



# **VAT GUIDE** **POLAND**



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VAT Compliance<sup>®</sup>

# VAT GUIDE POLAND



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# Introduction to Poland

In the year of 1993, the Value Added Tax (VAT) system was implemented in lieu of the antiquated sales tax structure in Poland. In order to align the Polish turnover tax provisions with the prevailing European common VAT system, a series of modifications have been made to the VAT regulations. At present, the essential legislative framework that regulates VAT principles in Poland is governed by the VAT Statute of 11 March 2004. It is noteworthy that the VAT regulations in Poland are founded on the EU legislation, thus ensuring the alignment of the fundamental VAT taxation principles in Poland with those in other EU member states.

## Scope of Taxation

VAT is charged on the following types of transactions:

- ✓ Supplies of goods and services within the territory of Poland.
- ✓ Exports of goods outside the territory of the EU.
- ✓ Imports of goods from countries that do not belong to the European Union.
- ✓ Intra-Community acquisitions of goods (imports from countries belonging to the EU).
- ✓ Intra-Community supplies of goods (exports to the countries belonging to the EU).

## General Information

<b>National Legislation</b>	<b><u>Ministry of Finance</u></b>
<b>VAT in local languages</b>	PTU, VAT (Podatek od Towarow i Uslug)
<b>VAT number format</b>	1234567890
	PL1234567890
<b>VAT rates</b>	Standard 23%; Reduced 8%; and 5%
	Zero-rated (0%) and exempt
<b>Frequency</b>	Monthly or quarterly
<b>Thresholds</b>	
<b>Registration</b>	
<b>Established</b>	PLN 200.000 (ca. EUR 47.000)
<b>Non-established</b>	None
<b>Intra-Community acquisitions</b>	PLN 50.000 (ca. EUR 11.900)
<b>Intra-EU Distance sales and electronically supplied services to consumers (OSS)</b>	PLN 42.000 (EUR 10.000)
<b>Recovery of VAT by non-established businesses</b>	Yes
<b>Compliance Returns and Supplementary Reports</b>	
<b>VAT Return VAT-7 (eligible for periods up to September 30, 2020)</b>	25 <sup>th</sup> of the following month
<b>European Sales and Purchase Listing (VAT-EU)</b>	25 <sup>th</sup> of the following month
<b>SAF-T (Standard Audit File for Tax) (Standard Audit for Tax)- JPK_VAT</b>	25 <sup>th</sup> of the following month
<b>Intrastat</b>	10 <sup>th</sup> of the following month

## VAT Rates

A taxable supply pertains to the provision of goods or services that are subjected to Value Added Tax (VAT), including those that are zero-rated. In Poland, sellers of goods and services who are VAT-registered are obliged to impose the relevant VAT rate on their sales, and subsequently collect the tax for submission to the Polish tax authorities by means of a VAT filing system.

The VAT rates are:

- ✓ Standard rate: 23%
- ✓ Reduced rate: 8% and 5%
- ✓ Zero-rate: 0%
- ✓ Exempt

Examples of taxable items and services at the relevant rates include:

Rate	Type	Good or Services
<b>23%</b>	Standard	All supplies of goods and services that are not specifically identified as being subject to one of the other rates
<b>8%</b>	Reduced	For tourist services, healthcare, newspapers, transportation, water distribution and house renovation and construction procedures
<b>5%</b>	Reduced	Basic food products (for example, some fruits and vegetables, bread, dairy products, meat and meat products, cereal products (flour, groats, pasta), certain drinks), printed books and books published on discs, tapes, and other media, and specialist magazines are all examples of what is included in this category.
<b>0%</b>	Zero	Internal and international passenger transportation (except for inland waterway and road transportation); services provided during international passenger transport
<b>Exempt</b>	Exempt	Includes, among others, certain financial, insurance, and educational services.

