**PRINCIPLES OF ACCOUNTING FOR THE VAT AT THE ONE STOP SHOP (OSS)**

**UNION SCHEME**

**GENERAL INFORMATION**

The extended form of the MOSS scheme, i.e. the One Stop Shop (OSS), shall start to apply from **1 July 2021**.

**Under the OSS Union scheme**, it will be possible to account for the VAT on:

- business-to-consumer (B2C) services provided in Member States where the supplier is not established;

- intra-Community distance sales of goods;

- domestic supplies facilitated by operators of electronic interfaces recognised as suppliers.

**REGISTRATION**

In order to register for the Union scheme, it is necessary to:

1. complete the VIU-R form – *Informing application regarding the special Union scheme to account for the VAT*, selecting the purpose of the application: Registration,
2. send the form – via the e-Deklaracje system – to the Head of the Second Tax Office Warszawa-Śródmieście,
3. in the case of acting through a proxy, the **original** PPS-1 power of attorney must be submitted.

**Important**

The VIU-R form contains a declaration that the address details provided in the VAT-R application for registration related to VAT are up-to-date and a consent to receive letters (information) by electronic means.

A taxable person registering for the Union scheme uses a number (NIP – tax ID) with which he has been identified for the purposes of VAT in connection with his business established in Poland or fixed establishment there. The Head of the Second Tax Office Warszawa-Śródmieście does not allocate a new identifier in connection with accounting via the OSS.

If the conditions for registering for the Union scheme are met, the Head of the Second Tax Office Warszawa-Śródmieście shall confirm the application by electronic communication to the e-mail address provided in the application for registration.

Where a taxable person does not meet the conditions necessary to use the Union scheme, the Head of the Second Tax Office Warszawa-Śródmieście shall inform the taxable person – also by electronic communication – that a decision to refuse the acceptance of the application has been issued. The decision may be appealed against within 7 days from the date of delivery.

As a rule, registration shall be effective from the first day of the calendar quarter following the quarter during which a taxable person submitted the VIU-R form. However, if a taxable person started supplying services/goods before that date, the accounts for them under the Union scheme shall apply from the first day of supplying the services/goods, provided that the taxable person – **by the tenth day of the month** following the month in which the first supply of services/goods took place – notifies the Head of the Second Tax Office Warszawa-Śródmieście of the commencement of operations under the Union scheme. In this case, a taxable person shall be required to submit a VAT return covering the calendar quarter during which the first supply of services/goods took place.

**Example**

A Polish taxable person started supplying services to consumers located in other EU Member States on 1 July 2021 and intends to account for the VAT on these services under the Union scheme. The taxable person should notify the Head of the Second Tax Office Warszawa-Śródmieście about the commencement of operations by the tenth day of the month following the month in which the services were first supplied, i.e. by 10 August. If this time limit is met, the taxable person will be identified for the special scheme to account for the VAT on 1 July 2021. Failure to meet this deadline means that the taxable person will not be accepted for the Union scheme in Poland until the first day of the following quarter, i.e. 1 October 2021, and as for the services supplied in the 3rd quarter of 2021, the taxable person will have to register and account for VAT under general rules in each of the individual Member States.

**VAT RETURN**

A taxable person identified for the Union scheme by the Head of the Second Tax Office Warszawa-Śródmieście shall be obliged to submit VAT returns in which the services supplied, intra-Community distance sales of goods or domestic supplies (facilitated by operators of electronic interfaces recognised as suppliers) are accounted for to the Head of the Second Tax Office Warszawa-Śródmieście via the e-Deklaracje system.

VAT returns shall be submitted for quarterly periods by the end of the month following each subsequent quarter.

A taxable person using the Union scheme shall submit VAT returns for each calendar quarter, regardless of whether the intra-Community distance sales of goods or domestic supply covered by the scheme were carried out or whether the services covered by the scheme were supplied or not.

Where a taxable person using the Union scheme **has carried out no activity** under this scheme during a return period and **has no corrections to make** in respect of previous returns, he shall submit a **nil-VAT return**.

