

NEWS

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Electronic Registration of Sales



Jana Kotíková
Tax advisor

Electronic registration of sales (EET) is a method of registering sales accepted in cash. Data concerning each transaction made by a trader are sent to the tax administration and each cash-register receipt contains a unique code. The first stage of the electronic registration system was originally due to start on 1 December 2016; however, the latest information indicates that the launch date might be extended by at least one month. The final decision should be made by the end of August 2016. Authentication data can be acquired as of 1 September 2016.

The accompanying law will involve two further positive tax changes in addition to the introduction of EET. The rate of VAT on catering services shall be reduced from the basic rate to the first reduced rate of 15 % as of the date of EET launch. Furthermore, 'natural persons' (non-corporate entrepreneurs) can lower their annual tax liability by a tax credit of up to CZK 5000, but only in the tax period in which the entrepreneur registers for EET for the first time. Legal entities are not entitled to this tax credit.

Who?

EET will apply to those entities and transactions that meet both of the following requirements at the same time:

1. Frequently arising forms of business income that are subject to income tax, are not tax exempt and are not subject to withholding tax.
2. Sales accepted in cash, with payments by cheque, voucher or payment card being considered as payments in cash.

A government decree may list a group of sales the registering of which would render the efficient and smooth business operation impossible or difficult and that would thus be excluded from EET. Such a decree has not yet been adopted. Currently, a proposal is being discussed that such an exception be granted to farmers' markets which, however, does not seem very likely for the time being.

There is no link between EET in its current form and VAT payments and EET is not conditional on achieving a certain turnover. Currently, initiatives are emerging that seek either to limit EET to VAT payers with a monthly tax period or to at least exclude small entrepreneurs, depending on their annual turnover. However, these amendments are not likely to be approved either.



Václavské nám. 40
110 00 Praha 1
www.alferypartner.com

Fax: +420 221 111 788
Tel.: +420 221 111 777
E-mail: info@alferypartner.com

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When and what?

EET should be implemented gradually in 4 stages. For the sake of clarity, activities belonging to each stage are listed below in a simplified way. NACE classification of the given activity is relevant in order to assign the activity to the respective stage. The exact launch dates of specific stages may still change subject to a possible extension of the date of EET implementation.

Stage	Activities
as of 1. 12. 2016	accommodation and catering services
as of 1. 3. 2017	wholesale and retail trade
as of 1. 3. 2018	all activities except for selected craft trades and production activities
as of 1. 6. 2018	all activities

How?

Taxpayers who are subject to EET have to request authentication data from the tax administration, thus registering in the electronic registration system. At the same time, they have to install a certificate (available on the website of the tax administration) in their device.

Persons subject to EET must have a device that enables the printing of receipts and internet access and includes software enabling EET administration. The choice of device and software lies within the competence of the entrepreneur.

Upon a cash sale, the device sends a data message containing data regarding the accepted payment to the tax administration. Such a message should always include the heading, dates and control codes. Then the entrepreneur must wait for the code of the specific transaction, the "fiscal identification code" (FIK) which should not take more than 2 seconds. The receipt issued should always include this code as it serves to identify the specific transaction. Entrepreneurs subject to EET are obliged to issue a receipt containing this code but the customer is not obliged to take the receipt.

The customer's obligation to require and accept the receipt and the receipt lottery related thereto, as originally proposed, have not been incorporated in the final version of the Act on Electronic Registration of Sales. There are, however, rumours that it might be implemented within some of the following EET stages.

Problems?

In the case of a power, internet or cash register failure, the entrepreneur may issue a receipt without the unique code and has to send data concerning the given transaction immediately after the connection is restored but no later than within 48 hours of the transaction. The same procedure applies if there are problems on the part of the tax administration.

If it is necessary to cancel a receipt, the information shall be sent in the same way as in the case of sales, stating a negative value.

Warning: All of the above mentioned is of a general indicative nature only and is not comprehensive. The purpose is only to draw attention to the most important points of the amendments and changes. No damage claims for steps made based on the information shall be accepted. If you use information included in this document, you will only do it at your own risk and responsibility.

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