



**KSeF will increase
the effectiveness
of transfer pricing audits**

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The introduction as of 2026 of mandatory e-invoicing via the Domestic e-Invoice System (KSeF) will have a significant effect on how transfer prices are accounted for and audited in Poland. The central database of structured invoices will give the tax authorities an unprecedented access to information on intra-group transactions, thereby increasing error detection and audit risk.

I. Mandatory e-invoicing implementation timetable

The Domestic e-Invoice System has been operating on an optional basis since January 2022. Whereas mandatory invoicing will be introduced in stages: as of 1 February 2026 for large taxable persons with more than PLN 200 million in sales for 2024 and as of 1 April 2026 for the remaining taxable persons. The smallest taxable persons with few invoices have until 1 January 2027. There will be facilitations during the transition period, i.e. until the end of 2026, such as no penalties for e-invoicing errors and the ability to issue invoices under the existing rules in special cases. This invoicing revolution means that as of 2026 nearly all sales invoices will go directly to the central KAS database.

II. Centralization and accessibility of transaction data

KSeF will provide the tax authorities with accurate and detailed information on all transactions in a structured format and virtually real time. All sales invoices will go to the central KAS database, giving the tax authorities unprecedented insight into company operations, revenues, costs and relationships with counterparties. Taxable persons will get standardized and complete data on invoices, which will make it easier to aggregate and filter transactions for the purposes of preparing local transfer pricing files and TPR information. The data in KSeF are characterized by high quality, are structured according to a consistent data model (FA(1), FA(2) etc.), which limits errors typical for manual data entry. This reduces the risk of omitting an invoice when preparing transfer pricing documentation.

III. Higher detectability of controlled transactions

The centralizing and structuring of invoices will make controlled transactions with related parties much more visible to the tax authorities. They will be able to filter invoices by key words or goods and services group codes,

which will allow them to pick out intangible transactions such as licensing fees, trademark fees or management support services. The ability to trace the invoice chain will make inter-company cost invoicing models transparent to the tax authorities. KSeF data can be cross-referenced with other records to identify company ownership structures, which will enable partially automated selecting of transactions for audit. This also applies to transactions with foreign entities – if a Polish company issues an e-invoice to a group entity abroad, the invoice will go to KSeF and will be visible to the tax authorities.

IV. Impact on documentation requirements and enforcement of thresholds

The tax authorities will be able to add up the values of all the invoices between a taxable person and their counterparties and check if transaction thresholds have been exceeded, even when split up into several minor invoices. KSeF will make it easier for the tax authorities to catch situations where a company tries to circumvent the requirement to prepare documentation by splitting



transactions between several related customers or suppliers. They will compare information from TPR forms with the actual data in KSeF, forcing more disciplined and diligent reporting. As a reminder, the definition of homogenous transaction in transfer pricing regulations requires adding up the values of similar transactions with the same entity, and KSeF will let the tax authorities catch attempts at avoiding documentation by splitting payments. This also applies to transactions with entities from tax havens, which have a low documentation requirement threshold (PLN 100 thousand) – if a material amount shows up in KSeF for a counterparty from a tax haven, the absence of documentation could alert the tax authorities.

V. Change in tax risk profile

The systemic disclosure of data in KSeF significantly increases the risk of being chosen for a tax audit for entities that perform intra-group transactions. The tax administration will have the ability to compare the financial results and transaction structures of several taxable persons at the same time, which makes it easier to identify anomalies. KAS will be able to create scoring models that automatically identify entities potentially violating the arm's length principle. If a company shows low profitability, while at the same time KSeF shows that it incurs significant costs for a related party, the risk of an audit will increase considerably. Transactions that were previously difficult to detect, such as intangible services, know-how fees or shared costs, will become the target. By collecting a huge amount of data the tax authorities will be able to see profitability that stands out from the industry average, which can be a straightforward path to questioning transfer prices.

VI. New benchmarking capabilities for the authorities

Having a centralized collection of invoices from across the entire economy the tax administration will gain a tool for analyzing prices and margins in both controlled and market transactions. KAS can aggregate data from KSeF in order to identify typical prices or profitability for specific goods and services in transactions between unrelated parties. By combining data from KSeF with data from CIT, the tax authorities will have a cross-sectional understanding of industry profitability. If the majority of independent distributors buy a product for a certain price, whilst a related party acquires a similar product much cheaper or dearer, KSeF will make it possible to catch this difference. For taxable persons this may mean greater benchmarking quality requirements – being aware of typical industry rates the tax authorities may question the analyses they produce as unrepresentative.

VII. Integration with KAS analytical tools

The Ministry of Finance is already signaling the use of KSeF data by KAS analytical tools for audit purposes. KSeF will be integrated with existing risk analysis systems, enabling automatic detection of deviations from the arm's length principle by comparing prices, analyzing margins, identifying models and cross-referencing with other databases to identify capital links between counterparties. Analysis scenarios include comparing prices of goods/services from invoices between related parties with prices from invoices between unrelated parties, evaluating whether margins from related transactions differ from the typical, as well as detecting characteristic patterns. It is possible that KAS systems will be enlarged to include Transfer Pricing Analytics modules that operate similarly to BI tools, generating discrepancy reports and indicating areas to be audited. Taxable persons can be certain that every invoice in KSeF will potentially pass through the filter of KAS audit algorithms.





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VIII. New procedural and operational challenges

Mandatory KSeF means the need to adapt invoicing systems and procedures, including to properly describe invoice items and use appropriate codes. Accounting departments must introduce procedures for the ongoing monitoring of KSeF related party invoices and verifying compliance with their transfer pricing policies. Companies should prepare for quicker audits and questions and train their accounting personnel in the significance of transactions from a transfer pricing standpoint. They need to establish standards for describing related party transactions on invoices and marking related counterparties in the ERP system. Periodic reports have to be generated from KSeF showing the value of transactions with related parties, which will enable early detection of an approaching documentation threshold or unusual price deviations. This will require increased cooperation between the IT, accounting and tax departments.

IX. Threats and opportunities for taxable persons

KSeF gives better access to structured data, which makes it easier to prepare transfer pricing documentation, reduces some reporting obligations and makes it possible to identify problems and correct errors more quickly. The main threats are increased risks of audits and additional tax assessments, greater evidentiary requirements, incorrect interpretation by the tax authorities, additional administrative burden and shorter time afforded to the taxable person to respond to any irregularities detected by the tax authorities. Entities with correct accounts are likely to have fewer random audits, as the algorithms will direct attention to the actual “risk takers”. There is, however, a risk that automation will generate “false alarms” by failing to consider exceptional circumstances (proper economic context). Taxable persons have to be more proactive and dynamic, and the best strategy is to actively utilize KSeF data on their own – before the tax authorities do so.



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