

National e-Invoice System (KSeF) getting closer

On May 9, 2023, the government adopted the National e-Invoice System (KSeF) project. Following public consultations, several changes have been made compared to the originally proposed project. The main changes in the KSeF project include shifting the effective date of the law from January 1, 2024, to July 1, 2024.

KEY CHANGES IN THE KSEF PROJECT

As part of the dialogue with business organizations, the Ministry of Finance agreed to introduce several changes compared to the originally proposed project:

- Shifting the effective date of the law from January 1, 2024, to July 1, 2024.
- Consumer invoices (B2C) will not be covered by KSeF.
- Liberalization of penalties and their application starting from January 1, 2025.
- In the event of a taxpayer-side failure, the possibility of issuing invoices offline outside of KSeF and delivering the invoice to KSeF on the next business day after issuing it offline.
- During system failure and in offline mode, the issuance of corrective invoices will be allowed.
- Clarification of the invoice issuance date and other important matters for the invoicing process during system failure and in offline mode.
- The foreign currency exchange rate used for conversion to PLN will be maintained from the day preceding the date indicated in field P_1 of the structured invoice by an additional one day to submit it to KSeF.
- Elimination of corrective notes in KSeF and outside of KSeF.
- Invoices from cash registers may continue to be issued in the current form until December 31, 2024.
- Fiscal receipts with a tax identification number (NIP) will be recognized as simplified invoices until December 31, 2024.
- Extension of an additional six-month period for implementing KSeF by entities exempt from VAT based on the subject matter and entities exempt based on the taxpayer status. KSeF will be mandatory for them from January 1, 2025.
- Tickets serving as invoices (including toll receipts on paid highways) are excluded from KSeF.
- Invoices issued under the OSS (One-Stop Shop) and IOSS (Import One-Stop Shop) procedures are also excluded from KSeF.

KEY ASSUMPTIONS OF THE NATIONAL E - INVOICE SYSTEM (KSEF)

The National e-Invoice System (KSeF) is a central IT system managed by the Ministry of Finance, introduced for the electronic transmission of invoices between businesses, including public administration bodies in Poland.

KSeF is a platform that enables the generation, sending, receiving, and storing of invoices in electronic format. The system was created to increase the efficiency and transparency of the invoicing process, reduce administrative burdens, and limit the shadow economy.

The main assumptions of the system are as follows:

- **Electronic exchange of invoices:** KSeF aims to replace traditional paper-based invoice exchanges between businesses with an electronic format. The system allows for the generation, transmission, receipt, and storage of invoices in electronic format.
- **Simplification and standardization of the invoicing process:** KSeF introduces a standardized electronic format for invoices that must be used by participants in the system. This simplifies the invoicing process and ensures data consistency, enabling automatic verification and processing of invoices.
- **Ensuring security and authenticity:** KSeF is based on a public key infrastructure, which ensures secure transmission of invoices and authentication of participants. Invoices are digitally signed, guaranteeing data integrity and authenticity.
- **Electronic archiving:** KSeF allows for the electronic storage of invoices for a specified period of time. Participants in the system have access to their invoice archives, facilitating document management and audits.
- **Reducing administrative burdens:** KSeF aims to reduce administrative burdens associated with the invoicing process by eliminating the need to print, send, and store paper invoices. The simplification and automation of the process are intended to save time and costs for businesses and public administration.
- **Expanding digitization:** KSeF is part of a broader initiative to digitize accounting and tax settlement processes in Poland. The system aims to support digital transformation and the use of modern technologies in the exchange of documents and data between economic entities and the government.

The main assumptions of KSeF focus on streamlining, standardizing, and securing the invoicing process and reducing bureaucracy associated with invoice exchange in Poland.

However, implementing KSeF will require taxpayers to invest a significant amount of time to analyze existing business processes and invoicing-related IT systems.

Updating existing systems or implementing new invoicing systems that can cooperate with KSeF will be necessary.



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ENTITIES COVERED BY KSEF

Domestic Entities

All entities domiciled in Poland will be obliged to implement and use KSeF. According to the adopted bill, KSeF excludes invoices issued to consumers (i.e., B2C). Taxpayers will have to issue them in the current form, which requires appropriate adjustment of processes to accommodate different methods of invoicing – different for domestic recipients who are entrepreneurs and different for consumers.

Foreign Entities

The obligation to use KSeF will also apply to **foreign entities that have a fixed establishment for VAT purposes in Poland**, in scope of transactions covered by Polish VAT regulations. Additionally, these entities (registered for VAT in Poland) will receive purchase invoices related to Polish transactions primarily through the KSeF system.

EFFECTIVE DATE

The KSeF system was introduced in Poland on a voluntary basis from January 1, 2022. Currently, an e-invoice issued within KSeF functions as one of the accepted forms of documenting sales, alongside paper invoices and already existing electronic invoices in commercial circulation.

The mandatory use of KSeF will commence on July 1, 2024.

Businesses should adapt their invoicing systems and processes to KSeF requirements before this date to effectively utilize the system for sending sales invoices and retrieving purchase invoices.

This document has been prepared for information purposes only and covers general nature. Before taking any action based on the above information, we recommend that you obtain a valid opinion of TPA experts.

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