

# Poland e-Invoicing Mandate Frequently Asked Questions

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# 1) Background to the Polish mandate

## 1) What is the Polish e-invoicing mandate? Why is Poland introducing an e-invoicing mandate?

The e-invoicing mandate in Poland will require Polish taxpayers to clear invoices through the Polish e-invoicing platform, the Krajowy System e-Faktur (KSeF). The KSeF is a different e-invoicing platform from the Polish electronic invoicing platform (PEF), which processes B2G transactions only. 'Clearing invoices' means that suppliers must send invoice data to a government platform, usually in a structured format, before the invoice is sent to the buyer. In a way, the supplier is asking for approval to send the invoice to the buyer.

Governments often use e-invoicing as a means of 'continuous transaction controls' (CTCs). Governments introduce CTCs to more effectively counter tax fraud and increase revenue. Through the introduction of CTCs, governments often require invoice data to be sent to tax authorities in real-time or require invoices to be cleared by the government before they are sent to buyers. CTCs allow governments to have a greater oversight of indirect tax collection, and consequently, reduce tax gaps in the country. Government e-invoicing platforms typically assign a unique reference number as part of the process.

In addition, the e-invoicing process is envisaged to be a driving force for automation and digitisation of the e-invoicing process for Poland. E-invoicing is expected to offer cost-cutting benefits, reduce the frequency of errors and restrict the capacity for VAT fraud.

## 2) Timelines and scope

### 1) When is the Polish e-invoicing mandate commencing?

The Polish government has delayed the implementation date of the e-invoicing mandate multiple times, pending a derogation from a EU Directive.

- EU Member States require permission to mandate e-invoicing via a derogation from a EU Directive, which states that paper invoices and electronic invoices are considered equal.
- The European Council published the decision to approve the derogation to allow Poland to start mandating e-invoicing in the country from 1 January 2024.
- Subsequently, the Polish Ministry of Finance confirmed on their website that e-invoicing in Poland would commence in 2024.
- Polish taxpayers have optionally been able to submit invoice data voluntarily to the KSeF platform since 1 January 2022. The process for invoice retrieval from the KSeF has also been detailed by the Polish government.

In February 2023, the Polish Ministry of Finance again revised the timelines for the inception of the mandate, confirming that the Polish e-invoicing mandate would be delayed to **1 July 2024**. This delay was likely triggered as a response to the e-invoicing public consultation. The further draft e-invoicing regulations published in March 2023 again reinforced 1 July 2024 as the mandate start date.

Tungsten seeks to be ready to accommodate the mandate within the allotted timeframe.

### 2) What transactions are subject to the Polish e-invoicing mandate?

The mandate covers B2B transactions, including:

- Intra-community sales supplies (Polish supplier to a EU buyer) \*
- Cross border sales supplies (Polish supplier to a non-EU buyer) \*
- Corrective invoices
- VAT-exempt taxpayers, according to the draft legislation, will also need to comply with KSeF regulations from 1 January 2025. These timeframes were again reiterated in the March 2023 draft legislation.
- E-invoices issued via cash registers, as well as simplified invoices, will also be subject to e-invoicing obligations via KSeF from 1 January 2025. These timeframes were again reinforced in the March 2023 draft legislation.
- The March 2023 draft regulations also indicate that B2C transactions are expected to be excluded from e-invoicing obligations via KSeF.

\*Note: Intra-community purchase invoices and cross-border purchase invoices (i.e. a non-Polish supplier (EU or non-EU) to a Polish buyer) are excluded from the mandate scope.

Note: VAT-registered entities are **not** in scope for the mandate.

Polish taxpayers established in Poland will be subject to the mandate. Note that the e-invoicing draft regulations published in March 2023 indicate that taxpayers who have a permanent place of business in Poland but do not participate in the supply of goods / services for which the invoice was issued are not obligated to issue invoices via the KSeF.

We are awaiting the final version of the e-invoicing legislation (now expected around September 2023) to confirm the actual scope of the Polish e-invoicing mandate, but do not expect major revisions.

## 3) The Polish e-invoicing platform, KSeF

### 1) How will the KSeF operate?

- Suppliers will be required to submit invoices in an XML format (the Polish-specific standard is the FA\_VAT) to the KSeF platform. Suppliers can connect directly to the KSeF via an API or via a service provider on their behalf.
- The KSeF platform will register the invoice and apply a unique invoice ID number to the invoice.
- Invoices can be downloaded and retrieved from the KSeF platform.

