

TAX ALERT

QUICK FIXES – new rules of settling international trade in goods VAT changes to be introduced with effect from 1 January 2020

Another amendment to VAT provisions (bill of 24 June 2019) introduces a number of material changes regulating VAT effects on international trade in goods. Key changes are presented hereinbelow:

1. Call-off stock

The call-off stock is **to replace a consignment warehouse with effect from 1 January 2020**. This solution introduces a simplification of VAT settlements for foreign entities moving their own goods into the territory of Poland. If formal terms of use of call-off stock are satisfied:

- moving of goods from another EU country to a call-off stock as intra-Community acquisition of goods (WNT) will not be subject to VAT in Poland; subject to VAT will only be the release of goods from the call-off stock to the purchaser (who will settle this acquisition as intra-Community acquisition of goods),
- the supplier using the call-off stock procedure will avoid the need to recognize the intra-Community acquisition of goods in Poland and settle VAT on domestic sale.

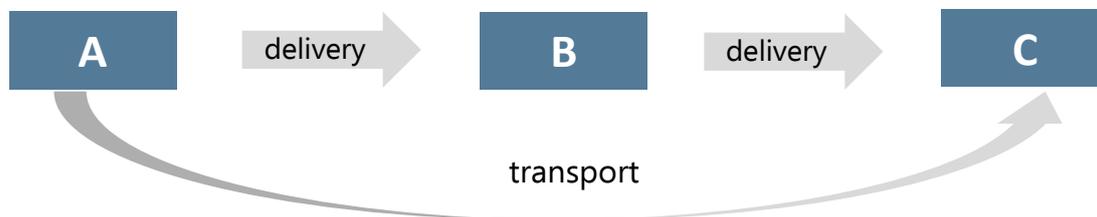
Changed terms of using call-off stock as compared to a consignment warehouse

- The permissible period of keeping goods in the warehouse will be reduced **from 24 to 12 months** – once this time-limit is exceeded, a tax obligation in respect of intra-Community acquisition of goods will arise on the part of the foreign supplier (the need to register the supplier for VAT purposes in Poland).
- It will be possible to apply the call-off stock procedure to goods designated for **trade** (and not only for production or service purposes).

The call-off stock cannot be used to store goods for unspecified purchasers (**an agreement with a specified purchaser is required**). It is possible, however, to replace a specified purchaser with another specified purchaser that satisfies formal conditions. It will also be necessary to disclose the movements of goods to the call-of stock in the records and **recapitulative statements (IC listings)**.

2. Chain transactions

The amendment to the VAT Act introduces changes with regard to the place of supply with VAT of intra-Community chain supplies in which the first taxable person releases goods directly to the last taxable person in the supply chain.



- Introduction of **presumption** that a cross-border transaction shall be the delivery from the first supplier **to an intermediary** (the entity organizing transport which is neither the original supplier nor ultimate purchaser).
- As a departure from this rule – a cross-border transaction shall be **the delivery made by an intermediary** in a situation where such intermediary transferred its EU VAT number, **attributed to it by a member state from which the goods are sent**, to its supplier.

Important:

The new provisions reduce the importance of applicable delivery terms (Incoterms).

The new provisions do not concern the rules of taxation of import/export transactions (to which the existing provisions continue to apply).

3. Zero rate for intra-Community delivery of goods (WDT)

The VAT Bill also changes the legal nature of the **condition** of applying the zero VAT rate to intra-Community delivery of goods, consisting in that **the purchaser gives the supplier of goods** an appropriate and valid identification number for intra-Community transactions.. To date, a failure to satisfy this condition has not excluded the possibility of applying the “np” (non-taxable) rate on the basis of favorable case law of CJEU. These favorable rulings shall not apply after the VAT Act (and earlier, the VAT Directive) is amended.

A new condition of applying the “np” rate is the submission of a correct recapitulative statement (IC listing) by the supplier.

Additional rules of collecting and recognizing documents confirming the intra-Community delivery of goods are provided in **the EU regulation implementing the VAT Directive**.



Should you have any questions or doubts please feel free to contact

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