



DORADZTWO
PODATKOWE

Tax Alert Nr 233 /08.09.2021



Changes in SLIM VAT 2 - an amendment to the VAT Act has been published

On September 6, 2021, the Act of August 11, 2021 amending the Act on Value Added Tax and the Banking Act (Journal of Laws of 2021, item 1626), commonly known as SLIM VAT 2 Package, has been published in the Journal of Laws. Most of the changes contained in the amendment **come into force on October 1, however there are also exceptions that are in force from the day following the publication.**

The amendment primarily introduces changes beneficial for taxpayers, aimed to adjust Polish VAT regulations to two judgments of the Court of Justice of the European Union issued in Polish cases over the last year:

- i. C-335/19 of October 15, 2020 regarding non-compliance with EU regulations of the conditions of "bad debt relief" - the amendment abolishes some of the formal conditions, and in addition, in certain situations, it allows the relief to be applied also when the debtor is a natural person or an exempt VAT taxpayer; the period for taking advantage of the relief has been extended from 2 to 3 years;
- ii. C-895/19 of March 18, 2021 regarding non-compliance with EU regulations VAT settlements on intra-Community acquisition of goods in "spaced order" after 3 months from the moment the tax obligation arises; the amendment removes the condition that resulted in the lack of a neutral VAT settlement with regard to import of services, intra-Community acquisitions of goods and local supplies of goods for which the purchaser is considered as a taxpayer. In this regard, the changes entered into force on September 7th.

Additionally, the amendment introduced to the VAT Act a number of simplifying or clarifying changes, such as:

- rules for recognizing correction invoices in the case of import of services, intra-Community acquisition of goods and supply of goods, for which the purchaser is considered as a taxpayer;
- clarification of the allocation of transport in the chain transactions related to export of goods or intra-Community supply of goods;
- extension of period in which the taxpayer is allowed to deduct input VAT by correcting the VAT return, if the deadline for tax deduction has expired "on an ongoing basis" - the deduction can be made not only in the first settlement period (tax obligation / receipt of invoice), but also in any of the next 3 periods;
- possibility to submit correction of settlements of the import of goods in the VAT return, if a taxpayer did not account for VAT correctly in the original return (the change came into force on September 7th);



- possibility of a consistent statement of the supplier and the buyer on the choice of real estate taxation to be included in a notarial deed;
- extension of the deadline for submitting information on use of a motor vehicle exclusively for the taxpayer's business (VAT-26);
- change of the definition of "Member State" and "territory of the European Union" in line with the exceptions that apply to Northern Ireland following the withdrawal of the United Kingdom from the European Union.

The amendment also introduces simplifying changes regarding the use of VAT accounts - both in the provisions of the VAT Act and the Banking Law:

- the possibility to transfer funds between the taxpayer's VAT accounts kept at different banks;
- enabling the release of funds transferred from the VAT account to the technical account;
- allowing the consent of the head of the tax office to release of funds from the VAT account even when the taxpayer has tax arrears, provided that they are covered by a decision to postpone or spread them into installments;
- possibility to pay farmers' social and health insurance contributions (KRUS) from the VAT account.

Should you be interested in obtaining further information, or would like to discuss the impact of the above changes please contact:

Tomasz Michalik

Tomasz.michalik@mddp.pl

501 733 720

Janina Fornalik

Janina.fornalik@mddp.pl

660 440 141

or your advisor at MDDP.

MDDP is one of the largest Polish companies providing comprehensive consulting services in the area of taxes, law, business consulting, outsourcing, financial and accounting consulting, audits and professional trainings and conferences.

Since 2004, we have been continually increasing the team of advisers equipped with experience acquired both in reputable advisory companies and the largest enterprises on the Polish market. Our Clients include leading international corporations and the largest Polish companies from all sectors of economy.

We consider trust to be the basis of successful cooperation. We support our Clients in taking the most important business decisions. We combine international experience in business with the knowledge of regulations and the specificity of a given industry. We focus our activities mainly on the Polish market guaranteeing full involvement and individual approach to the cooperation.

This Tax Alert cannot be treated as legal or advisory services. MDDP Michalik Dłuska Dziedzic & Partners Spółka Doradztwa Podatkowego SA does not take responsibility for the use of information contained in the bulletin without prior consultation with our advisors