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

**IMPORT SCHEME (IOSS)**

**GENERAL INFORMATION**

The import scheme, i.e. the Import One Stop Shop (IOSS), apply from **1 July 2021**.

**Under the IOSS scheme**, is possible to account for the VAT due on distance sales of imported goods (in a consignment with a value not exceeding EUR 150) to the Member State of consumption (different Member States, including PL), via the Member State of identification (PL).

**REGISTRATION**

Regarding registration for the import scheme, it is possible to register:

* A taxable person who accounts for the VAT under the import scheme himself,
* A taxable person represented by an intermediary,
* An intermediary acting in the name and on behalf of a taxable person using the import scheme.
1. **Registration of a taxable person for the import scheme**

The following documents are **required** for the registration of a taxable person for the import scheme:

- the VII-R application for registration;

- original power of attorney PPS-1.

In order to register for the import scheme, a taxable person should:

* complete the VII-R form – *Taxable person’s informing application regarding the special import scheme to account for the VAT*, selecting the purpose of the application: Registration,
* send the form – via the e-Deklaracje system – to the Head of the Second Tax Office Warszawa-Śródmieście,
* in the case of acting through a proxy, the **original** PPS-1 power of attorney must be submitted.

**Note**

In the VII-R form, a taxable person agrees to receive letters (information) only by electronic means.

Taxable persons in the import scheme have an individual VAT identification number allocated, e.g. **IM616xxxxxxx.**

The following documents are **required** for the registration of a taxable person acting through an intermediary for the import scheme:

- the VII-R application for registration,

- a contract concluded between the taxable person and the intermediary;

- original confirmation of registration for VAT from the country where the taxable person is established;

- commercial register extract or other document proving the company’s representation, e.g. contract of partnership, articles of association (original translation with a copy of the foreign language version).

**Note**

All documents submitted in a foreign language **must be** translated into Polish by a sworn translator.

If a taxable person who wants to use the import scheme wishes to appoint an intermediary or has to appoint an intermediary because of being a taxable person from a third country.

If the conditions for registering for the import scheme are met by a taxable person, the Head of the Second Tax Office Warszawa-Śródmieście shall confirm the application only by electronic means to the e-mail address provided in the application for registration.

Where a taxable person does not meet the conditions necessary to use the import scheme, the Head of the Second Tax Office Warszawa-Śródmieście shall inform the taxable person – also only by electronic means to the e-mail address provided in the application for registration – 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 date** **an individual VAT identification number** for using the import scheme **is allocated to a taxable person, and where a taxable person is acting through an intermediary – to that intermediary**.

1. **Registration of an intermediary for the import scheme**

In order for an intermediary to be able to act in the name and on behalf of a taxable person using the import scheme, including registration of a taxable person for the import scheme, he **must first register** for the import scheme **as an intermediar**y.

The following documents are **required** for registration of an intermediary for the import scheme:

- the VII-RP application for registration;

- original power of attorney PPS-1.

In order to register for the import scheme, an intermediary should:

1. complete the VII-RP form – *Intermediary’s informing application regarding the special import 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.

Registration of an intermediary is effective **from the date the intermediary is allocated an individual VAT identification number** for the import scheme.

Intermediaries in the import scheme have an individual VAT identification number allocated, e.g. **IN616xxxxxxx**.

Only then can an intermediary register a taxable person in the name and on behalf of whom he will be acting in the import scheme.

**VAT RETURN**

A taxable person, and in the case of a taxable person represented by an intermediary – the intermediary, shall be obliged to submit to the Head of the Second Tax Office Warszawa-Śródmieście – via the e-Deklaracje system – VAT returns in which distance sales of imported goods with an actual value of up to EUR 150 is accounted for.

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

A taxable person, and in the case of a taxable person represented by an intermediary – the intermediary, shall submit VAT returns for each month, irrespective of whether or not distance sales of imported goods under the import scheme took place.

If during the tax period a taxable person applying the special import scheme **does not make any distance sales** of imported goods covered by this scheme and **does not make corrections** to previous returns, this taxable person, and in the case of a taxable person represented by an intermediary - the intermediary, shall submit a **nil-VAT return**.

**Important**

The deadline for submitting the returns (the end of the month following each subsequent month) 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. Payment made on the first working day after the end of the month following the quarter is treated as made after deadline, if the last day falls on a (public) holiday.

A taxable person or an intermediary **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 month at the earliest.

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

1. complete the VII-DO form – *Declaration to account for the VAT under the import scheme*, indicating the tax period covered by the return and selecting the purpose of submitting the return: Submission;
2. send the return – via the e-Deklaracje system – to the Head of the Second Tax Office Warszawa-Śródmieście;
3. demonstrate, in section C of the VII-DO form, the tax due to all Member States of consumption where the customers are located (non-taxable persons).

Before submitting the relevant return, it is possible to submit a **draft return** by selecting the purpose of submitting: 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 or an intermediary shall report and remit the exact amount of VAT.

**Note**

A unique reference number (URN) shall be allocated to each submitted VAT return. A taxable person or an intermediary 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 special import scheme consists of the code of the Member State of identification, the VAT number and the period (month, year) for which the return is submitted, e.g. **PL/IMXXXXXXX/07.2021**.

