

TAX Alert

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SLIM VAT 3 package from July 1, 2023

On June 5, 2023, an amendment to the Law on Value Added Tax and Certain Other Laws was published. The proposed changes come into effect on July 1, 2023 (in addition to the provisions on sanctions, which have already been in effect since June 6 of this year).

The simplifications included in the SLIM VAT 3 package cover the following areas:

1. VAT sanctions (regulations in force since June 6, 2023)

A system of differentiation of VAT sanctions has been introduced, requiring the consideration of the taxpayer's economic situation. This means that tax authorities, when determining VAT sanctions, will take into account specific circumstances of each case, and the sanctions will have an individualized character.

2. Increasing the sales limit of a small taxpayer

The sales value limit for a small taxpayer has been increased from the current EUR 1.2 million to EUR 2 million, thanks to which a greater number of entities will be able to benefit from quarterly VAT settlements and the use of the cash accounting method.

3. VAT account funds

The possibility to dispose of funds in the VAT account has been expanded by making it possible to use them to pay, for example, for the tax on the extraction of certain minerals, the tax on retail sales, the so-called sugar tax, the so-called tax on shipbuilding, the fee on "jigger" and the tonnage tax.

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The transfer of funds between VAT accounts in a VAT group was regulated - the possibility of transferring funds from the VAT account of a group member to the VAT account of the group representative was introduced.

4. Reduction of formalities in international trade

The requirement to possess an invoice regarding intra-Community acquisition of goods (ICA) has been abandoned when deducting input tax related to it.

In the case of receiving documents confirming intra-Community supply of goods (ICS) with a 0% rate at a later date, the transaction will need to be reported in the settlement period in which the tax liability arose.

Regulations have been introduced allowing for the submission of declaration corrections directly to the Łódź Tax Office outside of the OSS and IOSS systems.

5. Correcting invoices

The rules for applying the foreign currency exchange rate adopted for the conversion of amounts from correcting invoices have been clarified. Taxpayers will use the so-called historical rate, i.e. the rate used on the original invoice when taxing the transaction.

For cumulative downward adjustments concerning domestic and intra-Community transactions and transactions settled in the reverse charge system in the event of a discount or price reduction, SLIM VAT 3 introduces the possibility of using one foreign currency exchange rate - from the day preceding the day of issuing the correcting invoice.

6. VAT proportion ratio

Introduced the possibility of waiving the adjustment if the difference between the preliminary proportion and the final proportion does not exceed 2 percentage points.

The obligation to agree in the form of a protocol with the head of the tax office on the proportion to deduct input tax was eliminated. The necessity to notify the head of the tax office of the adopted proportion was introduced.

Increased the amount allowing for recognition that the proportion of deduction determined by the taxpayer is 100%, in a situation where the proportion exceeded 98%, from the current PLN 500 to PLN 10000.

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7. Simpler invoicing and fewer responsibilities

Simplifications were introduced in the scope of reporting settlements related to invoicing (e.g. adapting the conditions for issuing invoices to e-receipts) and keeping sales records using cash registers (e.g. the possibility of waiving the obligation to print fiscal documents by taxpayers). A new electronic receipts distribution system was introduced.

8. Access to tax knowledge

Consolidation of the issuance of binding information by designating a single authority competent to issue WIS, WIA, BTI and PIT, which will be the Director of the NIS.

Provisions on the rules for issuing and applying WIS and WIA, i.e. binding information of a national nature, have been unified. The application fee for issuing a WIS has been eliminated.

About KR Group

KR Group was established in Poland in 2000. Over the years the company has built a considerable position on the highly competitive market of accounting, tax, audit, payroll and HR services. KR Group applies an excellent understanding of business realities to its core services, thus attracting the most renowned companies in its portfolio of clients.

Expanding in the CEE region? Choose a single regional provider

Instead of looking for service providers in each country and multiplying your expenses, cooperate with us. We can help you unleash your regional synergy by cutting unnecessary costs and speeding up your processes.

Our offer includes a variety of integrated services for pan-regional groups in CEE, such as:

- Single point of contact, including dedicated account manager and team to facilitate cooperation across KR Group offices
- Harmonization of VAT compliance processes and one-stop shop for settlement of VAT in the CEE-5
- One-time reporting system, including unified management reporting and HR & payroll reporting
- Centralized payment process management services
- Pan-regional tax team capable of dealing with cross-border transfer-pricing projects and accounting software localization
- Interfaces and integration developed for most accounting and reporting software
- Knowledge-sharing tools and procedures ensuring time efficiency
- In-house developed accounting data warehouse connected with local accounting software.

For more information visit our website at www.krgroup.eu



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