More in-depth information about VAT rates is available on the website of the Polish tax authorities through the following links: [Matrix of VAT rates](#) and [Tax rates](#)

In response to the COVID-19 pandemic, several countries implemented temporary adjustments to their VAT rates. The most widespread measure involved reductions in VAT rates on goods and services offered by businesses that were severely affected by the pandemic's economic repercussions, notably the hospitality sector. If you wish to acquire further insight into the implications of COVID-19 in Poland, we encourage you to visit our website's news section by [clicking here](#).

## Registration

Entities seeking to participate in VAT-registered operations in Poland must initiate the registration process prior to engaging in their first taxable activity. Such registration is mandatory for conducting business within the European Union. Whether you are a legal entity (such as a corporation), an unincorporated entity (such as a partnership), or an individual conducting business in Poland on a self-employed basis, it is obligatory to register for VAT purposes as a producer, trader, or service provider. This requirement extends to activities that are VAT-exempt as well.

### Threshold

#### ✓ **EU entities – PLN 200.000**

- The limit may be applied in one of two ways:
  1. Retrospectively: the preceding tax year's value of supplies of goods or services exceeded PLN 200.000.
  2. Prospectively: At the commencement of operation, the value of goods and services supplied is anticipated to reach PLN 200.000. If the business begins after the calendar year, the registration restriction is proportionately applied to the rest of the calendar year.

#### ✓ **Non-EU entities – none**

- If a foreign firm (that is, an entity that is not founded in Poland and does not have a place of business there) makes taxable deliveries of goods or services in Poland, it must register for VAT.

## Options for Registration

### Non-resident entities can register for VAT in Poland

#### ✓ EU entities

- A taxpayer has the option of registering for VAT. This decision must be communicated to the tax office prior to the taxpayer's first taxable transaction or prior to the beginning of the month in which the taxpayer chooses to register for VAT. VAT is not charged to a new firm if it is not believed that the value of its supplies would reach the threshold for registration.

#### ✓ Non-EU entities

- In general, a foreign business that delivers the following services is not necessary to register for VAT in Poland.
  - 1) Services and items that require the purchaser in Poland to account for and pay tax under the reverse-charge method.
  - 2) several services that are subject to a zero %.

Taxpayers who conduct only VAT-exempt activities are not required to register for VAT (registration is optional).

## Registration procedures

- ✓ The VAT-R and the NIP-2 or NIP-8 registration forms (which may be submitted electronically under certain conditions) should be submitted by the taxpayer prior to the commencement of the first taxable activity.
- ✓ The deadline for issuing a registration decision is two weeks; however, in most cases, it is completed in less than that amount of time.
- ✓ Aside from that, taxpayers should obtain a VAT-EU number prior to making their first intra-Community acquisition or making their first intra-Community supply (VAT-R registration is also used for this purpose).
- ✓ A taxpayer must also notify the tax office within seven days of the date on which any changes in the scope of information provided within the VAT-R form take effect.

## **New Regulation July 2021**

As of July 2021, a new regulation was implemented. Country-specific VAT thresholds were eliminated in favor of an EU-wide distance selling threshold of EUR 10.000. All distance selling revenues below this new threshold are still subject to VAT in the country of origin or the home country of the business. All the above sales are subject to tax in the countries where the goods and services are delivered.

## **Small businesses and voluntary registration**

In general, regardless of the PLN 200.000 threshold, every taxpayer in Poland has the option of registering for VAT. Taxpayers who only engage in VAT-exempt activities may also register for VAT.

## **VAT Returns**

Following the application for a PL VAT number, periodic VAT returns for Polish sales must be made.

Monthly VAT returns are due on the 25th of the month, following the month in which the tax obligation originated. Quarterly VAT returns are due on the 25th of the month following the quarter in which the tax liability arose. VAT is usually paid to the tax office when a VAT return is filed.

From 25 October 2020, Polish VAT submissions comprised of two independent VAT reporting requirements: an existing SAF-T (or audit file) and a new VAT return (VAT-7), both of which had to be submitted together.

Currently, both reporting needs have been consolidated, and the return has been expanded with new fields to enable the submission of a single return. No modifications to the filing deadline.

