

Taxable persons should plan implementation of e-invoices now

I. E-invoicing regulations have already been published

The Act of 16 June 2023 amending the Value Added Tax Act and certain other acts, which introduces mandatory e-invoicing to be performed through the Domestic e-Invoice System (KSeF) has been published under item 1598 of the 2023 Journal of Laws. To recap, right now (as of 1 January 2022) taxable persons can voluntarily use KSeF while preparing for the system that will become mandatory on 1 July 2024 (as of 1 January 2025 for small and mid-sized companies that do not account for VAT). The e-invoice is currently one of the permitted forms of documenting sales in addition to paper and electronic invoices that are already in use.

II. E-invoicing mandatory as of July 2024

The Act provides that mandatory e-invoicing and the requirement to use KSeF will start on 1 July 2024. However, there will be some exceptions to this rule. Firstly, the Act extends until 1 January 2025 the deadline for the implementation of KSeF by taxable persons subjectively and objectively exempt from VAT. In addition, until 31 December 2024 it will still be possible to continue to issue invoices from cash registers in the current form, and until the end of 2024 a cash receipt containing NIP will be considered a simplified invoice. This means that it will only be as of 1 January 2025 that such receipts and other simplified invoices will cease to be treated as invoices. Importantly, the imposition of cash fines for failure to comply with e-invoicing requirements will only be possible starting from 1 January 2025, which means that the tax authorities will not be able to levy such fines for the first six months of mandatory e-invoicing.

The requirement to e-invoice will generally go into effect as of 1 July 2024. Only small and mid-sized VAT exempt companies will not be required to e-invoice until 1 January 2025. Although there are still a few months until then, business owners should not delay preparations. This is because they will have to, among others, change their purchase invoice verification procedures before payment.



III. Not all invoices will go through KSeF

The Act provides for the following: cash register invoices to be issued in the current form only until 31 December 2024; cash receipt containing NIP to be considered a simplified invoice until 31 December 2024; consumer invoices (B2C) will not be included in KSeF; coupons that serve as invoices (including toll road receipts) will be excluded from KSeF; invoices issued as part of OSS and IOSS procedures will be excluded from KSeF; the foreign exchange rate used to translate into PLN will be maintained from the day preceding the date indicated in field P_1 of the structured invoice for one additional day to transmit it to KSeF; in the event of an outage attributable to the taxable person, invoices to be issued offline outside of KSeF and transmitted to KSeF the next day; clarification of the date of issue and of other matters important in the process of issuing invoices during an outage and offline; issue of corrective invoices to be permitted during an outage and offline; penalties to be liberalized and not applied until 1 January 2025; corrective notes to be eliminated in and outside of KSeF.

IV. No fines for violating KSeF regulations until January 2025

Please note that as of 1 January 2025 the head of the relevant tax office will be able to issue a decision to levy a cash fine of up to 100% of the value of the tax listed in the invoice, and for invoices that do not list the tax amount - a cash fine of up to 18,7% of the total amount due in the invoice. Cash fines will be imposed in cases where: the taxable person failed to issue an invoice using KSeF despite being required to do so; the taxable person issued an invoice inconsistently with the provided template during a KSeF outage and in the offline mode; the taxable person failed to transmit to KSeF invoices issued during a KSeF outage and in the offline mode by the specified deadline. The fines will be due and payable within 14 days. These will, however, be the only fines, as the bill does not provide for the application of the Penal Tax Code in such cases.

V. E-invoices to result in quicker VAT refunds and eliminate duplicates

The introduction of mandatory e-invoices will allow taxable persons to apply certain simplifications in accounting for VAT. Above all, a taxable person who uses KSeF and applies for a refund of output VAT will receive the refund more quickly - in 40 rather than 60 days. Taxable persons will no longer have to issue duplicate invoices, as e-invoices stored in KSeF will not get lost or damaged, will always be available to the invoice issuer and recipient. In addition, taxable persons issuing invoices in KSeF will not have to send standard audit files (SAF_FA) at the request of the tax authorities.



VI. Accounting not always easier with standard invoice template

KSeF will use a standard invoice template (already being used and binding as of 1 September). As indicated by the Ministry of Finance, this structured standard template will automate accounting processes, which in consequence will save time and free it to be used in other areas of running a business. Accounting automation will reduce the number of errors made during manual data entry. It will no longer be necessary to scan or transcribe invoices in paper or graphic form - they can be imported directly to the systems from XML. The system does, however, have some faults that companies should consider right now. While there should be no problems with sales invoices and their standardization, such problems may arise with purchase invoices. This is because there is no certainty that all such invoices will contain the same elements. Today some invoices contain data that are not mandatory, but make it easier to account for them. It is therefore a good idea to right now make sure that such optional elements are included after the introduction of e-invoices.



VII. Purchase invoices require new verification procedures

For purchase invoices, companies will need to quickly find a way to adapt their accounting and verification procedures to KSeF requirements. In KSeF invoices will be received directly from the system, forcing companies to book them on an ongoing basis. Meanwhile, prior to booking, such invoices often go through a verification process that includes not only whether they document an actual transaction and are consistent with the transaction terms, but also for the purposes of internal accounting, such as assignment of the cost to the correct “business owner”, or administrator of the relevant portion of the cost budget at the firm. These are elements that should be thought out and determined prior to implementing KSeF, preferably in agreement with contractors. This is because where there are many purchase invoices it may be important to, for example, provide the order number or other data to make it possible to identify a given cost. For large companies, preparations for the implementation of KSeF may therefore be both costly and time consuming, requiring prior planning and sufficiently early performance.



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