



Tax Alert |

European Commission endorsed mandatory e-invoicing in Poland

KPMG in Poland

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On 2 August 2021, Poland submitted to the European Commission a request for derogation under Article 395 of Council Directive 2006/112/EC on the common system of value added tax to introduce special measures for derogation from Articles 218 and 232 thereof.

Consequently, on 30 March 2022, the European Commission prepared and submitted to the EU Council a draft decision on derogation, authorizing Poland to deploy a mandatory electronic invoicing system.

Please be reminded that on 1 January 2022, 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 (Polish: *Krajowy System e-Faktur*, KSeF), entered into force.

At present, 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, which are to replace the current paper and electronic invoices, will be obligatory.

A review of the key information on e-invoicing can be found below.

What is e-invoicing?

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 (based on a uniform logical structure provided by the Ministry of Finance), using the ICT system operated by the Ministry of Finance, i.e., the National e-Invoicing System. The taxpayer can issue a structured invoice through an individual account in the KSeF system.

E-invoices are next sent to the KSeF system, and then to the recipient, via interface enabling connection and exchange of data between IT systems. Sending invoices to the KSeF system is possible upon the authentication of the taxpayer in the system with the use of a qualified electronic signature (or an electronic seal in the case of legal entities) or a trusted profile. The date of issuing a positively verified structured invoice is the date the issuer transferred it to the System.

Importantly, 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.

Advantages brought using e-Invoices

Using the KSeF system to issue e-invoices comes with a raft of advantages in terms of VAT settlements provided by the legislator, including:

- a reduced standard VAT refund period, i.e., 40 instead of 60 days (provided that the amount of input tax or the amount of the tax difference not settled in previous settlement periods and declared as an amount to be returned does not exceed PLN 3,000. To take advantage of the shortened period, taxpayers must issue only structured invoices in a given accounting period);
- taxpayers issuing e-invoices via KSeF system do not have to submit, at the request of the tax authorities, the structure of the Standard Audit File for Invoices (JPK_FA). Any data provided therein will be made available to the authorities via KSeF;
- simplifications in terms of settling credit notes – any taxpayer issuing e-invoices can reduce the taxable base and the amount of output VAT at the time of issuing the correcting structured invoice without the need to obtain documentation concerning the agreement with the buyer of the goods or the service recipient on the conditions for reducing the taxable base specified in the correcting invoice and meeting these conditions;
- finally, taxpayers issuing structured invoices through the KSeF system are released from the obligation to archive and store them, as the invoices are stored directly in the system for a period of ten years from the end of the year of issuing the document.

> How can we assist you?

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

- 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 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 the KSeF system;
- they can provide support in mapping and interpreting the data required under the current e-Invoice logical structure.

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