

## Municipalities have a problem with the white list of VAT payers

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LOCAL GOVERNMENT FINANCE OF VAT SELF-GOVERNMENTS NEWS Date added: 27.02.2020



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**Local government units must report to the treasury the numbers of their bank accounts. However, the problem is that you don't know exactly which accounts are involved. For the purposes of VAT, the commune is a taxpayer, for other taxes its organizational unit. Chaos in the regulations means that local governments do not update their data in the database.**

The manner in which bank accounts were used by local government budget units and budgetary establishments has always raised doubts. Such entities – due to the fact that they do not have legal personality – should not be considered as bank account holders in the light of banking law. Many banks followed this practice and indicated as a holder, for example, a school or social assistance center in their contracts. In turn, the tax offices claimed that since the contract with the bank includes the entity as the account holder, not the commune or powiat, the entity obliged to report the account is only that entity and such accounts should not be reported in the NIP form of the commune / powiat.

### Whitelist rules cause problems

– The problem "revived" with the advent of white list invoices, including to entrepreneurs who, in order to avoid costs, must pay to a bank account on this list. **Accounts as not shown on the NIP forms of the** explains Agnieszka Bieńkowska, tax advisor, par



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In a letter sent to all local government units, the Ministry of Finance pointed out that the **taxpayer for the purposes of VAT is only a commune, powiat or voivodship, not their organizational units, which are budget units and local government budgetary establishments. These units, although for the purposes of other taxes, e.g. CIT, are separate taxpayers, they should use the account number that was reported by the local government unit for VAT settlements.**

- A letter from the Ministry of Finance should be considered a very good step to clarify this issue - municipalities, poviats and voivodships should report bank accounts, both those used by the commune office or the powiat eldership, as well as those used by the units - says Agnieszka Bieńkowska.

The correctness of this procedure has already been confirmed by the director of the National Tax Information Office. For example, in interpretation No. 0111-KDIB3-2.4018.14.2017.1.MGO of January 31, 2018, in which it stated that **after centralization of VAT settlements organizational units without legal personality, using their own NIP number**, update bank account numbers, but as **payers**. In turn, a local government unit as a **taxpayer** should independently update its own data regarding addresses of places of business of organizational units without legal personality and data on the bank account numbers whose users are these units.

**Local governments do not update numbers**

The problem, however, is that after the entry into force of the white list regulations, local government units do not update their bank numbers. This is confirmed by the Ministry of Finance itself **in a letter to local government officials**. It reminds at the same time that the current database of accounts is extremely important, especially for buyers of goods or services from local government units. A payment to an unnotified bank account may not be tax deductible in some situations.



The banner features the text 'VAT 2020' in large blue letters, with 'VAT' partially filled with images of Polish banknotes. Below it, the text 'Przewodnik po zmianach!' is written in blue. At the bottom, there is a green button with the text 'Pobierz bezpłatnie' and a downward arrow icon.