## **Corrective returns**

A corrective declaration to adjust the previous return must be submitted if there has been an input VAT recovered erroneously. If after the correction the taxpayer still owes a payment, a penalty, as well as the interest for the late VAT shall be imposed.



Taxpayers can adjust errors within five (5) years from the start of the year since the right to claim a deduction arises. On the other hand, errors for output tax can be adjusted within five (5) years from the end of the year in which the Output VAT is due. Late payments will still be subjected to penalties.

## Invoice Requirements

According to the Polish VAT Act, an invoice must be produced in duplicate, with one copy forwarded to the customer. The invoice should be generated no earlier than 30 days before the delivery date of goods or services, and no later than 15 days after the end of the month for which the goods or services were supplied.

Although the invoice may be issued in any currency, the VAT amount must be expressed in Polish Zloty (PLN). VAT invoices are not mandatory if a company solely deals in VAT-exempt goods or services. Unless explicitly requested, VAT invoices are not needed for sales to private individuals who do not conduct business activities.

Non-resident businesses are required to submit invoices to support their claims for VAT refunds.

### **Full VAT Invoice Requirements:**

The below information is required in each Full invoice:

- ✓ Date of issue.
- ✓ Unique sequential number identifying the invoice.
- ✓ Customer's VAT identification number (if the customer is liable for the tax on the transaction).
- ✓ Supplier's full name & address.
- ✓ Customer's full name & address.
- ✓ Description of quantity & type of goods supplied or type & extent of services rendered.
- ✓ Date of transaction or payment (if different from invoice date).
- ✓ VAT rate applied.
- ✓ VAT amount payable.
- ✓ Breakdown of VAT amount payable by VAT rate or exemption.
- ✓ Unit price of goods or services – exclusive of tax, discounts, or rebates (unless included in the unit price).

## **Simplified Invoice Requirements:**

The below information is required in each simplified invoice:

- ✓ Date of issue.
- ✓ Supplier's VAT identification number.
- ✓ Type of goods or services supplied.
- ✓ VAT amount payable – or the information needed to calculate it.
- ✓ Specific, unambiguous reference to the initial invoice and the details that are being amended. (On a credit note, debit note, or another document treated as an invoice).

Simplified invoices can be issued if the gross amount does not exceed PLN 450 or EUR 100.

EU rules give EU countries the freedom to make decisions on a national level. The EU Commission publishes the precise provisions adopted by each EU country on their website

A VAT invoice is necessary to substantiate a claim for input tax deductibility or reimbursement, under the EU refund schemes. Nothing prevents businesses from including additional information on their invoices in addition to what is described above.

## VAT Recovery

A taxable person may claim input tax, paid on goods and services supplied to it for business purposes, if the tax is related to the taxable supplies made by the person. A taxable person recovers input tax by subtracting it from the output tax levied on supplies produced.

Input tax is not refundable if it is incurred directly in connection with the production of exempt supplies. If a Polish taxable person makes both exempt and taxable supplies, the taxable person may not deduct all input tax. This is known as a "partial exemption."

Input tax on taxable supplies is fully recoverable but input tax on exempt supplies is not. Each category must account for input tax that is not directly due to taxable suppliers or VAT-exempt supplies.

### Refunds from other EU countries

If you are an authorized party from a member state of the European Union, you may be eligible to receive a VAT refund.

A VAT refund will be granted in relation to goods and services purchased in Poland's territory, or in relation to goods that have been subjected to importation into Poland's territory. If such goods have been used in connection with activities entitling the holder to deduct from the amount of tax due in Poland, the amount of tax levied in the country in which the value added tax is settled, which is not Poland.

Tax refund requests must be sent in Polish to the Head of the Second Tax Office for Warszawa-Śródmieście through electronic communication and tax administration of the Member State of establishment. The Tax Office will promptly confirm receipt of the application by electronic means.

An invoice or customs document should be attached to the application if:

- ✓ The Invoice is equal to or exceeds EUR 1000 in the invoice or customs document.
- ✓ The fuel invoice equals or exceeds EUR 250 in PLN.

