



June 2016

Retail sales tax – the Ministry of Finance has published new proposals regarding the draft of the Retail Sales Tax Act

In accordance with statement of the Ministry of Finance of 23 May 2016, a new draft of the Retail Sales Tax (RST) Act has been compiled. It was forwarded to the Standing Committee of the Council of Ministers and its official version will be published in the next few days.

Below, we present basic assumptions of the new draft that are indicated in the statement of the Ministry of Finance.

Who will be obliged to pay RST?

A payer of RST will be a seller of goods (movable property or its parts) as defined by the proposed regulations. The draft does not include any specific provisions concerning vendors operating in the trade network, which were covered in previously released draft in February.

It is proposed to establish a tax free amount that amounts to PLN 17 million of retail sales revenues per month. The surplus over the above amount of retail sales recognized monthly will constitute the tax base.

Taxpayers, who will not exceed this amount will be exempted from the RST and will not be obliged to submit any tax returns.

Taxable activities

The RST Act draft provides that the subject of taxation should be understood as revenue from retail sales, namely sales made to consumers.

Sales in made to businesses will not constitute a tax base. New regulations exempt internet sales from taxation.

Revenue from the retail sales will not comprise output VAT. Tax paid by the retail seller will constitute a deductible cost.

Tax rates

In compliance with the statement of the Ministry of Finance, the Retail Sales Tax will be progressive and will provide two rates and tax thresholds i.e.:

- 0.8 per cent from the tax base between PLN 17 and 170 million,
- 1.4 per cent from tax base surplus over PLN 170 million.

There is no information regarding specific regulations concerning different taxation of sales on Saturdays, Sundays and public holidays.

Exemptions

There are a few types of goods that are exempted from the Retail Sales Tax, such as: food services, drugs sales, special purpose nutrition and reimbursed or part-refunded medical devices on the basis of specific provisions.

Additionally, the following types of goods are also exempt from the RST: natural gas, water provided to consumers via water and sewage companies, bituminous coal, solid fuels, gaseous hydrocarbons and diesel fuel for heating purposes.

When will the Retail Sales Tax enter into force

In accordance with announcements of the Ministry of Finance, the RST Act will enter into force in the summer of 2016.

We will keep you informed on any progress in this matter. If you have any questions regarding the issues discussed in this alert please do not hesitate to contact us.

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