Global Template Configuration

Poland

Last Updated: April 2016
## Revision History

<table>
<thead>
<tr>
<th>Date</th>
<th>Revision Notes / Comments</th>
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<tbody>
<tr>
<td>13-Apr-2016</td>
<td>Updated section on Central Bank Exchange Rates tool</td>
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</table>
Disclaimer

The Concur Global Template consists of Expense configurations designed to support the most commonly known configuration and statutory requirements for supporting T&E best practices. The system includes support for specific statutory requirements based on our understanding of “common interpretation” gathered from our experience of in-country legislation through the deployment of Concur into this market. The Country Template represented in this guide is intended to provide customers with a starting point to aid in the deployment of their T&E solution, and should in no way be construed as tax or compliance advice for your business. The template configuration may need to be adjusted to match the requirements of your business, and any legal or statutory requirements should be confirmed with your company’s tax accounting and/or compliance departments before being authorized for configuration into your Concur Expense system.

Updates

Rates and/or regulatory requirements provided as part of the Templates are not guaranteed to be up to date, so any information provided should always be verified by the customer against the current government regulations. Updates are applied through on-going partnership with in-country Concur product marketing teams, liaison with implementing customers, and through collaboration across the various Concur implementation teams deploying in these countries.

The timing of updates can vary by country and feature. For example, certain countries provide regular annual updates to statutory travel allowance and mileage rates, while the rates in other countries are less frequently updated. VAT rate updates are typically less frequent or predictable and can occur at any time and are quite often dependent on broader economic situations. Tax authorities do however typically provide advanced warning where VAT rate or rule changes come into effect to allow businesses time to prepare.

Every effort is made to ensure that where updates are known to Concur that these are applied to the latest version of the template in a timely fashion. Where updates have been applied these will be reflected in any available template documentation.
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Best Practice VAT Configuration Options

VAT Considerations

The intention is to pre-configure the VAT within the Template environment using pre-configured elements to support the statutory VAT requirements in Poland. This will assist with ensuring that users enter the correct information before auditing to ensure compliance with the tax regulations for reclaiming VAT.

Concur will provide recommended best practices for configuring the environment for Poland based on the following model:

- Best Practice configuration options - specific data entry fields and audit rules (where applicable) to control compliance before the expense claim is audited or processed
- 3 Receipt Types (Tax Receipt, Receipt and No Receipt)
Expense Types with Special VAT Handling

Special VAT conditions and data entry requirements for which we include special pre-configured tax handling in the template system

Airfare / Train

VAT is only applicable on Airfare/Train expenses where the destination is domestic and the ticket is purchased within Poland. Even if the City of Purchase selected by the user is within Poland, if the trip is overseas (International) then no VAT is applied. In order to assist in providing the necessary information to calculate VAT on Airfare/Public Transport/Train the user will be required to select from the following options in a drop-down field:

- Domestic Trip
- International (No VAT)

Based on the selection of the value the system will calculate the VAT. Based on the selection of the Receipt Status the system will calculate whether the VAT is reclaimable.

Newspapers/Magazines/Books and Professional Subscriptions

The VAT rate for Newspapers, Magazines, Books and Professional Subscriptions varies depending on what is purchased. VAT on eBooks is set at 23% while for Newspapers this can be either 8% or 23%. Other Books & Periodicals can incur VAT at the rate of 5% or 23%.

In order to assist in providing the necessary information to calculate VAT the user will be required to select from the following options in a drop-down field:

- Standard (23%)
- Reduced (8%)
- Reduced (5%)

Based on the selection of the value the system will calculate the VAT. Based on the selection of the Receipt Status the system will calculate whether the VAT is reclaimable.
Individual Meals

The VAT handling for Meals can vary based on both the type of product purchased as well as the location where the meal is consumed. For example, VAT on Beverages and Alcohol is the Standard 23%, however Fruit Juices are taxed at the Reduced Rate of 8%, while meals purchased from a Takeaway Service incur VAT also at the Reduced Rate of 8%.

The Reclaimable Amount of VAT is also determined based on whether the meal was consumed within a Restaurant or similar establishment. VAT on meals taken in a restaurant is not reclaimable.

In order to assist in providing the necessary information to calculate VAT the user will be required to select from the following options in a drop-down field:

- Restaurant - Standard (23%)
- Restaurant - Reduced (8%)
- Other - Standard (23%)
- Other - Reduced (8%)

Based on the selection of the value the system will calculate the VAT. Based on the selection of the Receipt Status for “Other” the system will calculate whether the VAT is reclaimable. For Restaurant selection the VAT Reclaim % is set to 0.

Non-Reclaimable Expenses (Reduced) - Hotel

Hotel expenses have the Reduced rate of 8% VAT applied however these are non-reclaimable. Hotel is setup in a separate VAT Group which sets the reclaim to 0% irrespective of the Receipt Type is selected.