Unless specified otherwise, the amounts expressed in euro (EUR) will be converted at the average exchange rate of the euro, as published by the National Bank of Poland,

on the last business day preceding the date of invoice or customs document issuance.

The application must be submitted no later than September 30th of the year following the fiscal year to which the application relates to be considered.

### **Minimum refund limits:**

The requested VAT refund cannot be less than the PLN equivalent of:

- ✓ EUR 400 for periods less than one fiscal year, but not less than three months.
- ✓ EUR 50 for periods greater than one fiscal year, but not less than three months, the fee is 50 EUR.

### **VAT refunds for foreign entities**

According to the Polish Minister of Finance's Decree dated April 23, 2004, foreign entrepreneurs from EU countries may apply for a VAT refund in Poland, if they are not registered for VAT. Non-EU entities may also apply for a refund, but a reciprocal mechanism for Polish companies is required.

You may be eligible for a refund of foreign VAT, if you meet the following criteria:

- ✓ The EU country in which you made the purchase does not recognize you as having a registered office, a permanent place of business, a permanent residence, or a habitual residence.
- ✓ As an active VAT payer, you neither sell exclusively exempt from VAT nor take advantage of the exemption from subjective VAT, even though you sell exclusively exempt from VAT.
- ✓ If you conduct exclusively VAT-exempt activities, either because of specific activities or because of a low value of turnover not exceeding PLN 200.000 per year, you will not be eligible for a refund.

The European Commission and the Ministry of Finance both have detailed information on VAT refund rules in other Member States, including goods and services eligible for refund.

## VAT on The Import of Goods

Goods imported into Poland are subject to value-added tax (VAT), including those that are duty-free or for which duty has been partially or fully suspended, as well as those that are eligible for preferential, reduced, or zero duty rates.

Typically, businesses are required to pay VAT upon importation and can only claim a deduction for this VAT once the VAT return has been submitted.

However, as of 1 July 2020, Poland has introduced deferred import VAT accounting, allowing VAT-registered businesses in Poland to postpone paying VAT at the time of importation, with the amount being reversed in the subsequent VAT return, resulting in no cash flow impact.

The customs authorities must be notified of the import VAT liability within 10 days, and postponed import VAT accounting is the primary simplification measure aimed at improving cash flow.

# Reverse Charge Mechanism

Reverse charge mechanisms apply to certain domestic supplies of goods and services, which means that the seller invoices sales without including VAT, and the purchaser is liable to settle the transaction after which they must report both output and input VAT on their purchase invoices. In Poland this is only applicable for transactions between Poland and other countries whereas the reverse charge within Poland has been replaced by the split payment mechanism.

## Split payment mechanism

Split payment is a payment mechanism under which payment for goods or services is made by the purchaser to the supplier's bank account and:

- ✓ The net sale amount is credited to the supplier's basic settlement account
- ✓ The VAT amount is paid to a dedicated VAT account that it automatically created by the bank as an additional account to every business/trading settlement account.

The money accumulated in the VAT account remains the property of the taxpayer, but the latter cannot manage it at his/her liberty. Such money can only be used to pay VAT for goods or services and to pay tax liabilities to the Tax Office.

From November 1, 2019, the mandatory split payment mechanism (SPP) is applied when transaction invoices meet all of the following conditions:

- ✓ The total receivable resulting from the invoice (i.e. the gross value of the entire invoice) exceeds PLN 15,000.
- ✓ At least one item on the invoice concerns sensitive goods or services (specified in Annex 15 to the VAT Act ).
- ✓ The seller and the buyer are VAT payers.

## SPP applies to payments for:

- ✓ Fuel.
- ✓ Steel, steel products.
- ✓ Scrap, waste.

- ✓ Precious metals (e.g. gold, silver) and non-precious metals (e.g. copper).
- ✓ Stretch film.
- ✓ Tablets, smartphones, consoles.
- ✓ Construction services.
- ✓ Parts and accessories for motor vehicles.
- ✓ Coal and coal products.
- ✓ Electrical machinery and equipment and their parts and accessories.

