extended VAT SAF-T file – PwC's support

Extended VAT SAF-T file (VDEK) – new requirements

From April 1, 2020, large entrepreneurs (and all others from July 1, 2020) will be required to submit monthly VAT SAF-T in a new, extended version (JPK_V7M, "**VDEK**"). This structure will combine data from the VAT return and VAT records / evidence.

VDEK means change in both: the structure of the xml file and new information requirements (new type of reporting data needed). Obtaining new reporting data is a key aspect - in many cases this information may not be easily accessible from the ERP system level.

VDEK – key challenges

Implementation and reporting of VDEK will require coordination and cooperation of technical teams (IT) as well as financial and tax departments. The changes resulting from the introduction of VDEK are of both: technical (IT) and substantive (tax) nature. In our opinion, the key challenges related to the implementation of VDEK include:

❯ **Limited time** - the first VDEK SAF-T file will have to be submitted by large taxpayers by May 25, 2020 (reconciliation period of April 2020). This means that from April 1, taxpayers should be ready to collect and process data in a way that will allow proper preparation of the VDEK SAF-T file. Therefore, the time for implementing VDEK reporting is **less than 3 months.**

❯ **New data** - the data required by VDEK goes beyond the information that was previously collected for the purposes of VAT reporting (both under VAT registers and existing VAT SAF-T files). More specifically, VDEK requires specific tags for selected goods and services. In addition, identification of transactions with related entities is required. The use of mandatory split payment mechanism or the use of special taxation regimes, e.g. in the field of distance selling or the provision of electronic and telecommunications services also need to be marked.

❯ **IT changes** - the introduction of VDEK will require changes in the area of collecting and extracting data from financial and accounting systems. A common problem is the precise formulation of required changes to the system in a way that will be understandable and properly parameterized from the point of view of IT departments. Lack of understanding in communication between IT and business is one of the most common reasons for delays and errors in implementing SAF-T reporting.

❯ **Sanctions** - a number of sanctions have been introduced to ensure that the data provided in the new VDEK structure will be of adequate quality. The amended provisions of the Fiscal Penal Code and a fine of PLN 500 for each error in VDEK SAF-T file give little space for simplifications in the reporting process or errors in data extracts.
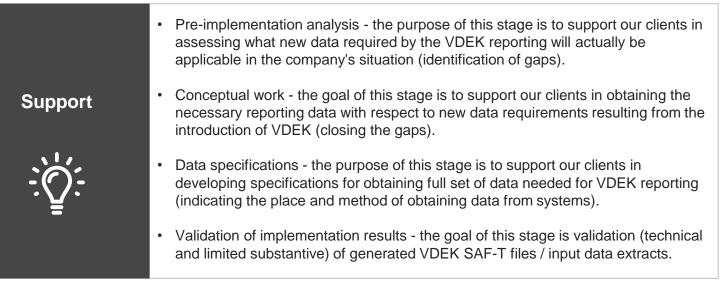
In our opinion, the efficient implementation of VDEK requires the following steps:

- assessing to what extent the new data required in VDEK will apply to the company's situation (identification of gaps),
- determining how the gaps in the scope of the required data can be closed and where and how to obtain new data in the system (closing the gaps),
- preparation of specifications for the extract of complete data for VDEK reporting and generation of an xml file,
- validation of implementation results (technical and substantive tests).

PwC's support

PwC offers support in the VDEK SAF-T file implementation process. Our services aim to support the following stages:

Support	• Pre-implementation analysis - the purpose of this stage is to support our clients in assessing what new data required by the VDEK reporting will actually be applicable in the company's situation (identification of gaps).
	• Conceptual work - the goal of this stage is to support our clients in obtaining the necessary reporting data with respect to new data requirements resulting from the introduction of VDEK (closing the gaps).
	• Data specifications - the purpose of this stage is to support our clients in developing specifications for obtaining full set of data needed for VDEK reporting (indicating the place and method of obtaining data from systems).
	• Validation of implementation results - the goal of this stage is validation (technical and limited substantive) of generated VDEK SAF-T files / input data extracts.

Pre-implementation analysis

PwC's scope of activities:

- we will present the VDEK scheme in tabular format and provide details of the technical specifications of the VDEK fields,

- we will present business (tax) definition of VDEK fields within the meaning of VAT regulations (indication of what type of transactions / goods / services should be reported in a given field, what are the rules for using markers, the possibility of reporting aggregate values, etc.),

- we will support clients in identifying which of these requirements apply to purchase and sale transactions carried out by the client (gap identification).

Conceptual works

PwC's scope of activities:

- presentation of business and technical requirements for selected VDEK fields that have been identified as data gaps together with a proposed logic of obtaining this data (e.g. based on product description, transaction code, material master data, etc.),

- we will support clients in developing the methodology of obtaining the indicated data (directly from the ERP system, from an external data source, etc.) to close the identified gaps.

Data specifications

PwC's scope of activities:

- we will support our clients in the preparation of a specification indicating place of data storage for individual VDEK fields (data source),

- we will support our clients in preparing the rules and conditions for data extraction that will ensure the correct scope of extracted data (reconciliation period, level of detail, etc.).

Validation of implementation results

PwC's scope of activities:

- we will assess the correctness of the data extract / VDEK file in relation to individual VDEK fields (technical validation),

- we will make a limited assessment of the substantive / business correctness of a data extract / VDEK file (completeness and consistency of data) in terms of new fields resulting from the extension of VDEK reporting obligations.

Other support: tax reporting app / SAF-T generation service

- implementation of the application for tax automation and VDEK generation with dedicated business logic,

- service generation of VDEK based on the data provided.

Let's talk

Tomasz Kassel
Partner
+48 502 184 846
tomasz.kassel@pwc.com

Tomasz Pabiański
Director
+48 502 184 952
tomasz.pabianski@pwc.com

Krzysztof Ugolik
Manager
+ 48 519 507 470
krzysztof.ugolik@pwc.com

Marcin Sidelnik
Partner
+48 502 184 961
marcin.sidelnik@pwc.com

Agnieszka Kurzeja
Senior Manager
+48 519 507 308
agnieszka.kurzeja@pwc.com

Magdalena Brzuszczyńska
Manager
+48 519 508 295
magdalena.brzuszczynska@pwc.com

pwc