### 2) Once the mandate starts, what is the legal invoice in Poland?

The FA-VAT XML file will be the invoice. The invoice needs to be fully processed in the KSeF environment with a unique ID number applied, at which point the invoice will be considered the legal artifact.

### 3) Do I need to submit invoices individually to the KSeF- or can I do this in batches?

You can submit invoices in batch. However, batch invoicing will mean that the entire batch will fail if one invoice fails. Invoices submitted on their own will be validated in isolation.

Tungsten is considering best options around batch invoicing, and we will update you when ready to proceed.

### 4) Has the Polish government announced any allowances for taxpayers should the KSeF malfunction?

Yes. The draft legislation amending the VAT Act, published on 1 December 2022, specifically outlines taxpayer instructions should the capability of the KSeF system to operate as expected be compromised.

In the event of a KSeF failure, it is incumbent on taxpayers to still issue the invoice in line with the most recent version of the schema, although access to the KSeF environment will, in these instances, be precluded. To circumvent this, the Polish government has allowed the provision that invoices can be circulated outside the KSeF environment.

However, taxpayers must issue these invoices via the KSeF within seven days following the failure of the KSeF system. Failure to do so will result in penalties (please refer to question 21 for further information on penalties).

Note that draft e-invoicing regulations published in March 2023 also make allowances for invoice issuance for reasons other than KSeF system failure – these can also be issued outside the KSeF environment, but taxpayers will be obligated to issue invoices via the KSeF no later than the next business day.

## 4) The Polish XML schema and technical specifications

### 1) Has the Polish government published specifications for the e-invoicing mandate?

The Polish government has published technical specifications for the outbound (AR) process outlining the submission of invoice data to the KSeF.

The Polish Ministry of Finance published some further draft e-invoicing guidelines in December 2022 and March 2023. More recently, on 23 May 2023, a new draft version of the XML schema for the e-invoice (FA2) was published on the webpage of the Ministry of Finance. The final version of the XML schema was published in June 2023. This will be binding for issued and received e-invoices from 1 September 2023.

The Tungsten team has analysed the information provided by the Polish government and the impact this has on our solution. Cognizant of the fact that these guidelines are in draft only, we will further continue to review updates from the Polish government, and we expect final specifications to be published by the Ministry of Finance in September 2023.

### 2) The Polish government has released a new version of the Polish schema. Does this contain new fields?

Yes- several. In fact, the updated Polish schema contains more than 350 new fields, including a mixture of mandatory fields, invoice fields that are mandatory under certain conditions, and optional fields.

This schema introduces multiple fields to bring the Polish schema in line with the Standard Audit File for Tax (JPK\_FA) which was introduced to increase the efficiency of tax reporting between taxpayers and public authorities. Consequently, the new schema includes several fields which extend beyond VAT law, such as payment information, excise information, etc.

It is envisaged that the e-invoicing mandate may abolish the requirement for the completion of the SAF-T file, as much of this information will be included in the invoice.

### 3) What action is Tungsten Network taking in respect of the new fields?

Tungsten is analysing the updated Polish schema to verify whether these are already accommodated as part of our solution, or whether Tungsten needs to integrate any new fields as part of our e-invoicing solution. We have been working extensively with both our mapping team and compliance advisory partner, PricewaterhouseCoopers, for an enhanced understanding of the schema and the fields contained within it.

Note that we cannot always anticipate the number of times the schema will be updated. The Ministry of Finance published a new draft version of the e-invoicing XML schema (FA2) on their webpage in May 2023. A final version was subsequently published in June 2023. We will ensure that our e-invoicing solution accommodates the most up-to-date schema version.

## 5) Tungsten Network’s Polish e-invoicing solution

### 1) What services (AP/AR) will Tungsten Network support in Poland?

Tungsten will support both outbound (AR) and inbound (AP) services in Poland.

Tungsten will be able to send 100% of a supplier’s invoices to the KSeF, regardless of whether the buyer is on the Tungsten Network. Similarly, Tungsten can retrieve 100% of invoices from the KSeF platform for the buyer – regardless of whether these invoices were sent by on- or off-network suppliers.