The obligatory SPP covers goods and services, mainly subject to a reverse charge so far, i.e., shifting the VAT settlement obligation from the seller to the buyer or tax liability.

A detailed list of goods and services for which a mandatory SPM is introduced is included in Annex 15 of the VAT Act.

## **Reverse Charge for non-established companies in Poland**

VAT on domestic supplies of goods made by non-established companies in Poland (companies that do not have a seat or a fixed place of business in Poland and are not VAT registered in Poland) to established companies in Poland must be settled by those Polish companies (purchasers). This means that a foreign entity that is not registered for VAT in Poland should not charge VAT on domestic supplies of goods to Polish businesses. VAT should be settled on a reverse charge basis by purchasers.

In case of service provisions, the reverse charge mechanism applies in cases where services are provided by non-established companies in Poland (that do not have a seat or a fixed place of business in Poland) to a purchaser registered for VAT purposes in Poland, regardless of whether the foreign service provider is registered for VAT purposes in Poland. The preceding rule does not apply to services relating to specific real estate for which the supplier is VAT registered in Poland.

# Intrastat

To ensure that necessary information on trade between EU Member States is made available, it became necessary to implement a system that monitors trade between enterprises based in the country and those that trade with other countries within the Community. Intrastat is a system that makes this type of information available.

There are two different types of declarations for each type of trade:

- ✓ INTRASTAT DECLARATION – ARRIVAL
- ✓ INTRASTAT DECLARATION – DISPATCH

A monthly report on the arrivals and dispatches of goods that have occurred during the reporting period is presented here.

INTRASTAT declarations must be submitted in electronic form by the 10<sup>th</sup> working day of the month following the period covered by the declaration.

## e-Intrastat

With the help of e-INTRASTAT, Polish Customs users (companies and sole proprietors) can electronically report on intra-Community deliveries and acquisitions, to comply with their statistical reporting obligations.

## Thresholds

For both inbound and outbound trade, there are two types of turnover thresholds to consider:

- ✓ Basic threshold (financial year preceding the reporting year):
  - Arrivals – PLN 4.000.000
  - Dispatches– PLN 2.000.000
- ✓ Detailed threshold (reporting year):
  - Arrivals – PLN 65.000.000
  - Dispatches– PLN 108.000.000

If the thresholds for intra-community arrivals or dispatches are exceeded during the year, an Intrastat declaration must be submitted during the month in which the threshold was exceeded.

Penalties and fines may be imposed if you fail to keep track of developments concerning arrivals (flow of goods from a Member State of the EU to Poland) and dispatches (flow of goods from Poland to another Member State of the EU).



## EC Sales List

In addition to the VAT return, there are a few additional reports that must be filed to comply with EU regulations. In most countries, you are only required to report sales to countries within the European Union. However, in some cases, you should also include purchases made in the European Union. When making intra-Community purchases of goods and services, the EC sales list return is also required, which is referred to as the EC Sales and Purchases List return (ESPL) in Poland. There is no reporting threshold.

In addition to the regular Polish VAT Return and Polish Intrastat filings, the Polish EC Sales List (ESL) is also required to be submitted.

The VAT-EU electronic form contains summary information on intra-Community transactions, including the following:

- ✓ Customer's name.
- ✓ Customer's EU VAT numbers.
- ✓ Country codes.
- ✓ The value amount of the transactions reported.

Intrastat is another requirement for reporting intra-EU transactions, but it is strictly statistical in nature and applies only to products. However, ESL requires the inclusion of services, whereas Intrastat only includes products. ESPL is submitted on the 25th day of the following month.

Due to the EU Directive's reverse charge mechanism, you will not charge VAT on intra-Community supplies if your customer is registered in VIES. In these cases, VAT is "paid" or reported by the buyer, who is making an intra-Community purchase.

To correctly apply for this exemption, your customer must have an EU VAT number registered in VIES.

