



## Information for clients No. 2

Czech Republic  
April 2016

### Electronic Registration of Sales

*The Act on Electronic Registration of Sales (hereinafter the "EET" - Czech abbreviation) was published in the Collection of Laws as No. 112/2016. It will gradually affect all businesses/entrepreneurs who accept cash payments for their goods/services. The first of them will start electronically registering their cash-paid sales on 1 December 2016.*

#### Who is concerned?

The duty to electronically register revenues will cover both legal entities and individuals who generate revenues from their business activities.

EET will be introduced in several phases based on the type of business activity generating the cash-paid revenues:

| Phase | From         | Business sector                                                                                     |
|-------|--------------|-----------------------------------------------------------------------------------------------------|
| 1     | 1 Dec. 2016  | accommodation and catering                                                                          |
| 2     | 1 March 2017 | wholesale or retail                                                                                 |
| 3     | 1 March 2018 | other activities except those listed in phase 4; e.g. freelance occupations, transport, agriculture |
| 4     | 1 June 2018  | selected crafts and production operations                                                           |

#### What revenues must be registered?

All payments received in cash, by card, cheque, bill of exchange, luncheon voucher or by similar means (hereinafter "cash-paid revenues") must be registered. Sales paid by bank transfer, vending machine or payments associated with sporadic income are not subject to electronic registration.

#### What needs to be done?

At the moment of sale, the business unit will send the data on the sale to the Financial Administration's central data storage and will receive back a unique code immediately (the on-line form of EET). Then it has to issue a sales receipt bearing this unique code.



The receipt can be given to the customer either on paper or in electronic form, such as a phone text message (SMS).



The customer will then be able to verify online that the receipt has been registered. Not only cash-registers but also tablets or smart phones connected to a printer can be used as cashier equipment. Suitable software installed and an internet connection are the basic prerequisites.

The law stipulates sales registration in a simplified off-line mode for selected entities. It will be possible to ask the tax authority for permission to register sales in the simplified mode should the on-line evidence disable or significantly impede the smooth and efficient conduct of the business. This will typically apply to situations where there is no Internet connection at the business unit. In such cases, data on cash-paid revenues will have to be sent to the Financial Administration's system within 5 days.

The law also addresses the process in case of an Internet connection failure or technical problems within the on-line EET system.

### Tax relief

Individuals will be provided with

one-off income tax relief in the amount of up to CZK 5,000 in the year of their EET introduction.

The VAT rate will decrease from 21% to 15% for catering services simultaneously with the EET's launch (1 December 2016).

### Sanctions

A fine of up to CZK 500,000 can be imposed on a business/entrepreneur who fails to report revenue or to issue a receipt. Suspension of the business licence or closing down the business premises can be imposed in severe cases. A business unit that fails to post information at the point of sale that it is subject to the EET duty will risk a fine of up to CZK 50,000.

[www.e-trzby.cz](http://www.e-trzby.cz)

The Financial Administration has launched an official EET project website.

We recommend businesses/entrepreneurs with cash-paid revenues to find out from when the EET concerns them so that they can arrange the computer technology and obtain the system login data in time.

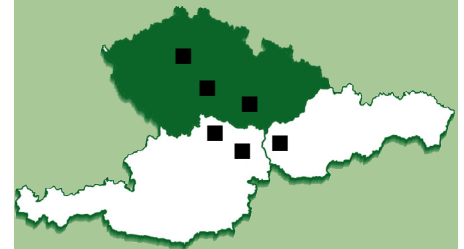


**Mag. Natália Šenková, LL.M.**  
Head of the Brno Office  
T: +420 542 422 604  
[natalia.senkova@auditor.eu](mailto:natalia.senkova@auditor.eu)

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Mag. Georg Stöger

**International Tax issues**

Marie Haasová

**Accounting**

Iva Tolde

**Tax advisory**

**Office Prague**

Haštalská 6, Prague 1

T: +420 224 800 411

[paha@auditor.eu](mailto:paha@auditor.eu)

**Office Pelhřimov**

Masarykovo nám. 30, Pelhřimov

T: +420 565 502 502

[pelhrimov@auditor.eu](mailto:pelhrimov@auditor.eu)

**Office Brno**

Dominikánské nám. 4/5, Brno

T: +420 542 422 601

[brno@auditor.eu](mailto:brno@auditor.eu)

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