Non-Reclaimable Expenses (Standard)

The following expenses have the Standard rate of 23% VAT applied however these are typically non-reclaimable. In some cases this is because the rules are ambiguous around whether VAT can be reclaimed. These expense types are therefore setup in a separate VAT Group which sets the reclaim to 0% irrespective of the Receipt Type is selected:

- Alcoholic Beverages
- Car Rental
- Entertainment - Clients
- Entertainment - Staff
- Gifts - Clients
- Gifts/Awards - Staff
- Laundry

**NOTE:** If customers wish to track and reclaim VAT on any of the above this will require working with your Concur Implementation Consultant to scope the additional configuration work required.
Expense Types without Special Handling

**Standard 23%**
- Car Maintenance/Repairs
- Courier/Shipping/Freight
- Fuel
- Marketing/Promotional Costs
- Mobile Phone
- Office Equipment/Hardware
- Office Supplies/Software
- Online Fees
- Parking
- Printing/Photocopying/Stationery
- Seminar/Course fees
- Telephone/Fax
- Tolls/Road Charges
- Tuition Reimbursement

**Reduced 8%**
- Public Transport
- Taxi

**Zero/Exempt 0%**
- Airline Fees
- Bank Fees
- Currency Exchange Fees
- Daily Allowance - Fixed Meals
- Miscellaneous
- Passports/Visa Fees
- Personal Car Mileage
- Postage
- Tips/Gratuities
Exclusions
Special VAT conditions for which we do not include special tax handling conditions:

None
Expense Types Not Activated

The following are a list of standard Expense Types not activated for Poland:

- Company Car Mileage
- Ex Pat Expenses
- Fixed Lodging
- Medical fees
- Non Reimbursable Expense
- Relocation Expenses

Customers who wish to activate these expense types must request this via their Readiness Consultant or Implementation Project Manager.
Travel Allowance

Common Practice

The Polish travel allowance system is based on the duration (number of hours) the traveller is away from his home location during each day of the trip.

The travel allowance reimbursement has tax implications and any reimbursement above government-established travel allowance is viewed as income by the taxation authorities. If a company elects to pay above the government allowance rates, then the company must also track the amount above the allowance as taxable income for the employee.

The most common method of reimbursement in Poland is fixed tax-free allowances for meals and actual expenses for lodging.

Allowance Rates

The Polish government publishes rates for domestic and international travel on an annual basis. Rates include amounts for meals and for lodging.

Domestic rates are published in Polish Zloty (PLN) and foreign rates are published in various currencies and the currency of the rate for the location may or may not match the expected currency for that country. The system will convert these allowances to the employee's reimbursement currency using either the OANDA rates provided by Concur or the corporate conversion rates imported into the application. The source that is used depends on the configuration for the client.

The regulations are not specific on the date of the exchange rate to be used, so there are several options possible that are available to be configured:

- Expense day (default)
- First day in itinerary
- Last day in itinerary
Allowance Rules Overview

The following is a brief overview of the core rules and calculations provided as part of the standard Polish travel allowance solution. For further information, or to review the rules in greater detail, please refer to the Travel Allowance Configuration Guide for Poland.

- Fixed Meals Allowances only (based on the published Government Tax Free rates for domestic and international locations).
- Although Overnight Allowance (for staying with Friends & Family) and Fixed Lodging rates are available, these are not configured in the standard setup.
- The following are rules for determining the travel allowance location:
  
  *The location used is based on where the traveller is at midnight (11:59 PM)*

  *If the user is in transit midnight between a foreign and domestic location, the location for the allowance will be the foreign location.*

  *For foreign trips, the travel commences when the employee crosses the border leaving Poland until crossing the border on return (defined as when the plane takes off or when the user drives across the border).*

- A day of travel is defined as a period of no more than 24 hours beginning from the time that the employee sets out on a business trip from his/her workplace or home. A day of travel ends at 24 hours (when the next day commences) or when the employee returns from a business trip to his workplace or home. **NOTE: The option exists to switch this to a Calendar Day setting when this is arranged in a labour agreement**

- The basis for Polish meals travel allowances is time. The time is calculated on actual length of travel.

- Allowances for Domestic Multi-Day Trips are calculated as follows:
  *More than 8 hours = 50% and 8 to 24 hours = 100%*

- Allowances for Domestic Single Day Trips are calculated as follows:
  *Less than 8 hours = 0%; 8 to 12 hours = 50%; 12 to 24 hours = 100%*

- Allowances for International Trips are calculated as follows:
  *More than 8 hours = 1/3; 8 to 12 hours = 50%; 12 to 24 hours = 100%*

- A percentage of the allowance is deducted when a meal is provided (Domestic 25% for Breakfast or Dinner; 50% for Lunch. Foreign 15% for Breakfast; 30% for Lunch or Dinner).