## SAF-T

SAF-T (Standard Audit File for Tax) is an international standard for the electronic transmission of accounting data from businesses to tax authorities around the world. The Polish Ministry of Finance requires all businesses doing business in Poland to file VAT records electronically using the SAF-T JPK VAT file. All Polish companies, even those without a physical office, must send the JPK VAT file and make electronic accounting information available. Businesses are required to locate and extract all

financial transaction data under this model. They are then converted into electronic XML files, which are then submitted to the tax authority, either on a regular basis or as needed prior to an audit, before being audited themselves.

It is only sent electronically by the 25th of the month for the previous month, regardless of the taxpayer's quarterly payment schedule. JPK VAT is structured and formatted in a specific way (xml scheme), which facilitates processing.

The SAF-T JPK VAT file data structure changed in October 2020 to reduce the number of files to a single file. This single file now includes fields for a company's VAT return. This means that, starting on October 1, 2020, it is no longer possible to submit VAT-7 and VAT-7K declarations in any other way than through JPK VAT for the duration of the period. The new SAF-T structure will specify goods and services as well as group codes (referred to as GTU codes). This means taxpayers will have to assign codes to specific transactions.

Key advantages of the new structure:

- ✓ There will be no need to generate two files, place two authorization signatures, make two shipments and wait twice for UPO.
- ✓ The new SAF-T JPK\_VAT file version will replace the following files: VAT-7, VAT-7K, VAT-27, VAT-ZT, VAT-ZZ and VAT-ZD. This will eliminate the duplication of information currently managed, resulting in a more streamlined tax return process for both the government and taxpayers.
- ✓ The number of tax inspections and proceedings is reduced.
- ✓ Each VAT settlement is automatically verified for the accuracy of the reported due and input tax amounts, without the taxpayer being involved.

Each month, the JPK VAT file, which contains the company's VAT records for purchases and sales, must be submitted by the 25th day of the month.

Tax authorities can fine a taxpayer PLN 500 for each error found in their SAF-T format. The fine may be waived if the taxpayer corrects the error within the deadline.

## Consignment and call-off stock

In simple terms, call-off stock occurs when the original supplier sends their goods to be stored in a third-party warehouse in another Member State. When a supplier sends their goods to be stored in a warehouse that they own in another Member State, this is referred to as consignment stock. They are separated based on who controls access to and use of the stock, which triggers the VAT point and compliance rules.

Any activity involving consignment stock between two EU countries, will require the supplier to register for VAT in the customer's country. Until 2020, however, most countries implemented a simplification that allows suppliers to avoid such a VAT registration. The call of stock will be used to replace the consignment stock. The introduction of terminological order will assist foreign entrepreneurs in dispelling their doubts about the stock operation's fundamental principles. Additionally, it will highlight the distinctions between the two institutions.

To qualify for call-off stock simplification, the following conditions must be met:

- ✓ Both the supplier and the client must be taxable individuals with valid VAT identification numbers.
- ✓ The supplier must not have any fixed establishments in the country of the client.
- ✓ The supplier must be aware of the client's identity.
- ✓ The supplier must keep track of the movement of goods and report it in an ECSL return. (Depending on the quantity of the goods, the supplier might also have an Intrastat obligation)
- ✓ The goods cannot be stored in the client's warehouse for an extended period exceeding 12 months.

## B2C Services in Poland

A supply of service (Article 8 of the Polish VAT Act) is considered a transaction that is not a supply of goods and supplies of most types of services are generally taxable under Article 5 of the Polish VAT Act.

The supply of services can be made to a natural person, a legal person or an organization and can include:

- ✓ Use of goods part of a taxpayer's business for purposes other than the taxpayer's economic activity.
- ✓ Food services (restaurants and catering)
- ✓ Digital services
- ✓ Services about immovable properties

### Considered time of Supply.

VAT is levied on the earliest of times when services are performed or when a payment is received. Under the VAT Act, a supply of services is generally deemed to be made when the service is delivered or received.

### Place of supply

For Polish VAT purposes, the place of supply rules for services is distinguished between B2B supplies and B2C supplies made to business and end-users respectively.