**Important**

The deadline for submitting the returns (the end of the month following each subsequent quarter) shall also apply if this day falls on a Saturday or a statutory holiday (the OSS is open 24 hours a day, 7 days a week). However, this does not apply to the payment of VAT. Payment rules remain unchanged. Therefore, payment made on the first working day after the end of the month following the quarter shall also be considered made on time, if the last day falls on a (public) holiday.

A taxable person **cannot** submit a VAT return before the end of the return period. This means that it shall be submitted electronically on the first day after the end of the quarter at the earliest.

In order to submit the return, it is necessary to:

1. complete the VIU-DO form – *Declaration to account for the VAT under the Union scheme*, indicating the return period covered by the declaration and selecting the purpose of submitting the declaration: Submission;
2. send the form – via the e-Deklaracje system – to the Head of the Second Tax Office Warszawa-Śródmieście;
3. demonstrate, in section C of the VIU-DO form, the tax due to all Member States of consumption where the services/goods are supplied.

Before submitting the relevant return, it is possible to submit a **draft return** by selecting the purpose of submitting the return: Draft return.

The draft return means its verification before submitting the relevant return in order to eliminate errors.

If information about detected errors is received, in order to submit the return, it is necessary to correct the errors indicated by the tax office in the received message and submit a correct return by ticking the “Submission” box.

If information about a correctly completed draft return is received, the return should be submitted by ticking the “Submission” box.

The draft **does not constitute a return and will not be provided** to the Member States of consumption.

**VAT amounts in EUR**

The amounts indicated in the VAT return are expressed in euro and **shall not** be rounded up or down. A taxable person shall report and remit the exact amount of VAT.

In the event that, e.g., the services supplied in a specific Member State of consumption are exempt from VAT, a taxable person should not include them in the VAT return (however, the VAT return must show services broken down by tax rates: standard and reduced, if any of the Member States applies such a lower rate to the services in question).

**Note**

A unique reference number (URN) shall be allocated to each submitted VAT return. A taxable person shall be informed by electronic means about the allocation of such a number. **The reference number of the return should always be provided when making payment (without it, it will not be possible to make the payment effectively and such payment may not be recognised as made on time).** The unique reference number for the Union scheme consists of the code of the Member State of identification, the VAT number and the period (quarter/year) for which the return is submitted, e.g. **PL/PLXXXXXXX/Q3.2021**.

**CORRECTION TO THE RETURN**

Where any amendments to the VAT return are required after its submission, the corrections shall be made **in a subsequent return within 3 years** of the date on which the initial return was required to be submitted. That subsequent VAT return shall identify the relevant country of consumption, the tax period and the amount of VAT for which any amendments are required.

**Important**

Only one return can be submitted for each return period under the OSS scheme. Corrections shall be made only in the subsequent return for the next “current” return period.

Changes to the figures contained in a VAT return relating to the return period up to the third quarter of 2021 shall be made by means of amendments to that return and not by adjustments in a subsequent return.

**PAYMENTS**

A taxable person shall pay the entire amount of tax resulting from the VAT return – **by the end of the month following each subsequent quarter** at the latest – to the bank account of the Second Tax Office Warszawa-Śródmieście number: **84 1010 1010 0165 9315 1697 8000** (for payments from abroad: **PL84 1010 1010 0165 9315 1697 8000**, BIC: NBPLPLPW). Payments of VAT shall be made in euro.

The distribution of payments between the Member States of consumption shall made by the Head of the Second Tax Office Warszawa-Śródmieście.

Each payment shall indicate the reference number (URN) of the VAT return concerned (the number format can be found in the RETURN section). Failure to provide the reference number of the VAT return shall result in the inability to distribute and transfer the payment to the Member States of consumption (distribution of payments is done automatically via IT systems), and return of the payment to the taxable person. In consequence, this may lead to arrears which a taxable person shall be obliged to settle directly with the Member States of consumption. Late payment may have the same effect.

**Note**

In the case of making a payment (unlike in the case of submitting a VAT return), if the last day of the deadline falls on a Saturday or a public holiday, the last day of the deadline shall be the day following the public holiday(s).

