

FINANCE MINISTER CHANGES EARLIER RULINGS ON REDUCED VAT RATE ON PARTS FOR MEDICAL DEVICES

The Polish Finance Minister ("FM") has been recently of his own motion changing private tax rulings re: application of 8% VAT rate to supplies of spare parts for medical devices. Several of these rulings were changed in late October alone. FM has held that supplies of spare parts for medical devices are to be taxed not at the reduced rate but at the standard rate of 23%.

This change is not a result of any change in law. According to VAT Act, supplies of medical devices are taxed at the reduced rate of 8% (VAT Act Schedule 3, item 105). This rate applies to all goods which are medical devices within the meaning of the Medical Devices (Authorised for Sale in Poland) Act, regardless of their code in the Polish Classification of Goods and Services.

According to the interpretations after the amendment (e.g. one dated 28 Oct 2015, ref. PT8.8101.325.2015/PSG), consumables and spare parts are not medical device equipment and the term "medical device equipment" must not be expanded onto consumables (components) or spare parts. MF claims these parts are separate goods in their own right and may be sold as such. Thus, supplies of consumables and spare parts for medical devices are to be taxed at the standard VAT rate of 23% because the supplies merely involve replaceable elements of medical devices and not medical devices themselves.

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

Doradztwo Podatkowe WTS&SAJA Sp. z o.o.

Delta Building, 4th floor
ul. Towarowa 35
61-896 Poznań
tel. (+48) 61 643 45 50
fax. (+48) 61 643 45 51

Warsaw Office

CENTRAL Tower, 22nd floor
Al. Jerozolimskie 81
02-001 Warszawa

This Newsletter provides general information and is designed to keep you up-to-date with changes in tax law, tax rulings and interpretations, case law development and interesting commentaries.

Doradztwo Podatkowe WTS&SAJA shall not be held legally liable for any acts or omissions that follow from the contents hereof.