

# Limit 200,000 PLN and VAT

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## ▣ Introduction

Not every entrepreneur has to be a VAT taxpayer right away. In Poland, there is a so-called **subjective VAT exemption** – meaning you can run a business without registering as a VAT payer, **if your annual turnover does not exceed 200,000 PLN**. This solution is particularly beneficial for beginner sole proprietors and freelancers.

## ▣ 1. What is the 200,000 PLN limit?

According to **Article 113 of the VAT Act**, an entrepreneur **can benefit from VAT exemption** if **their sales to individuals and businesses do not exceed 200,000 PLN gross annually**.

▣ This exemption is **voluntary** – you can give it up at any time.

## ▣ 2. Who can benefit from the exemption?

The VAT exemption applies if:

- ▣ Your **gross turnover** from business does not exceed 200,000 PLN in a given year,
- ▣ You do not provide services or sell goods that **by law must be subjected to VAT** (list of exceptions below),
- ▣ You conduct your business **on the territory of Poland** and do not primarily sell to the EU or outside the EU.

## ▣ 3. How to calculate the limit?

For the limit, **you include the gross sales value** (i.e., with tax, even if you are not formally charging it), excluding:

- sales of fixed assets (e.g., sale of an old company laptop),
- intra-community supply of goods, export, import of services,
- transactions not subject to VAT taxation in Poland.

☐☐ The limit **applies to the entire company** – not just one service or ancillary activity.

## ☐☐ 4. Proportional exemption when starting business during the year

If you start your business, e.g., on June 1, the limit is calculated proportionally:

**200,000 PLN × (number of days until the end of the year / 365)**

☐☐ Example: start June 1 = 214 days →  $200,000 \times 214 / 365$  **approx. 117,260 PLN gross**

## ☐☐ 5. Who cannot benefit from this exemption?

Regardless of turnover, **you must be a VAT payer from the first sale** if you conduct activities:

- Advisory, legal, accounting services
- Jewelry services
- Sale of goods subject to excise tax (alcohol, cigarettes)
- Hairdressing, beauty, catering services
- Trade in electronics, car parts
- Shipping sales from Poland to the EU (e-commerce) (usually through OSS)

## ☐☐ 6. What happens after exceeding the limit?

☐ After exceeding the limit:

- you lose the right to exemption **at the moment of the transaction that exceeds 200,000 PLN** – not just after a month!
- you are required to **register for VAT-R** before the next sale,
- from that moment on you must:
  - issue invoices with VAT,
  - submit **JPK\_V7** files,
  - maintain VAT records,
  - apply mandatory split payment (if applicable to your industry).

## ☐ 7. Voluntary resignation from the exemption

You can resign from the exemption at any time if:

- you want to deduct VAT on purchases,
- you collaborate with VAT payers (B2B),
- you operate in e-commerce or sell abroad,
- you use platforms like Google Ads, Meta, Amazon – which require active VAT-UE.

☐ Resignation occurs by submitting the **VAT-R** form with the appropriate indication.

## ☐ Legal basis

- **VAT Act**, Article 113, paragraphs 1–13
- Regulation of the Minister of Finance on exemptions from the registration obligation
- Tax explanations from the Ministry of Finance
- Individual interpretations from KIS

## ⇒ Summary

Sales up to 200,000 PLN/year (gross) – general services - ☐ Yes, you are entitled to exemption

You provide advisory or legal services - ☐ No, you must register for VAT

You exceeded the limit of 200,000 PLN - ☐ Registration is mandatory

You want to resign from the exemption voluntarily - ☐ Possible through VAT-R