- For foreign travel, the employee is entitled to the 25% incidentals amount even if all meals are provided, though this may be further adjusted for partial days.
Special Considerations

Definition of a Day of Travel

There are two different definitions for a day of travel commonly in use within Poland; the system may be configured to use either one.

• **24-hour period**: A day of travel is defined as a period of no more than 24 hours beginning from the time that the employee sets out on a business trip from their workplace or home. A day of travel ends at 24 hours (when the next day commences) or when the employee returns from a business trip to his workplace or home. For example, if the traveller departs on day 1 at 4:00 P.M. then the first day of travel is the 24-hour period until the following calendar date at 4:00 P.M., when the second day of travel commences.

• **Calendar date**: The travel allowance day is the 24 hours of the calendar date.

*NOTE*: By default the setting uses 24 Hour Period. If customers wish to configure travel allowance to support Calendar Date this will require a change request via your Implementation Consultant.

Extended Trips

Extended stay rules differ greatly based on labour agreements with the various unions. It is not possible to support all variations on extended stays within a standardized service. Therefore, the service provides 2 sets of variables that can be configured to meet requirements. Each set has one parameter for the number of days that defines the commencement of the extended trip period and another parameter for the percentage of the normal allowance granted per day for days of the trip beyond the extended trip threshold:

• Domestic threshold
• Foreign threshold

*NOTE*: By default the setting is not activated. If customers wish to configure travel allowance to support Extended Trips this will require a change request via your Implementation Consultant.

Combined Lunch and Dinner Deduction

An optional configuration can be used to limit the deduction amount to a maximum percentage when both lunch and dinner are provided. This allows the combined lunch/dinner deduction to be smaller than the total of the individual meal deductions. A different “combined percentage deduction” can be applied to Domestic and Foreign trips.

*NOTE*: By default the setting is not activated. If customers wish to configure travel allowance to support Combined Lunch and Dinner Deduction this will require a change request via your Implementation Consultant.
Exclusions

Overnight Allowance and Hotel Check

It is currently not possible to flag to the employee, approver or processor instances of where a user attempts to claim an Overnight Allowance on the same date as a Hotel/Lodging expense. In most countries the concept of an “Overnight Allowance” is an addition to the Fixed Meals allowance for when an employee stays with Friends and Family. As Concur treats the Overnight as part of the daily meals allowances it is not possible to use the standard Exception Rule to compare a Meals expense with a Lodging expense on the same date.

The current workaround is to activate the itemization of Fixed Meals so that the Overnight amount is saved as a separate expense on the report. An audit rule can then be flagged to the approver/processor upon submission to highlight any expense reports which include both Hotel/Lodging and Overnight expenses (this will not check that they occur on the same date, only that they both exist on the claim).
Mileage Rates

Personal Car Mileage

Personal Car Mileage in Poland is pre-configured with the following rates:

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Rate per km</th>
</tr>
</thead>
<tbody>
<tr>
<td>Car up to 900cc</td>
<td>0.5214 PLN</td>
</tr>
<tr>
<td>Car over 900cc</td>
<td>0.8358 PLN</td>
</tr>
</tbody>
</table>

Company Car Mileage

No statutory Company Car Mileage rates are configured as part of the EMEA Template for Poland.
Other Known Legislative Requirements

Central Bank Exchange Rates

It is common that the exchange rates used for international travel must be based on the published rates from the central bank. This means that external exchange rate providers or company defined exchange rates are usually not accepted for calculations.

A standalone application has been developed by the Concur EMEA Technical team with the intent of helping clients overcome regional issues with Bank exchange rates. Currently there are applications available that retrieve Central Bank Government Exchange rates for specific countries (Poland, Russia and the Czech Republic).

There is a separate application for each country, although they each work in a similar way. The general process is as follows:

- The application reads the source XML file posted by the National Bank. For Poland the source is:

  http://www.nbp.pl/kursy/xml/LastA.xml

- The application processes the information in the source file and transforms it into data elements required by the Concur Exchange Rate Import.
- The application creates a text file according to the Concur Exchange Rate Import specification.

Requirements and restrictions

- It is a Microsoft Windows application and requires internet access when executed to retrieve the data from the website of the National Bank.
- The source for the daily rates is currently hard-coded in the application. If this changes, the application will not work.
- The application does not run by itself. It needs to be scheduled or manually executed daily to produce the exchange rate files.
- The output of the application is a text file according to the Concur Exchange Rate Import specification. It DOES NOT encrypt the file or transfer it via FTP to Concur.

Disclaimer

The tool is not available as part of the core Concur solution and is not integrated as standard. The application can only be provided to each client after they have signed a disclaimer.

**NOTE:** Customers who wish to discuss the use of the exchange rate tool in more detail should reach out the Implementation Project Manager and/or Technical Consultant.