

December 2020

## Fast-approaching deadline for submitting reports on payment dates in commercial transactions

On 1 January 2020, the material provisions of the Act of amending certain regulations in order to limit payment backlogs (Polish Journal of Laws of 2019, item 1649) entered into force.

Under the amended Act on counteracting excessive payment delays in commercial transactions of 8 March 2013 (Polish Journal of Laws of 2020, item 935), the largest CIT payers and tax capital groups are required to submit to the minister competent for economy-related matters (currently this task rests with the Minister of Economic Development, Labour and Technology) an annual report on the payment dates in commercial transactions carried out. In principle, the reports must be submitted by 31 January annually. The first report, covering 2020, should be prepared by 1 February 2021.

Failure to submit the report as well as hindering or preventing timely performance of the reporting duty may result in a fine imposed on the head of the entity (usually members of the board).

Information provided in the report will be made publicly available.

More details can be found below.

### Who needs to submit the report?

The reports must be submitted by the heads of entities (i.e. the management board in companies and general partners managing the affairs of the partnership in limited joint-stock partnerships) specified in Article 27b(2) of the CIT Act, i.e.:

- taxpayers (other than tax capital groups) who in the previous financial year exceeded the equivalent EUR 50 million in revenues, converted into PLN at the average exchange rate of EUR announced by the National Bank of Poland on the last business day of the calendar year;
- tax capital groups (regardless of the revenue earned).

Importantly, for tax capital groups, the reports must be submitted by the head of each entity forming the group.

### Scope of the report

The report must include:

1. company's name and tax identification number;
2. the value of payments received in the previous year within a period:
  - not exceeding 30 days
  - from 31 to 60 days
  - from 61 to 120 days
  - exceeding 120 days
3. the value of payments made in the previous year within a period:
  - not exceeding 30 days
  - from 31 to 60 days

- from 61 to 120 days
  - exceeding 120 days
- elapsed from the date of issue of an invoice or a receipt confirming that a delivery was made, or a service was rendered;
4. the value of payments not received in the previous calendar year by the date specified in the contract and its percentage share in the total value of payments due to this entity in that year;
  5. the value of payments not made in the previous calendar year by the date specified in the contract and its percentage share in the total value of payments due from this entity in that year.

**Under the interim provisions, the reports submitted in 2021 should also include information on payments made in transactions concluded before 1 January 2020.**

### Method of report submission

The first report must be submitted by 1 February 2021, via electronic form available at: [www.biznes.gov.pl](http://www.biznes.gov.pl)

It must be authenticated with a qualified electronic signature or a trusted signature.

### How can KPMG assist you?

Because the possible fines may be severe and given that the process of collecting and verifying data on payments is not only strenuous but time consuming, KPMG would like to offer you its assistance in preparing the report.

Our aid would cover:

- determining the scope of transactions and payments, considering the methods of concluding the contract, origin of contractors, transactions with related entities and reporting periods;
- establishing the rules for including certain types of payments in the report;
- determining the effectiveness of contractually defined payment

deadlines, in particular in transactions with SMEs;

- determining the correct payment deadlines for transactions subject to the reporting obligation;
- resolving other issues arising from the specific nature of the company's operations;
- completing and submitting the appropriate report following the analysis performed.

We also provide a dedicated electronic tool for ongoing monitoring of compliance with the Act on Reducing Payment Backlogs and the process of handling purchase invoices for effective management of the organization's payment practices.

If you would like to learn more about the ways we can assist you, please do not hesitate to contact us at: [mampytanie@kpmg.pl](mailto:mampytanie@kpmg.pl)

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