Hello and welcome to this e-learning session.
Objectives

At the end of this lesson, you will be able to:

- Explain the most important legal and business requirements
- Describe enhancements and other developments for Poland
- Have a comprehensive understanding about the country-specific implementation for Poland
- Use the solution for tax and accounting requirements
First, we will introduce the country-specific implementation for Poland, and then proceed to look into various topics specific to organizations in Poland. We will take you through master data, reporting in accordance with legal requirements in Poland, and tax issues including invoicing, banking, and valuation.
Introduction
Financial localization for Poland is based on accounting and tax regulations.

Accounting regulations are published in the Accounting Act from 29 September 1994, along with changes, which you can find on the Ministry of Finance Web page.

Polish-specific implementation covers basic value-added tax regulation and selected items from corporate income tax regulation chosen by SAP internal experts.

You can find more information on the following Web sites:

- Financial localization for Poland is based on accounting and tax regulations.
- Accounting regulations are published on the Accounting Act from 29 September 1994 with future changes, which you can find on Ministry of Finance Web page.
- Companies need to obey some major legal requirements, as per VAT and corporate income tax.
- These regulations also cover many topics related to a particular industry or particular transaction; therefore, SAP delivers only basic solutions, which have to be improved and extended on customer implementation project. Polish-specific implementation covers basic value-added tax regulation and selected items from corporate income tax regulation chosen by SAP internal experts.
- Polish-specific settings include tax codes, VAT due date, internal invoices, exchange rates, and deductible and non-deductible events.
- Polish law regulations require documentation that describes how the FI system is used, maintained, and secured. SAP delivers templates for such documentation, which are available free of charge on the SAP Service Marketplace and which could be easy adopted by customers during the implementation phase.
- More information can be found on the Ministry of Finance Web page and on the Internet Library of the Lower house of Polish Parliament.
FI Highlights
Now we’ll take a look at master data.

Let’s start with some important details about vendor and customer master data. Polish companies should use Polish VAT identification numbers for country transactions, which is similar—but not synonymous—with the UE VAT identification number. This number contains 10 digits, which can be separated with “-” in different formats, which you can see on slide.

All of above structures can be used by companies, but the “-” doesn’t have any special meaning here. Usually it is placed in the Tax number 1 field.

There are other public and statistic identification numbers (for example: National Official Business Register - REGON or National Court Register - KRS) that can be placed in other tax number fields, but it is not required to store them in the financial system.

In material master data, it may be important to store a Polish Classification of Products and Services number. More information can be found in the following SAP Notes:

- SAP Note 568758 – Maintenance of Polish Classification of Products and Services codes for Poland
- SAP Note 731943 – Codes for Poland
During an implementation project in Poland, it is recommended to review the chart of accounts in terms of its completeness and reflection of business processes under Polish regulations; however, standard settings are usually sufficient for proper setting of accounts.
Polish-specific reports can be divided into three groups: financial statutory statements, obligatory accounting reports, and logistic reports required by public institutions.

The sample layout of the financial statutory reports (balance sheet and P&L statement) is delivered standard as a BAPL structure, but it has to be adopted by the customer according to the customer’s accounting policy. It is also important to note that the law provides only a structure template with main points, which can be extended (but not changed) by entities.

SAP Note 1246397 provides details for the reports that are obligatory for accounting and tax regulations:
- Document journal
- Turnovers and sums and line items for G/L account
- Turnovers and sums and line items for customers accounts
- Turnovers and sums and line items for vendors accounts
- Material subledger
- VAT Register
- EC sales list
You can also use country-specific documentation to support you when running the above-mentioned reports. Documentation is available on the SAP Service Marketplace.

The last of the reports that need to be explained here are related to logistics transactions. Customization of the data collection for Intrastat and printout form is described in SAP Notes 754560 and 743390. SAP delivers the electronic form of declaration for Intrastat.
VAT legal requirements are delivered through SAP Notes:

- SAP Note 653544 – includes all issues related to EU accession
- SAP Note 1298748 – includes an explanation of how to handle transactions related to supply of services
- SAP Notes 737091 and 1512666 give you examples of VAT tax code settings according to law and system behavior. It is also important to use tax procedure -TAXPL- which is specific to Poland. This covers the combination of county-specific and enterprise-specific tax requirements.
- All VAT-related transactions can be reported with the “VAT Register” report. This report allows you to collect data to prepare a VAT monthly declaration. For information on how to read this report, see SAP Note 749334.
- You need to report all European Union transactions quarterly or monthly – this is the customer’s decision. SAP Notes 732750 and 751796, and other notes that are connected to this one, support you in successfully implementing and using an EC declaration.
In 2007, SAP AG developed and delivered a new solution for Poland, called VAT due date. This was successfully delivered by SAP through SAP Note 1023317 and related notes. This new functionality is available for all customers and can be activated on company code level. SAP Notes 1038448 and 1232484 can give you additional information that will support you to properly implement Polish. In some cases, this date needs to be used as the base for exchange rate to properly calculate VAT value in Polish currency. You can find an explanation of this topic in SAP Notes 730466 and 1042318, and in point 3 of SAP Note 1232484.

Polish VAT Law requires a document called an “internal invoice.” This document needs to be prepared for EU purchase transactions and for transactions that document internal usage of materials for advertising and representation. SAP Note 741000 can support you in implementing internal invoice functionality.
Let’s now look at some important information about invoicing.

