

Global VAT Specialist Group Newsletter

For members with clients or businesses trading goods and services globally

Issue 5, July 2020

VAT Refund in Poland

In the times of the coronavirus pandemic, ensuring liquidity is crucial to maintain financial stability. Company's cash flow is significantly affected by macroeconomic (external) and microeconomic (internal) factors. Even though companies do not have any control over many of these factors, one of the most effective ways to increase the company's cash flow is to get a VAT surplus refund.

What business lines can potentially generate VAT surplus in Poland?

As a rule, a taxable person may recover input tax, charged on goods and services supplied to it for business purposes, if it relates to the taxpayer's supplies. A taxpayer generally recovers input tax by deducting it from output tax, charged on supplies performed by them. Input tax includes VAT paid on the purchase of goods and services, VAT paid on imports of goods and on intra-community acquisitions, VAT self-assessed for reverse-charge services received from outside Poland and VAT self-assessed for goods on which the purchaser is liable to account for VAT.

As a rule, from our experience usually there are businesses that generate significant amounts of VAT surplus i.e. activities of global traders who conduct 0% rated supplies of goods and provision of services outside Poland.

VAT surplus also appears as a result of applying lower VAT rates with respect to supplies made if the taxpayer purchases goods and services subject to standard VAT rate (23% in Poland). Pharmaceutical and medical industries may be indicated as business sectors, which benefit from preferential VAT rate supplies that often generates VAT surplus.



Article author:
Przemysław Roszkowski
Arena Tax sp. z o.o.
Warsaw, Poland
przemyslaw.roszkowski@arenaadvisory.com



Tomasz Modzelewski
MGI Modzelewski
Warsaw, Poland
t.modzelewski@modzelewski.tax

Entities from these business sectors generally make purchases at the standard VAT rate and at the same time make sales taxed at a reduced VAT rate.

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How can we help?

In general, if a VAT return shows an excess of input tax over output tax, the surplus input tax is carried forward to offset output tax in the following month.

Taxpayers may request a direct refund of the surplus within the following time limits:

- 60 days after the date on which the VAT return is submitted
- 180 days from the date on which the VAT return was submitted if the taxpayer did not perform any taxable activity in the relevant period

The refund periods may be shortened to 25 and 60 days, respectively, if the taxpayer submits an appropriate application and if the invoices and other documents regarding the input tax shown in the VAT return are paid or if the collateral is submitted.

After applying for a VAT refund, the tax office may decide to initiate the proceedings to verify the validity of the refund or to start a tax inspection.

If you would like to know more, please contact Przemysław Roszkowski at Arena Tax sp. z o.o. (przemyslaw.roszkowski@arenaadvisory.com) or Tomasz Modzelewski at MGI Modzelewski (t.modzelewski@modzelewski.tax).

For more information please contact a member of the Global VAT Services Operational Group:



Florian Hanslik
PrimeTax AG
Zurich, Switzerland
E: florian.hanslik@primetax.ch
T: +41 58 252 22 15



Ian Marrow
Rickard Luckin
Chelmsford, UK
E: ian.marrow@rickardluckin.co.uk
T: +44 1245 254219



Francesco Bartolucci
MGI Studio Pragma
Fano (PU), Italy
E: bartolucci@studiopragma.it
T: +39 0721 829549



Koen Dewilde
Vatsquare CVBA
Brussels, Belgium
E: koen@vatsquare.com
T: +32 2 899 02 12



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