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The deposit and return system that will go into effect in October 2025 fundamentally changes the management of beverage packaging waste. Businesses will face numerous challenges: adapting their accounting procedures, modifying IT systems and fulfilling strict reporting requirements.

Implementation of EU directives into the Polish legal system

The legal foundation of the deposit and return system in Poland is the Act of 13 June 2023 amending the Packaging and Packaging Waste Management Act and certain other acts. The Act implements EU regulations, in particular Directive 2019/904 (so-called SUP Directive) on the reduction of the impact of plastics on the environment. Completing the system are the implementing regulations that detail its operating aspects, including the amount of deposit set at PLN 0.5 for PET bottles and aluminum cans, and PLN 1 for glass bottles. The new regulations introduce the obligation of separate collection of packaging waste in order to increase recycling rates. The Ministry of Climate and Environment is working on regulations on issuing, withdrawing and amending deposit and return system operating permits. Together the regulations form a comprehensive legal framework for the operation of the system, which will go into effect as of October 2025.

Motivating consumers to return packaging through a system of incentives

The deposit and return system covers three categories of beverage packaging: PET bottles up to 3 liters, metal cans up to 1 liter, as well as reusable glass bottles up to 1,5 liters. The mechanism is based on financial motivation of consumers – a deposit is collected when a beverage is purchased and refunded when the empty packaging is returned. All of the outlets selling beverages in packaging covered by the system must collect the deposit, whereas the requirement to collect empty packaging applies to stores with an area over 200 m². Smaller outlets can participate in the system voluntarily. Consumers will be able to return packaging at any collection point without having to show a receipt.

Exemption of deposit from taxation with VAT

The deposit and return system is subject to special rules of VAT taxation – the deposit is not subject to the tax, as it is not a fee for the supply of a good or service, but only a security deposit for the return of the packaging. Sellers must disclose the deposit on sales documents as a separate item that is not part of the VAT taxable base. There is also no taxation obligation when the packaging is returned and the deposit refunded. Whereas the sale of the beverage itself is subject to standard VAT rules. It should be noted that the



first purchase of packaging by the beverage producer is taxed, whilst the subsequent circulation in the deposit and return system is tax neutral. In consequences, traders must adapt their invoicing and sales records to properly distinguish the value of the goods from the deposit.

Deposits treated as a liability rather than taxable income

The deposit and return system creates special tax conditions for various participants in the chain. For system operators, the collected deposits are a liability rather than taxable income. Only unused deposits, not collected by the consumers after a specified time can be classified as taxable income. All of the costs of organizing and running a deposit and return system – the infrastructure, logistics, personnel – are tax-deductible. Also for the producers and sellers taking part in the system the collected deposits are not taxable income, but a liability. Refunding a deposit to a consumer only decreases that liability, while remaining tax neutral. Expenses related to adapting to the deposit and return system – information systems, machines to collect packaging, training – can be claimed as tax-deductible, whilst investments in infrastructure are subject to standard depreciation rules.

Accounting systems to be changed to distinguish deposit and return operations

Implementation of the deposit and return system requires major changes to accounting systems. Accounting policies need to be updated to reflect the new rules for the recognition of



deposits in accounting records and tax declarations. Charts of accounts must be expanded to include subsidiary accounts to record collected, refunded and overdue deposits. Invoicing systems need to be modified to enable proper disclosure of deposit amounts on sales documents, clearly distinguishing them from the value of the goods. Special attention must be given to the handling of deposit returns, including their proper documentation and recognition in VAT records. Businesses must ensure they are able to generate correct VAT declarations for deposit return transactions that take place in reporting periods other than the sale, as well as prepare mechanisms for electronic reporting to the tax authorities.

Detailed recording of the circulation of packaging and deposits

The obligation to keep a detailed deposit and return system record goes beyond standard accounting requirements. Businesses must record all transactions involving the collection and refund of deposits broken down by packaging type. Each operation must show the date the deposit was collected, the date of its return, if applicable, the amount and the packaging details. The record must show cases of deposits not returned after a specified time, which may affect their tax status. Special care must be taken to document transactions with entities exempt from VAT and consumers without the status of taxable person. The record should also reflect transactions with the deposit system operator, including the collection of deposits and the receipt of refunds for returned packaging. The accounting system must be ready to quickly generate reports at the request of the tax authorities.

Providing verified data to supervisory authorities

Implementation of the deposit and return system introduces an extensive set of reporting obligations. System participants must prepare periodic reports for system operators, environmental protection organs and voivodship offices.

The reports are to include detailed information on the packaging placed on the market and covered by the system, broken down by type of material and product category. The quantity of packaging collected must also be reported, along with information on how it will be managed. Reporting includes financial data on deposits collected and returned, as well as the costs of operating the system. It is important for the data to be verified by independent auditors, which raises the formality of the reporting process. Failure to comply with reporting obligations may lead to financial penalties, including administrative fines. Businesses should therefore implement reliable systems for the collection and verification of data.

Scope of entity's responsibilities dependent on its role in the supply chain

A multi-faceted legal and operational analysis needs to be performed in order to determine whether an entity is subject to the regulations of the deposit and return system. It is essential to determine the role of the entity in the supply chain (producer, importer, distributor, sales outlet) and the category of the products being placed on the market. Subject to verification are the types of packaging used in the context of the definitions contained in the regulations. It is important to analyze the scale of operations, including the amount of annual sales of products in packaging covered by the system, as well as the sales area (200 m² threshold for mandatory collection of packaging). The entity's organizational and capital structure must also be examined, which is relevant to determining the scope of responsibilities at groups. The process includes an analysis of contracts with counterparties for the ability to transfer certain responsibilities related to the deposit and refund system, as well as identification of applicable exemptions, if any.

Integrating deposit and refund system with internal business processes

Adapting internal procedures to the requirements of the deposit and refund system requires comprehensive



changes to existing processes and the development of new regulations. It is necessary to prepare detailed instructions on labeling products in accordance with the requirements of the system, with information on the amount of the deposit and how to return the packaging. Sales departments will need guidelines on informing consumers about how the system works. Sales outlet employees will need clear instructions on how to accept returns and refund deposits. Procedures must describe the rules of working with the system operator, including the manner in which packaging will be transferred and the related costs accounted for. It is necessary to develop internal mechanisms for quality control of processes and procedures in the event irregularities are detected. The procedures should also include rules for recording transactions, documenting packaging placed on the market and accepted returns.

Organizing technical and logistical infrastructure to handle returns

In addition to the tax and reporting aspects, the deposit and return system imposes on its participants a number of other technical and organizational obligations. Retailers operating stores larger than 200 m² must set up packaging collection points, providing adequate space, equipment and trained personnel. All entities participating in the system are required to inform consumers about system rules using clearly visible signs and information materials. Beverage producers and importers must properly label the packaging covered by the system with special symbols. Deposit and return system operators are responsible for providing a comprehensive logistical infrastructure for the collection, transport and processing of packaging. A key requirement is to maintain the quality of the collected packaging to enable it to be recycled. All system participants must implement IT solutions to track the circulation of packaging throughout the chain.



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