One of the important rules for Poland is related to rounding. Price determination procedures should be based on the following calculation procedure: price * quantity = value on the printout. The price determination and the result on the printout should be verified with a local expert.

The Ministry of Finance Decree from March 28, 2011 (act register number 68, item 360), explains in detail how to prepare the invoice printout, how to correct invoices, and how to handle the down payment process. SAP Note 1366069 helps you prepare your own printing format for invoices.

Correction invoice functionality for Poland is often confused with standard “credit memo” functionality, which cannot be used in Poland. The most important difference is that the correction invoice must show, on the printout form, values that were presented on the original invoice and how they should be presented after changes. The standard solution also covers a “corrections to corrections” processes that is specific to Poland. SAP Notes 840723 and 1048202 can support you in properly setting up a system, and give you a better understanding of Polish requirements.
The last invoicing topic is related to the down payment process. This Polish-specific process is covered by the standard SAP solution. It includes invoicing and correction invoice processes. SAP Note 818079 gives you the details about this functionality.
Other Tax Issues

Separation of non-deductible tax accounting entries
- Separate G/L accounts
- Necessary specifications in the additional field

Issues related to exchange rates
- SAP Note 1330330 – Poland Exchange Requirement

To determine corporate income tax, you can make the distinction between deductible and non-deductible costs via separate G/L accounts. Alternatively, you can make necessary specifications in the assignment field or another field (for example, Reference code 1 or Reference code 2).

According to Polish law, revenues and costs in foreign currencies are converted to zloty according to the average exchange rate announced by NBP as of the last business day preceding the day of revenue generation/cost incurrence. You can find more information in SAP Note 1330330 – Poland Exchange Requirement.
DMEE is the SAP mechanism that makes it possible to generate media carriers for the purpose of outgoing payment realization. A global SAP policy assumes two formats per country (one domestic format and one international format). However, Poland uses two additional formats for taxes and social security payments. Therefore, it was decided to include those formats for Poland in the standardized SAP solution. Both formats are freely available under the valid license of a service contract. During preparations of the DMEE standard for Poland, SAP Poland decided it would be worth concentrating on a single main standard: Elixir-0, which is the most commonly used standard in financial institutions. You can find more information in SAP Note 1330264 - New Payment Format (DMEE) for Poland (Eliksir-O) and SAP Note 1364049 - DMEE for Poland – how to use.

Each Polish bank has its own specific format based on the MT940 standard. Usually, banks offer two main types of the file format: with an structured or unstructured descriptive field :86:. Depending on the format delivered by the bank and specific client requirements, appropriate interpretation algorithms and developments can be delivered.

The SAP standard, delivered with standard FI installation, consists of the basic recognition of bank account number, assignment to the proper house bank created in the system, and the payment amount only. All other enhancements are customized during the implementation process.
Valuation

Valuation of foreign bank accounts FIFO

- SAP Note 1333077 - RFIDPL19 - Exchange rate differences FIFO valuation (Poland)
- SAP Note 634419 - Exchange rate differences FIFO valuation - only for Poland

Interest calculation

- SAP Note 863296 - Poland: New regulation on interest calculation

- Polish-specific report RFIDPL19 allows for both calculation and posting of exchange rate differences from FIFO valuation.

- More information can be found in SAP Notes 1333077 - RFIDPL19 - Exchange rate differences FIFO valuation (Poland) and 634419 - Exchange rate differences FIFO valuation - only for Poland

- As of January 1, 2004, there is a new law in Poland concerning interest calculation on late payments in commercial transactions. This law allows the creditor to demand interest for transactions for the period from the 31st day after the document date until the due date. For this time period, "statutory" interest rate must be applied.

- More information can be found in SAP Note 863296 - Poland: New regulation on interest calculation.
It is important to store Polish Classification of Fixed Assets (KŚT – Klasyfikacja Środków Trwałych) in the asset master data. This classification is important for taxation purposes and statistical reporting. Classification values indicate allowed depreciation method and rate. In Poland, asset classes are usually created according to this classification. However, if it is not possible in a multinational system environment, the Evaluation key 1-5 fields can be used for this purpose.

For reporting purposes in Poland, it is necessary to use at least two valuation areas: balance sheet valuation area and tax valuation area. According to tax law and business practice, depreciation keys are calculated based on the percentage rate. That is why a special set of depreciation keys for Poland is needed.

According to common business practice, the net value of the asset should be posted to a different G/L account indicated by the type of disposal. This makes it necessary to perform additional customizing for this purpose.

As asset chart is a vital part of financial reporting. It is usually expected that its definition will be adapted to the customer’s needs.
Lesson Summary

You should now be able to:

- Explain the most important legal and business requirements
- Describe enhancements and other developments for Poland
- Have a comprehensive understanding about the country-specific implementation for Poland
- Use the solution for tax and accounting requirements
Related Information

For more information on topics discussed in this lesson, see the following references:

- Important SAP Notes for Poland:
  - SAP Note 64391 - Polish version availability
  - SAP Note 96963 - Implementing the Polish country version
- Country version for Poland is available from SAP R/3 4.5B.
- service.sap.com/GKB
- Local consulting
  - www.sap.pl/services
Thank You!

Contact information

SAP Globalization Services:
globalization@sap.com