

To whom it may concern,

Please find below the information about selected, and in our opinion, the most important, changes in taxation regulations coming into force in July 2023, with particular emphasis on the SLIM VAT 3 package.

We hope that you will find this information useful.

Mac Auditor Team

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[Here](#) you will find the law on which this brochure is based.

[Here](#) you will find information from the Ministry of Finance on the SLIM VAT 3 package.

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#### 1. Abolition of the requirement to have an invoice in order to deduct VAT in WNT

The amended regulations eliminate the formal obligation to have an invoice from a foreign contractor in order to deduct VAT on intra-Community acquisition of goods (ICA). After the change, a taxpayer who does not have an invoice documenting the purchase of goods from a foreign contractor will not have to correct the deducted VAT after three months from the end of the month in which the tax obligation arose. The only condition for the right to deduct will be the proof of the VAT due under ICA. This means ensuring full neutrality of WNT transactions in terms of VAT.

At the same time, we emphasize that in practice it is still necessary to have an invoice documenting the purchase of goods from another European Union member state, in order to correctly include the transaction in the accounting books and for the purposes of determining tax deductible costs for CIT or PIT purposes. Therefore, the change concerns relatively rare situations in which the buyer is waiting for an invoice documenting the transaction that has already been carried out. So far, if such a situation lasted for more than three months, it meant negative VAT consequences (temporary loss of the possibility of deducting input VAT and, as a result, the obligation to correct the JPK\_V7 and pay additional tax). Once the rules are changed, this mechanism will no longer apply.

## 2. WDT corrections

The legislator has clarified the period for which an intra-Community supply of goods (ICS) is shown at the rate of 0%. In the event of late receipt of documents confirming export from goods under ICS, the transaction will be subject to reporting in the settlement period in which the tax obligation arose. The previous regulations indicated the period in which the transaction was made. The change therefore consists in adapting the wording of the provisions to generally accepted practice

## 3. Exchange rate changes for foreign currency credit notes

The new regulations introduce the principle of using the historical exchange rate of the foreign currency (used on the original invoice) to convert amounts resulting from correcting invoices in foreign currencies. The amendment concerns both adjustments increasing and decreasing the tax base, regardless of the reasons for the adjustment and its nature.

The SLIM VAT 3 package introduces the possibility of using a single foreign currency exchange rate, i.e. the exchange rate from the day preceding the date of issuing a correcting invoice, for collective *in minus corrections* concerning:

- domestic transactions (until now, the taxpayer should have applied a separate rate for each of the transactions subject to adjustment),
- WNT oraz import services.

The above-mentioned possibility of applying a single rate applies only to collective correcting invoices, if the adjustment consists in a reduction of the taxable amount resulting from the granting of a discount or price reduction. The new regulations do not apply to aggregate adjustments increasing the tax base or *in minus adjustments* that result from reasons other than granting a discount or price reduction, e.g. adjustments resulting from the return of purchased goods by the buyer.

## 4. Facilitation of the VAT proportion (coefficient)

The changes concern taxpayers who make sales that are partially exempt from VAT and, consequently, apply the sales structure coefficient (WSS) for the purposes of VAT deduction.

In the light of the new regulations, the taxpayer may not make the adjustment if the difference between the initially determined proportion and the proportion determined for the completed tax year does not exceed two percentage points. If the proportion determined for the completed tax year is less than the initially determined proportion, the possibility of waiving the annual adjustment is allowed provided that the amount of input tax not deductible resulting from the difference between the established proportions and the adjustment concerning fixed assets and intangible assets (except for those whose initial value does not exceed PLN 15,000) does not exceed PLN 10,000. The amendment will apply for the first time to the correction for 2023.

In addition, the obligation to agree on the proportion to deduction of input tax with the head of the tax office was abolished and replaced by the requirement to notify the head of the tax office of the adopted proportion by the 25th day of the month following the month in which this proportion was applied for the first time, but no later than on the date of sending the JPK\_V7

The amount allowing for the recognition that the proportion of deduction determined by the taxpayer is 100% has been increased to PLN 10,000 from the previous PLN 500 if the actual proportion has exceeded 98%. The amendment applies to taxpayers performing taxable and VAT-exempt activities as part of their business activity and allows

deduction of the full amount of VAT in the case of taxpayers whose turnover is a significant part of transactions subject to VAT. The amendment will apply for the first time to the correction for 2023.

#### 5. Small taxpayer with a turnover of up to €2 million

The annual turnover limit allowing the use of the status of a small taxpayer for VAT purposes has been increased to EUR 2 million.

In the light of the amended definition, a small taxpayer is understood as a taxpayer of value added tax:

- a) whose sales value (including the amount of tax) did not exceed in the previous tax year the amount expressed in PLN corresponding to the equivalent of EUR 2,000,000,
- b) running a brokerage company, managing investment funds, managing alternative investment funds, being an agent, contractor or other person providing services of a similar nature, with the exception of commission – if the amount of commission or other forms of remuneration for services rendered (including the amount of tax) did not exceed in the previous tax year the amount expressed in PLN corresponding to the equivalent of EUR 45,000

- whereas the conversion of amounts expressed in euro is carried out according to the average euro exchange rate announced by the National Bank of Polish on the first working day of October of the previous tax year, rounded to PLN 1000.