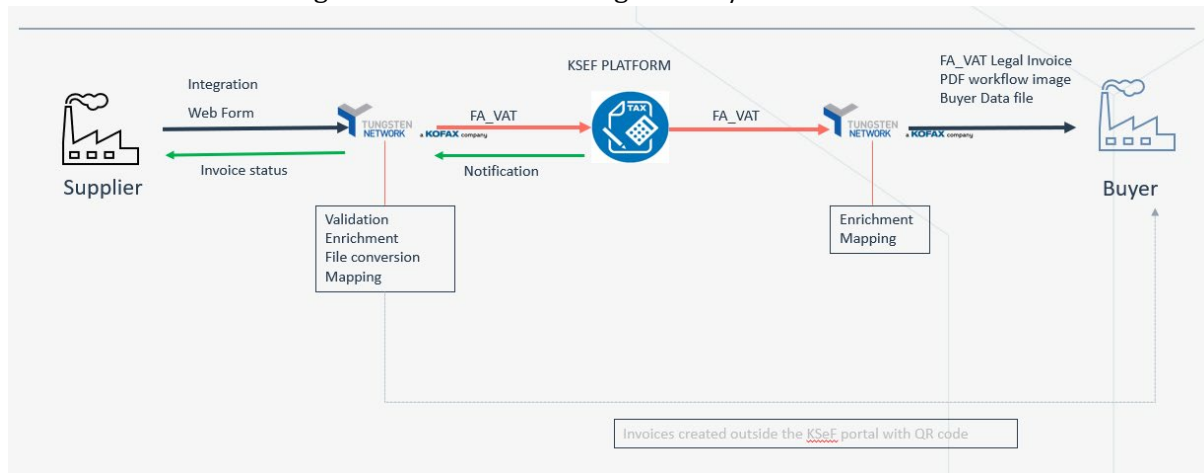
### 2) What services will Tungsten offer to support my business with e-invoicing obligations in Poland?

Tungsten will connect with the KSeF and submit the invoice data to the KSeF in XML format. Once KSeF has cleared the invoice, Tungsten will follow our standard process and produce a PDF and buyer data file.

The payload will then be sent to the buyer and will consist of the following:

- Cleared legal invoice (XML)
- Human-readable PDF (note- this is not the legal invoice and will clearly state ‘this is not a tax invoice’)
- The buyer data file, in accordance with buyer’s requested format and coding.

Please see below for a high-level view of the Tungsten AP / AR solution for Poland



### 3) What invoice formats will Tungsten support?

Tungsten will support the XML FA-VAT format for the legal invoice.

Tungsten will also create a Workflow PDF image that will NOT serve as the legal invoice, for any customers that cannot read XML files. This image will be clearly marked as ‘Not a Tax Invoice’. Suppliers can send us invoice data in any format – we will convert this into the FA-VAT format ready to send to the KSeF platform. Similarly, we can accommodate buyers to receive the invoice data file in their preferred format.



It is important to note that we can offer an enhanced service for our on-network suppliers, as we will already hold full invoice data for these suppliers. It is important to note that we will not be able to offer a similar service to our off-network suppliers.

#### **4) Will Tungsten inform me if my invoices are rejected from the KSeF platform?**

The Polish specifications have specified multiple error codes returned by the KSeF if validations are not met.

Tungsten will inform Network suppliers accordingly if their invoices have been rejected, allowing suppliers to rectify any errors for successful transmission to the KSeF.

#### **5) What document types will Tungsten Network support?**

The current version of the Polish schema cites the following invoice document types:

- VAT (Basic invoice)
- KOR (Correcting invoice)
- ZAL (Prepayment invoice)
- ROZ (settlement invoice, where at least one prepayment has been made)
- UPR (simplified invoices, where the total amount due does not exceed the amount of PLN 450 or EUR 100)
- KOR\_ZAL (corrective invoice for a prepayment invoice)
- KOR\_ROZ (corrective invoice for a settlement invoice)

We intent to support all invoice document types listed above, excluding simplified invoices. Note that simplified invoices do not form part of our e-invoicing solution today.

#### **6) Will Tungsten Network offer compliant archiving in Poland?**

The KSeF will automatically store invoices for up to 10 years for suppliers and buyers in the KSeF environment. In principle, this means that the Polish requirement to archive invoices will become obsolete.

However, we recognise that most of our suppliers and buyers will want to retain autonomy over their archiving. Tungsten can help here, and we will offer the capability to archive invoices in accordance with Polish VAT regulations. Note that our solution will archive all transactions-irrespective of whether you are transacting with on or off-network suppliers and buyers.

#### **7) I heard that certain invoices in Poland will require a QR code. Is this correct and will Tungsten support this?**

Yes- we understand that a QR code will be required on every PDF image or visual representation of the XML.

