

TAX ALERT

October 2020

A REVOLUTION IN REPORTING OBLIGATIONS FOR VAT PURPOSES

CHANGES FROM OCTOBER 1, 2020



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Member of the National Chamber of Tax Advisors
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New regulations

On 1 October 2020 entered into force the changes in the reporting of transactions in value added tax (introduced with the Act of 4 July 2019 amending the Act on the Goods and Services Tax Act and other acts, Official Journal of Laws, Item 1520, as amended). Under the above tax act, VAT taxpayers may forget to send a standard VAT-7/VAT-7K returns. Positions from the VAT returns will be transferred to the so called new JPK_VDEK file, which in its assumption will be a single electronic document, including the VAT returns and the register part JPK_VDEK file.

Single electronic document

The new JPK_VDEK file will be an electronic document including VAT returns (VAT-7 and VAT-7K) and VAT register (JPK_VDEK). The file will be sent to the tax office for a deadline for submitting the current VAT returns, i.e. no later than the 25th day of the following month. As a result, VAT taxpayers will not have to submit to the tax office - as has been the case up to now - two different documents: a JPK_VDEK file and a VAT-7/VAT-7K returns, but they will submit only one electronic document (including the data from VAT returns and from the VAT register).

An additional facilitation will be the elimination of appendices required for traditional VAT returns, i.e. VAT-ZZ, VAT-ZD and VAT-ZT and the additional applications included in the standard declarations. These appendices will be replaced with selection fields included in the JPK_VDEK file structure in the declaration part.

What is important, the current register part (JPK_VDEK) will be extended with additional reporting data such as: goods or services group (GTU), types of transactions and proofs of sale.

Quarterly VAT tax returns

VAT taxpayers, who choose to file their tax returns on a quarterly basis, will be obliged to submit data from the VAT register part every month in a new form i.e. no later than the 25th day after each of the following months.

The quarterly taxpayer will still be exempted from submitting the declaratory part of the new JPK_VDEK file for the first and second month of a given quarter - in practice - this part will be submitted by the taxpayer without filled fields as the so-called "zero VAT return". Only for the last month of a given quarter, the quarterly taxpayer will be obliged to submit their VAT return (to fill the declaration part of the new JPK_VDEK file).

What is not going to change

The new regulations will apply only to VAT settlements by using VAT-7 and VAT-7K returns. This means, that the form of submitting recapitulative statement on intra-community transactions VAT-UE/ VAT UEK, as well as other tax returns and information will not change: VAT-8, VAT-12, VAT-9M, VAT-10, VAT-11, VAT-13, VAT-21, VAT-23, VAT-26, VAT-R and VAT-Z.

Therefore, a VAT taxpayer showing, for example, intra-Community supply of goods/acquisition of goods - in settlement for October 2020, will be obliged to send a new JPK_VDEK file (including the data from VAT returns and from the VAT register) and to send separately a recapitulative statement VAT-UE/VAT-UEK.

The register part
(JPK_VAT) of the
JPK_VDEK file

Without a doubt, the new regulations with the aim of tighten the VAT legislation and, consequently, provide a new tool for the tax authorities to regularity control of the submitted VAT settlements. As a result, the scope of reported information on a particular transaction included in the reporting part of JPK_VDEK file - is extended. These changes include the obligation to indicate in the JPK_VDEK the certain transaction i.a. subject to the obligatory split payment mechanism (SPM), selling certain goods or executed by the related parties transactions.

The detailed scope of data necessary for the correctly submitting VAT register has been included in the Ordinance of the Minister of Finance, Investment and Development of 15 October 2019 in the respect of data included in tax returns and register in the area of tax on goods and services (Official Journal of Laws of 2019, Item 1988, as amended) under the above Act in the case of:

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a). The register of sales of goods and services (output tax settlement) - the data have been extended by the following fields:

- group goods and services i.e. GTU 01-13 (e.g. GTU 01 - alcohol, GTU 02 - fuel),
- the type of transaction (e.g. SW - distance selling from the territory of the Country, TP - related parties transactions),
- proof of sale (e.g. RO - periodical report, WEW - internal document, FP - invoice for the receipt).

b). The register of acquisition of goods and services (input tax settlement) - the data have been extended by the following fields:

- the type of transaction (e.g. IMP - simplified procedure for importing),
- designation of the transaction as MPP (for goods and services covered by the split payment mechanism in accordance with Annex 15 of the VAT Act),
- proof of sale (e.g. VAT RR - invoice issued by flat-rate farmer, WEW - internal document, MK - cash accounting method).

The complete list of groups of goods and services, that should be covered by the mandatory indication of types of transactions, group goods and services and proofs of sale, you can find in the attachment to this Tax Alert.

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The aim of the suggested changes is to oblige the VAT taxpayers to exercise due diligence during filling of JPK_VDEK file, foremost in the area of register part. The data will be subject to detailed analysis and verification. The tax authorities will have at their disposal software using matching algorithms, that allow them to detect inconsistencies in VAT settlements - making by the taxpayers, e.g. who operate of the supply chains.

The new regulations provide the strict sanctions for submission of VAT return/register containing errors, that make it impossible to verify the correctness of these transactions.

As a result of revealing of possible errors, the head of the competent tax office will send a written request to the taxpayer to correct the VAT return/register, in which he will indicate all identified errors. If the taxpayer sends, within 14 days from the date of service the request him, a correction of the errors or submits explanations indicating that the VAT return/register have been filled correctly, he will avoid sanctions, while failure to submit any correction and explanations within the said prescribed time-limit, may be caused by the imposition of the penalty payment in the amount of PLN 500 per each error in the submitted VAT return/register.

Summary

The above changes are intended to facilitate the VAT settlement, because in place instead of several documents will be only one in force. However, you must be aware of the fact that this will be much more extensive, the result being that it will be easier to make a mistake and therefore expose yourself to strict sanctions. It should be noted that, filling the new JPK_VDEK file will be more time consuming and complicated, requiring constant cooperation between contractors, as well as the client and the accounting office/tax office.



How can we help you

If you have any questions in terms of JPK_VDEK, please do not hesitate to contact our professionals.

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