In Poland, B2B supplies of services are normally treated as being made where the recipient resides, regardless of where the service provider is located.

B2C supplies of services, conversely, are normally treated as being made where the supplier resides.

Articles 28(a) – 28(o) of the VAT Act provide that under certain circumstances, some transactions are indeed subject to taxation at the actual place of consumption under the so-called destination principle.

## VAT for digital service providers

Global VAT regulation has undergone significant changes because of the rapid growth of digital services.

Intangible products and services (also known as e-services or digital goods) are any intangible products or services that are sold over the internet. Any product that is stored, delivered, and used in an electronic format, falls under the definition of a digital product under EU law. Goods or services that are delivered to customers via email, downloaded from the Internet, or by logging into a website, including but not limited to, the following:

- ✓ E-books, images, movies, and videos, whether purchased directly from Shopify or through a third-party service. (e.g. Netflix). These products are classified as «Audio, visual, or audio-visual products» in tax parlance.
- ✓ Music that can be downloaded or streamed, whether purchased as an MP3 or via a service like SoundCloud or Spotify. Normally, these items also fall under the audio category.
- ✓ Software and as-a-Service products delivered via the cloud, including Software-as-a-Service (SaaS), Platform-as-a-Service (PaaS), and Infrastructure-as-a-Service (IaaS) (IaaS).
- ✓ Websites, web hosting services, and ISPs.
- ✓ Advertisements on the internet and affiliate marketing.

In the case of digital services, telecommunications services, or broadcasting services supplied in a business-to-business context, the place of supply is the location of the recipient. Unless the supplier and customer are established in Poland, no Polish VAT should be charged.

## VAT e-commerce package into Polish VAT legislation

Poland's VAT Act was amended and published to incorporate the concepts contained in the EU VAT e-commerce package into Polish VAT law. On 1 July 2021, the EU implemented its e-Commerce VAT Package. The package supersedes existing distance selling regulations and expands the Mini One Stop Shop (MOSS). This is a notable change to the VAT rules that apply to business-to-consumer (B2C) supplies of goods and services, both as EU imports and intra-EU trade. The new, significantly

reduced PAN-EU VAT threshold of EUR 10,000 (0 for businesses established outside the EU) applies to most businesses, requiring them to account for VAT on a broader range of supplies.

Beginning 1 July 2021, all business-to-consumer (B2C) sales of goods to EU consumers are taxed in the destination member state because of this package. Additionally, VAT reporting is done through "One Stop Shop" (OSS) systems, which enables vendors to declare and pay VAT through a single member state's tax portal. An Import OSS (IOSS) system enables suppliers and electronic interfaces that sell imported goods into the EU to collect, declare, and pay VAT on their behalf to tax authorities, rather than the buyer paying VAT when the goods clear customs.

OSS, however, is an optional procedure. Thus, VAT can be settled on intra-Community distance sales of goods and on all types of cross-border B2C services with the Member State of consumption as the place of supply (up to now, this was possible solely for electronically supplied services and similar of the kind).

### **The scheme's main advantages are:**

- ✓ The possibility of electronic VAT registration in a single Member State (thereby avoiding the requirement to register for VAT in each Member State, where goods or services are sold).
- ✓ A single return submitted electronically to the Member State of identification (yet at VAT rates applicable in the consumer's country).
- ✓ Cooperation needed only with the tax authorities of the Member State of identification (establishment), even in the case of cross-border sales.

## For more information, see:

### Government Agencies

[Polish VAT Act 2004](#)

[Regulation 527 of the Minister of Finance, March 25, 2020](#)

[Regulation of the Minister of Finance of June 29, 2011](#)

[Ministry of Finance](#)

[National Tax Administration](#)

[Electronic VAT forms \(Ministry of Finance\)](#)

### European Union

[Council Directive 2006/112/EC on VAT \(the “EU VAT Directive”\)](#)

[European Commission VAT portal](#)

[EU law \(Europa\)](#)

[European Commission guidance on the One Stop Shop \(OSS\)](#)

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