**Example**

A taxable person is identified for the Union scheme as of 1 July 2021. Pursuant to the regulations, the taxable person would be required to submit a VAT return for services supplied in the third quarter by 31 October 2021. According to the 2021 calendar, 31 October 2021 falls on Sunday. Therefore, the VAT return should be submitted via the e-Deklaracje system on 31 October 2021, i.e. Sunday, at the latest. However, payment can be made (into the bank account of the tax office) on Tuesday, i.e. 2 November 2021, at the latest.

**Note**

If a taxable person is registered in Poland for more than one special scheme (e.g. the Union scheme and the import scheme), **a separate payment** of VAT should be made **for each of the schemes**. Payment of VAT is assigned to the relevant return, so if it is not possible to assign the payment to the relevant return, the amount paid shall be returned to the taxable person.

**Important**

Any overpayments shall be handled by the Head of the Second Tax Office Warszawa-Śródmieście or by the tax administration of the Member State of consumption, depending on the reason for and the date of the overpayment.

Where the overpayment is the result of transferring amount exceeding the amount indicated in the VAT return to the Head of the Second Tax Office Warszawa-Śródmieście, the Head of the Second Tax Office Warszawa-Śródmieście shall refund the overpaid amount to the taxable person.

Where the overpayment is the result of a correction to the VAT return, the overpayment shall be refunded by the Member State of consumption in accordance with its laws, provided that the amount of the correction exceeds the amount of tax due declared in the current tax period.

**RECORDS**

Under the Union scheme, a taxable person **must keep** records of the transactions covered by this scheme. The records **must be kept** for 10 years from the end of the year in which the transaction was made.

The records kept by a taxable person **must contain** the following information:

a) the Member State of consumption to which the goods or services are supplied;

b) the type of services or the description and quantity of goods supplied;

c) the date of the supply of the goods or services;

d) the taxable amount indicating the currency used;

e) any subsequent increase or reduction of the taxable amount;

f) the VAT rate applied;

g) the amount of VAT payable indicating the currency used;

h) the date and amount of payments received;

i) any payments on account received before the supply of the goods or services;

j) where an invoice is issued, the information contained on the invoice;

k) in respect of services, the information used to determine the place where the customer is established or has his permanent address or usually resides and, in respect of goods, the information used to determine the place where the dispatch or the transport of the goods to the customer begins and ends;

l) any proof of possible returns of goods, including the taxable amount and the VAT rate applied.

**UPDATING**

In order to make an update under the Union scheme, it is necessary to:

1) complete the VIU-R form – *Informing application regarding the special Union scheme to account for the VAT*, selecting the purpose of submission: Update;

2) send the form – via the e-Deklaracje system – to the Head of the Second Tax Office Warszawa-Śródmieście.

A taxable person is obliged to provide the Head of the Second Tax Office Warszawa-Śródmieście with the updated data covered by the form **no later than by the tenth day of the month** following the month in which the circumstance requiring notification occurred.

The circumstances requiring notification include:

* changes in the registration data provided in the VIU-R application for registration (e.g. contact details specific to the OSS scheme, including e-mail address or a list of fixed establishments in other Member States),
* changes in the scope of activities covered by the Union scheme as a result of which a taxable person no longer meets the conditions for its application,
* ceasing to supply goods or services covered by the Union scheme.

However, the requirement to notify the Head of the Second Tax Office Warszawa-Śródmieście of the changes shall not apply to data which is updated as part of the VAT-R application for registration or pursuant to the Act of 13 October 1995 on the principles of registration and identification of taxpayers and payers (Journal of Laws of 2020, item 170, as amended).

**Important**

The update of data reported to the Head of the Second Tax Office Warszawa-Śródmieście shall concern only matters related to the special OSS scheme.

The accounts for the VAT and matters relating to records (apart from accounts and matters related to the OSS scheme) are still handled by the tax office competent for records.

**DE-REGISTRATION**

De-registration from the Union scheme may take place:

* at a taxable person’s request (the taxable person indicates the reason on the VIU-R form),
* ex officio – by the decision of the Head of the Second Tax Office Warszawa-Śródmieście due to the circumstances.