Specifically, structured invoices will need to be marked with a QR code if they are circulated outside the KSeF environment. Conversely, a QR code will also be required on paper and PDF invoice formats, where applicable.

We are still expecting further information from the Polish Ministry of Finance in respect of the QR code, via an implementing regulation to the VAT Act. We will analyse this once available and consider our obligations regarding the QR code on invoices in Poland.

## 8) I can connect directly with the KSeF, so what are the advantages of using Tungsten Network to do this? (see diagram on page 7)

- Trustworthy, reliable and dependable e-invoicing compliance experts

Tungsten's e-invoicing solution will adhere to all compliance and technical requirements outlined in the Polish technical specifications. We are continuously monitoring e-invoicing developments in Poland to ensure compliance with the upcoming mandate.

- Proven experience with centralised clearance mandates

Tungsten successfully implemented the Italian e-invoicing mandate in January 2019. Much like the Italian e-invoicing model, the Polish mandate also is based on the centralised clearance e-invoicing model. Our Italian e-invoicing solution today continues to be a robust and effective e-invoicing solution and Tungsten is confident it can replicate the success in Italy with the upcoming Polish e-invoicing mandate.

- Validation of accounting errors

The KSeF performs multiple validations on the invoice. However, the KSeF will not validate the accounting in your invoices – putting you at risk for accounting anomalies and discrepancies in your invoices. However, Tungsten can undertake accounting validations for you, ensuring that you receive precise and accurate invoices that can be absorbed by your ERP system.

- Capability to provide additional procurement information

Tungsten recognises that business have varying requirements to run efficient P2P processes – that is why we can offer additional procurement information surplus to government requirements.

- Bespoke services for suppliers and buyers

Tungsten acknowledges that every supplier and buyer is unique. Therefore, we can offer a customised service to suit your tailored needs, including specific validations and a buyer file in a suitable format, among others.

- Supplementary services available

You can also benefit from many of Tungsten's other services for invoice submission and processing efficiency. Invoice Status Service, for example, provides updates on invoices as they move through the approval and payment process. PO (purchase order) services can also be used for invoice conversion and auto-matching.

## 6) The Polish mandate and the VAT in the Digital Age (ViDA) proposal

### 1) What is the VAT in the Digital Age (ViDA) proposal and how does this affect the Polish e-invoicing mandate?

The VAT in the Digital Age (ViDA) proposal was published by the European Commission in December 2022. It was fueled by the need to digitise all facets of the wider fiscal framework and introduce greater fiscal harmony across the EU Member States. Additionally, the proposal aimed to simplify complex and cumbersome compliance processes, as well as combat tax fraud across the continent. The proposal has colossal implications for the future of e-invoicing and e-reporting in the coming years. The proposal recommends manifold changes, the most significant being that e-invoicing is expected to be considered the norm rather than the exception from 1 January 2028. Moreover, it is proposed that from 1 January 2024, the derogation process (please refer to question 3), will become obsolete- which means that countries will no longer need to apply for a derogation to mandate e-invoicing in the country. Additionally, e-invoicing clearance models, which typically require approval via a governmental platform before invoices can be delivered to the buyer, will no longer be permitted from 1 January 2028. E-invoicing models will need to be modelled on an infrastructure that is compliant with the ViDA proposal.

In the context of the Polish e-invoicing mandate, Poland obtained a derogation from the European Commission allowing them to mandate e-invoicing in the country in 2022. Currently, as the abolishment of the derogation process stands to be implemented in January 2024, we do not yet believe that this hinders Poland, which is based on a centralised clearance e-invoicing model, to continue on its current trajectory for e-invoicing implementation. However, the proposal indicates that Poland's clearance model will no longer remain feasible from January 2028.

The ViDA public consultation concluded in May 2023.

The ViDA proposal is extensive and complex and a more detailed discussion on its application is beyond the scope of this document. However, you can be assured that Tungsten is monitoring developments in respect of the ViDA proposal and how this will impact the Polish e-invoicing mandate.

## 7) Next steps

### 1) Do I need to take any action yet in respect of the mandate?

Tungsten will need to implement significant changes to our solution to accommodate the new fields in the schema:

- Web Form suppliers: The Tungsten Web Form facility will need to be updated to incorporate the new fields
- Integrated suppliers: Tungsten will need to contact integrated suppliers for account re-mapping to accommodate the new fields

We will contact you when we need your assistance to facilitate the mandate.