



TAX  
ADVISORY

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## **The reduction of the limit of cash transaction B2B to 8k PLN – tax consequences**

One of the changes introduced by the Polish Deal from 1st January 2022 is the reduction of transactional limit for cash payments in B2B transactions in the Entrepreneurs Law. **The current limit of 15k PLN will be reduced to 8k PLN which will affect tax settlements in certain areas** where tax regulations refer directly to the article 19 point 2 of the Entrepreneurs Law.

Due to contradictory information published in the media, we would like to explain that **the limit of 15k PLN for obligatory use of Split Payment mechanism will remain unchanged**. Provisions of the VAT Act refer directly to the amount of 15k PLN, without referring to the limit indicated in the Entrepreneurs Law.

**Reduction of the limit from 15k PLN to 8k PLN in the Entrepreneurs Law will affect the following tax regulations:**

- i. sanctions for payments referring to transactions exceeding 8k PLN to an account which is not presented on the White List on the day of submitting a transfer, covering:
  - joint and several liability of the purchaser together with the supplier for tax arrears in the part concerning VAT on this supply of goods/services;
  - inability to treat this expenditure as a tax deductible cost in income tax settlements;
- ii. sanctions relating to inability to treat expenditure as a tax deductible cost in the part in which payments exceeding 8k PLN have been made without the use of bank transfer.

As a result, **this change may require adjustment in internal procedures determining limits for cash transactions in B2B relations, and for transactions where verification with the White List is required**. Where the verification is automatized, the limit should be changed in the tool used.

It will still be possible to avoid the above mentioned sanctions for payments made to bank accounts not presented on the White List, provided that:

- a notification of this payment (ZAW-NR) to the Head of Tax office competent for the taxpayer has been submitted within 7 days (until the end of the covid-19 pandemic - within 14 days);
- split payment mechanism has been applied.

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