2. STANDARD AUDIT FILE FOR TAX („SAF-T“) OBLIGATORY FOR ALL ENTREPRENEURS

- ➔ From 1 January 2018, all enterprises are obliged to transfer data to the tax office within an electronic standard audit file for tax (*pł. „JPK“*) containing the VAT purchase and sale records every month. This obligation ultimately reached the last group of entrepreneurs – „micro-enterprises“.

From 1 January 2018 all VAT taxpayers, obliged to keep VAT records, are obligated to submit the VAT purchase and sale records to the tax authorities in „SAF-T“ form (*pł. JPK_VAT*). JPK_VAT shall be drawn up and then sent for monthly periods in the terms provided for VAT-7 return. The monthly reporting period for VAT records (provided in JPK format) applies to all taxpayers, including those who are eligible both to account for the VAT and to submit VAT returns on a quarterly basis.

3. VAT RECORDS AND VAT RETURNS IN ELECTRONIC FORM ONLY

- ➔ From 1 January 2018, taxpayers are obliged to keep VAT records in electronic form and to provide all VAT returns in electronic form.

The scope of data included in the VAT records, in comparison to the legal state in force until 31 December 2017, is not changed. However, from 1 January 2018 the legislator deprived taxpayers of the possibility to keep VAT records in paper form, instead providing for an electronic form only.

From 1 January 2018, the electronic form of VAT records applies to all taxable persons. In the case of failure to respect the electronic form the taxable person may be subject to sanctions, as provided for a fiscal misdemeanour.

4. COUNTERACTING FRAUDS AND OTHER IRREGULARITIES („STIR” ACT)

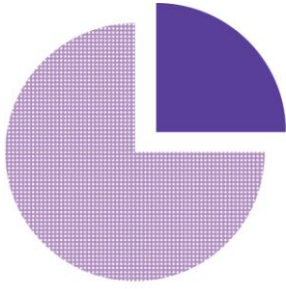
- ➔ The legislator provides for another tools to fight tax frauds and other abuses that tend to appear especially on the field of value added tax.

The provisions provides that The National Tax Administration (*pl.* KAS), from 13 January 2018, is entitled to use the information being a banking secrecy and concerning agreements on trading in financial instruments. In turn, from 30 April 2018, tax authorities will receive the right to order the banks to block suspicious corporate bank accounts. On the basis of the decision taken by the Head of National Tax Administration, the bank account of a given entity may be banned for a maximum of 72 hours if only conducted analyses indicate that there is a high probability of using of financial institution activities to commit financial extortion. In extraordinary cases, access to the account may blocked up to 3 months.

5. REGISTER OF UNREGISTERED ENTITIES, REGISTER OF REMOVED AND RESTORED ENTITIES

- ➔ As a consequence of the “STIR” Act, the Ministry of Finance released the lists of unregistered entities (i.e. for which no registration was made) and of removed and then restored entities.

The special search engine can be found on the website of Public Information Bulletin of the Ministry of Finance. The registers are intended to be a support for entrepreneurs to help them in performing their fiscal duties. Both lists allow for an assessment of current as well as potential contractors (e.g. reliability).



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