

New matrix of VAT rates from July 1

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VAT ANTI-CRISIS SHIELD 4 NEWS Date added: 24.06.2020



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The anti-crisis shield 4 adopted by the parliament shifted the obligation to submit new JPK_VAT files from July 1 to October 1, 2020 for all VAT payers. However, the government did not decide to delay the introduction of this tax. Therefore, sellers have a week to prepare for changes.

The new matrix of VAT rates was initially to become effective on April 1, 2020. The first anti-crisis shield modified the provisions of the VAT Act. On the other hand, the provisions of shield 4 meant that the new JPK_VAT would become effective on July 1, 2020. However, the provisions of shield 4 refer to the VAT rate matrix. This means that it will come into force on July 1.

Setting up a government was easy. **The introduction of the VAT rate matrix was to include organize and simplify the use of statistical classifications to determine the correct amount of value added tax.** The regulations assumed that goods would be classified on the basis of the Combined Nomenclature (CN), while services according to the Polish Classification of Products and Services (PKWiU 2015).

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Binding bid information will not always help

Binding rate information issued from November 1, 2019 is to help in the correct classification of goods and services for VAT purposes.

- **However, this does not apply to goods and services that are covered by the obligatory split payment mechanism, the so-called split paymentem. The list of these goods and services is included in Annex 15 to the VAT Act** - notes Jarosław Ziółkowski, tax advisor at ITA Doradztwo Podatkowe.

These goods are classified according to the Polish Classification of Products and Services in the PKWiU 2008 version. Also, according to this statistical classification, a derogation decision of the European Commission was issued authorizing the use of the obligatory split payment mechanism.

At the time when the Ministry of Finance presented a draft application template for binding rate information, Jakub Makarewicz, a tax advisor at DMP Legal, explained that it resulted that it would be able to classify a good or service only according to the Combined Nomenclature (CN), Polish Classification of Objects Construction (PKOB) or the Polish Classification of Products and Services 2015. - Unfortunately, all indications are that applicants will not be able to ask the director of the National Tax Information for classification of goods or services on the basis of PKWiU 2008. This is undoubtedly bad news for many entities, which all the time have doubts about individual items of the new Annex 15 to the VAT Act, specifying goods and services subject to the mandatory split payment mechanism - the expert emphasized.

For VAT all the time PKWiU 2008

Jarosław Ziółkowski, in turn, reminds that in October 2019 the Ministry of Finance informed that binding rate information issued for the purposes of mandatory split payment. At the same time, the Ministry of Finance ensured that Annex 15 to the VAT Act.

Nothing has changed in this respect. Especially that the **latest version of the regulation on the Polish Classification of Products and Services (PKWiU) indicates, among others, that for the purposes of Annex 15 to the VAT Act until the end of 2020 PKWiU 2008 will continue to apply**.

Preparation and analysis need to start now

Taxpayers should therefore start preparing now for the implementation of the new rules on VAT rates – especially since many of them will change. **Some values will be reduced, some will be increased.** It will be necessary to quickly adapt goods and services with specific common features to the relevant annexes of the VAT Act regarding reduced VAT rates. It is worth emphasizing that the new matrix is to cause the whole commodity groups to be covered by one VAT rate as much as possible. This will lead to a reduction in the number of items in the annexes that contain lists of goods and services taxed with reduced VAT rates. Each VAT taxpayer will have to correctly classify the goods and services using the CN or PKWiU 2015 number instead of the current PKWiU 2008. After determining the CN or PKWiU number, he must assign the correct VAT rate.

Therefore, it is necessary to analyze new VAT rates (some of them have changed compared to those used so far), update accounting and warehouse data related to the verification of new classification symbols, new VAT rates and the transition from PKWiU to the Combined Nomenclature. A special **VAT rate search engine** in the form of a convenient spreadsheet in an Excel file will prove to be helpful in this regard. It searches for VAT rates both by codes and by phrases. The sheet consists of:

- Columns A, B and C – the ability to select from the selection lists PKWiU and CN numbers,
- Column D – the ability to enter the name of the product, service, PKWiU or CN number or fragment thereof (also omitting the dots and spaces from which these numbers are made),
- Column E – information about the rate or rates,
- Column F – legal basis,
- Column G – additional information on exclusions, grouping rules and information on mandatory split formula.

More information in LEX Accounting. VAT rate matrix search engine.

