

GROUND-BREAKING CASE ON CONTINUOUS SUPPLIES OF GOODS (VAT)

We wish to alert you to a ground-breaking judgement of the Provincial Administrative Court ("PAC") in Łódź (case no. I SA/Łd 1077/14) in relation to tax point in supplies of goods made to the same customer over a period of account (Article 19a.3 VAT Act).

The PAC held that where:

- a taxable person makes continuous recurrent supplies to the same customer,
- and
- **there is an agreement between the person and the customer that such supplies will not be accounted and paid for on a supply-by-supply basis but by reference to their sum total over a period of account,**

then this shall be treated as a supply made at the end of the agreed period of account.

The PAC ruled that, in cases such as this, VAT will not become chargeable separately on each of the individual supplies but on all of them together upon the end of the period of account during which they were made.

The case before PAC involved supplies from consignment stock. Both tax authorities and courts have so far considered that, in the case of such supplies, VAT becomes chargeable on each individual supply and refused to accept that these supplies are continuous in nature.

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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