

June 2020

Introduction of a new SAF-T for electronic VAT reporting will be postponed to 1 October 2020

On 28 May 2020, the Polish Ministry of Finance issued a press release in which it communicated that the effective date of the new SAF-T for electronic VAT reporting (SAF-T_V7M and SAF-T_V7K), comprising both VAT return and VAT register, will be postponed.

The deadline for obligatory submission of the new SAF-T will be moved from 1 July 2020 to 1 October 2020.

The new SAF-T is an electronic document consisting of two parts: VAT register, covering information about purchases and sales, and a VAT return containing information previously included in the VAT-7 and VAT-7K return forms.

However, apart from the information previously collected under VAT registers and the existing VAT SAF-T files, the new audit file requires entities to disclose a specific set of additional data, which may pose a significant organizational challenge.

An overview of selected practical issues related to the implementation of the new audit file can be found below.

Requirement to apply group codes to products and services

Under the new SAF-T, the goods and services supplied **must be assigned appropriate group codes** (commonly referred to as GTU codes), as stipulated in the Regulation of the Minister of Finance of 15 October 2019 on the detailed scope of data included in tax returns and in the VAT registration records.

However, correctly assigning goods and services to the appropriate group may present a problem. This is because **taxpayers should choose appropriate codes for supplied goods and services based on various sources**, including: the Polish Classification of Goods and Services, Combined Nomenclature, VAT Act along with Annex 15 (listing goods and services covered by the split payment mechanism) and the Excise Duty Act, but also provisions of the Pharmaceutical Law (for medicinal products or medical devices, the register of which is periodically updated by the Ministry of Health by way of notice).

Another challenge may be the correct use of the category of intangible services, including, among others, services provided by head offices. In some cases, determining whether a given service should be assigned a GTU code for intangible services will require a detailed analysis of the scope of the services provided.

Indication of the type of transaction carried out

The new SAF-T requires taxpayers to use **special indications, not only when it comes to the object of the sale, but also its type, including special sale and purchase procedures**. The file is to introduce new indications for sale and purchase transactions, including:

- TP (related party transactions),
- MPP (split payment),
- TT_WNT (ICA as a part of simplified trilateral transactions),

- TT_D (supply of goods outside the territory of the country as a part of simplified trilateral transactions).

The use of the "TP" indication will require the taxpayer to identify transactions in which there are relations between the purchaser and the person supplying the goods or rendering services, within the meaning of income tax regulations.

In turn, the "MPP" indication will be applicable solely to transactions which objectively fall under the VAT split payment category. Meanwhile, some taxpayers have their accounting software configured in such a way that the MPP indication is automatically assigned to each VAT invoice.

Indication of the document type

Additionally, the new SAF-T will require taxpayers to **correctly specify the type of document** accompanying each transaction.

For instance, the invoices issued based on sales receipts should be marked with "FP". The use of FP indication may pose an essential problem to those taxpayers who so far have only been submitting cash register reports. Under the new SAF-T, they will be additionally required to provide data on receipt-based invoices.

Receipts bearing Tax ID numbers to be considered simplified invoices

Pursuant to the Regulation of the Minister of Finance of 1 April 2020 amending the regulation on the detailed scope of data included in tax

returns and in the VAT registration records, **cash register receipts considered simplified invoices will not have to be reported in the new SAF-T until 31 December 2020.**

This means that the new SAF-T will only cover data from cash register reports with additional discerning data being omitted.

The release published on the Ministry's website clarifies that a simplified invoice shall mean a cash register receipt up to PLN 450 gross (EUR 100) containing the purchaser's NIP (Polish Tax ID).

Despite initial discrepancies in this respect, it seems that eventually the Ministry of Finance has accepted cash register receipts bearing NIP numbers (up to the amount of PLN 450 gross) as simplified invoices, which has been reflected in the recently issued binding rulings. However, the controversy persists, since in the past, administrative courts took a visibly different stance.

Fines

The new regulations provide for imposition of fines for mistakes made in the new SAF-T.

Initially, a fine of PLN 500 was to be obligatorily imposed for each error that would prevent the authority from verifying the correctness of the transaction if, despite being called to correct this error, the taxpayer would fail to provide the amended file or explanations within 14 days, or they would do so after the deadline, or they would fail to provide extensive explanations proving that the register did not contain errors referred to in the rectification request.

However, under the currently applicable provisions, **the fines are to be imposed by the tax authority on a discretionary basis.**

How to prepare for the upcoming changes?

We recommend you verifying whether the currently used accounting software allow you to generate all the data required by the new SAF-T in a manner consistent with the regulations.

We may provide you with substantive and technical support in the field of implementation of the new SAF-T.

If you would like to learn more about the issue discussed, please do not hesitate to contact us at mamptanie@kpmg.pl

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