The new limit will apply from the second half of 2023. Taxpayers whose sales last year did not exceed the new limit of EUR 2 million (including VAT and decide to use the cash method or quarterly settlements), in order to use the changed form of settlements, submit an update of the VAT-R form, in which they will inform the authority about their choice.

#### 6. Postponement of the entry into force of JPK\_CIT and JPK\_PIT reporting

The amendment postpones the dates of entry into force of keeping books electronically and sending them to tax authorities in the form of JPK\_CIT or JPK\_PIT files.

The books of CIT taxpayers (JPK\_CIT) will be sent for the first time for the tax year beginning with:

- 31 December 2024 - in the case of tax capital groups, taxpayers whose revenue obtained in the previous tax year exceeded the equivalent of EUR 50 million,
- 31 December 2025 - in the case of active VAT taxpayers,
- 31 December 2026 - in the case of taxpayers other than active VAT payers.

PIT and lump sum taxpayers on recorded revenues will send SAF-T for the first time for settlement periods starting after:

- 31 December 2025 - in the case of entities that are active VAT payers,
- 31 December 2026 - in the case of entities that are not active VAT payers.

#### 7. Changes concerning VAT sanctions

The head of the tax office or the head of the customs and tax office will determine the additional tax liability at rates set up to 30%, up to 20% or up to 15% (currently these are fixed rates of 30%, 20% and 15%, without leaving the possibility of setting a lower percentage of sanctions).

In determining the additional tax liability, the sanctioning authority shall take into account:

- Circumstances in which the irregularity occurred
- the type and degree of breach of the obligation incumbent on the taxpayer which resulted in the irregularity,
- the type, degree and frequency of irregularities found so far concerning non-expired tax liabilities,
- the amount of irregularities found, including the amount of understatement of tax liability, the amount of overstatement of the tax difference, the refund of input tax or the tax difference to the reduction of tax due for subsequent tax periods,
- actions taken by the taxpayer after the finding of the irregularity to remedy the consequences of the irregularity.

## 8. SLIM VAT 3 - other changes

The SLIM VAT 3 package introduces a number of other changes. These include, but are not limited to:

- the possibility of releasing oneself from joint and several liability in certain situations (e.g. factoring), provided that the amount has been paid using the split payment mechanism,
- the possibility of waiving the obligation to print cash documents by entrepreneurs keeping sales records using online cash registers,
- introduction of the principle of submitting corrective declarations outside the OSS and IOSS systems directly to the Łódź Tax Office (in a situation where the taxpayer no longer uses the indicated procedures or the deadline entitling to make a correction in the next tax return has expired),
- designation of the Director of the National Tax Information as the sole authority issuing binding rate information (WIS), binding excise information (WIA), binding tariff information (BTI) and binding origin information (BOI),
- extension of the catalogue of public levies that can be paid from the VAT account,
- changes concerning areas other than VAT, including, among other things:
  - changes in PIT regarding rehabilitation relief and income limits for parents raising children with disabilities,
  - changes in PIT regarding the so-called private lease. Spouses will apply a higher lump sum rate (12.5% of revenues) only after exceeding the limit of PLN 200,000 (currently the limit is PLN 100,000), regardless of whether they will settle these revenues separately or decide to tax them in full by one of them. This solution will apply already to the settlement for 2023,
  - providing the Your e-PIT service also for settling income from business activity,
  - changes in inheritance and gift tax thresholds.

## 9. Consequences of the end of the state of epidemic emergency

On July 1, 2023, the state of epidemic emergency was canceled. This fact has numerous legal consequences, including, but not limited to:

- labour law. Information on this subject can be found in our brochure dedicated to changes in the HR and payroll area from July 1, 2023
- tax residence certificates. During the state of epidemic or epidemic threat and for a period of two months after their cancellation, the remitter may use the taxpayer's certificate of residence covering 2019 or 2020, provided that the taxpayer obtains a statement that the data contained therein has not changed,
- reporting of tax schemes (MDR). As of 1 August 2023, MDR deadlines will no longer be suspended. In practice, this means that taxpayers will have, depending on their role in the tax scheme, a maximum of 30 days to report schemes for the entire period of the Covid-19 pandemic - i.e. from March 2020, and new tax schemes will be subject to current reporting on general principles,

- reporting of tax schemes (MDR). As of 1 August 2023, MDR deadlines will no longer be suspended. In practice, this means that taxpayers will have, depending on their role in the tax scheme, a maximum of 30 days to report schemes for the entire period of the Covid-19 pandemic - i.e. from March 2020, and new tax schemes will be subject to current reporting on general principles,
- deadlines for issuing individual interpretations, which will again be 3 months, instead of 6 months as during the pandemic.

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### Legal basis

Act of 26 May 2023 amending the VAT Act and certain other acts. Journal of Laws of 2023, item 1059.

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### Legal notice

This material was prepared in July 2023 by Mac Auditor Sp. z o. o. From the date of its preparation, some important amendments concerning the above information, including the amendment to the legal status, amendments of the interpretation nature or amendments resulting from the case-law might have been introduced. Information presented in this material is of the general and simplified nature. Numerous detailed issues were omitted. The purpose of this material is informational only and it should not, in particular, be used as the only basis for making tax-related decisions. Such decisions should always take into account the complete legal status, interpretations, and the case-law. Mac Auditor Sp. z o. o. may not be held liable for any use of information presented in this document for any purposes whatsoever. This material is copyright-protected and its distribution requires prior written consent of Mac Auditor Sp. z o. o.

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