

# VAT REFUND FROM PROPERTY PURCHASE

Investment units are becoming an increasingly attractive investment product for both entrepreneurs and private individuals who do not conduct business activity, as they offer the possibility of reclaiming 23% VAT charged on the purchase. The VAT refund procedure itself is not complicated; however, several conditions must be met and certain formalities completed before signing an agreement with the developer. Investment units are available within the IZERA PARK development.

## ***Who can reclaim 23% VAT?***

An entrepreneur, a self-employed individual conducting business activity, or a private individual not conducting business activity but registered as an active VAT taxpayer.

## ***On what basis can 23% VAT be reclaimed?***

- The purchased unit must formally be a commercial, non-residential property subject to 23% VAT.
- The unit must be used for income-generating activity and for VAT-taxable transactions, e.g. rental.
- Before signing the agreement with the developer, the purchaser should register with the competent tax office as an active VAT taxpayer (submit form VAT-R) and provide a tax identification number (NIP).
- Individuals who do not yet have a NIP should submit form NIP-7 to the tax office competent for their place of residence.
- After purchasing the unit, VAT returns (VAT-7) and JPK-VAT filings should be submitted, indicating the output and input VAT amounts.
- All invoices must be paid from a bank account disclosed in the taxpayer register (the so-called 'white list').
- The VAT refund period is between 25 and 180 days from the date of filing the VAT return for the relevant period in which the VAT refund request was declared.

## ***Can I reclaim VAT on an ongoing basis after each payment to the developer?***

Yes. A taxpayer may exercise the right to deduct VAT progressively based on advance payment invoices received in connection with the purchase of the unit. There is no need to wait until legal ownership of the property is transferred or until the property begins generating rental income.

*The above information is of a general and informational nature only and does not constitute tax or legal advice. For a detailed tax interpretation, consultation with a tax advisor or legal professional is recommended.*