

**FULL VAT DEDUCTION IS RETAINED EVEN IF COMPANY CAR PARKED OUTSIDE
THE LOCATION OF THE COMPANY'S REGISTERED OFFICE**

We wish to draw your attention to a ground-breaking case dealt with by the Provincial Administrative Court ("PAC") in Kraków (case no. I SA/Kr 1834/14). The court held on 20 January 2015 that the fact that employees or associates of a taxable person park their company cars outside the location of the person's registered office does not in itself mean that the car is being used for non-business purposes. In this way, PAC reversed an adverse ruling by the Finance Minister where the authority denied full VAT deduction in respect of company car expenses.

The case involved a company engaged in distribution of leaflets and other advertising literature. Given the nature of this business, it was reasonable for the company to provide passenger cars to its employees and associates who worked irregular hours seven days a week.

As one of the reasons for its judgement, PAC stated that full VAT deduction in respect of company car expenses, e.g. lease payments, fuel, carwash, is available even where the car is parked outside the location of the company's registered office. However, the conditions are that:

- this is reasonable given the specificity of the company's business, and is authorised in relevant internal regulations of the company, and
- the company ensures that appropriate controls are in place to check that the employees/associates use their company cars solely for business purposes.

If this issue pertains to your business and you are interested in our assistance, please contact your WTS&SAJA consultant or our office.

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