

# Tax Alert |

## National e-Invoicing System – Who will it apply to?

KPMG in Poland

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On 1 January 2022, the act amending the Value Added Tax Act and certain other acts, introducing regulations on a new type of invoice, the so-called structured invoice (e-Invoice), and the system through which it is possible to issue and receive it, i.e., the National e-Invoicing System, entered into force.

In 2022, issuing invoices by means of the new system is voluntary. Starting from Q2 2023, however, as announced by the Ministry of Finance, the use of e-Invoices will be obligatory.

### What will change?

The key feature of e-Invoices is that they can be issued and sent directly from taxpayers' financial and accounting programs in a structured digital form, using the ICT system operated by the Ministry of Finance, i.e., the National e-Invoicing System (PL: *Krajowy System e-Faktur*, KSeF). Structured invoices are issued based on a uniform logical structure, FA\_VAT, provided by the Ministry of Finance. The solution prepared by the Ministry allows for creating invoices directly in taxpayers' financial and accounting programs and transmitting them to the National e-Invoicing System via application programming interface (API). Consequently, to apply this solution, the taxpayer needs to have their system integrated with the National Invoicing System.

Once the invoice is sent, the National e-Invoicing System checks its compliance with the e-Invoice logical structure and, after positive verification, assigns it an identification number. The date of issuing a positively verified structured invoice is the date the issuer transferred it to the System. The date of assigning a KSeF identification number is also considered as the date of invoice reception by the recipient.

Providing structured invoices using KSeF requires the invoice recipient's approval. Should, however, the recipient refuse to accept e-Invoices, this does not mean that the taxpayer cannot issue a structured invoice.

Nevertheless, in such cases it is necessary to agree on a different form of exchanging invoices between the parties.

The solution relies on a system of authorization, meaning that issuing a structured invoice must be authorized by a competent person through the system. Transmitting invoices to the KSeF system will be possible upon the authentication of the taxpayer with the use of a qualified electronic signature, an electronic seal, trusted profile, or an authorization token generated via KSeF and assigned to an authorized taxpayer or entity.

Any taxpayer-authorized entity or individual may issue and access structured invoices in the KSeF system. This means that it is possible to authorize e.g., an accounting office or specific employees to issue and receive structured invoices on behalf of the taxpayer.

## Who will be affected?

Starting from 1 January 2022, taxpayers can use the system on a voluntary basis. However, the Ministry of Finance plans to make structured invoicing mandatory starting from Q2 2023, with an exact date yet to be determined.

The KSeF platform can be used by active VAT payers, VAT-exempt businesses, and taxpayers identified in Poland for the special EU OSS procedure, holding a Polish NIP identification number.

## What actions should be taken?

Implementation of e-invoicing needs making prior extensive preparations by taxpayers, both in terms of the technology and processes in place. The biggest challenge is the selection and implementation of an appropriate IT tool to integrate ERP systems with KSeF.

The implementation process must also cover analysis of data stored in the invoice management systems against the requirements of FA-VAT logical structure, including assessment of the data sources used.

It should be kept in mind that sending and receiving invoices via KSeF is a form of ongoing reporting to tax authorities, since all the data passed through the system are disclosed to the Ministry of Finance at the time of issuing the invoice (instead of periodical reporting upon submitting JPK VAT7M or JPK VAT7K forms). Consequently, before the implementation of KSeF invoicing it is important to review the issued invoices for compliance with VAT regulations.

## Benefits for e-invoicing taxpayers

Using the KSeF system to issue e-Invoices comes with a raft of advantages in terms of VAT settlements provided by the legislator, which at the same time are to be a factor encouraging to apply this solution during the period of voluntary use.

Users of e-Invoices enjoy a reduced standard VAT refund period, i.e., 40 (instead of 60) days, provided that they met a set of conditions set forth by the Act, and simplifications in terms of settling credit notes.

From a practical point of view, the advantage of e-Invoices is also their standardized pattern, which makes it possible, for example, to verify and compare received invoices in an easier and more efficient manner, and to automate accounting processes.

## How can we assist you?

Our tax advisors can provide you with comprehensive support throughout the entire process of e-invoicing implementation, namely:

- they can present the main assumptions of the circulation of invoices in KSeF, and the detailed scope of data required under the e-Invoice structure (FA\_VAT), indicating their format and obligatory/optional character;
- they can review invoices and their current circulation method in the light of the requirements of FA\_VAT and KSeF;
- they can identify the types of transactions that may be covered by the e-Invoicing system;
- they can give recommendations regarding changes necessary to introduce in the existing invoicing process in order to meet the requirements of FA\_VAT and KSeF;
- they can provide support in mapping and interpreting the data required under the current e-Invoice logical structure;
- they can check whether the selected e-Invoicing solution has been implemented correctly from the perspective of VAT regulations.

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