**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**

In the IOSS only one return can be submitted for each settlement period. The correction is made only and exclusively in the next return for the next "current" settlement period.

**PAYMENTS**

A taxable person or an intermediary shall pay the entire amount of tax resulting from the VAT return – **by the end of the month following each subsequent month** 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 EUR.

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 or intermediary. 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 payments (other than in the case of submitting returns), if the last day of the deadline falls on a Saturday or a public holiday, the day of the deadline is a last working day of the month following each subsequent settlement period (month).

**Example**

A taxable person is identified for the specific import scheme as of 1 September 2021. Pursuant to the regulations, a taxable person, and in the case of a taxable person represented by an intermediary – the intermediary, would be required to submit a VAT return for mail order for goods from third countries for September 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. Payment must be made (into the bank account of the tax office) on the last working day preceding the end of the month following a given month/settlement period, i.e. 29 October 2021, at the latest.

**Note**

If a taxable person is registered 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 tax 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 or the intermediary.

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**

A taxable person, and in the case of a taxable person represented by an intermediary – the intermediary, **must keep** records of transactions covered by the special import scheme. The records **must be kept** by the taxable person for 10 years from the end of the year in which the transaction was made.

An intermediary **must keep** records related to individual taxable persons he represents. The records **must be kept** by the intermediary for 10 years from the end of the year in which the transaction was made.

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

1. the Member State of consumption to which the goods are supplied;
2. the description and quantity of goods supplied;
3. the date of the supply of goods;
4. the taxable amount indicating the currency used;
5. any subsequent increase or reduction of the taxable amount;
6. the VAT rate applied;
7. the amount of VAT payable indicating the currency used;
8. the date and amount of payments received;
9. where an invoice is issued, the information contained on the invoice;
10. the information used to determine the place where the dispatch or the transport of the goods to the customer begins and ends;
11. proof of possible returns of goods, including the taxable amount and VAT rate applied;
12. the order number or unique transaction number;
13. the unique consignment number where that taxable person is directly involved in the delivery.

**UPDATING**

In order to **update a taxable person’s data** under the import scheme, it is necessary to:

1) complete the VII-R form – *Taxable person’s informing application regarding the special import 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 shall be 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.

In order to **update an intermediary’s data** under the special import scheme, it is necessary to:

1) complete the VII-RP form – *Intermediary’s informing application regarding the special import 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.

An intermediary shall be 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 **by a taxable person** include:

* changes in the registration data provided in the VII-R application for registration, e.g.:

- e-mail address,

- details of a contact person,

- bank account details.

The circumstances requiring notification **by an intermediary** include:

* changes in the registration data provided in the VII-RP application for registration, e.g.:

- e-mail address;

- details of a contact person,

- bank account details.

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 of a **taxable person** from the import scheme may take place:

* at a taxable person’s request (the taxable person indicates the reason on the VII-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 VII-R form – *Taxable person’s informing application regarding the special import 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 VII-R form (section C) the reason for de-registration; the reasons for de-registration may be as follows:

a) the distance sales of imported goods has ceased,

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

c) abandonment of the application of the import scheme,

d) change of the Member State of identification.

**Note**

**A taxable person** who intends to voluntarily cease using the import scheme – point 3(c) above (regardless of whether he is still making distance sales of imported goods) 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 month preceding the month in which he intends to stop accounting for VAT under the import scheme. The cessation shall become effective from the first day of the following month.

However, in the case of:

a) ceasing the activity covered by the import scheme,

b) failure to meet the conditions to use the import scheme,

c) change of the Member State of identification,

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 (d), where a taxable person intends to continue to account under the special import scheme but in another Member State, he must inform about this the previous and new Member State of identification within the above-mentioned time limit.

**An intermediary**, in the case of:

a) ceasing to act as an intermediary in the import scheme,

b) failure to meet the conditions necessary to act as an intermediary in the import scheme,

c) change of the Member State of identification,

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 an intermediary intends to continue to act as an intermediary in the special import scheme but in another Member State, he must inform about this the previous and new Member State of identification within the above-mentioned time limit.

**Note**

Where an intermediary is de-registered from the import scheme, all taxable persons who were represented by this intermediary are automatically de-registered from the import scheme.

The de-registered taxable person should appoint a new intermediary.

Taxable persons can resume their activities under the import scheme through a new intermediary.

A taxable person who is represented by a new intermediary shall have a new IOSS VAT number linked to the new intermediary.

**Important**

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

* systematically fails to comply with the rules of the import scheme.

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

* **has failed to submit a return** to account for the VAT for three immediately preceding months 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 months 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 calendar month,
* **has failed to submit**, by electronic means, the records requested by the Head of the Second Tax Office Warszawa-Śródmieście or a competent authority of the Member State of consumption 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 or an intermediary’s identification for the import scheme. The taxable person or intermediary shall be notified of the issuance of the decision by electronic means, i.e. to the e-mail address provided in the VII-R or VII-RP application. The decision may be appealed against.

In the above-mentioned cases, a taxable person/intermediary shall be subject to a “quarantine” period of **two calendar years** starting from the date of ceasing to comply with these rules, during which he **shall not be able** to use the import scheme, i.e. re-register for the import scheme.

**Note**

Where a taxable person or an intermediary ceases to use the import procedure, his VAT liabilities related to distance sales of imported goods 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 import scheme.