



## Information for clients No.4

Czech Republic  
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*We are once more revisiting this year's amendment to the VAT Act: this time we will address the new regulation of invoicing rules.*

### GFD Information

On 28 March 2013, the General Financial Directorate (GFD) published information on its website concerning invoicing rules (Information Ref. No. [10148/13/7001-21000-506729](#)), thus responding to the amendment to the VAT Act which has been in place since 1 January 2013 and concerns implementation of the European Invoicing Directives (Council Directive 2010/45/EU amending Directive 2006/112/EC on the common system of value added tax as regards the rules on invoicing).

In the introduction to the published information, the GFD stresses that **holding a tax document with all the characteristics** required by the VAT Act is

**one of the essential conditions for the deductibility of VAT.**

The GFD further describes the specific conditions and characteristics of tax documents and guidance for assuring compliance with the set requirements.

### Characteristics of tax document

For a tax document, **the following must be assured during the entire period** from its issue until the end of the period of storage, i. e. for a period of ten years:

- **authenticity of origin**, i. e. identity of the supplier, or identity of the person who legitimately issued the tax document;
- **integrity of content**, i. e. that the obligatory content of the tax document remains unchanged;
- **legibility**, i. e. access to the content of the tax document directly or via technical equipment.

### Audit trail

A system of internal controls and processes documenting a reliable link between the tax document and the actual supply, so called "audit trail", should serve to assure the above characteristics.

The GFD states that in practice the audit trail control overlaps with the very proving of the right of deduction. The documents supporting an audit trail must be stored for the same period of time as tax documents.

### Electronic vs. paper documents

According to the amended law, tax documents in paper form and electronic form are equivalent from the viewpoint of the set requirements.





The GFD information describes the treatment of tax documents in both forms based on their specific features, addresses their mutual conversion and the manner of documenting the audit trail.

Electronic signature, electronic seal or use of electronic data interchange (EDI) are no longer strictly required for electronic documents, however only provided that the authenticity of the origin and the integrity of the content of the tax document are assured through an adequate control mechanism, i. e. a conclusive audit trail.

### Storage of tax documents

Tax documents may be stored outside the Czech Republic if the revenue authority is given uninterrupted remote access to these documents.

### Conclusion

Although relatively extensive, the GFD information has not lived up to expectations with regard to simplification of the conditions for issuing and administering documents. Rather the opposite. In some cases the defined requirements may hinder the proving of the right of deduction. ■

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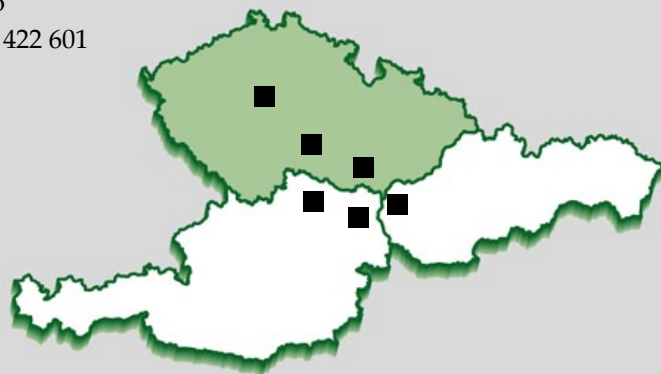
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