In order to de-register (taxable person’s will), it is necessary to:

1. complete the VIU-R form – *Informing application regarding the special Union scheme to account for the VAT*, selecting the purpose of submission: De-registration;
2. send the form – via the e-Deklaracje system – to the Head of the Second Tax Office Warszawa-Śródmieście,
3. indicate in the VIU-R form (section C) the reason for de-registration; the reasons for de-registration may be as follows:

a) ceasing to supply goods or services covered by the Union scheme,

b) failure to meet the conditions necessary for the use of the Union scheme,

c) abandonment of the application of the Union scheme,

d) change of the Member State of identification.

**Note**

A taxable person who intends to voluntarily cease using the Union scheme – point (c) (regardless of whether he is still supplying goods/services covered by the scheme) shall be obliged to inform the Head of the Second Tax Office Warszawa-Śródmieście about his decision **at least 15 days before the end of the quarter** preceding the quarter in which he intends to stop accounting for VAT under this scheme (e.g. a taxable person decided to account for services according to general rules). The cessation shall become effective from the first day of the following quarter.

However, in the case of:

a) ceasing to supply services or the intra-Community distance sales of goods/domestic supplies made by operators of electronic interfaces recognised as suppliers – i.e. ceasing activities covered by this scheme,

b) change of the data covered by the application (except for data updated pursuant to Article 96(12) or the Act of 13 October 1995 on the principles of registration and identification of taxpayers and payers),

c) change of the activities covered by the Union scheme as a result of which he no longer meets the conditions for its application (e.g. transfer of the place of business to another EU Member State),

a taxable person shall be obliged to inform the Head of the Second Tax Office Warszawa-Śródmieście about the events not later than **the tenth day of the month** following the month in which given factor occurred.

In the case referred to in point (c), where a taxable person intends to continue to account under the Union scheme but in another Member State, he must inform about this both Member States concerned within the above-mentioned time limit.

**Important**

The Head of the Second Tax Office Warszawa-Śródmieście shall also de-register from the Union scheme – apart from the above-mentioned reasons – if a taxable person:

* does not exist or, despite documented attempts, it is impossible to contact him or his representative, or for a period of two years does not supply services or goods covered by this scheme in any Member State of consumption,
* systematically fails to comply with the rules of the Union scheme.

Systematic failure to comply with the rules of the Union scheme (persistent non-compliance) takes place, *inter alia*, when a taxable person:

* **has failed to submit** **a return** to account for the VAT for three immediately preceding calendar quarters and fails to do so within 10 days after the Head of the Second Tax Office Warszawa-Śródmieście issued a reminder,
* **has failed to pay** the full amount of VAT indicated for each of three immediately preceding calendar quarters and fails to do so within 10 days after the Head of the Second Tax Office Warszawa-Śródmieście issued a reminder, except where the remaining unpaid amount does not exceed EUR 100 for each quarter calendar,
* **has failed to submit**, by electronic means, the records requested by the Head of the Second Tax Office Warszawa-Śródmieście and fails to do so a month after another reminder issued by the Head of the Second Tax Office Warszawa-Śródmieście.

When the above-mentioned conditions of de-registration occur, the Head of the Second Tax Office Warszawa-Śródmieście shall issue a decision on the expiry of a taxable person’s identification for the Union scheme. A taxable person shall be notified of the issuance of the decision by electronic means, i.e. to the e-mail address provided in the VIU-R application. The decision may be appealed against.

In the above-mentioned cases, a taxable person shall be subject to a “quarantine” **period of two years** following the return period in which the taxable person was de-registered, during which he **shall not be able** to use any of the special schemes.

**Note**

Where a taxable person ceases to use the Union scheme, his VAT liabilities related to the supply of services or intra-Community distance sales of goods and domestic supplies made by recognised suppliers that arise from the date on which the cessation of the scheme takes effect shall have to be settled **directly** with the tax authorities of the Member State of consumption concerned and therefore outside the Union scheme.